



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

# 2007/08 Annual Report

*Independent oversight  
that contributes to a more  
accountable public sector.*



#### RESPONSIBLE MINISTER

Minister for Corrective Services  
The Hon. Margaret Quirk, MLA

#### ACCOUNTABLE AUTHORITY

The Office of the Inspector of Custodial Services

#### ACCESS

Level 27, Governor Stirling Tower  
197 St George's Terrace  
PERTH WA 6000

#### CONTACT

Telephone: (08) 9212 6200  
Facsimile: (08) 9226 4616  
Email: [corporate@custodialinspector.wa.gov.au](mailto:corporate@custodialinspector.wa.gov.au)  
Web: [www.custodialinspector.wa.gov.au](http://www.custodialinspector.wa.gov.au)

#### ABOUT THIS REPORT

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

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

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

This report is available on the Office's website and will be made available, upon request, in alternative formats.



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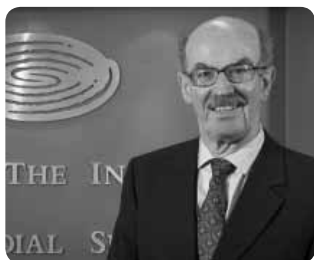
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## Part One - Inspector's Overview

### 1. The Inspector



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

In accordance with section 6 of the *Act*, Professor Richard Harding was appointed by the Governor of Western Australia as the inaugural Inspector of Custodial Services (the Inspector) in August 2000. Professor Harding was reappointed for a second term commencing August 2005 and ceasing in July 2008. At the time of writing this report, the state government had commenced but not yet finalised the process of appointing a successor.

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

### 2. Staff

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

In this regard, the Office consists of 17 Full Time Equivalent (FTE) staff. This includes the Inspector, Deputy Inspector, an operations team, a research and strategy team, a community relations branch and corporate governance staff.

As has been the case since 2001, the Office also has a permanent secondee position for an officer from the Department of Corrective

Services (the Department) that is filled approximately every 12 months. The Inspector considers this an important ongoing arrangement with the Department that is mutually beneficial in terms of information sharing, transfer of knowledge, professional development, and increasing the understanding between agencies. An attempt was made this year to expand the Department's secondee presence in the Office through the inclusion of an additional secondee from Community and Juvenile Justice. Unfortunately, this was unsuccessful.

This year saw two significant staffing events for the Office. Firstly, the inaugural Deputy Inspector (Mr Bob Stacey) retired after seven years with the Office. Mr Stacey's major contributions to the Office include: assisting in the establishment of the Office; leading the Directed Review of the Management of Offenders in Custody; and, providing a wealth of information, advice and support to the staff who have worked for the Inspector. Mr Barry Cram stepped into the role of Deputy Inspector, from a background in clinical and organisational psychology, reform and change management in the public sector, and eight years experience in senior management positions in corrections.

The other major staffing event for this year was the full adoption of the structure recommended in the organisational review reported in the 2006-2007 Annual Report. This restructure included the creation of a



The Inspector and staff in 2008

Research and Strategy Directorate and an Operations Directorate, each with a Director, a Principal Officer and a number of other staff. This has enabled the Office to retain a strong inspections, independent visitor and community relations presence through the Operations Directorate. In addition, through the creation of a Research and Strategy Directorate, the Office has enhanced its capacity for research and the development of a more strategic approach.

In addition to its own staff, the Office has used the services of employees from other public service departments and agencies for their expertise on an occasional basis throughout the year. The participation of these experts added great value to the work of the Office and provided an added depth to the inspection work undertaken by the Office. The Inspector would like to acknowledge the contribution of the following Departments and Agencies for their support throughout the year:

- Department of Health;
- Drug and Alcohol Office;
- Department of Education and Training;
- The Crime Research Centre;
- Office of Health Review;
- Ombudsman;
- Riskcover; and
- Consumer Health Council.

In the 2007-08 financial year 34 persons from these organisations provided their expert services to the inspection of custodial places or services. This was a marked increase from the 20 used in the previous financial year and reflects the larger number of inspections carried out this year, the broadening of areas where this Office sought expert advice and, increased interest from external agencies into the activities of this Office.

### 3. Relationship with the Minister

The Inspector's relationship with the responsible Minister, the Honourable Margaret Quirk MLA the Minister for Corrective Services, has continued to develop with meetings at regular intervals, as well as on an as-needs basis in relation to specific incidents that arise throughout the year. The relationship has become one marked by a constant flow of information between the Minister and the Inspector with regards to correctional issues, policies and best practice.

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

#### Risk Notices

The Inspector has a process through the issuing of risk notices, to alert the Minister to serious identified risks requiring urgent action within the corrections system generally, or at specific custodial facilities. In the 2007/08 financial year no risk notices were issued to the Minister or the Department.

#### Special Projects

In the first half of 2007 the Minister requested the Inspector undertake leadership of a joint project with the Department to expedite the implementation of a number of recommendations from the Mahoney Inquiry<sup>1</sup> and the Directed Review<sup>2</sup> in relation to the assessment and classification of prisoners. Specifically, this Review of Assessment and Classification within the Department of Corrective Services (Report 51) focused on:

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

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

- the tools and processes for determining security classification;
- the tools and processes for determining allocation of rehabilitative efforts;
- the link and progression between security considerations and rehabilitation; and
- an integrated departmental model inclusive of the needs of both Adult Custodial and Community Justice.

This Review found that:

1. The Department's tools for initial security assessment and classification review, while as good as those found elsewhere, tended to misclassify (often over classifying) large groups of prisoners.
2. With modification the performance of the tools could be improved considerably without negatively impacting on their ease of use.
3. In assessing for programmatic intervention, there was a lack of transparency in the decision-making process and an apparent deterioration in the application of the risk/needs principle. This severely limited the utility of any analysis of the checklists used.
4. The provision of offence based programs targeting specific criminogenic needs (i.e. sexual offending, violent offending, substance use-related offending and cognitive skills) was far below that required to meet demand.
5. The preparation of prisoners for successful re-integration into the community on release was still underdeveloped, and in this regard there was insufficient coordination between prison and community based services.
6. A viable tool and process for enhancing the preparation of prisoners for re-integration into the community could be successfully developed.

This Review provided the basis for high level policy and technical development and was an excellent example of cooperation between the Inspector and the Department, each agency seeking system wide improvement and rationalisation for the same strategic reason. Essentially, the Review provides a roadmap for re-balancing the emphasis and focus of the Department. This re-balancing should in turn lead to a reduction in re-offending and a better use of resources.

## 4. Functions and Powers

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### Inspections

Pursuant to section 19(1) of the *Act* it is the primary function of the Inspector to undertake an inspection of each prison, detention centre, court custody centre and prescribed lock-up in Western Australia at least once every three years. In the 2007/08 financial year the Inspector completed the on-site physical inspection of five custodial facilities:

- Casuarina Prison (July 2007)
- Rangeview Juvenile Remand Centre (October 2007)
- Acacia Prison (November 2007)
- Eastern Goldfields Regional Prison (February 2008)
- Bandyup Women's prison (April 2008)
- Banksia Hill Juvenile Detention Centre (June 2008)

In the 2007/08 financial year the Inspector has also completed short follow-up inspections of two regional custodial facilities:

- Roebourne Regional Prison (January 2008)
- Broome Regional Prison (May 2008)

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

The Inspector is also required by section 33(2)(e) of the *Act* to provide notice via the Annual Report as to announced inspections that will be conducted in the next financial year. Inspections proposed for 2008/09 are:

- Bunbury Regional Prison (August 2008)
- Albany Regional Prison (November 2008)
- Metropolitan Court Security and Custodial Services (February 2009)
- Regional Court Security and Custodial Services (March 2009)
- Wooroloo Prison Farm (May 2009)

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

The Inspector may also undertake unannounced inspections should he become sufficiently concerned about the operations of particular custodial facilities or services. On these occasions no advance notice is provided to the Department, although as a matter of courtesy the Inspector has previously provided limited notice to the Minister and the head of the Department. In 2007/08 one such unannounced inspection was undertaken with the short follow-up inspection of Broome Regional Prison in May 2008.

### Exit surveys

The Office conducts an exit survey at the completion of an inspection to measure the impact of the inspection processes on the custodial services that were inspected as well as the performance of the inspection team. Surveys were taken at Casuarina Prison, Acacia Prison, Bandyup Prison and Rangeview Remand Centre. Exit surveys were not conducted for the Eastern Goldfields Regional Prison inspection or for the short follow-up inspections of Roebourne Regional Prison or Broome Regional Prison. The Banksia Hill inspection exit survey was not completed at the time of this report and is not included here.

97 per cent of staff responding to the surveys believed that they received adequate information about the nature and purpose of the inspection (up from 82% last year), and 94 per cent felt that they were treated with courtesy and respect by members of the inspection team. Eight per cent of respondents did not find the majority of the inspection team approachable, and 16 per cent thought that they were not afforded reasonable opportunity to speak with members of the inspection team (down from 36%).

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

### Timeliness of reports

Section 20 of the *Act* requires the Inspector to prepare an inspection report following each inspection, detailing the inspection findings and recommendations. In last year's annual report,<sup>4</sup> the Inspector acknowledged the delay that had sometimes occurred between the inspection taking place and the completion of the inspection report. For example, in the 2006-2007 financial year, the Office took on average a little over 15 weeks to prepare a Draft Report to be sent to the Department for comment. It then required the Department around eight weeks to respond. In all, reports took approximately 41 weeks from the end of the inspection to the date they were available to the general public. This financial year the timeliness of reports varied by an average of an extra eight days to the draft stage and an extra four days by the time of publication.

<sup>3</sup> Section 25(1).

<sup>4</sup> Page 8.



*Timeliness of Inspection Reports*

Timeliness marker	2006-2007	2007-2008
Average time to Draft Report	15 weeks 1 day	16 weeks 2 days
Time taken by Department to review Draft Report	7 weeks 5 days	8 weeks 3 days
Lodgement of Final Report with Parliament	37 weeks 1 day	37 weeks 5 days
Overall time to publication	41 weeks 3 days	42 weeks

For various reasons, inspection reports have sometimes been delayed for periods beyond which the Office believes is acceptable. While many of these are due to factors outside the control of the Office, it is nevertheless the ultimate responsibility of the Office to ensure timely reporting. To this end, a new timeframe for production of inspection reports was developed in March 2008.

The new timeframe takes into account the legislative requirements of the Office to allow those who are the subject of reports to respond to their contents and to the Parliamentary tabling requirements. It also allows for the staff of the Office to undertake their other duties while completing reports, and to ensure the quality and accuracy of the finished product.

The timeframe allows for eight weeks for the author to complete a first draft of the report. Three weeks is then allocated for internal review and for the report to be sent to the Department (and other relevant bodies) for comment. This means a report should be available for external comment within 11-12 weeks of the inspection concluding.

The Department is then given six weeks to provide a written response to the report and its recommendations. Upon its return to the Office one week is allocated for revisions and preparation of the report for delivery to the printer. The overall production and printing process then takes around four weeks. The report is lodged with Parliament where it must sit for 30 days before being made public. In total this process should take a maximum of 26 weeks.

**Report summaries**

In 2007-2008 eight reports were completed to the satisfaction of the Inspector. These comprised six inspection reports, one short follow-up inspection report, and one review report. The following is a summary of the findings of each report.

**Report 45: Hakea Prison**

Hakea Prison is a complex institution being the state's main male remand and reception centre. During the inspection the prison was undergoing a significant change in leadership and morale amongst staff was low, contributing to the fragility of the prison operations. The inspection also found that the prisoner profile was markedly different from that at the last inspection in 2002, with a large number of prisoners known to have recently been involved in the use of methamphetamines. Despite these challenges the prison's overall performance had improved and importantly, the prison's performance with regard to suicide and self-harm had strengthened markedly.

**Report 46: Broome Regional Prison**

The inspection found that the prison was continuously operating at around twice its capacity with the throughput of prisoners placing severe strains on staff and the facilities of the prison. Conditions in the secure section and the women's section were very poor and there were ongoing problems of racism directed at prisoners and of staff to staff bullying. Overall the prison was struggling to meet anything like contemporary custodial practice but that despite this, the prison had made some improvements and a number of initiatives were of good quality.

**Report 47: Karnet Prison Farm**

The Karnet inspection found that with sound local leadership and exemplary staff prisoner relations the prison was performing well. Significant numbers of prisoners were involved in meaningful work and training and there was widespread acceptance of the value of the prisons reparative activities in the local community. The lack of program delivery though was having a marked impact on the prison's ability to prepare prisoners for release. The Report also noted the Department's apparent lack of commitment to developing or investing in Karnet, with the Inspector arguing that it would be correctional and financial vandalism to close down such a well performing prison.

**Report 48: Roebourne Regional Prison**

At this inspection Roebourne Regional Prison had made considerable improvement. In doing so the prison had had to overcome a number of significant barriers which had left it fragile and overly dependant upon the goodwill of the prisoner population for its effective functioning. The Report makes particular reference to recruitment and retention issues for staff, warning that if such issues were not urgently addressed the prison's operations would be placed under even further stress.

**Report 49: Casuarina Prison**

At this inspection Casuarina Prison was experiencing high and persistent levels of over crowding and was accommodating large numbers of out-of-country Aboriginal prisoners. This was placing stress of the system with staff to staff and staff to prisoner bullying and intimidation a recurring problem. In spite of these difficulties, the prison was performing at an acceptable level which was due in no small part to a stable, competent and well-resourced management team. The prison was also benefiting from undergoing several structural changes in an effort to improve regimes.

**Report 50: Rangeview Juvenile Remand Centre**

This Report states that increased juvenile detainee numbers was causing stress in an already strained environment. The inspection found that the stress on staff was at unsustainable levels and the Department needed to either reduce the population or invest in the infrastructure and the human resources for the increased population. The Rangeview inspection was the first occasion on which environmental health inspection was carried out and the separate detailed report was sent to the Department.

**Report 51: Report into the Review of Assessment and Classification within the Department of Corrective Services**

This Report details the most comprehensive analysis of assessment and classification conducted so far within Australia. The Review's primary findings were: that more prisoners could be accommodated at the low end of minimum-security prisons, without measurable increase in the risk to public safety; that provisions of programs was well below the level of demand; and that the preparation of prisoners for successful re-integration into the community was still underdeveloped.

**Report 52: Announced follow-up Inspection of Roebourne Regional Prison**

Due to ongoing stress, persistent staffing concerns and the fragility of the prison's operations, the Inspector elected to conduct a short follow-up inspection of the prison targeting a relatively narrow range of acute issues. This Report shows that while there had been some real improvement in the short time since the previous inspection, various factors were likely to keep the prison under continuous pressure for many years to come. The Report argues that successful management of the prison will require continuous attention to detail and a willingness by the Department to make investments in regime improvements.

A number of other inspection reports are currently in the process of being drafted or have been completed and are currently either waiting on comment by the Department, or for the 30-day requirement before being tabled. These reports relate to the inspections of Bandyup Women's Prison, Acacia Prison, Eastern Goldfields Regional Prison, Banksia Hill Juvenile Detention Centre and the short follow-up inspection of Broome Regional Prison.

## Recommendations

150 recommendations were made in reports published this year. From the table below it is evident that this year showed an increased focus on staffing issues, Aboriginality and equity issues, the administration of the Department and a reduced focus on security considerations.

The mix of recommendations contained in inspection reports.

Type of Recommendation	2004-05	2005-06	2006-07	2007-08
Custody & security	15%	14%	18%	9%
Care & wellbeing	28%	21%	24%	21%
Health	5%	12%	6%	7%
Rehabilitation	7%	18%	17%	13%
Reparation	5%	2%	7%	2%
Human rights	1%	1%	4%	2%
Racism, Aboriginality & equity	9%	9%	7%	11%
Administration and accountability	19%	7%	6%	11%
Staffing issues	9%	16%	16%	19%
Correctional value for money	11%	1%	2%	6%
<b>Total recommendations</b>	<b>111</b>	<b>138</b>	<b>85</b>	<b>150</b>

The Department's responses to these recommendations are shown in the following table, note that Departmental agreement to all classes of recommendation is at or well above the target set by this Office.

The extent of acceptance of recommendations contained in inspection reports.

Type of Recommendation	Target	2004-05	2005-06	2006-07	2007-08
Custody and security	75%	78%	95%	85%	92%
Care and wellbeing	75%	88%	91%	80%	81%
Health	75%	81%	89%	71%	90%
Rehabilitation	75%	88%	92%	100%	80%
Reparation	75%	86%	67%	80%	100%
Human rights	100%	83%	100%	100%	100%
Racism, Aboriginality and Equity	100%	88%	92%	89%	100%
Administration and accountability	50%	88%	90%	93%	75%
Staffing issues	50%	88%	95%	100%	97%
Correctional value-for-money	50%	88%	100%	100%	78%

Agreement with recommendations does not of course mean that the Department adequately progresses the issues raised. As seen in the table below, in the 2004-05 financial year, the percentage of recommendation where this Office considers that the Department has made adequate or better progress was 40 per cent. Since that time the percentage has gradually increased to the 56 per cent for this year.

*Progress against past recommendations*

Rating	2004-05	2005-06	2006-07	2007-08
Poor	5%	5%	7%	7%
Less than acceptable	55%	53%	40%	37%
Acceptable	37%	37%	44%	45%
More than acceptable	3%	5%	9%	10%
Excellent	-	-	-	1%

**Exit Debriefs**

The Inspector's Exit Debrief is an important aspect of the inspection process. The practice has evolved that, on the last day of the on-site phase of an inspection, the Inspector verbally addresses a wide cross-section of management and staff to explain the preliminary findings of the inspection. This presentation is recorded and subsequently transcribed, edited and distributed widely to Departmental personnel. This year a similar, but less detailed debrief, was also offered to prisoners and detainees.

Although it is not a substitute for the Report, the Exit Debrief amounts to a good indicator of the tone and broad direction of the Report itself. In some cases, depending on the nature of the inspection, the Exit Debrief will contain interim recommendations, so that the Department can immediately commence the process of addressing some of the problems. This year the Office published eight Exit Debriefs.

**Liaison Visits**

A core tool used by the Inspector to maintain ongoing contact and monitoring of the performance of prisons, detention centres and custodial services is the use of liaison visits.

These visits are an integral part of the Inspector's notion of continuous inspection. They allow the Office to understand the dynamics and culture of the state's prisons and custodial services and provide the capacity to closely monitor the progress of a prison between inspections. This allows the Inspector to alert the Minister and the Commissioner Department of Corrective Services if anything untoward is occurring within a custodial facility.

Each prison and detention centre is the subject of a structured formal liaison visit at least three times a year but more normally four times per year. Each work camp receives at least one liaison visit each year, with custody centres visited on a risk-assessment basis, but generally once each year. This year the Office met the targeted number of such visits, which is 90.

**Thematic Reviews**

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

In the 2007/08 financial year no thematic review was done by the Office of the Inspector of Custodial Services. The previously proposed thematic review of emergency management was terminated as early work indicated that this would not result in a fruitful report at this time.

## 5. Trends

Over the course of the year the Office noted a number of trends in the Department's custodial management. Some of these were positive trends:

- The funding model used and the overall mix of funding has enabled many prisons to improve their overall performance.
- Prisons were starting to explore and enter into Service Level Agreements which should enable performance to be tied more directly to resources.
- The Department's Operations Compliance Branch commenced activities.
- A number of prisons have shown considerable innovation in regards to local service delivery.

Other trends were less than positive:

- The provision of prison based programs was severely below that required to meet the identified demand.
- Problems persisted in the transport of prisoners, with a death in custody, numerous vehicle breakdowns, a significant number of cancellations of specialist medical appointments and funeral attendances, and an increase in the instances where prison management were required to go outside the transport contract and provide services from its own staff and resources in order to meet important prisoner transports.
- Variable health service provision and an increase in the number of complaints to the Office of Health Review (from 255 to 366<sup>5</sup>).
- While there was an overall decline from the record number of prisoners being held last year, most prisons were still confronted with high levels of over crowding, particularly with regards to medium-security prisoners. The bulge in classifying prisoners to medium-security should ease once the Department implements the recommendations of the Review of Assessment and Classification within the Department of Corrective Services (Report 51).
- The proportion of prisoners rated at minimum-security continued to decline with some prisons unable to fill all their available minimum-security beds.
- The proportion of juveniles remanded in custody continued to increase, placing particular stress on the juvenile estate.
- Ongoing difficulties recruiting and retaining staff in regional prisons and the loss of a large number of senior officers resulted in many prisons lacking a sufficient number of experienced officers – with declining standards a consequence.

Overall, based on inspections, liaison visits, independent visitor reports and these trends, there appears to have been a general decline in the performance of the Department this year. Since this Office last ranked prisons (for the 2005-06 Annual Report) the Boronia Pre-Release Centre is the only facility of the six previously considered high performing to remain functioning at a high level. This year though, the privately run Acacia Prison progressed to join Boronia in this high performing category.

Exiting from the high performance category were Albany, Karnet and Wooroloo prisons, Banksia Hill Juvenile Detention Centre and the Rangeview Juvenile Remand Centre. Performance at these centres was assessed as acceptable despite many of the negative trends identified above.

In this regard, one particular factor hindered a number of prisons performing at a high level – the lack of program delivery. Had the Department been able to deliver programs to the level indicated by demand or even to its own schedule, this Office would have considered a number of the Department's prisons high performing. The severe lack of programs was a significant performance barrier.

5 From figures contained in correspondence from the Office of Health Review dated 2 June 2008.

Progressing from facilities of concern to those performing at an acceptable level have been the regional prisons of Bunbury, Eastern Goldfields and Roebourne and the metropolitan Hakea Prison. Broome Regional Prison remains the sole prison identified as being of major concern and received an unannounced, short follow-up inspection in May 2008 as a consequence.

#### *Ranking of prisons*

Custodial Facilities in Western Australia 2007 – 2008 Performance Table	
<b>High performance facilities</b> are facilities that are meeting or exceeding their performance goals.	Acacia Prison; and Boronia Pre-Release Centre.
<b>Facilities that are performing at an acceptable level</b> but where there are also significant gaps in performance.	Albany Regional Prison; Bandyup Women's Prison; Banksia Hill Juvenile Detention Centre; Bunbury Regional Prison; Casuarina Prison; Eastern Goldfields Regional Prison; Greenough Regional Prison. Hakea Prison; Karnet Prison Farm; Rangeview Juvenile Remand Centre; Roebourne Regional Prison; and Woorloo Prison Farm.
<b>Facilities of concern</b> due to multiple significant gaps in performance resulting in a decline or lack of progress toward performance goals.	Broome Regional Prison.

## 6. Issues Paper

This year saw the Inspector launch a new medium to assist the Office in advancing custodial ideas and increasing policy debate. The Issues Paper flags a topical or controversial issue for which the Office has advanced no firm view as a means to seek comment from experts, the Department, other agencies and importantly, from the general public. Such views were sought through the wide distribution of the printed version of the Issues Paper and through placing a copy on the Inspector's website. The intention of the Office is to publish at least two such papers per year.

The first of the Issues Papers focused on the question of smoking in prisons and was launched in May 2008. This Office will publish a summary of the views and feedback received on the Inspector's website in August 2008.

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## 7. Environmental Health Assessments

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In 2007, the Inspector's office took on responsibility for the environmental health assessments of prisons, juvenile detention centres and other custodial places. This function specifically resided with the Public Health Division of the Department of Health under section 40 of the *Prisons Act*. However, the terms of the *Inspector of Custodial Services Act 2003* authorised the Inspector to also inspect such matters. It was agreed that, to avoid duplication and to strengthen the capacity to conduct such assessments, environmental health matters would be handled by the Inspector's office by a health inspector duly authorised by the *Health Act* provisions. This function commenced in October 2007.

In the subsequent months, three prisons, one detention centre, one remand centre and one lock up have been assessed resulting in a total of 62 total recommendations. Of these, action against 27 recommendations were to be completed in 28 days and within 42 days for the remaining 33 recommendations.

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## 8. Independent Visitor Service and Community Relations

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### Community Relations

It is standard practice for inspections to draw comment not only from those working or accommodated within custodial places but also from the community, and agencies and volunteer organisations or individuals who provide a service within that setting. Contact is also made with local members of Parliament, Shire Councils, Chambers of Commerce and other interested parties in order for the inspection to gauge the standing of the facility and its degree of acceptance within the local community. Consultations are held prior to each Inspection and the results of this contact included in inspection plans. The Inspector would like to acknowledge the contribution made by these community-based individuals and groups to the operations of the Office.

Existing links with the Aboriginal community across Western Australia continued to be strengthened through effective networking by the Community Liaison Officer and have been further enhanced by the development of the Inspectorate's Reconciliation Action Plan.

This year the work of the Inspectorate was also featured in several radio and newspaper articles with the public launch of inspection reports, thematic reviews and issues papers accompanied by media releases.

### Independent Visitor Scheme

Independent Visitors regularly visit prisons and detention centres to record prisoner complaints and observe conditions. The Independent Visitor Scheme is one of a range of options available to those in custodial facilities wishing to express their concerns, while at the same time providing the Inspectorate with another viewpoint on facilities and custodial services.

A total of thirty-six visitors covered the juvenile and adult custodial estates, presenting 121 reports in total. The resultant reports were presented to the Inspector and analysed to determine if the data supported the Liaison and Inspection team's findings or identified new areas of concern. All reports are referred for action to the Department.

Visits by teams of two and sometimes three Visitors were undertaken at Casuarina and Acacia – two of the largest prisons. This multi-visitor concept has also been introduced at Banksia Hill Juvenile Detention Centre.

This year seven new volunteers were appointed and eight resigned or retired from the Scheme. One retiring visitor had been providing his volunteer time for 23 years and another for 10. Both were originally appointed under the then Ministry of Justice. The Inspector recognises their enormous contribution as well as that of all current and past visitors.

## 9. Performance Enhancement

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### Inspection Standards

In 2007 the Office published on its website the Code of Inspection Standards for Adult Custodial Services. During the first part of 2008 the Standards have been further developed and extended to include a major new set of Inspection Standards for Aboriginal Prisoners. These Inspection Standards for Aboriginal Prisoners have been developed in order to promote a better achievement of correctional goals and improved treatment and conditions for Aboriginal people through an understanding, acceptance and respect for Aboriginal people as a distinct and significant cohort of prisoners.

The Inspection Standards for Aboriginal Prisoners represent the codification of findings and recommendations for improving outcomes for Aboriginal prisoners developed over eight years of inspecting prisons. They add to and further develop the Code of Inspection Standards for Adult Custodial Services and are intended to be read in the context of that Code. That is, these standards build upon the standards already identified in the Code of Inspection Standards for Adult Custodial Services and cannot be properly understood in isolation from the Code. The new standards will be published in July 2008.

Work has also commenced on a set of Juvenile Justice Standards with these anticipated to be published in the first half of 2009.

### Website

The Inspector maintains a website – [www.custodialinspector.wa.gov.au](http://www.custodialinspector.wa.gov.au) – on which all the Inspector's published reports are placed. A large number of public media releases were also issued in 2007/08, all of which were listed and accessible on the website. Media interest in custodial services and standards has proved to be significant this year, particularly by regional media outlets with regards to services and facilities in their own localities.

This year saw the website undergo a full review. Changes are planned to bring the website more into line with the Office of e-Government's Website Governance Framework and a business plan was created to guide ongoing development and enhancement of the website.

### Reconciliation Action Plan

As part of the Office's commitment to valuing Aboriginal and Torres Strait Islander people, their culture and heritage, the OICS Reconciliation Action Plan (RAP) comprising 21 target items, has been developed. A working group has been established to monitor its implementation, ensure it remains relevant and achieving its objectives.

## 10. Community of Practice

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

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

In June of 2008 the Office was notified that along with Monash University and the Ombudsman Victoria it had been successful in attracting Australian Research Council Linkage Project funding for a grant entitled Applying Human Rights Legislation in Closed Environments. Work on this project should commence in the 2008-2009 financial year.



This year also saw two Youth Detention Inspectors from the Department of Communities Queensland and a representative from the Office of the Commissioner for Children and Young People participated as observers in the inspection of the Banksia Hill Detention Centre.

During the course of the year the Inspector met with two overseas delegations. One delegation from Iraq – looking at anti-corruption agencies and associated bodies – consisting of the Chairman of the Iraq Commission on Public Integrity, the Chairman of the Integrity Commission in the Counsel of Representatives and, an Iraq Programs Officer from AusAid. The other delegation was from the People's Republic of China, Penitentiary Administration Department of the Ministry of Public Safety looking at independent inspections agencies and their relation to prison administration and human rights standards.

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

## 11. Relationship with other agencies

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

In this respect the Office maintains contact with private contractors involved in providing custodial services within his jurisdiction. The purpose being to ensure that the service standards expected by the Inspector are clearly understood.

In 2007 the Inspector established an inter-agency roundtable to look at and tackle issues arising from the increasing juvenile remand population. This roundtable met on three occasions, giving impetus to the Auditor General's Performance Examination Review of Juvenile Justice and the President of the Children's Court's Diversion Workshop initiative.

With the Tabling of the Terrorism (Preventative Detention) Act 2006 the Inspector this year established a Memorandum of Understanding with the West Australia Police in regards to the discharge of his duties under this *Act*.

## 12. Relationship with Parliament

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The statutory scheme of the *Inspector of Custodial Services Act* places Parliament at the forefront of the Inspector's reporting responsibilities. The Inspector tables reports in Parliament directly, not through the Minister. The accountability inherent in this model contemplates that Parliament will be able to evaluate the performance and objectives of the Department of Corrective Services by way of the Inspector's Reports.

During 2007/08 this mechanism has strengthened. The Public Administration Committee of the Legislative Council has had two long hearings with the Inspector and has also entered into correspondence about specific issues. The Inspector welcomes this scrutiny. It is a fundamental belief of this Office that well-informed parliamentarians are an important safeguard for balanced criminal justice policies.

### 13. Disclosure of Information

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This Office regularly receives letters and telephone calls regarding the performance of prisons from prisoners, relatives and friends of prisoners, lawyers and various agencies. Under section 26 of *the Inspector of Custodial Services Act 2003* this Office may only refer such matters to another agency or deal with them within the context of an inspection. This year 122 such letters were received.

From these, five issues were referred to the Parliamentary Commissioner for Administrative Investigations, five issues were referred to the Office of Health Review, and four issues were referred to the Aboriginal Legal Service. Under section 44 of the *Act*, the Inspector can also refer matters to agencies such as the Corruption and Crime Commission for their investigation. This year though no referral matters arose.

### 14. Offences

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The *Act* contains a number of offences relating to the hindering and obstruction of the Inspector and those authorised by him to undertake their statutory duties. It is also an offence to victimise those who assist the Inspector in conducting his duties. Penalties for these offences include fines and imprisonment. The existence of these offences is an important symbol to ensure that the Inspector can effectively operate, particularly in protecting those who are brave enough to bring serious matters to the attention of the Inspector that may otherwise not come to light. In 2007/08 the Inspector was not presented with any circumstances that required him to institute charges for breaches of the *Act*.

### 15. New Legislation

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No new legislation impacting on the Inspectorate was enacted this financial year.

## Part Two - Source Reference

FMA sec 61                      HON MARGARET QUIRK, MLA  
TI 902                              MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2008.

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



Richard Harding  
Accountable Authority

30 July 2008

### Contact Details

Postal  
Level 27  
197 St George's Terrace  
Perth  
WA 6000

Electronic  
Website: [www.custodialinspector.wa.gov.au](http://www.custodialinspector.wa.gov.au)  
Email: [corporate@custodialinspector.wa.gov.au](mailto:corporate@custodialinspector.wa.gov.au)  
Telephone: +61 8 9212 6200  
Facsimile: +61 8 9226 4616

## Operational Structure

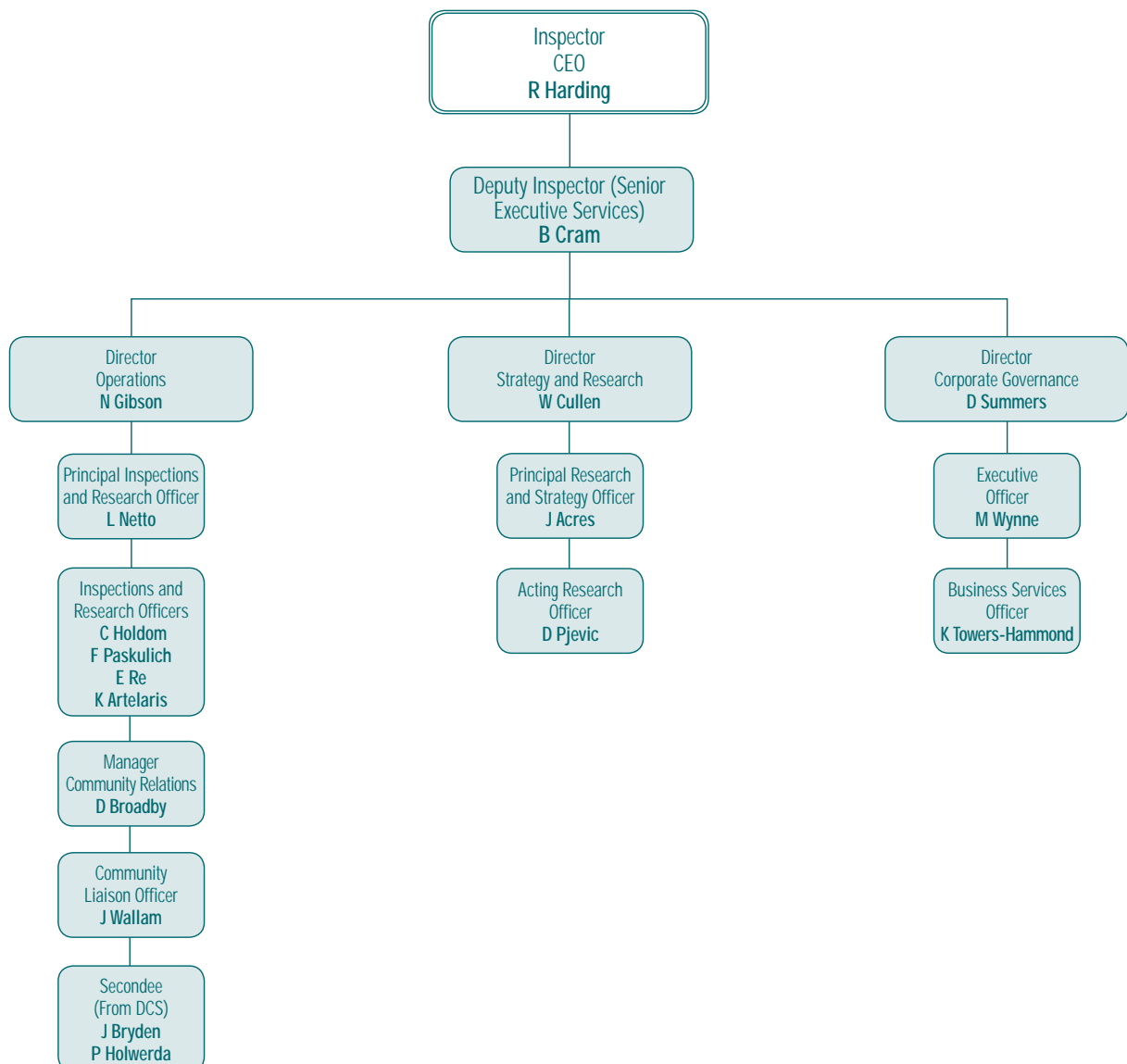
### Enabling legislation

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

### 10. Community of Practice

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

### Organisational Chart



## Senior Officers

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### *Professor Richard Harding (The Inaugural Inspector of Custodial Services)*

Richard Harding was appointed as the foundation Inspector of Custodial Services on 1 August 2000 and completed his appointment on 31 July 2008. 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 (Inaugural Deputy Inspector)*

Robert Stacey was appointed as the inaugural Director of Operations in July 2000 and was then appointed to the inaugural position of Deputy Inspector in 2004. Mr Stacey retired in December 2007. In his role as Deputy Inspector he was responsible for developing and maintaining strong corporate governance systems and enhancing the community relations function.

### *Barry Cram (Deputy Inspector)*

Barry was appointed Deputy Inspector in the Office of the Inspector of Custodial Services on 5 November 2007. Barry has a background in clinical and organisational psychology, reform and change management in the public sector, and eight years experience in senior management positions in corrections. He has a Bachelor of Education, a Master of Arts in Psychology and a post-graduate Diploma in Clinical Psychology.

Barry joined the then Ministry of Justice in September 1998 to establish and lead the Prisons Improvement Program, a comprehensive change program initiated with a view to reforming and improving the performance of the prison system in Western Australia. Barry subsequently occupied the positions of Director Business Management, Director Court Security and Prisoner Transport, and Director Offender Services in the Ministry of Justice and the Department of Corrective Services.

## Administered Legislation

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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*.

## Other Key Legislation Impacting on the Office's Activities

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

Bail Act 1982

Corruption and Crime Commission Act 2003

Court Security and Custodial Services Act 1999

Crime (Serious and Repeat Offenders) Sentencing Act 1992

Criminal Law (Mentally Impaired Defendants) Act 1996

Equal Opportunity Act 1984

Evidence Act 1906  
Fines, Penalties and Infringement Notices Enforcement Act 1994  
Interpretation Act 1984  
Occupational Health and Safety Act 1984  
Parole Orders (Transfer) Act 1984  
Prisoners (Interstate Transfer) Act 1983  
Prisoners (Release for Deportation) Act 1989  
Prisons Act 1981  
Dangerous Sexual Offenders Act 2006  
Disability Services Act 1993  
Parliamentary Commissioner Act 1971  
Public Sector Management Act 1994  
Racial Discrimination Act 1975  
Sentence Administration Act 1995  
Terrorism (Preventative Detention) Act 2006  
Victims of Crime Act 1994  
Young Offenders Act 1994

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

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

### Performance Management Framework

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#### Outcome Based Management Framework

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

Service: Inspection and review of custodial services

#### Shared Responsibilities with Other Agencies

The Office did not deliver services jointly with any other agency in 2007/08.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS

### Financial Targets: Actual performance compared to budget targets

	2007-08 Target <sup>6</sup> \$000	2007-08 Actual \$000	Variation <sup>7</sup> \$000
Total cost of services (expense limit)	2,050	2,583	533 <sup>8</sup>
Net cost of services	2,048	2,416	(368)
Total equity	(258)	(527)	(269)
Net increase / (decrease) in cash held	9	-2	-11
Approved full-time (FTE) staff level	No. 17 <sup>9</sup>	No. 17.8	No. 0.8

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

	2007-08 Target <sup>10</sup> \$000	2007-08 Actual \$000	Variation <sup>11</sup> \$000
Outcome: The Parliament, Minister and other stakeholders are informed on the performance of custodial services.  <b>Key Effectiveness Indicators</b> The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.	80%	90%	10%
Service: Inspection and Review of Custodial Services  <b>Key Efficiency Indicators</b> Average cost per Inspection Report	\$145	\$140	-\$5
Average cost per Liaison Visit Report	\$4.1	\$5.2	\$1.1
Average cost per Exit Debrief Note	\$53	\$31	-\$22 <sup>12</sup>
Average cost per Independent Visitor Scheme Report	\$1.2	\$1.2	Nil
Average cost per Ministerial Advice	-	\$5.2	-
Average cost per Issues Paper	-	\$53.6	-

6 As specified in the 2007/08 budget statements.

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

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

9 The approved FTE level increased by one when the Environmental Health function transferred from the Department of Health to the Inspectorate in October 2007.

10 As specified in the 2007/08 budget statements.

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

12 There were additional inspections this year, which has effectively reduced the average cost per Debrief Note.

## Key Performance Indicators

### Certification of Key Performance Indicators

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Source Reference  
TI 905

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office for the financial year ended 30 June 2008.

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

Richard Harding

30 July 2008



## Detailed Information in support of Key Performance Indicators

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

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

### Measuring Performance

#### *Government Goal:*

Governance and public sector improvement

#### *Strategic Outcome:*

Independent oversight that contributes to a more accountable public sector.

#### *Desired Outcome:*

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

#### *Mission:*

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

### Key Effectiveness Indicators

#### *Inspection Reports*

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

Percentage of recommendations accepted

Percentage of recommendations implemented

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

It follows from this that, when recommendations are made, it will be understood that the matters covered have high priority. It would be expected that these recommendations would be rejected or ignored only in quite unusual circumstances. By deliberate choice and with a *view to optimising effectiveness*, the Office has sought to minimise the number of recommendations

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

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

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

#### Service 1: Inspection and review of custodial services

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

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

#### Key Efficiency Indicators

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

- the mean costs per inspection, thematic review and directed review point;
- the mean cost per liaison visit<sup>13</sup>;
- the mean cost per inspection exit debrief note;
- the mean cost per independent visitor scheme report;
- the mean cost per discussion paper<sup>14</sup>; and
- the mean cost per ministerial advice.

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

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

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

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

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

<sup>13</sup> Liaison visits are part of the Inspector's policy of 'continuous inspections'.

<sup>14</sup> These are now referred to as Issues Papers.

### Key Effectiveness Indicator

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

Type of Recommendation	Target	2004-05	2005-06	2006-07	2007-08
1. Custody and security	75%	78%	95%	85%	92%
2. Care and wellbeing	75%	88%	91%	80%	81%
3. Health	75%	81%	89%	71%	90%
4. Rehabilitation	75%	88%	92%	100%	80%
5. Reparation	75%	86%	67%	80%	100%
6. Human rights	100%	83%	100%	100%	100%
7. Racism, Aboriginality and Equity	100%	88%	92%	89%	100%
8. Administration and accountability of DCS	50%	88%	90%	93%	75%
9. Staffing issues	50%	88%	95%	100%	97%
10. Correctional value-for-money	50%	88%	100%	100%	78%

### Key Efficiency Indicator

*Service 1: Prison Inspection and Review of Custodial Services*

Key Effectiveness Indicator	Target	2004-05	2005-06	2006-07	2007-08
Inspection Report Points	7.5	7.5	10.5	9	10
Average cost per inspection report	\$145,000	\$130,867	\$143,736	\$100,301	\$139,251
Liaison Visit Reports	90	86	83	93	94
Average cost per liaison visit reports	\$4,100	\$4,910	\$5,693	\$ 5,173	\$5,208
Exit Debrief Notes	5	6	5	5	8
Average cost per exit debrief note	\$53,000	\$40,896	\$52,404	\$35,400	\$31,339
Independent Visitors' Scheme reports	90	93	109	116	121
Average cost per Independent Visitors' Scheme report	\$1,200	\$1,200	\$1,859	\$1,621	\$1,151
Ministerial Advices	-	-	-	19	12
Average cost per Ministerial Advice	-	-	-	\$5,279	\$5,214
Issues Paper	-	-	-	-	1
Average cost per Issues Paper	-	-	-	-	\$53,594

## Ministerial Directives

The Minister for Corrective Services has not exercised her powers pursuant to section 17(2)(b) of the *Inspector of Custodial Services Act 2003* (WA) in directing the Inspector to review a particular custodial service in relation to prisons, detention centres and court security custodial services.

## Other Financial Disclosures

### Source Reference

Employment and Industrial Relations

### Staff Profile

	2007-08	2006-07
Full-time permanent	15	13
Full-time contract	1	2
Part-time measured on an FTE basis	.8	.6
On secondment <sup>15</sup>	1	2
	<b>17.8</b>	<b>17.6</b>

### Staff Development

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

During the year, our employees received customised group training in report writing.

### Workers' Compensation

There were no compensation claims recorded during the financial year.

<sup>15</sup> This number does not include the Department of Corrective Services' secondees.

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## Governance Disclosures

### *Source Reference*

TI 903

### **Contracts with Senior Officers**

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

## Other Legal Requirements

### *Source Reference*

Public Sector  
Management Act  
Section 31(1)

### **Compliance with Public Sector Management Act Section 31(1)**

1. In the administration of the Office, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged: nil

Number of breaches found, including details  
of multiple breaches per application: nil

Number still under review nil



Richard Harding  
Inspector of Custodial Services

30 July 2008

TI 903

**Electoral Act 1907 section 175ZE**

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

Details are as follows:

Expenditure with Advertising Agencies	\$9,640
Expenditure with Market Research Agencies	\$0
Expenditure with Polling Agencies	\$0
Expenditure with Direct Mail Agencies	\$0
Expenditure with Media Advertising Agencies	\$0
<b>Total Expenditure</b>	<b>\$9,640</b>

### Disability Access and Inclusion Plan Outcomes

*(Disability Services Act 1993, s29)*

*The Disability Services Act 1993* was amended in December 2004, creating a requirement for public agencies to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans were required to be developed by July 2007 and replaced existing Disability Services Plan.

Under that *Act*, public agencies were required to develop a DAIP and are to include in their annual report details of progress in meeting the six desired outcomes of the DAIP.

The Office has now developed a Disability Access and Inclusion Plan and it was approved by the Disability Services Commission in 2007/08. This Plan is now available on the Office's website.

During the approval process the public were asked to identify any problems they had in using the services, accessing information, making complaints, physically accessing Office facilities, and generally dealing with staff. There were no problems identified but we did receive a special request to convert an Inspection Report into audio format. This was done.

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

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

The Office of the Inspector of Custodial Services' DAIP includes an implementation plan designed to achieve each of the six desired outcomes during 2008/09.

### Recordkeeping Plans

The State Records Commission approved the Office's recordkeeping plan in December 2005. This plan has since been partially implemented and has recently been updated with amendments and resubmitted to the State Records Commission for approval.

On-line training in records management continues to be provided to staff upon commencing employment at the Office. The Office now stores its archival information offsite with Government's approved storage contractor.

### Occupational Safety and Health

The Office recognises the importance of avoiding hazards by providing a safe, healthy and injury free work environment, and promoting education and awareness in occupational safety and health when required.

Management ensures that there is always an open line of communication to staff to discuss occupational safety and health matters. The monthly staff meetings are also a forum to raise such matters. A revised policy on occupational safety and health is available in the Office's Human Resource Manual.



The Office endeavours to comply with all the requirements of the *Workers' Compensation and Injury Management Act 1981* by exercising good management and initiatives both in the Office and on location.

#### Annual Performance for 2007/08

Performance Indicator	Target	Actual
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Return to work rate	100 per cent	n/a

#### Sustainability

The Office supports the inclusion of sustainability principles and practices in the performance of its core activities.

The aim of the Sustainability Action Plan is to embed environmental sustainability into the day-to-day activities of the Office. The following action has been taken to meet the objectives of the Sustainability Code of Practice for Government Agencies:

- Appointed a senior staff member as the person responsible for environmental sustainability issues;
- Recycled paper;
- Leased smaller motor vehicles than in the past, which are more considerate of environmental issues;
- Recycled printer and toner cartridges;
- Commenced purchasing recycled toner cartridges;
- Encouraged employees to print documents on both sides of paper;
- Encouraged employees to turn off personal computers of an evening; and
- Turned off lighting during the day in meeting and file rooms.

#### Corruption Prevention

The risk of corruption and misconduct has been considered and included in the Inspectorate's risk management system.

An induction manual is issued to new staff members, which includes a code of conduct, a code of ethics, conflict of interest guidelines and a checklist of personal commitments required of all employees. These documents are also readily available to all staff through the human resource management policy manual.

These processes are aimed at ensuring that staff members are aware of their responsibilities with the primary objective of ensuring that standards are maintained and to encourage improvement where appropriate.

## Part Three - Financial Statements

### *Source Reference*

FMA sec 62(2)

The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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

30 July 2008



Richard Harding  
Accountable Authority

30 July 2008



## Auditor General

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

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

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

#### Summary of my Role

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


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

**Office of the Inspector of Custodial Services  
Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

**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 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2008.

  
COLIN MURPHY  
AUDITOR GENERAL  
8 August 2008

## Income Statement for the Year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>COST OF SERVICES</b>			
<i>Expenses</i>			
Employee benefits expense	6	1,613,079	1,476,773
Supplies and services	7	582,118	517,497
Depreciation expense	8	29,654	33,675
Administration expenses	9	95,606	135,744
Accommodation expenses	10	261,541	208,615
Loss on disposal of non-current assets	12	1,438	-
<b>Total cost of services</b>		<b>2,583,436</b>	<b>2,372,304</b>
<i>Income</i>			
<i>Revenue</i>			
Other revenue	11	167,019	340,606
<i>Total revenue</i>		167,019	340,606
Gains on disposal of non-current assets	12	-	581
<b>Total income other than income from State Government</b>		<b>167,019</b>	<b>341,187</b>
<b>NET COST OF SERVICES</b>		<b>2,416,417</b>	<b>2,031,117</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	13	2,241,468	2,011,000
<b>Total income from State Government</b>		<b>2,241,468</b>	<b>2,011,000</b>
<b>DEFICIT FOR THE PERIOD</b>		<b>(174,949)</b>	<b>(20,117)</b>

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

## Balance Sheet as at 30 June 2008

	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14	20,608	26,837
Restricted cash and cash equivalents	14	15,500	11,000
Receivables	15	13,135	11,057
Amounts receivable for services	16	60,000	70,000
<b>Total Current Assets</b>		<b>109,243</b>	<b>118,894</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	17	48,774	59,636
<b>Total Non-Current Assets</b>		<b>48,774</b>	<b>59,636</b>
<b>TOTAL ASSETS</b>		<b>158,017</b>	<b>178,530</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	19	188,080	80,581
Provisions	20	420,270	508,688
<b>Total Current Liabilities</b>		<b>608,350</b>	<b>589,269</b>
<b>Non-Current Liabilities</b>			
Provisions	20	76,840	20,485
<b>Total Non-Current Liabilities</b>		<b>76,840</b>	<b>20,485</b>
<b>Total Liabilities</b>		<b>685,190</b>	<b>609,754</b>
<b>Net Assets</b>		<b>(527,173)</b>	<b>(431,224)</b>
<b>Equity</b>			
Contributed equity	21	79,000	-
Accumulated surplus/(deficiency)		(606,173)	(431,224)
<b>Total Equity</b>		<b>(527,173)</b>	<b>(431,224)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>158,017</b>	<b>178,530</b>

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

## Statement of Changes in Equity for the year ended 30 June 2008

	2008 \$	2007 \$
Balance of equity at start of period	(431,224)	(411,107)
<b>CONTRIBUTED EQUITY</b>		
Balance at start of period	-	-
Capital contribution	79,000	-
Balance at end of period	79,000	-
<b>ACCUMULATED SURPLUS</b>		
Balance at start of period	(431,224)	(411,107)
Changes in accounting policy or correction of prior period errors	-	-
Restated balance at start of period	(431,224)	(411,107)
Deficit for the period	(174,949)	(20,117)
Gains/(losses) recognised directly in equity	-	-
Balance at end of period	(606,173)	(431,224)
Balance of equity at end of period	(527,173)	(431,224)
Total income and expense for the period	(174,949)	(20,117)

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

## Cash Flow Statement for the Year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		2,251,468	1,997,000
Capital contributions		79,000	-
<b>Net cash provided by State Government</b>		<b>2,330,468</b>	<b>1,997,000</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(1,476,700)	(1,300,688)
Superannuation		(141,104)	(279,027)
Supplies and services		(504,135)	(522,501)
Administration costs		(94,197)	(90,061)
Accommodation costs		(261,541)	(208,615)
GST payments on purchases		(88,048)	(79,225)
GST payments to taxation authority		(16,824)	(38,429)
<b>Receipts</b>			
GST receipts on sales		16,822	38,393
GST receipts from taxation authority		88,111	78,717
Other receipts		165,649	424,198
<b>Net cash used in operating activities</b>	22(b)	<b>(2,311,967)</b>	<b>(1,977,238)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		1,221	581
Purchase of non-current physical assets		(21,451)	(3,411)
<b>Net cash used in investing activities</b>		<b>(20,230)</b>	<b>(2,830)</b>
Net increase/(decrease) in cash and cash equivalents		(1,729)	16,932
Cash and cash equivalents at the beginning of period		37,837	20,905
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	22(a)	<b>36,108</b>	<b>37,837</b>

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



## Summary of Consolidated Fund Appropriations and Income Estimates for the Year ended 30 June 2008

	2008 Estimate \$	2008 Actual \$	Variance \$	2008 Actual \$	2007 Actual \$	Variance \$
<b>DELIVERY OF SERVICES</b>						
Item 108 - Net amount appropriated to deliver services	1,989,000	2,030,468	41,468	2,030,468	1,820,000	210,468
Amount Authorised by Other Statutes						
- Salaries and Allowances Act 1975	197,000	211,000	14,000	211,000	191,000	20,000
<b>Total appropriations provided to deliver services</b>	<b>2,186,000</b>	<b>2,241,468</b>	<b>55,468</b>	<b>2,241,468</b>	<b>2,011,000</b>	<b>230,468</b>
<b>CAPITAL</b>						
Item 179 Capital Contribution	79,000	79,000	-	79,000	-	79,000
<b>GRAND TOTAL</b>	<b>2,265,000</b>	<b>2,320,468</b>	<b>55,468</b>	<b>2,320,468</b>	<b>2,011,000</b>	<b>309,468</b>
<b>Details of Expenses by Service</b>						
Prison Inspection and Review	2,050,000	2,583,436	533,436	2,583,436	2,372,304	211,132
<b>Total Cost of Services</b>	<b>2,050,000</b>	<b>2,583,436</b>	<b>533,436</b>	<b>2,583,436</b>	<b>2,372,304</b>	<b>211,132</b>
Less total income	(2,000)	(167,019)	(165,019)	(167,019)	(341,187)	174,168
<b>Net Cost of Services</b>	<b>2,048,000</b>	<b>2,416,417</b>	<b>368,417</b>	<b>2,416,417</b>	<b>2,031,117</b>	<b>385,300</b>
Adjustments	138,000	(174,949)	(312,949)	(174,949)	(20,117)	(154,832)
<b>Total appropriations to deliver services</b>	<b>2,186,000</b>	<b>2,241,468</b>	<b>55,468</b>	<b>2,241,468</b>	<b>2,011,000</b>	<b>230,468</b>
<b>DETAILS OF INCOME ESTIMATES</b>						
Income disclosed as Operating Income	2,000	167,019	(165,019)	167,019	341,187	(174,168)

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

Note 27 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

## Notes to the Financial Statements for the year ended 30th June 2008

### Note 1 Office mission and funding

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

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

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

### Note 2 Australian Equivalents to International Financial Reporting Standards

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#### General

The Office's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

#### Early Adoption of Standards

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Office for the annual reporting period ended 30 June 2008.

### Note 3 Summary of significant accounting policies

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#### (a) General Statement

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

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

Where modification is required and has a material or significant financial 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) Reporting Entity

The Office of the Inspector of Custodial Services is the reporting entity.

#### (d) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

#### (e) Income

##### *Revenue Recognition*

##### **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 13 'Income 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 Office. In accordance with the determination specified in the 2007-08 Budget Statements, the Office retained \$167,019 in 2008 ( \$341,187 in 2007).

##### **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.

##### *Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

#### (f) Property, Plant and Equipment

##### *Capitalisation / Expensing of assets*

Items of property, plant and equipment and infrastructure costing \$5,000 or more 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 immediately 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 estimated useful lives which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

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

#### **(g) 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.

#### **(h) Leases**

The Office has not entered into any finance leases.

The Office has entered into a number of operating lease arrangements for the rent of office accommodation and office equipment. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

#### **(i) Financial Instruments**

In addition to cash on hand, 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.

#### (j) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents 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.

#### (k) Accrued salaries

The accrued salaries suspense account (refer note 14) 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.

#### (l) 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.

#### (m) 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 28 'Financial Instruments' and note 15 'Receivables'.

#### (n) 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 19 'Payables'.

#### (o) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 20 'Provisions'.

*(i) Annual and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet 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 balance sheet date 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 balance sheet 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 using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

*(ii) Superannuation*

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

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

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

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

*(p) 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 GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

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

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

**(q) Comparative figures**

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

**Note 4 Disclosure of changes in accounting policy and estimates**

The Office cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Office has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Office but are not yet effective. Where applicable, the Office plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non owner changes in equity. The Office does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007).	1 July 2008

The existing requirements in AAS27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards make some modifications to disclosures, otherwise there will be no financial impact.

The Office do not see any impact on this accounting policy.

### Note 5 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 6 Employee benefits expense

	2008	2007
	\$	\$
Salaries	1,520,810	1,356,293
Superannuation	144,404	130,058
Long service leave	(18,744)	(11,671)
Annual leave	(33,391)	2,093
	<b>1,613,079</b>	<b>1,476,773</b>

Employee expenses consisting of workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability are included under other staff costs. Refer note 9. The related on-costs liability is included in the employee entitlement provisions. Refer Note 20.

### Note 7 Supplies and Services

	2008	2007
	\$	\$
Consultants and contractors	175,155	149,000
Materials	203,310	143,064
Repairs and maintenance (Accommodation)	69,325	14,453
Travel	115,431	180,088
Other	18,897	30,892
	<b>582,118</b>	<b>517,497</b>

### Note 8 Depreciation expense

	2008	2007
	\$	\$
Office equipment and furniture	10,124	6,268
Office fit-out	19,530	27,407
	<b>29,654</b>	<b>33,675</b>

### Note 9 Administration expenses

	2008	2007
	\$	\$
Communication	30,805	47,122
Consumables	336	-
Other staff costs	58,147	75,095
Sundry expenses	6,318	13,527
	<b>95,606</b>	<b>135,744</b>



### Note 10 Accommodation expenses

	2008	2007
	\$	\$
Lease Rentals	255,233	199,090
Cleaning	6,308	9,525
	<b>261,541</b>	<b>208,615</b>

### Note 11 Other revenues

	2008	2007
	\$	\$
Contributions to Executive Vehicle Scheme	4,456	5,684
Expense recoveries from other agencies	162,563	334,922
	<b>167,019</b>	<b>340,606</b>

### Note 12 Net Gain/(Loss) on disposal of non-current assets

	2008	2007
	\$	\$
Costs of Disposal of Non-Current Assets	(2,659)	-
Proceeds from Disposal of Non-Current Assets	1,221	581
Net (loss)/gain	<b>(1,438)</b>	<b>581</b>

### Note 13 Income from State Government

	2008	2007
	\$	\$
Appropriation received during the year:		
<i>Service appropriations (i)</i>	2,241,468	2,011,000
	<b>2,241,468</b>	<b>2,011,000</b>

(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.

### Note 14 Restricted cash and cash equivalents

	2008	2007
	\$	\$
<i>Current</i>		
Operating account	20,308	26,537
Cashiers advance	300	300
	<b>20,608</b>	<b>26,837</b>
<i>Non-current</i>		
Accrued salaries suspense account	15,500	11,000
	<b>15,500</b>	<b>11,000</b>

Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

### Note 15 Receivables

	2008	2007
	\$	\$
<i>Current</i>		
Trade debtors	2,607	468
GST receivable	10,528	10,589
	<b>13,135</b>	<b>11,057</b>

### Note 16 Amounts receivable for services

	2008	2007
	\$	\$
Current	60,000	70,000
	<b>60,000</b>	<b>70,000</b>

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 17 Property, Plant and Equipment

	2008	2007
	\$	\$
<i>Office Fit-out</i>		
At cost	196,760	180,760
Accumulated depreciation	(173,248)	(153,718)
	<b>23,512</b>	<b>27,042</b>
<i>Furniture and equipment</i>		
At cost	44,474	50,537
Accumulated depreciation	(19,212)	(17,943)
	<b>25,262</b>	<b>32,594</b>
	<b>48,774</b>	<b>59,636</b>

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.

2008	Office Fit-out	Furniture and equipment
Carrying amount at start of year	27,042	32,594
Additions	16,000	5,451
Disposals	-	(2,659)
Depreciation	(19,530)	(10,124)
<b>Carrying amount at end of year</b>	<b>23,512</b>	<b>25,262</b>

2007	Office Fit-out	Furniture and equipment
Carrying amount at start of year	54,448	35,452
Additions	-	3,410
Depreciation	(27,406)	(6,268)
<b>Carrying amount at end of year</b>	<b>27,042</b>	<b>32,594</b>

### Note 18 Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2008.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

### Note 19 Payables

	2008	2007
	\$	\$
<i>Current</i>		
Trade payables	79,483	8,009
Accrued expenses	78,447	66,460
Accrued salaries	30,150	6,112
	<b>188,080</b>	<b>80,581</b>

### Note 20 Provisions

	2008	2007
	\$	\$
<i>Current</i>		
Employee benefits provision		
Annual leave	128,650	155,125
Long service leave	245,384	300,782
Employment on-cost	46,236	52,781
	<b>420,270</b>	<b>508,688</b>
<i>Non-current</i>		
Employee benefits provision		
Long service leave	70,496	18,794
Employment on-cost	6,344	1,691
	<b>76,840</b>	<b>20,485</b>

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.

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2008	2007
	\$	\$
Within 12 months of balance sheet date	128,650	155,125
	<b>128,650</b>	<b>155,125</b>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate the actual settlement of liabilities will occur as follows:

Within 12 months of balance sheet date	245,384	300,782
More than 12 months after balance sheet date	70,496	18,794
	<b>315,880</b>	<b>319,576</b>

(c) Settlement of of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 6 'Employee benefits expense'.

### Note 21 Equity

Equity represents the residual interest in the net assets of the Office.

The Government holds the equity interest in the Office on behalf of the community

	2008	2007
	\$	\$
<i>Contributed equity</i>		
Balance at the start of the year		
Capital contribution	79,000	-
Balance at the end of the year	79,000	-
<i>Accumulated deficiency</i>		
Balance at the start of the year	(431,224)	(411,107)
Result for the period	(174,949)	(20,117)
Income and expense recognised directly to equity		-
Balance at the end of the year	(606,173)	(431,224)

### Note 22 Notes to the Statement of Cash Flows

#### (a) Reconciliation of cash

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

Cash and cash equivalents	20,608	26,837
Restricted cash and cash equivalents (refer to note 14)	15,500	11,000
	<b>36,108</b>	<b>37,837</b>

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

Net cost of services	(2,416,417)	(2,031,117)
<b>Non-cash items</b>		
Depreciation expense	29,654	33,675
Net Loss/(Gain) on disposal of non-current assets	1,438	(581)

<b>(Increase)/decrease in assets :</b>		
Current receivables	(2,139)	83,592
<b>Increase/(decrease) in liabilities :</b>		
Current payables	107,499	(59,234)
Current provisions	(88,418)	(3,029)
Non-current provisions	56,355	-
<b>Net GST payment</b>		
Change in GST in receivables/ payables	61	(544)
<b>Net cash provided/used in operating activities</b>	<b>(2,311,967)</b>	<b>(1,977,238)</b>

#### Note 23 Resources provided free of charge

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Office:

#### Note 24 Commitments

##### (a) Capital expenditure commitments

The Office has no capital expenditure commitments.

##### (b) Finance lease commitments

The Office has no finance lease commitments.

##### (c) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within one year	187,128	4,007
Later than one year, and not later than five years	555,786	-
Later than five years	-	-
	<b>742,914</b>	<b>4,007</b>

##### (d) Other expenditure commitments

The Office has no other expenditure commitments.

##### (e) Guarantees and Undertakings

The Office has given no guarantees or undertakings.

#### Note 25 Contingent liabilities and contingent assets

The Office has no contingent liabilities and assets.

#### Note 26 Events occurring after the balance sheet date

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

## Note 27 Explanatory statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below. Significant variations are considered to be those greater than 50,000.

### Significant variances between estimate and actual for 2008 – Total appropriation to deliver services:

	2008 Estimate \$	2008 Actual \$	Variance \$
Employee benefits expense	1,317,000	1,613,079	(296,079)
Supplies and Services	417,000	582,118	(165,118)
Other Revenue	2,000	167,019	(165,019)

#### Employee benefit expenses

The variance is due to a additional resources being required to be able to prepare the Report 51 - Review of Assessment and Classification within the Department of Correctional Services of which funding was provided for by the Department. The additional resouses was not budgeted for.

#### Supplies and services

The variance is due to additional materials and contractors required to complete Report 51 - Review of Assessment and Classification within the Department of Correctional Services that was not budgeted for.

#### Other Revenue

The variance is due to funding being received from the Department of Correctional Services to do the report on the Review and Classification within the Department of Correctional Services that was not accounted for in the budget.

### Significant variances between actuals for 2007 and 2008 – Total appropriation to deliver services.

	2008 Estimate \$	2008 Actual \$	Variance \$
Employee benefit expenses	1,613,079	1,520,878	92,201
Supplies and services	582,118	517,497	64,621
Other Revenue	167,019	341,187	(174,168)

#### Employee benefit expenses

The variance is due to a salary increase of 4 per cent, which is in accordance with the General Agreement 2006.

#### Supplies and services

The variance is due to additional materials and contractors required to complete Report 51 - Review of Assessment and Classification within the Department of Correctional Services.

#### Other Revenue

The variance is due to less funding being received from the Department of Correctional Services in 2007/08 (\$90,000) compared to \$325,000 received in 2006/07. The project (Report 51) took place over two years, the bulk of which occurred in the 2006/07 financial year. The \$90,000 was used to finance the technical part of the report and to cover the cost of printing the report.

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## Note 28 Financial Instruments

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### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, and receivables and payables. All of the Office's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. The Office has limited exposure to financial risks.

The Office's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office. The Office measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 28(c).

Credit risk associated with the Office's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Office trades only with recognised, creditworthy third parties. The Office has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Office's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

#### *Liquidity risk*

The Office is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due.

The Office has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### *Market risk*

The Office does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes). The office is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing, and have no borrowings other than the Treasurer's advance (non-interest bearing) and finance leases (fixed interest rate).

**(b) Categories of Financial Instruments**

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows

	2008	2007
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents	20,608	26,837
Restricted cash and cash equivalents	15,500	11,000
Receivables (a)	13,135	11,057
<i>Financial Liabilities</i>		
Financial liabilities measured at amortised cost	188,080	80,581

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

**(c) Financial Instrument disclosures**

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Office's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Office. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

The Office does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Office does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted average effective interest rate	Variable interest	Non interest rate	Contractual Maturity Dates			Carrying Amount years
				Within 1 year bearing	1 to 5 years	More than 5	
2008	%	\$	\$	\$	\$	\$	\$
<i>Financial Assets</i>							
Cash and cash equivalents			20,608				20,608
Restricted cash and cash equivalents			15,500				15,500
Receivables			13,135				13,135
			<b>49,243</b>				<b>49,243</b>
<i>Financial Liabilities</i>							
Payables			188,080				188,080
			<b>188,080</b>				<b>188,080</b>



2007	Weighted average effective interest rate %	Variable interest \$	Non interest rate \$	Within 1 year bearing \$	1 to 5 years \$	More than 5 \$	Carrying Amount years \$
<i>Financial Assets</i>							
			26,837				26,837
			11,000				11,000
			11,057				11,057
			<b>48,894</b>				<b>48,894</b>
<i>Financial Liabilities</i>							
			80,581				80,581
			<b>80,581</b>				<b>80,581</b>

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities

No interest rate sensitivity analysis has been provided as the Office has no financial assets or liabilities that are subject to any interest rates.

#### Note 29 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:

	2007	2008
\$120,001 - \$130,000		1
\$190,001 - \$200,000		1
\$230,001 - \$240,000	1	
\$270,001 - \$280,000	1	
The total remuneration of senior officers is:	\$506,982	\$311,576

The total remuneration includes the superannuation expense incurred by the Office in respect of senior officers.

No senior officers are members of the Pension Scheme.

The Deputy Inspector had a three month handover to his successor prior to leaving the Office in December 2007.

#### Note 30 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators.	17,500	17,000
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### Note 31 Related and affiliated bodies

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The Office had no related bodies during the financial year.

### Note 32 Supplementary financial information

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#### *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.



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



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

[www.custodialinspector.wa.gov.au](http://www.custodialinspector.wa.gov.au)

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