



GOVERNMENT OF  
WESTERN AUSTRALIA



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

ANNUAL REPORT

2012 13

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

## RESPONSIBLE MINISTER

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The Hon. Joseph (Joe) Michael Francis MLA,  
Minister for Corrective Services.

## ACCOUNTABLE AUTHORITY

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## ABOUT THIS REPORT

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

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

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



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## Part One – Overview

### 1. Background

The Office of the Inspector of Custodial Services ('the Office') was established in 2000 to provide an independent inspection regime for all the state's prisons, both public and private, and for a number of other custodial services including court custody centres, prisoner transport, and a small number of police lockups. In 2003, jurisdiction was extended to include juvenile centres.

Neil Morgan (previously Professor of Law at the University of Western Australia) is the Inspector and commenced his duties on 30 March 2009. Andrew Harvey is the Deputy Inspector.



*Professor Neil Morgan*

### 2. About Us

The Office is an independent statutory body with a strong focus on performance standards in custodial facilities and the rights of staff and people in detention. It reports to Parliament, providing a high level of transparency and accountability.

The Office's responsibilities include:

- Inspecting adult custodial facilities, juvenile detention centres, court custody centres and custodial transport services.
- Conducting reviews of specific aspects of a custodial service or a specific custodial experience of individuals or groups.
- Managing the Independent Visitors Scheme.
- Carrying out thematic reviews of system-wide prison services.

#### Purpose and Mission

The Office aims to contribute directly and indirectly to:

- Improving public confidence in the justice system
- Reducing re-offending in Western Australia, and
- Ensuring the justice system provides value for money

Our mission is to:

- Provide valuable advice that contributes to the overall development of correctional facilities and programs in Western Australia.
- Provide advice which is based upon information gathered through independent and objective inspections of correctional facilities, thematic reviews, investigation of current/critical issues, and from community stakeholders.

#### Our Values

- Integrity:* We seek to act ethically, honestly, impartially and in the best interests of the community.
- Quality:* We seek to be efficient in all that we do, deliver on-time, and provide well researched advice and recommendations.
- Equity:* We treat all people with respect and we value diversity.
- Innovation:* We value creativity, learning and continuous improvement in the pursuit of excellence.

## Key Stakeholders

The Office key stakeholders are:

- Parliament
- Minister of Corrective Services
- Department of Corrective Services management and staff
- Prisoners and their families
- Non-government organisations
- The Western Australian community

## 3. Primary Functions and powers

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### Inspections

The *Inspector of Custodial Services Act 2003*<sup>1</sup> requires the Office to inspect and report to Parliament on all the state's prisons, juvenile detention centres, court custody centres and prescribed lock up facilities at least once every three years.<sup>2</sup>

The Inspector generally provides three to four months' notice to the Department of Corrective Services (the Department) as to the dates on which he proposes to conduct inspections. The Inspector also has the power, should this be considered necessary or appropriate, to conduct inspections that are unannounced or are preceded by a short notice period.

Formal announced inspections of a prison or detention centre are generally conducted over a one or two week on-site period. At the end of this period, the Inspector delivers an 'Exit Debrief' to management and staff (and also provides some general feedback to prisoners). The aim is to give management and staff a sense of the key findings and the likely direction of any recommendations. This also gives the Department the opportunity to discuss the findings with the Inspector and to implement changes before the report becomes public. Copies of the Exit Debrief are provided to the Minister and to the Legislative Council Standing Committee on Public Administration.

Section 20 of the Act requires the Inspector to prepare an inspection report following each inspection, detailing the inspection findings and recommendations. Legislative provisions and agreed practices enable the Minister and the Department to be fully aware of the contents of reports prior to their release. In essence, the Act<sup>3</sup> requires that before expressing a critical opinion in a report, the Inspector must give the other person an opportunity to make submissions. Agreed protocols, including a Memorandum of Understanding between the Office and DCS, further embed due process practices.

As such, after the on-site period has concluded, a draft report is written and is sent to the Department for comment. Usually the Department has four weeks to provide comments on the facts in the report and to work on its responses to the report's recommendations, including the extent to which it supports the recommendations. Its responses are included in the report and progress against the recommendations is monitored.

Once a report has been finalised and printed, it is sent to Parliament. Generally, it is then embargoed for at least 30 days before tabling.<sup>4</sup> Given these requirements, the period between an inspection being conducted and publication is rarely less than six months.

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1 The Inspector's position and role were initially set out in the *Prisons Amendment Act 1999* and are now governed by the *Inspector of Custodial Services Act 2003*. The 2003 Act extended the Inspector's jurisdiction to juvenile detention centres and brought all relevant matters within a single statute.

2 Sections 19-20 of the Act.

3 Section 37 of the Act.

4 Section 35 of the Act.

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### Liaison Visits

The full value of an inspection system cannot be realised if activities are limited to reports of inspections once every three years. More effective is a process of ‘continuous inspection’ that allows performance and risks to be monitored and identified for the Minister, the Government and Parliament on an ongoing basis. ‘Liaison visits’ are one of the most important tools that the Inspector uses to enable continuous inspection.

Staff (including the Inspector) conduct ‘liaison visits’ at all facilities at least three times per year. The purpose is to monitor performance and progress both against recommendations made after previous inspections and against other relevant standards and expectations. These visits can be announced or unannounced. Wholly unannounced visits have been rare because the intent is to engage with key staff and prisoners and some degree of advance notice ensures that the necessary arrangements can be made. However, it is not uncommon for visits to be conducted at short notice.

### Reviews

The *Inspector of Custodial Services Amendment Act 2011* (proclaimed in January 2012) expanded and embedded the Inspector’s powers to examine specific aspects of a custodial service or a specific custodial experience of an individual or groups of people in custody. The Office developed a new review function to exercise these powers. Reviews are examinations of aspects of a custodial service and can include the administrative arrangements related to the provision of a service. Like inspection activities, reviews lead to findings and recommendations.

The evidence required for a review will depend on the subject matter but is usually wide-ranging and cumulative. Examples include data on the Department’s offender management databases, strategic plans, budget papers, business cases, reviews or evaluation reports, consultant’s reports, legal opinions, contracts with private providers and internal Departmental documentation. Additionally review evidence is often sought by meeting individuals, either Department staff or stakeholders. These multiple sources of information allow the review team to derive and validate findings.

The release of a report from a review is at the Inspector’s discretion. However, for reasons of transparency and accountability, it is the intention of the current Inspector that reports will be sent to the Standing Committee on Public Administration, the Minister and the Department. Unless there are exceptional circumstances, such as privacy or security concerns, final review reports will also be made public. Under section 34(2)(b) some review reports will be tabled in Parliament at the Inspector’s discretion.

### Directed Reviews

As the Inspector is accountable to Parliament, and not to the Minister or Commissioner for Corrective Services, he is not subject to any absolute direction as to the scope, content or methodology of activities. However, s 17(2) of the *Inspector of Custodial Services Act* permits a Minister to issue a written direction to the Inspector to carry out an inspection or review in certain circumstances. The Inspector must comply with such a direction unless, in his opinion, there are exceptional circumstances for not complying.

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## 4. Our Environment: Trends and Issues in Correctional Management

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### Department of Corrective Services

Issues of leadership, management and culture in the Department of Corrective Services have been the subject of strong media and political focus. These problems were exacerbated by a riot at Banksia Hill Detention Centre on 20 January 2013 and have significantly impacted on Departmental reputation, direction and morale.

### Juveniles

Substantial change occurred in the juvenile estate this financial year. At the beginning of the year Western Australia had two juvenile detention facilities: Banksia Hill Detention Centre (which mainly held sentenced males) and Rangeview Remand Centre (which mainly held females and unsentenced males). In October, these two facilities were amalgamated leaving Banksia Hill as the sole juvenile detention centre. Rangeview was redeveloped as a facility for young males aged 18 to 24 (see below).

Due to the damage caused by a riot on 20 January 2013, there was a need to house some male detainees in Hakea Prison, in units segregated from the adults. These units, referred to as Hakea Juvenile Detention Centre, housed approximately 120 detainees at the end of the financial year, once again splitting the juvenile estate. The use of Hakea Prison to house juveniles is considered temporary with all detainees expected to be returned to Banksia Hill Detention Centre by the end of 2013.

The juvenile detainee population fluctuated throughout the financial year, generally ranging between 170 and 200. At the time of the riot on 20 January 2013 it held 207 young people. After the riot, numbers declined and were between 150 and 160 in June 2013.

A large proportion of juvenile detainees are still being held on remand. This financial year, the proportion of those being held on remand ranged between 34 and 49 per cent of the entire juvenile detainee population.

Aboriginal children remain highly over-represented. Between July and December 2012 they generally constituted 65 to 70 per cent of the detention centre population but by the end of June 2013 the figure stood again at around 75 per cent.

There has been significant investment over recent years in 'Regional Youth Justice Services' in the Kimberley, Pilbara, Goldfields and Gascoyne regions. Although these initiatives are still to be properly evaluated, there are signs that they are helping to reduce the number of children being held in detention in Perth. However, Western Australia continues to have the highest level of juvenile incarceration in Australia outside the Northern Territory, and by far the highest rate of Aboriginal juvenile detention.

The riot at Banksia Hill on 20 January 2013 has presented an opportunity for government to reflect broadly on youth justice and to consider opportunities for improving outcomes. The cost of holding a juvenile in detention far outweighs the cost for community supervision. In 2011-2012, the average cost of holding a juvenile in detention was \$624 and the average cost for community supervision was \$77.<sup>5</sup> For financial as well as other reasons, opportunities for consideration will need to include innovation and investment in prevention, diversion and community supervision as well as custodial services.

### Adult Prisoners: Ten Pressure Points

#### *Prisoner Numbers and Costs*

In 2012-2013 the number of adult prisoners remained relatively constant, generally fluctuating between 4900 and 5000. However, this followed a period of very rapid growth: in late 2008, the population

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5 Department of Corrective Services, *Annual Report 2011-2012*, 113.

was less than 4,000 and it peaked at over 5,000 in March 2013. It is a tribute to staff, management and prisoners themselves that these increases have been managed without major incidents.

While the number of adults in prison has been increasing, the number on community based orders declined markedly between June 2009 and June 2012.<sup>6</sup> However, in the first half of 2013 the number of people on community based orders started to increase again, rising from 4,000 to 4,400 at the end of June 2013. As with juveniles, there is a substantial cost difference between imprisonment (\$291 per prisoner per day in 2011–2012) and community based supervision (\$46 per person per day).<sup>7</sup>

It is also important to emphasise that the increase in prisoner numbers is not evenly spread, with three areas seeing particular growth: women, Aboriginal people and people being held on remand (see below).

### *Measures of Overcrowding*

High prisoner numbers continue to bring great pressure to bear on prison infrastructure, staff and prisoners. The nationally accepted benchmark for measuring prison occupancy rates, utilised in Australia's annual Reports on Government Services ('ROGS') is to compare the average daily population of prisons with prison design capacity.<sup>8</sup> The optimal utilisation rate for prisons is between 90 and 95 per cent to allow for gender differences, security ratings, prisoners' geographical origins, movements between prisons, the need to separate some people for risk management reasons, and to allow for upward fluctuations in prisoner numbers.

In Western Australia the Department of Corrective Services rarely refers to the national benchmark of design capacity but uses, instead, the term 'operational capacity'. This term includes the bunk beds which have been progressively installed across much of the system, especially over the past three years, in cells which were designed only for single occupancy. It does not, however, include arrangements such as mattresses placed on cell floors.

This Office continues to argue against the double bunking of cells designed for single occupancy for reasons of decency, respect, safety and the provision of a positive regime. The reality is that most prisons are overcrowded. And it is of particular concern that although double bunking was originally badged as a necessary temporary measure, it has become widespread practice at most prisons. Almost every inspection report since (2010 has commented on the issues that this has created.

### *New Capacity*

There has been major investment in additional prison accommodation since 2009, in addition to the installation of double bunks in existing cells. This investment has been directed almost exclusively at male prisoners.

Five new units with a combined double bunked capacity of 640 have been added at Albany Regional Prison (one unit) and at Hakea and Casuarina Prisons (two units at each). Most of these units became operational, after some delays, in 2011–2012. Since 2009, additional accommodation units have also been added at Karnet and Wooroloo Prisons. However, investment in supporting infrastructure at these prisons has generally not kept pace with the increasing number of prisoners.

In addition, since 2009, Pardelup has become a prison rather than a work camp and new work camps for males have opened at Wyndham, Dowerin and Warburton. Acacia Prison is undergoing a major expansion (387 beds) and Roebourne Regional Prison will have a new work camp for male prisoners, both projects being scheduled for completion in 2014.

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6 The numbers dropped from over 5,750 to 4,000: see <http://www.correctiveservices.wa.gov.au/files/about-us/statistics-publications/statistics/mg-report-1208.pdf>

7 Department of Corrective Services, *Annual Report 2011–2012*, 108–109.

8 *Report on Government Services 2013* ([www.pc.gov.au/gsp/rogs/2013](http://www.pc.gov.au/gsp/rogs/2013)), chapter 8. 'Design capacity' means, in essence, the number which the prison was designed and intended to hold.

The new West Kimberley Regional Prison in Derby was officially opened in October 2012. At the end of June 2013 it held 120 prisoners (95 male and 25 female).

In November 2012, the former Rangeview Remand Centre for juveniles re-opened as a minimum security prison for young men aged 18–14. At the end of June 2013 it held 44 prisoners (see below).

### *Female Prisoners*

Female prisoners constitute an increasing proportion of a growing prisoner population (generally over 9 per cent of the population compared with 7 per cent in 2008–2009).

The number of women in prison in Western Australia has grown by around 50 per cent since early 2009.<sup>9</sup> Over the same time period the number of men in prison has increased by 23 per cent. However, there has been too little investment in female prisoners relative to the males. From 2009 onwards, this Office has constantly raised concerns about the need for more dedicated and planned accommodation for female prisoners but there has been inadequate planning and action. Bandyup Women's Prison has been in particular need.<sup>10</sup>

During 2011–2012, a new unit was opened at Bandyup consisting of demountable units which were considered surplus to need at Karnet prison. In late 2012 one of the existing units at Greenough Regional Prison was converted to a 72 bed female unit, with the addition of some infrastructure. The opening of the West Kimberley Regional Prison in Derby also provided additional female accommodation but the Department chose to close the women's unit at Roebourne Regional Prison, so the total net gain has been limited.

These are, at most, stop-gap measures. They barely cover current need and there is virtually no scope to take account of future increases in numbers. Investment in new female prison accommodation and in women-centred services is urgently needed.

### *Aboriginal Prisoners*

The most recent Australian Bureau of Statistics snapshot of the nation's prisons confirms that Western Australia has the highest per capita incarceration rate of Aboriginal people in the country.<sup>11</sup>

Department of Corrective Services statistics also show the total number of Aboriginal prisoners to be at unprecedented levels. At the end of June 2013, there were close to 2,000 Aboriginal people in prison (over 40 per cent of the total population and an increase of more than 10 per cent since June 2012). Over 47 per cent of female prisoners are Aboriginal.

Inspections undertaken during 2012–2013 continued to draw attention to the need for a stronger strategic focus and practical initiatives to improve Aboriginal prisoners' access to positive re-entry programs. The issue is most marked at Boronia Pre-release Centre for Women where Aboriginal prisoner numbers have always been unacceptably low.

### *Remand Prisoner Numbers*

The prison population as a whole has risen very quickly since 2009. The most obvious contributing factor was the tougher stance taken to parole by the Prisoners Review Board. However, another important change was also occurring, with a marked increase in the number of prisoners being held on remand.

<sup>9</sup> In January 2009, approximately 300 women were in prison. At the end of June 2013, the figure was 450.

<sup>10</sup> OICS, *Report of an Announced Inspection of Bandyup Women's Prison*, Report No. 73, August 2011.

<sup>11</sup> In Western Australia, around one in 32 Aboriginal adults is currently in prison. The next highest rate is found in South Australia (one in 45): see Australian Bureau of Statistics, *Prisoners in Australia 2012*: [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/7B05CD44A0E2FC8ACA25795F000DBD0F/\\$File/45170\\_2012.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/7B05CD44A0E2FC8ACA25795F000DBD0F/$File/45170_2012.pdf).

During 2008–09 and 2009–10, remandees generally constituted around 16 per cent of the population but this has steadily increased and at the end of June 2013, the figure stood at 19.4 per cent (more than 950 people).

These figures are of serious concern. The reasons behind the trends are far from clear and require further analysis.

### *Young Adults*

The Wandoo Reintegration Facility for minimum security males aged 18 to 24 opened in November 2012. Serco, which already runs Acacia Prison, was contracted to run the facility. Wandoo represents an opportunity to provide improved rehabilitation and reintegration opportunities for a complex cohort of prisoners and it is an initiative which this Office will watch with interest.

However, it is regrettable that the opening of Wandoo has not been accompanied by initiatives in other prisons. Leveraging off the Wandoo experience, there is much to be said for examining alternative approaches to the management of young men in prison, many of whom are disaffected and disengaged. Consideration should also be given to young women prisoners. Their needs, often as young mothers and victims as well as offenders, are usually very high.

### *Mental Health*

It is universally acknowledged that prisoners have very high mental health needs. Unfortunately, the state's secure forensic psychiatric unit (the Frankland Centre) only has 30 beds, the same number as when it opened in 1993.

As a result, many unwell people are being held in prison rather than in dedicated mental health facilities.<sup>12</sup> This is an area in which a whole of government approach is likely to bring real benefits, with initial costs outweighed by potential future benefits.

### *Surfeit of Maximum Security Beds*

At the end of June 2012, around 450 adult prisoners (less than nine per cent of the total prisoner population) were rated maximum security. However, the vast majority of the new units for male prisoners have been put into maximum security facilities (Albany, Casuarina and Hakea prisons). As a result, there are now in excess of 2,500 maximum security beds. This means that many prisoners are subject to more restrictive and more expensive regimes than the Department's assessment system dictates.

Bandyup prison presents a particularly good example. It is designated maximum security and at the end of June 2013 held 266 prisoners. However, only 18 (seven per cent) were actually rated maximum security. The majority of the women (191) were rated medium security and therefore still required a significant level of closed security and supervision. However, 57 of the women (21 per cent) were rated minimum security. Unfortunately, because it is a maximum security facility, the minimum security women do not have access to the benefits of a minimum security regime, including the possibility of activities outside the prison. They are significantly disadvantaged compared with their male counterparts.

### *Evaluations: 'what works'?*

Planning, policy decisions and investment decisions in corrective services should be based on evidence as to the success of different initiatives in improving prisoners' ability to successfully re-enter the community. Unfortunately there continues to be a lack of good evidence on such matters.

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<sup>12</sup> This point has been made in many inspection reports, notably OICS, *Report of an Announced Inspection of Bandyup Women's Prison*, Report No. 73, August 2011.

## 5. Achievements in 2012-2013

### Directed Review into a Riot at Banksia Hill Detention Centre

On the evening of Sunday 20 January 2013, an extremely serious incident of mass disorder erupted at Banksia Hill Juvenile Detention Centre. It started when three detainees climbed onto a roof and escalated when they assisted other detainees to break out of their cells. Extensive damage was caused by some of the detainees to buildings, in particular to the cells and living areas, as well as to some equipment and personal property. In total, an estimated 61 individuals absconded from their cells and many others caused damage inside their cells.

The consequences of the riot for the detainees were dramatic. Seventy-three male detainees were immediately transferred to a nearby adult prison, Hakea Prison. Within a week it had been decided that all of the male detainees, whatever their age or legal status, would be transferred to Hakea. These transfers were finalised by 8 February 2013. Following pressure from this Office and others, that decision was later modified and it was decided that detainees aged under 14 would continue to be held at Banksia Hill as well as some older detainees under certain circumstances. Banksia Hill also continued to house female detainees.

On 21 January 2013, the then Minister for Corrective Services, Hon Murray Cowper MLA, announced that he had directed the Inspector to undertake a review of the 20 January incident. The terms of reference were announced on 24 January 2013. This was the first directed review to be undertaken by the Office of the Inspector of Custodial Services (OICS) since 2007. Although the trigger for the review was the riot, its scope was much broader, encompassing a wide range of issues relating to juvenile justice, especially those relating to juveniles in custody.

The response by the Office was immediate with consultants engaged, and most fieldwork completed by April 2013. A primary report and six supporting review papers were drafted and sent to the Department in June 2013.

The Directed Review caused considerable disruption to the Office's planned work schedule in the first half of 2013. However, the office still achieved several inspections and reviews this financial year.

### Inspections

In the 2012-2013 financial year, the Office completed the on-site physical inspection of four custodial facilities:

- Pardelup Prison Farm (July-August 2012)
- Greenough Regional Prison (October 2012)
- Karnet Prison Farm (January 2013)
- Girls Precinct at Banksia Hill (April 2013)

In each case the on-site inspection work was completed within the three-year time frame required by the Act. Advanced notice was given for each of these inspections.

In addition four inspection reports were completed during 2012-2013, including reports from inspections conducted in 2011-2012.<sup>13</sup> The following is a summary of the findings of each report.

### *Report 80: Report of an Announced Inspection of Woorloo Prison Farm*

Woorloo Prison Farm is a minimum security prison for adult males located 55 kilometres north-east of Perth. At the time of the inspection the prison held 356 prisoners. The inspection found that the prison

<sup>13</sup> Changes in the Office's Key Performance Indicators (see next section) have resulted in changes to the counting of reports within a financial year. Previous Annual Reports have included reference to inspections for which reports had been written, even though these were not yet printed or tabled. Two such inspection reports, included in the 2011-2012 report, are not included here..

had seen significant infrastructure improvements in the last four years and had continued to do well in the areas of health, education and training provision. Unfortunately, however the underlying cultural, relationship and directional issues, which have been problematic for Wooroloo for some time, had still not adequately been addressed. In addition, the report drew attention to the relatively low number of Aboriginal Prisoners and the relatively high number of foreign national and non-English speaking prisoners at the facility.

#### *Report 81: Report of an Announced Inspection of Hakea Prison*

Hakea is the state's primary remand and reception prison for male prisoners. As such it is a complex facility. The inspection found that although some staff were persevering in their own areas the prison suffered from a negative and divided workplace culture. Many parts of the prison faced serious environmental health issues, including vermin infestations, and some areas were no longer fit for purpose. The report also emphasised the need for better targeting of services to particular groups of prisoners such as those on remand, young adults, people with mental health problems, foreign national prisoners, newly arrived prisoners and protection prisoners.

#### *Report 82: Report of an Announced Inspection of Pardelup Prison Farm*

Pardelup Prison Farm is a minimum security prison with a focus on supporting offenders as they re-enter society. It is a working farm focusing on breeding cattle and sheep, and vegetable production for consumption by the prison population within Western Australia. The inspection found that Pardelup provides a positive environment and promotes respectful, pro-social relationships between staff and prisoners. Health services, food, clothing and bedding were generally of a high standard and the level of community engagement was impressive.

#### *Report 83: Report of an Announced Inspection of Greenough Regional Prison*

Greenough Regional Prison is located 15 kilometres south-east of Geraldton. It houses male and female prisoners, sentenced prisoners and those remanded in custody and all security classifications. The overall conclusion of this Inspection was that the prison went about its business in an efficient way, free of major controversies and major incidents. However it was in the midst of some very significant changes, including infrastructure upgrades, management changes and the influx of a larger number of female prisoners. The report drew attention to the band aid solution to the larger numbers of female prisoners currently at Greenough, noting that the Unit where they are currently housed was claustrophobic, oppressive and run down and, despite the efforts of staff, most of the women have little to keep them occupied. As a group they remained seriously disadvantaged compared with male prisoners. Given these concerns, the Inspector decided to conduct another inspection targeted at the women in Greenough in 2013.

### Reviews

Four reviews were completed in 2012–2013. The following are the key findings of these reports.

#### *Prisoner/Detainee Transportation 1 July 2011 – 31 December 2011*

This review provides a general indication of the extent of the transport function, including information on who uses the services and logistical information such as the use of mechanical restraints, length of time in-transit, and safety and security incidents. It found in the last six months of 2011, 14,024 adult prisoners and detained young people received transport services for movements on compassionate grounds (2.3%), to attend court (41.3%), in the interests of justice (0.3%), as part of inter-facility transfers (24.7%), inter-facility visits (1.7%) and for medical reasons (29.8%). Despite juveniles only constituting an average of five per cent of the total custodial population, approximately 11.8 per cent of those transferred were juveniles. Females represented approximately 11.9 per cent of the transport population (although averaging eight per cent of the total prison/detention centre population). Approximately 43 per cent were Australian Aboriginals and Torres Strait Islanders and 47 per cent were Australian non-Aboriginals with the remaining 9.5 per cent foreign national prisoners/detainees from 45 countries.

### *Report on an Audit of Custodial Roof Ascents*

Within Western Australia's 16 primary custodial facilities roof ascents have often been used as a method of expressing discontent or to challenge authority. Over the past decade there have been 218 roof ascents (almost 1.8 roof ascents per month) with 151 (69.3%) of these incidents occurring in juvenile facilities. There were a further 156 'threatened' roof ascents, with 140 of these incidents (89.7%) occurring in juvenile facilities. Roof ascents are a high-risk activity that evolve from a combination of individual factors (cognitive development, stressful issues) social factors (peer influences) and situational factors (staff-prisoner/detainee relationship, ease of roof access, possibility of reward). A holistic approach is required for prevention. The staff-prisoner/detainee relationship is of particular importance, with staff being able to minimise the stress and frustration that lead to many of the roof ascents. It is similarly important to keep juveniles active and engaged by minimising the time that they are locked down.

Of note, this review was completed prior to the riot that occurred at Banksia Hill Detention Centre in January 2013. The key findings of this review were echoed in the findings of the Directed Review into the riot.

### *The Flow of Prisoners to Minimum Security, Section 95 and Work Camps in Western Australia*

In 2009 the Department of Corrective Services introduced a new assessment and classification system at a time when too many Western Australian prisoners were being 'over-classified'. The new assessment system was expected to reduce the number of maximum security prisoners and increase the number of medium and minimum security prisoners without risking either prison security or community safety. The review concluded that the model had met its projected outcomes in that despite rising numbers of prisoners, the number rated as maximum security significantly dropped. However, the distribution of the changed profile had been very uneven. Non-Aboriginal people were the overwhelming beneficiaries of the new system. Aboriginal prisoners, and especially Aboriginal women, have not achieved minimum security classifications to anything like the projected extent. In effect, despite a significant rise in the number of Aboriginal people in the prison system as a whole, there has been virtually no increase in the number at minimum security. By contrast, the number of non-Aboriginal people at minimum security has increased sharply.

### *Medical Transport Incidents – Individuals transported after major surgery*

In November 2011 and May 2012, two persons in custody were transported from Royal Perth Hospital (RPH) to Casuarina Prison following major surgery. The contractor, Serco, provided the transport service. Both persons in custody were transported in vehicles that had been specifically designed to transport persons in custody in a secure manner. In both cases the individuals transported back to prison after major surgery experienced considerable pain and discomfort during the journey. The review found that the transport of the two individuals via secure vehicle was painful and uncomfortable for both individuals. There is no way to determine if transport in a taxi or sedan would of itself have been any better, however there is no evidence to suggest that the mode of transport used for these individuals exacerbated their injuries.

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## 6. Key Effectiveness Indicators

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### Changes to our Key Performance Indicators

In early 2013 the Under Treasurer approved changes to the Office's key performance indicators (KPIs). These changes, included for the first time in the 2013–2014 Budget Papers, will be included as part of the audited statements in the 2013–2014 Annual Report.

In amending our KPIs we took the opportunity to amalgamate a number of KPIs whose past validity proved problematic for both the Auditor General and this Office. The changes will improve the focus on measurable outcomes, while also improving the relevance, meaningfulness, and validity of the information released.

#### *Prior to 2012-2013*

Recent changes to the *Inspector of Custodial Services Act 2003* (which came into effect in January 2012), prompted the introduction of a new review function and attracted additional funding. The KPI's prior to and including the 2012–2013 Budget Papers focused only on inspection reports, directed reviews and thematic reviews, because the review function was not yet developed.

Up to 2012–2013 the Key Efficiency Indicators have reflected the average cost per report, based on a notional weighted value.<sup>14</sup> The inclusion of a report in a particular financial year was based on when it was sent for printing.

#### *2013-2014 and Beyond*

Changes to the KPIs in the 2013–2014 Budget Papers merge some of the former KPIs into more appropriate, clear indicators. They also incorporate the new review function which is anticipated to produce five or six reviews during the course of a year. The changes are:

##### *Outcomes and Key Effectiveness Indicators:*

Renaming the indicator 'Number of inspection report recommendations' as 'Number of recommendations'. This will include the recommendations generated by both inspection reports and review reports.

Amalgamating the breakdown of recommendation categories and simply reporting on number of recommendations. Previously ten separate categories were adopted but these overlapped and did not add value as an indicator to government or parliament.

##### *Services and Key Efficiency Indicators:*

The following four key efficiency indicators have been combined into one, now titled 'Average cost per Report'

- Average cost per Inspection Report;
- Average cost per Exit Debrief;
- Average cost per Discussion Paper
- Average cost per Ministerial Advice

The new 'Average cost per Report' indicator also incorporates review reports.

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<sup>14</sup> The notional weighted value was as follows:

- 1.0 - inspections
- 3.0 - thematic and directed review

The two remaining efficiency indicators (average cost per Liaison Visit and average cost per Independent Visitor's Scheme Report) remain the same.

In addition, the Office has moved from counting a report at the date it was sent for printing, to the date it is published. This will extend the total time period reported as it will include production time and the 30 day embargo period. The change also results in some reports being included in different financial years from what has previously been reported. The effect on the 32 inspection reports and 4 review reports (not included in the old methodology), that have been completed since 2008–2009 can be seen in the following table:<sup>15</sup>

#### *Number of reports completed each financial year*

Key Effectiveness Indicators	Actual				2012-13
	2008-09	2009-10*	2010-11	2011-12	
Number of reports using the new counting methodology (date published)	8	5	7	6	10
Number of reports using the former counting methodology (date sent for printing)	8	7	6	7	4

\* Includes one issues paper, which was treated differently prior to 2012-2013 but has been included for comparison purposes.

#### *This Year's Report*

The 2012–2013 Budget papers used the old KPIs, while the 2013–2014 Budget papers use the new system. This year's report has used a combination of the old and new KPI system to provide the most appropriate measure of our progress, as well as allowing comparisons with our forward estimates.

The following table illustrates which reports are included using the different KPI methods. This year, the four review reports completed in 2012–2013 have been included, however two inspection reports which were published in 2012–2013 but printed and reported on in 2011–2012, have not been included.

#### *Reports included in 2012-2013 using the different KPI methods*

Report	Old	New	This year
Inspection of Albany Regional Prison		✓	
Inspection of Boronia Pre-release Prison		✓	
Inspection of Wooroloo Prison Farm	✓	✓	✓
Inspection of Hakea Prison	✓	✓	✓
Inspection of Pardelup Prison Farm	✓	✓	✓
Inspection of Greenough Regional Prison	✓	✓	✓
Prisoner/Detainee Transportation		✓	✓
Report on an Audit of Custodial Roof Ascents		✓	✓
The flow of prisoners to minimum security		✓	✓
Medical transport incidents		✓	✓
<b>Total number of reports</b>	<b>4</b>	<b>10</b>	<b>8</b>

<sup>15</sup> The table illustrates only the number of reports included in each financial year and does not account for notional weighting.

### Comparisons for Subsequent Annual Reports

The following tables have been provided using the new system to allow for comparisons in subsequent years. Overall they indicate increasing activity and reducing or stable costs per indicator over the past four years.

#### Key effectiveness Indicators (new system)

Key Effectiveness Indicators	Actual				Target*
	2009-10	2010-11	2011-12	2012-13	2013-14
Number of recommendations made	38	115	109	112	100
Percentage of recommendations accepted	65.8	61.7	81.7	83.0	80

\* Targets in this and the following table are those set in the 2013-2014 Budget Papers.

#### Key efficiency indicators (new system)

Key Efficiency Indicators	Actual				Target
	2009-10	2010-11	2011-12	2012-13	2013-14
Number of reports published	5	7	6	10	N/A
Average cost per report published	\$443,860	\$277,276	\$431,201	\$297,810	\$250,000
Number of Independent Visitor's Scheme reports produced	126	158	159	163	N/A
Average cost per Independent Visitors' Scheme report	\$951	\$908	\$949	\$853	\$1,000
Number of liaison visits	90	98	100	101	N/A
Average cost per liaison visit	\$4,959	\$5,823	\$4,944	\$5,036	\$5,000

### Recommendations

There were 78 recommendations made in the eight completed reports this financial year. The inspection of Hakea Prison resulted in the most recommendations. Some reviews made no recommendations.

#### The number of recommendations in each report in 2012-2013

Report	Number of recommendations	Percentage supported*
Inspection of Wooroloo Prison Farm	17	88.2
Inspection of Hakea Prison	29	75.9
Inspection of Pardelup Prison Farm	14	92.8
Inspection of Greenough Regional Prison	14	100.0
Prisoner/Detainee Transportation	0	-
Report on an Audit of Custodial Roof Ascents	4	100.0
The flow of prisoners to minimum security	0	-
Medical transport incidents	0	-
	<b>78</b>	

\* Includes recommendations that are supported in principle and recommendations that the Department states to be existing initiatives.

\*\* The Department of the Attorney General (DotAG) was also asked to respond to four recommendations in the Hakea report. Two recommendations were agreed in part and two were noted. DotAG provided an action plan for all four recommendations.

As in previous years, not all of the recommendations that were accepted received a simple unqualified response of 'supported' by the Department. Similar to last year, only one third received unqualified support. Another third were supported but claimed to already be the subject of existing initiatives (a response the Department began using in 2010-2011). Just over a quarter were partially supported or supported in principle.

#### *Support for recommendations*

Level of support	2011-12 (%)	2012-13 (%)
Supported	31	31
Supported – existing initiative	15	31
Partially supported or qualified	31	26
Not supported	19	6
Unable to be determined	3	6

The extent to which the Department has not supported recommendations dropped in 2012-2013. However, the extent to which it has placed caveats around acceptance continues to concern the Office, particularly where it is claimed that an existing initiative is in place which addresses the substance of a recommendation. In some cases there was evidence to support the claim that work had already been done to address the issue, but in many cases there was little evidence that the issue was under active detailed consideration or that the initiatives in question were actually having any impact. When such a response is received, the Office may request further supporting evidence and will attempt to monitor the initiatives in question.

There are also times when, even though a recommendation is 'not supported', the Department does in fact pursue the recommended course of action. On the other hand, support for a recommendation does not necessarily mean that the Department adequately progresses the issue.

During an inspection, the Department's progress against recommendations made during the inspection three years previously is assessed. The percentage of recommendations against which this Office considers that the Department has made adequate or better progress fell dramatically this year to only 26 per cent, compared with more than 50 per cent in 2011-2012.

#### *Progress against past inspection recommendations*

Rating	2011-12 (%)	2012-13 (%)
Poor	13	9
Less than acceptable	33	65
Acceptable	39	23
More than acceptable	13	3
Excellent	-	-
N/A	2	-

### Timeliness of Inspection Reports

As described earlier,<sup>16</sup> a number of statutory requirements and agreed protocols limit the speed at which inspection reports can become public. These include providing the Department with time to respond to the text and recommendations in draft reports, for the Office to seek further clarification, and for completed reports to be embargoed for at least 30 days after they are sent to Parliament.

In 2012–2013 the average time taken from the start of the inspection to producing a report was 24 weeks.<sup>17</sup> This includes an average of 5 weeks for the Department to consider and respond to the report.

### Upcoming Inspections

The Inspector is required to provide notice via the Annual Report of announced inspections that will be conducted in the next financial year.<sup>18</sup> Inspections proposed for 2012–2013 are:

- Casuarina Prison (July 2013)
- Greenough Regional Prison – Women’s Precinct (August 2012)
- Roebourne Regional Prison (September 2013)
- Acacia Prison (November 2013)
- Eastern Goldfields Regional Prison (January 2014)
- Bandyup Women’s Prison (March 2013)
- Wandoo Reintegration Facility (May 2014)

### Liaison Visits

Every prison and detention centre is the subject of a structured formal liaison visit at least three times a year but usually four times per year. Each work camp receives at least one liaison visit each year. The frequency of visits may be adjusted according to the assessed risk of each facility. Custody centres are visited on a risk-assessment basis, but generally once each year.

In the normal course of events, the Office aims to achieve 90 such visits per year. This year, commensurate with an increased risk profile in many custodial facilities, the Office exceeded its visit target, completing 101 liaison visits.

### Independent Visitor Service

The Independent Visitor Service (‘IVS’) is administered by the Office and is an integral part of the state’s accountability mechanisms. Independent Visitors (‘IVs’) are appointed by the Minister on the advice of the Inspector. The scheme provides an opportunity for people held in custody and staff in prisons and juvenile facilities to express their views, comments and complaints about their treatment and conditions to an impartial community volunteer. Feedback is reported to the Inspector, who in turn reports to the Minister during the course of his regular meetings. The Inspector recognises the valuable contribution made by IVs and acknowledges their voluntary efforts.

This year a total of 163 reports were submitted by IVs and referred to the Department of Corrective Services for action.

At the completion of the year there were 32 IVs appointed to the 16 adult and two juvenile facilities (Banksia Hill detention centre and the temporary Hakea Juvenile facility). Of these, eight IVs visited more than one facility, with some visiting up to four facilities.

<sup>16</sup> See section 3.1 of this Report.

<sup>17</sup> This does not include the additional 30 day embargo period before the report is made public

<sup>18</sup> Section 33(2)(e) of the Act.

The IVS has a full complement of Visitors but recruiting of volunteers is ongoing to cover resignations and retirements. The special focus on recruiting Aboriginal Independent Visitors in 2012–2013 had some success and will continue in 2013–2014.

### Community Relations

Consulting with volunteer organisations and externally located stakeholders, which provide services in custodial settings is an essential component of inspections. Similarly, local members of parliament, mayors, shire presidents and local community members are given the opportunity to comment on how correctional activities fit into their communities.

In 2012–2013 the Office continued to further develop links with the Aboriginal community across Western Australia through effective communication and networking by the Community Liaison Officer. The Inspector would like to acknowledge the contribution made by and to thank all community-based individuals and groups contributing to the activities of the Office this year.

### Community of Practice

The Office of the Inspector of Custodial Services is recognised as a leader in the field of best custodial practices and human rights for those in detention, and has been asked to act in a consultative capacity to organisations in other jurisdictions seeking to investigate custodial practices or to establish similar accountability offices.

In 2012–2013 the Inspector made a number of presentations to professional audiences in Western Australia, nationally and overseas. He served as Rapporteur for the Asian and Pacific Conference of Correctional Administrators ([www.apcca.org](http://www.apcca.org)) in Brunei in October 2012 and has continued to conduct research into the criminal law of Malaysia and Singapore.<sup>19</sup>

## 7. Staff

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In 2012–2013 the Office had 20 Full Time Equivalent staff made up of full time and part time employees. Staff comprise the Inspector, Deputy Inspector, and three teams comprising: Operations; Strategy, Review and Community Relations; and Corporate Services.

As permitted under section 12 of the Act, the Inspector delegated his powers to the acting Deputy Inspector once during the year from 2 October to 9 November 2012.

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 during inspections throughout the year. The participation of these experts, who are outlined in each report, added great value to the work of the Office and provided an added depth to the inspection work. The Inspector would like to acknowledge the contributions of these departments and agencies and to thank them for their support throughout the year:

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<sup>19</sup> S Yeo, N Morgan and WC Chan, *Criminal Law in Malaysia and Singapore* (2nd Ed) (LexisNexis, 2012); S Yeo, N Morgan and WC Chan, *Criminal Law in Malaysia and Singapore: A Casebook Companion* (2nd Ed) (LexisNexis, 2012);

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## 8. Relationships

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### Parliament

The statutory scheme of the *Inspector of Custodial Services Act 2003* makes the Inspector accountable to Parliament. The Inspector tables reports in Parliament directly, not through the Minister. This accountability model is designed to allow the Parliament to evaluate the performance and objectives of the Department of Corrective Services by way of the Inspector's reports.

The Inspector welcomes these opportunities to provide ongoing comment and clarification of his views on correctional issues to Parliament. It is a fundamental belief of this Office that well-informed parliamentarians are a very important safeguard for balanced criminal justice policies and for the rights of both staff and people in custody.

### Minister

Ministerial responsibility for Corrective Services has changed frequently since the Inspector's appointment in March 2009. Current responsibility resides with the Honourable Joe Francis MLA who was appointed on 21 March 2013. The former Ministers were:

- Murray Cowper MLA: 29 June 2012 to 20 March 2013
- Terry Redman MLA: 14 December 2010 – 29 June 2012
- Christian Porter MLA: 23 September 08 – 14 December 2010

The Inspector is an independent officer who reports to the Parliament and is not subject to Ministerial direction under the Act, except as set out in sections 17–18. In essence, these sections empower the Minister to direct in writing that the Inspector should inspect and report on a place of custody or a custodial service. The Inspector must comply with such a direction unless, in the Inspector's opinion, there are exceptional circumstances for not complying.

This power for the Minister to 'direct' a review was exercised in January 2013 where the former Minister (the Honourable Murray Cowper MLA) directed the Inspector to undertake a review into an incident at the Banksia Hill detention centre. The Inspector not only complied with the direction, but worked with the former Minister to establish the terms of reference for the review. While ministerial responsibility changed during the process of this review, the Inspector maintained open communication on emerging findings and their implications to the appropriate Minister.

The Inspector aims for a positive, regular engagement with the Minister to keep the Minister informed of areas of concern. On several occasions in 2012–13, the Inspector provided advice on specific matters to the two Ministers. There are regular scheduled meetings, and other meetings are held as required, between the Inspector and the Deputy Inspector (or other Office staff) and the Minister, the Chief of Staff or relevant policy advisors.

### Other Agencies

The Inspector recognises that many matters falling within the Office's jurisdiction raise or arise out of factors that go 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 the Inspector scrutinises directly. Section 27 of the Act provides the statutory basis for these activities.

In this respect the Office maintains contact with private contractors and other agencies involved in the provision of custodial services within its jurisdiction. The purpose is to ensure that the service standards expected by the Inspector are clearly understood. This year, representatives from this Office met formally with such private contractors and other agencies on a quarterly basis and at other times as required.

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During 2012–2013, the Inspector met with the Chief Justice, the Chief Judge of the District Court, the president of the Children’s Court, the Chief Magistrate, the Coroner, Crime and Corruption Commissioner, the Director of Public Prosecutions, the Auditor General, the Ombudsman, the Commissioner for Children and Young People, the Equal Opportunity Commissioner, the Freedom of Information Commissioner and the Director of Health and Disability Services Complaints Office.

Representatives from the Office met on a regular basis with staff from the Ombudsman to further develop options for information sharing and to develop a closer working relationship. In addition a staff member from the Ombudsman’s office was seconded to assist with the Banksia Hill inquiry. The high level of expertise was exceptionally helpful and the Office is grateful to the Ombudsman for enabling this secondment to occur.

## 9. Other Functions

### Risk Notices

The Inspector raises matters of risk with the Department and the Minister in several ways. These include inspection reports, correspondence and meetings with the Minister and / or the Commissioner for Corrective Services, and the process of issuing a ‘risk notice’. Risk notices are used sparingly and generally will not be used if the issue has been raised in other ways and is being addressed as a result. There were no risk notices issues this financial year, though many areas of risk were raised with the Minister and the Commissioner for Corrective Services.<sup>20</sup>

### ‘Show Cause’ Notices

In addition to the new review function, the Government’s response to the Coroner’s inquest into the death of Mr Ward included power for the Inspector to issue a ‘show cause notice’ to the Department.<sup>21</sup> If the Inspector suspects, on reasonable grounds, that there is a serious risk to the security, control, safety, care or welfare of a prisoner, or that a person is being subject to cruel, inhuman or degrading treatment, he can issue a notice to the Department requiring it to ‘show cause’ why the matter should not be referred to the Minister.

This power came into force on 18 January 2012. It was not exercised in 2012–2013 though issues of risk were regularly raised through other means. Ideally, the avenues of communication between the Inspector, the Department and the Minister will be such that matters can be raised and will receive a response without needing to consider the issue of a show cause notice. In practice, it is therefore likely to be used primarily (i) where issues have been raised in other ways but have not received an adequate response; or (ii) where there is a sudden matter of high risk which requires an immediate response.

### Terrorism (Preventative Detention) Act 2006

Under the *Terrorism (Preventative Detention) Act 2006* the Inspector is required to be notified should any person be detained under this Act and to inspect the conditions of that detention. This year, no incidents of detention were noted under this Act.

### Disclosure of Information

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 Act the Office may only refer such matters to another agency or deal with them within the context of an inspection or review. This year 67 letters were received which were responded to within an average of six days.

<sup>20</sup> Some of the general issues raised are discussed in section 5 of this report – ‘Trends in Correctional Services’.

<sup>21</sup> Section 33A of the Act.

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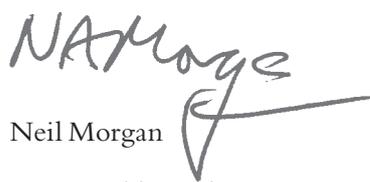
## Part Two – Source Reference

FMA sec 61  
TI 902

HON JOSEPH (JOE) MICHAEL FRANCIS MLA  
MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2013.

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*.



Neil Morgan

Accountable Authority

20 August 2013

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## Operational Structure

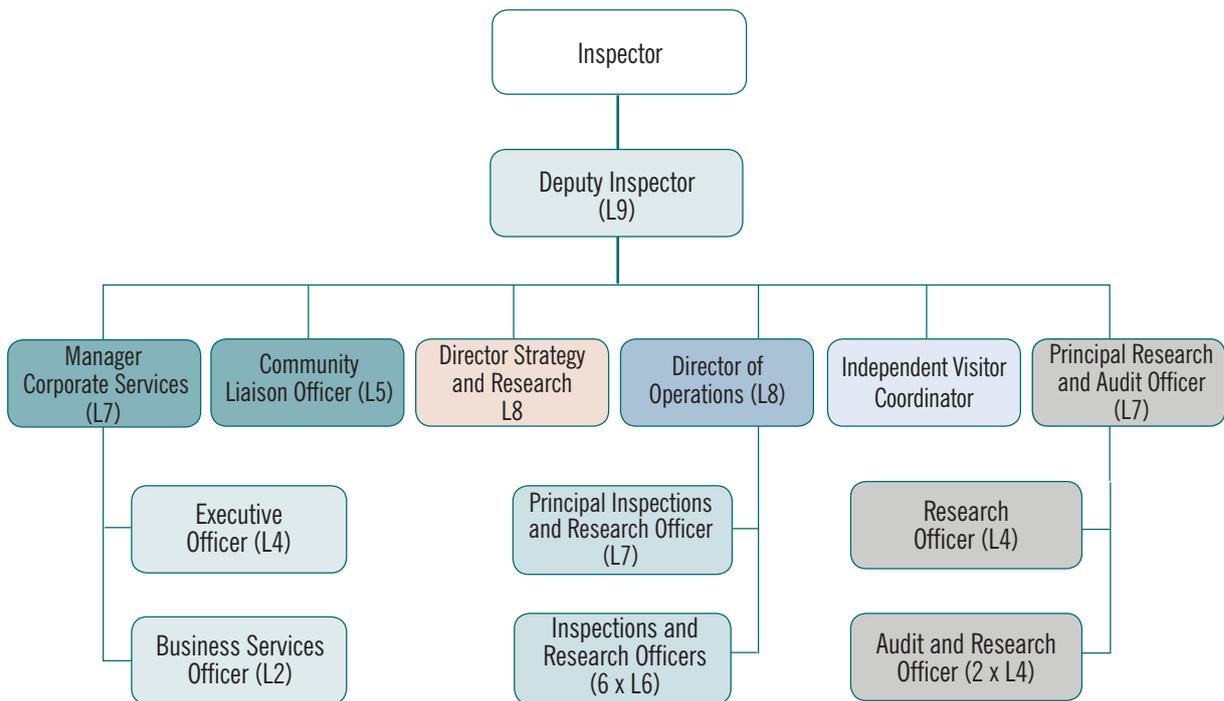
### Enabling legislation

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

### Responsible Minister

The Hon. Joseph (Joe) Michael Francis MLA, Minister for Corrective Services.

### Organisational Chart



### Senior Officers

#### *Professor Neil Morgan (The Inspector of Custodial Services)*

Appointed Inspector on 30 March 2009, Neil Morgan is the second Inspector of Custodial Services in Western Australia, following Professor Richard Harding. He was Professor of Law at the University of Western Australia, a member of the Parole Board of Western Australia, and Director of Research for the Western Australia Law Reform Commission project on Aboriginal Customary law. He has been Rapporteur for the Asian and Pacific Conference of Correctional Administrators for the past decade and a consultant to numerous government departments and other agencies in Australia. His research has focused mainly on criminal law, sentencing and the administration of sentences in Australia and in the Asia Pacific region. Recent publications include *Criminal Law in Malaysia and Singapore* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2007; *Criminal Law in Malaysia and Singapore: A Casebook Companion* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2009; and (with Richard Harding) *Implementing the Optional Protocol to the Convention Against Torture: Options for Australia* (2008) –[www.hreoc.gov.au/human\\_rights/publications](http://www.hreoc.gov.au/human_rights/publications).

#### *Deputy Inspector: Andrew Harvey*

Andrew was appointed Deputy Inspector in the Office of the Inspector of Custodial Services on 3 January 2012. Andrew has worked in a diverse range of senior management roles in Commonwealth and State public sector agencies, including as a Senior Manager at the Australian Bureau of Statistics

and at the Office of the Auditor General where Andrew led teams managing compliance, control and accountability audits. He also managed the licencing of Western Australia's water, electricity and gas service providers at the Economic Regulation Authority.

Immediately prior to joining the Office Andrew undertook the role of assistant Ombudsman, Complaint Resolution at the WA Ombudsman where he oversaw significant improvements in both the timelines and effectiveness of complaint and investigation handling.

Andrew holds a Bachelor of Arts (Politics and Anthropology) and a Masters in Criminal Justice.

### Administered Legislation

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

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

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

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

*Bail Act 1982*  
*Corruption and Crime Commission Act 2003*  
*Court Security and Custodial Services Act 1999*  
*Crime (Serious and Repeat Offenders) Sentencing Act 1992*  
*Criminal Law (Mentally Impaired Defendants) Act 1996*  
*Equal Opportunity Act 1984*  
*Evidence Act 1906*  
*Fines, Penalties and Infringement Notices Enforcement Act 1994*  
*Interpretation Act 1984*  
*Occupational Health and Safety Act 1984*  
*Parole Orders (Transfer) Act 1984*  
*Prisoners (Interstate Transfer) Act 1983*  
*Prisoners (Release for Deportation) Act 1989*  
*Prisons Act 1981*  
*Dangerous Sexual Offenders Act 2006*  
*Disability Services Act 1993*  
*Parliamentary Commissioner Act 1971*  
*Public Sector Management Act 1994*  
*Racial Discrimination Act 1975*  
*Sentence Administration Act 1995*  
*Terrorism (Preventative Detention) Act 2006*  
*Victims of Crime Act 1994*  
*Young Offenders Act 1994*

In the financial administration of the Office, we have complied with the requirements of the *Financial Management Act 2006* and every other relevant written law. We have exercised controls which provide reasonable assurance that the receipt and expenditure of money 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.

## Key Performance Indicators

### Certification of Key Performance Indicators

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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 2013.



Neil Morgan

20 August 2013

### Detailed Information in Support of Key Performance Indicators

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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 Social and Environmental Responsibility - one of the goals of Government in achieving its strategic outcomes.

The Office has strong relationship with two Parliamentary Committees - The Legislative Assembly Community Development and Justice Standing Committee and the Legislative Council Public Administration Committee. Other Parliamentarians receive briefings as requested.

#### Measuring Performance

##### *Government Goal*

Social and environmental responsibility

##### *Desired Outcome*

The Parliament, Minister and other stakeholders are informed about 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.

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

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

#### Key Effectiveness Indicator

The extent to which the Department of Corrective Services ('the Department') and, other agencies accept recommendations contained in Reports.

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Key Effectiveness Indicator	Number of Inspection Report Recommendations		Percentage of Recommendations Accepted	
	Target	Actual	Target	Actual
2008-09	140	83	80%	91%
2009-10	130	76	80%	90%
2010-11	50	89	90%	90%
2011-12	50	127	90%	85%
2012-13	90	78	90%	86%

### Comparison of Actual Results and Budget Targets

The number of recommendations made this year is lower than expected due to the normal work program being interrupted by the Directed Review into the Banksia Hill Detention Centre Riot which occurred on 20 January 2013. The finalisation of the Directed Review post year end has resulted in its recommendations being held over to 2013-14.

The percentage of recommendations accepted, although less than the target is consistent with the previous year.

### Key Efficiency Indicators

Key Efficiency Indicators <sup>1</sup>	Target <sup>2</sup> 2009-10	Actual 2009-10	Target <sup>2</sup> 2010-11	Actual 2010-11	Target <sup>2</sup> 2011-12	Actual 2011-12	Target <sup>2</sup> 2012-13	Actual 2012-13
Inspection report <sup>3</sup>	7.5	8	7.5	7.5	7.5	9	7.5	8
Average cost per inspection report	145,000	221,600	150,000	212,911	250,000	238,710	230,000	322,077
Liaison visit report	90	90	90	98	90	100	90	101
Average cost per liaison visit report	5,000	4,959	5,500	5,823	5,000	4,944	6,000	5,036
Inspection exit debrief	5	5	5	5	5	6	5	5
Average cost per Inspection exit debrief	35,000	69,385	72,000	56,359	70,000	63,188	60,000	90,939
Independent visitors' scheme report	90	126	90	158	90	159	90	163
Average cost per independent visitors' scheme report	1,000	951	900	908	1,000	949	1,000	853
Ministerial advice	12	12	12	12	12	12	12	12
Average cost per ministerial advice	5,000	4,233	5,000	5,192	5,000	4,974	5,000	4,897
Discussion paper	1	1	1	0	1	0	1	0
Average cost per discussion paper	55,000	48,777	56,000	0	50,000	0	50,000	0

<sup>1</sup> The Department of Treasury recently approved changes to the key efficiency indicators as a result of the enactment of changes to the Inspector of Custodial Services Act 2003 in January 2012. These revised indicators are included for the first time in the 2013 Budget Papers, and will be effective from 1 July 2013. Further explanation for the reason for the changes and their effect is provided in Part A of this Annual Report.

<sup>2</sup> The target number of reports for the efficiency indicators, are set by management internally.

<sup>3</sup> Inspection Reports include Inspections, Thematic Review, Directed Reviews and Audits. The number reported is based on a notional weighted value as follows: inspections, audits and directed reviews - 1.0; thematic reviews - 3.0.

### Comparison of Actual Results and Budget Targets

**Inspections Reports:** The Office has incurred additional expenses to undertake the Directed Review into the Banksia Hill Detention Hill riot which occurred in January 2013. However, recognition of the report for the purpose of the efficiency indicator has been held over to 2013-14. This has resulted in an increase in the average cost per inspection report.

**Liaison Visit Reports:** The number of visits undertaken was 101, which is higher than the target of 90, thereby resulting in a lower than average cost compared to the target.

**Inspection Exit Debriefs:** The average cost of inspection exit debriefs are higher due to the fact that the costs include the expenses of the Directed Review into the riot at Banksia Hill Detention Centre but the recognition of the related exit debrief has been held over to 2013-14. The increased costs also relate to the fact that one inspection was deferred as a consequence of the Directed Review into the Banksia Hill Detention Centre riot.

**Independent Visitors' Scheme Reports:** The number of Independent Visitors' Scheme Reports has jumped due to an increase in volunteers' interest in visiting each custodial facility or service. This has resulted in a decrease in the average cost per report.

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## Other Financial Disclosures

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### Source Reference

Employment and Industrial Relations

### Staff Profile

	2012-13	2011-12
Full-time permanent	16	16
Full-time contract		
Part-time measured on an FTE basis	3	2.2
On secondment	1	1
	20	19.2

### Staff Development

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

### Workers' Compensation

There were no compensation claims recorded during the financial year.

## 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.

## 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



Neil Morgan

Inspector of Custodial Services

20 August 2013

## TI 903

## Electoral Act 1907 section 175ZE

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

Details are as follows:

Expenditure with Advertising Agencies	\$0
Expenditure with Market Research Agencies	\$0
Expenditure with Polling Agencies	\$0
Expenditure with Direct Mail Agencies	\$0
Expenditure with Media Advertising Agencies	\$0
<b>TOTAL EXPENDITURE</b>	<b>\$0</b>

## Other Legal Requirements

### 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).

The Office developed a Disability Access and Inclusion Plan which was approved by the Disability Services Commission. This Plan is available on the Office's website.

The Office is now committed to disability services and demonstrates this by the following means:

- ensuring that people with disabilities, their families and carers enjoy the same access to reports as the rest of the community. For example, upon request, the Office has made its reports available in audio format for people with sight impairment; and
- progressing the six desired outcomes of its DAIP.

The Office's DAIP includes an implementation plan designed to achieve each of the six desired outcomes.

### Recordkeeping Plans

The State Records Commission has approved the Office's recordkeeping plan. On-line training in records management continues to be provided to staff upon commencing employment at the Office. The Office stores its archival information offsite with the State 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. To date, the Office has been an injury-free environment.

Management ensures that there is always an open line of communication with staff to discuss occupational safety and health matters. 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.

Senior officers have attended a one-day course on Occupational Safety and Health.

### Annual Performance

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 within 28 weeks	100 per cent	n/a
Percentage of managers trained in occupational safety, health and injury management responsibilities	50 per cent	80 per cent

### Sustainability

The Office supports environmental sustainability and demonstrates this by having its own Sustainability Action Plan. Staff members adhere to sustainability measures wherever possible on a day-to-day basis by the following means:

- Using recycled paper for photocopying and printing;
- Using separate bins in the kitchen for mixed waste and recycling waste;
- Reducing the vehicle fleet to three;
- Replacing vehicles (6-cylinder) with smaller vehicles (4-cylinder) where possible;
- Using recycled printer and toner cartridges; and
- Sensory lighting which turns on when movement is detected.

### 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 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.

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## Part Three – Financial Statements

### Certification of financial statements for the year ended 30 June 2013

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 2013 and the financial position as at 30 June 2013.

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

Chief Finance Officer

20 August 2013



Neil Morgan

Accountable Authority

20 August 2013

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## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Office of the Inspector of Custodial Services.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *Inspector of Custodial Services' Responsibility for the Financial Statements*

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 and the Treasurer's Instructions, and for such internal control as the Inspector of Custodial Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Inspector of Custodial Services, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Office of the Inspector of Custodial Services at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

**Report on Controls**

I have audited the controls exercised by the Office of the Inspector of Custodial Services during the year ended 30 June 2013.

Controls exercised by the Office of the Inspector of Custodial Services are those policies and procedures established by the Inspector of Custodial Services to ensure 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.

*Inspector of Custodial Services' Responsibility for Controls*

The Inspector of Custodial Services is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

*Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Office of the Inspector of Custodial Services based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Office complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the controls exercised by the Office of the Inspector of Custodial Services are sufficiently adequate to 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 during the year ended 30 June 2013.

**Report on the Key Performance Indicators**

I have audited the key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

*Inspector of Custodial Services' Responsibility for the Key Performance Indicators*

The Inspector of Custodial Services is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Inspector of Custodial Services determines necessary to ensure that the key performance indicators fairly represent indicated performance.

*Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Inspector of Custodial Services' preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

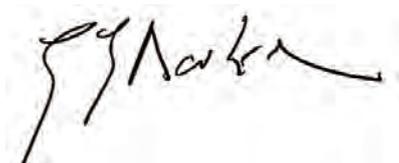
In my opinion, the key performance indicators of the Office of the Inspector of Custodial Services are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2013.

**Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

**Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2013 included on the Office's website. The Office's management is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



GLEN CLARKE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
23 August 2013

## Statement of Comprehensive Income for the year ended 30 June 2013

<b>COST OF SERVICES</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
		\$	\$
<b>Expenses</b>			
Employee benefits expense	6.	2,463,166	1,843,800
Supplies and services	7.	906,340	1,039,245
Depreciation and amortisation expense	8.	54,223	46,239
Accommodation expenses	9.	279,690	291,428
Loss on disposal of non-current assets	11.	-	3,994
Other expenses	10.	34,413	9,884
<b>Total cost of services</b>		<b>3,737,832</b>	<b>3,234,590</b>
<b>Income</b>			
<i>Revenue</i>			
Other revenue	12.	19,680	2,069
<b>Total revenue</b>		<b>19,680</b>	<b>2,069</b>
Total income other than income from State Government		19,680	2,069
<b>NET COST OF SERVICES</b>		<b>3,718,152</b>	<b>3,232,521</b>
Income from State Government			
Service Appropriation	13.	3,623,000	3,095,000
Resources received free of charge	13.	111,985	69,341
<b>Total income from State Government</b>		<b>3,734,985</b>	<b>3,164,341</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>16,833</b>	<b>(68,180)</b>
Total other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>16,833</b>	<b>(68,180)</b>

See also Note 2(c) on the 'Schedule of Income and Expenses by Service'

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

## Statement of Financial Position as at 30 June 2013

ASSETS	Note	2013	2012
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	24.	280,539	184,088
Receivables	15.	130,954	109,491
Amounts receivable for services	16.	26,000	25,000
Other assets	17.	-	4,674
<b>Total Current Assets</b>		<b>437,493</b>	<b>323,253</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	14, 24.	60,307	48,607
Amounts receivable for services	16.	169,000	128,000
Plant and equipment	18.	68,532	119,753
Intangible asset	19.	3,592	6,594
<b>Total Non-Current Assets</b>		<b>301,431</b>	<b>302,954</b>
<b>TOTAL ASSETS</b>		<b>738,924</b>	<b>626,207</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	21.	293,145	420,918
Provisions	22.	626,727	432,251
<b>Total Current Liabilities</b>		<b>919,872</b>	<b>853,169</b>
<b>Non-Current Liabilities</b>			
Provisions	22.	87,075	57,893
<b>Total Non-Current Liabilities</b>		<b>87,075</b>	<b>57,893</b>
<b>TOTAL LIABILITIES</b>		<b>1,006,947</b>	<b>911,062</b>
<b>NET LIABILITIES</b>		<b>(268,023)</b>	<b>(284,855)</b>
<b>EQUITY</b>			
	23.		
Contributed Equity		274,000	274,000
Accumulated deficit		(542,023)	(558,855)
<b>TOTAL EQUITY DEFICIT</b>		<b>(268,023)</b>	<b>(284,855)</b>

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

## Statement of Changes in Equity for the year ended 30 June 2013

	Note	Contributed equity	Accumulated deficit	Total equity deficit
		\$	\$	\$
Balance at 1 July 2011	23.	222,000	(490,675)	(268,675)
Deficit			(68,180)	(68,180)
<b>Total comprehensive income for the period</b>		-	<b>(68,180)</b>	<b>(68,180)</b>
Transactions with owners in their capacity as owners:				
Capital contributions		52,000	-	52,000
Total		52,000	-	52,000
<b>Balance at 30 June 2012</b>		<b>274,000</b>	<b>(558,855)</b>	<b>(284,855)</b>
Balance at 1 July 2012		274,000	(558,855)	(284,855)
Surplus		-	16,833	16,833
<b>Total comprehensive income for the period</b>		-	<b>16,833</b>	<b>16,833</b>
Transactions with owners in their capacity as owners:				
Capital contributions		-	-	-
Total		-	-	-
<b>Balance at 30 June 2013</b>		<b>274,000</b>	<b>(542,023)</b>	<b>(268,023)</b>

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

## Statement of Cash Flows for the year ended 30 June 2013

<b>CASH FLOWS FROM STATE GOVERNMENT</b>	<b>Note</b>	<b>\$</b>	<b>\$</b>
Service appropriation		3,556,000	3,037,000
Capital contributions		-	52,000
Holding account drawdowns		25,000	12,000
Net cash provided by State Government		3,581,000	3,101,000
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(2,233,489)	(1,887,592)
Supplies and services		(933,483)	(690,208)
Accommodation		(279,690)	(291,428)
Other payments		(29,739)	(9,884)
GST payments on purchases		(141,508)	(129,145)
<b>Receipts</b>			
GST receipts on sales		84	3,819
GST receipts from taxation authority		144,976	103,133
Other receipts		-	2,069
<b>Net cash used in operating activities</b>	<b>24.</b>	<b>(3,472,849)</b>	<b>(2,899,236)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current physical assets		-	(136,293)
Purchase of non-current intangible assets		-	(9,130)
<b>Receipts</b>			
Proceeds from sale for non-current assets		-	2,658
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(142,765)</b>
Net increase in cash and cash equivalents		108,151	58,999
Cash and cash equivalents at the beginning of the period		232,695	173,696
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>24.</b>	<b>340,846</b>	<b>232,695</b>

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

## Summary of Consolidated Account Appropriations and Income Estimates for the year ended 30 June 2013

	2013 Estimate	2013 Actual	Variance	2013 Actual	2012 Actual	Variance
	\$	\$	\$	\$	\$	\$
<b>Delivery of Services</b>						
Item 99 Net amount appropriated to deliver services	3,090,000	3,399,000	309,000	3,399,000	2,883,000	516,000
<b>Amount Authorised by Other Statutes</b>						
<i>Salaries and Allowances Act 1975</i>	220,000	224,000	4,000	224,000	212,000	12,000
<b>Total appropriations provided to deliver services</b>	<b>3,310,000</b>	<b>3,623,000</b>	<b>313,000</b>	<b>3,623,000</b>	<b>3,095,000</b>	<b>528,000</b>
<b>Capital</b>						
Item 158 Capital appropriations	-	-	-	-	52,000	(52,000)
<b>GRAND TOTAL</b>	<b>3,310,000</b>	<b>3,623,000</b>	<b>313,000</b>	<b>3,623,000</b>	<b>3,147,000</b>	<b>476,000</b>
<b>Details of Expenses by Service</b>						
Inspection and Review of Custodial Services	3,293,000	3,737,832	444,832	3,737,832	3,234,590	503,242
Total Cost of Services	3,293,000	3,737,832	444,832	3,737,832	3,234,590	503,242
Less Total Income	(5,000)	(19,680)	(14,680)	(19,680)	(2,069)	(17,611)
Net Cost of Services	3,288,000	3,718,152	430,152	3,718,152	3,232,521	485,631
Adjustments	-	(95,152)	(95,152)	(95,152)	(137,521)	42,369
<b>Total appropriations provided to deliver services</b>	<b>3,288,000</b>	<b>3,623,000</b>	<b>335,000</b>	<b>3,623,000</b>	<b>3,095,000</b>	<b>528,000</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	25,000	-	(25,000)	-	136,293	(136,293)
Adjustments for other funding sources	(25,000)	-	25,000	-	(84,293)	84,293
<b>Capital appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,000</b>	<b>(52,000)</b>

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

Note 28 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.

## Notes to the Financial Statements for the year ended 30 June 2013

### Note 1. Australian Accounting Standards

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#### General

The Office's financial statements for the year ended 30 June 2013 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Office has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

#### *Early adoption of standards*

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Office for the annual reporting period ended 30 June 2013.

### Note 2. Summary of significant accounting policies

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#### (a) General statement

The Office is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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 on the accrual basis of accounting using the historical cost convention.

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 and all values are rounded to the nearest dollar.

**Note 3** 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Office's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

**Note 4** 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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### (c) Reporting entity

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

#### *Mission*

The Office's mission is 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.

The Office is predominantly funded by Parliamentary appropriations.

#### *Service*

The Office provides only one service which relates to inspection and review of custodial services. Hence the "Schedule of Income and Expenses by Service" has not been presented in the financial statements for the year ended 30 June 2013.

### (d) Contributed equity

AASB Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, 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 appropriations have been designated as contributions by owners by TI 955 Contributions by Owners made to Wholly Owned Public Sector Entities and have been credited directly to Contributed equity.

### (e) Income

#### *Revenue recognition*

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Service appropriations*

Service Appropriations are recognised as revenues at fair value 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 to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

#### *Net Appropriation Determination*

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2012–2013 Budget Statements, the Office retained \$19,680 in 2013 (\$2,069 in 2012) from the following:

- other departmental revenue.

#### *Gains*

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

**(f) Plant and equipment*****Capitalisation/expensing of assets***

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

***Initial recognition and measurement***

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

For items of plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

***Subsequent measurement***

Subsequent to initial recognition as an asset, the historical cost model is used for plant and equipment. All items of plant and equipment are stated at historical 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 rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Communications	5 years
Computer hardware	3 years
Leasehold improvements	7 years
Office equipment	5 years

**(g) Intangible assets*****Capitalisation/expensing of assets***

Acquisitions of intangible assets costing \$5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Office have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Computer software <sup>19</sup>	3 years
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<sup>19</sup> Software that is not integral to the operation of any related hardware.

### Computer software

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

### (h) Impairment of assets

Plant and equipment assets are tested for any indication of impairment at the end of each reporting period. 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 considered impaired and 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, where the replacement cost is falling or where there is a significant change in useful life. 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.

Intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

### (i) Leases

The Office has not entered into any finance leases.

The Office holds operating leases for office accommodation and motor vehicles. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

### (j) Financial instruments

In addition to cash, the Office has two categories of financial instrument:

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - » Cash and cash equivalents
  - » Restricted cash and cash equivalents
  - » Receivables
  - » Amounts receivable for services
- Financial Liabilities
  - » Payables

Initial recognition and measurement 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.

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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.

#### (k) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise 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.

#### (l) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to its net value.

The accrued salaries suspense account 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.

#### (m) Amounts receivable for services (holding account)

The Office receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

#### (n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

#### (o) Payables

Payables are recognised at the amounts payable 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 settlement is generally within 30 days.

#### (p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal 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 the end of each reporting period.

#### *Provisions - employee benefits*

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

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*Annual leave*

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

*Long service leave*

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*Purchased Leave*

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. The liability is measured on the same basis as annual leave.

*Superannuation*

The Government Employees Superannuation Board (GESB) and other funds administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS 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). From 30 March 2013, existing members of the WSS or GESBS and new employees become able to choose their preferred superannuation fund. The Office makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Office's liability from superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Office to GESB extinguishes the Office's obligations to the relation superannuation liability.

The Office has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Office to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

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

#### *Provisions – other*

##### *Employment on-costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Office's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

##### *(q) Superannuation expense*

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation fund. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

##### *(r) Services received free of charge or for nominal cost*

Services received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the service received represents a service that the Office would otherwise pay for, a corresponding expense is recognised.

Services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

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### (s) Comparative figures

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

### Note 3. Judgements made by management in applying accounting policies

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The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Office evaluates these judgements regularly.

#### Operating lease commitments

The Office has entered into a lease for a building used for office accommodation. It has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

### Note 4. Key sources of estimation uncertainty

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Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### Long Service Leave

Several estimations and assumptions used in calculating the Office's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

### Note 5. Disclosure of changes in accounting policy and estimates

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#### Initial application of an Australian Accounting Standard

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after July 2012 that impacted on the Office.

**AASB 2011-9**      *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049].* This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassified to profit or loss subsequently (reclassification adjustments). There is no financial impact.

#### Voluntary changes in accounting policy

There are no voluntary changes in accounting policy which has been adopted by the Office.

#### Future impact of Australian Accounting Standards not yet operative

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

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		Operative for reporting periods beginning on/after
<b>AASB 9</b>	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
<b>AASB 10</b>	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guideline and Other Amendments</i> amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 11</b>	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
<b>AASB 12</b>	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Office has not yet determined the application or the potential impact of the Standard</p>	1 Jan 2014
<b>AASB 13</b>	<p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact</p>	1 Jan 2013
<b>AASB 119</b>	<p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 (October 2010). As the Office does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of annual leave benefit has an immaterial impact.</p>	1 Jan 2013

Operative for reporting periods  
beginning on/after

<b>AASB 127</b>	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Office has not yet determined the application or the potential impact of the Standard</p>	1 Jan 2014
<b>AASB 128</b>	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>AASB 2012-10 amends the mandatory application date of this Standard to 1 January 2014 for not-for-profit entities. The Office has not yet determined the application or the potential impact of the Standard</p>	1 Jan 2014
<b>AASB 1053</b>	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 Jul 2013
<b>AASB 1055</b>	<p><i>Budgetary Reporting</i></p> <p>This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Authority will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>	1 Jul 2014
<b>AASB 2010-2</b>	<p>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 &amp; 1052 and Int 2, 4, 5, 15, 17, 127, 129 &amp; 1052].</p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013
<b>AASB 2010-7</b>	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127].</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Office has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015

		Operative for reporting periods beginning on/after
<b>AASB 2011-2</b>	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; 1054]</i> This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.	1 Jul 2013
<b>AASB 2011-6</b>	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 &amp; 131].</i> This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	1 Jul 2013
<b>AASB 2011-7</b>	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17].</i> This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2013
<b>AASB 2011-8</b>	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132].</i> This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.	1 Jan 2013
<b>AASB 2011-10</b>	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 &amp; 2011-8 and Int 14]</i> This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 <i>Employee Benefits</i> in September 2011. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2013
<b>AASB 2011-11</b>	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i> This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	1 Jul 2013

Operative for reporting periods  
beginning on/after

<b>AASB 2012-1</b>	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 &amp; 141]</i></p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 Jul 2013
<b>AASB 2012-2</b>	<p><i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7&amp;132]</i></p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-3</b>	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent tonet settlement. There is no financial impact.</p>	1 Jan 2014
<b>AASB 2012-5</b>	<p><i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 &amp; 134 and Int 2]</i></p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-6</b>	<p><i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 &amp; 2011-8]</i></p> <p>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p>	1 Jan 2013
<b>AASB 2012-7</b>	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 &amp; 127]</i></p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.</p>	1 Jul 2013

Operative for reporting periods  
beginning on/after

<b>AASB 2012-10</b>	<i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, &amp; 2011-7 and Int 12]</i>	1 Jan 2013
	<p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The Authority has not yet determined the application or the potential impact of the Standard.</p>	
<b>AASB 1012-11</b>	<i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 &amp; 2011-4]</i>	1 Jul 2013
	<p>This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.</p> <p>This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	

#### Changes in accounting estimates

There were no changes in accounting estimates that will have an effect on the current reporting period.

<b>Note 6. Employee benefits expense</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Wages and Salaries(a)	2,225,681	1,603,442
Superannuation - defined contribution plans(b)	192,649	173,497
Other related expenses	44,836	66,861
<b>Total</b>	<b><u>2,463,166</u></b>	<b><u>1,843,800</u></b>

(a) Includes leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Employment on-costs expenses, such as workers' compensation insurance, are included at note 10 'Other Expenses'.

Employment on-costs liability is included in note 22 'Provisions'

<b>Note 7. Supplies and services</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Communications	77,577	43,520
Consultants and contractors	458,165	564,968
Consumables	43,156	87,273
Materials	84,588	75,818
Lease, rent and hire costs	48,290	71,425
Travel	110,579	92,812
Other	83,985	103,429
	<b>906,340</b>	<b>1,039,245</b>

<b>Note 8. Depreciation and amortisation expense</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Depreciation</b>		
Computer hardware	46,700	36,140
Office equipment	4,521	3,718
Communications	0	931
Leasehold Improvements	0	2,914
<b>Total depreciation</b>	<b>51,221</b>	<b>43,703</b>
<b>Amortisation</b>		
Intangible assets	3,002	2,536
<b>Total amortisation</b>	<b>3,002</b>	<b>2,536</b>
<b>Total depreciation and amortisation</b>	<b>54,223</b>	<b>46,239</b>

<b>Note 9. Accommodation expenses</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Lease rentals	279,690	291,428
	<b>279,690</b>	<b>291,428</b>

<b>Note 10. Other expenses</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Employment on-cost(a)	62	(15,734)
Audit fees (b)	34,351	25,618
	<u>34,413</u>	<u>9,884</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) The cost represents internal and external audit fees. Refer also to note 31 'Remuneration of auditor'.

<b>Note 11 Net gain/(loss) on disposal of non-current assets</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Proceeds from disposal of non-current assets		
Leasehold improvements	-	2,658
Costs of disposal of non-current assets		
Leasehold improvements	-	(6,652)
<b>Net gain/(loss)</b>	<u>-</u>	<u>(3,994)</u>

<b>Note 12. Other revenue</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Contributions to Executive Vehicle Scheme	124	1,142
Expense recoveries from other agencies	4,847	927
Sundry revenue	-	
GST refund relating to prior years	14,709	-
	<u>19,680</u>	<u>2,069</u>

<b>Note 13. Income from State Government</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Appropriation received during the period:		
Service appropriation (a)	3,623,000	3,095,000
	<u>3,623,000</u>	<u>3,095,000</u>
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
Department of Finance – Building and Management Works	93,775	69,341
State Solicitors Office	18,210	-
	<u>111,985</u>	<u>69,341</u>
	<u>3,734,985</u>	<u>3,164,341</u>

(a) Service appropriations fund the net cost of services delivered. 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.

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

<b>Note 14. Restricted cash and cash equivalents</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Non-current		
Accrued salaries suspense account (a)	60,307	48,607
	<u>60,307</u>	<u>48,607</u>

(a) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

<b>Note 15. Receivables</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Current		
Receivables	79,632	54,617
GST receivable	51,322	54,874
Total current	<u>130,954</u>	<u>109,491</u>

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<b>Note 16. Amounts receivable for services (Holding Account)</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Current	26,000	25,000
Non-Current	169,000	128,000
	<u>195,000</u>	<u>153,000</u>

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.

<b>Note 17. Other assets</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Current		
Prepayments	-	4,674
<b>Total current</b>	<u>-</u>	<u>4,674</u>

<b>Note 18. Plant and Equipment</b>	<b>2013</b>	<b>2012</b>
	\$	\$
Computing hardware		
At cost	143,828	143,828
Accumulated depreciation	(85,131)	(38,431)
	<u>58,697</u>	<u>105,397</u>
Communications		
At cost	-	931
Accumulated depreciation	-	(931)
	-	-
Office equipment		
At cost	23,027	23,027
Accumulated depreciation	(13,192)	(8,671)
Accumulated impairment losses	9,835	14,356
	<u>68,532</u>	<u>119,753</u>

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Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below:

	Computer Hardware	Leasehold Improvements	Communications	Office equipment	Total
<b>2013</b>	\$	\$	\$	\$	\$
Carrying amount at start of year	105,397	-	-	14,356	119,753
Additions	-	-	-	-	-
Depreciation	(46,700)	-	-	(4,521)	(51,221)
Carrying amount at end of year	58,697	-	-	9,835	68,532
	Computer Hardware	Leasehold Improvements	Communications	Office equipment	Total
<b>2012</b>	\$	\$	\$	\$	\$
Carrying amount at start of year	15,889	9,566	931	7,429	33,815
Additions	125,648	-	-	10,645	136,293
Other disposals losses	-	(6,652)	-	-	(6,652)
Depreciation	(36,140)	(2,914)	(931)	(3,718)	(43,703)
Carrying amount at end of year	105,397	-	-	14,356	119,753

<b>Note 19 Intangible asset</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Computer software</b>		
At cost	9,130	9,130
Accumulated amortisation	(5,538)	(2,536)
<b>Total intangible asset</b>	<b>3,592</b>	<b>6,594</b>
Reconciliations:		
<b>Computer software</b>		
Carrying amount at start of period	6,594	-
Additions	-	9,130
Amortisation expense	(3,002)	(2,536)
Carrying amount at end of period	<u>3,592</u>	<u>6,594</u>

#### **Note 20. Impairment of assets**

There were no indications of impairment to plant and equipment as at 30 June 2013.

The Office held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2013 have either been classified as assets held for sale or written-off.

Note 21 Payables	2013	2012
	\$	\$
<b>Current</b>		
Trade payables	157,378	51,747
Accrued expenses	85,770	325,193
Accrued salaries	49,997	42,054
Commonwealth paid parental leave	-	1,924
<b>Total current</b>	<b><u>293,145</u></b>	<b><u>420,918</u></b>

Note 22. Provisions	2013	2012
	\$	\$
<b>Current</b>		
<i>Employee benefits provision</i>		
Annual leave(a)	264,766	187,524
Long service leave(b)	361,678	244,533
	<b>626,444</b>	<b>432,057</b>
<b>Other provisions</b>		
Employment on-costs(c)	283	194
	283	194
	<b><u>626,727</u></b>	<b><u>432,251</u></b>
<b>Non-current</b>		
<i>Employee benefits provision</i>		
Long service leave(b)	87,075	57,866
	<b><u>87,075</u></b>	<b><u>57,866</u></b>
<b>Other provisions</b>		
Employment on-costs(c)	-	27
	-	27
	<b><u>87,075</u></b>	<b><u>57,893</u></b>

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

	2013	2012
	\$	\$
Within 12 months of the end of the reporting period	163,189	117,062
More than 12 months after the end of the reporting period	101,578	70,462
	<b><u>264,767</u></b>	<b><u>187,524</u></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 the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2013	2012
	\$	\$
Within 12 months of the end of the reporting period	118,084	90,959
More than 12 months after the end of the reporting period	330,669	211,440
	<u>448,753</u>	<u>302,399</u>

(c) The settlement 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 10 'Other expenses'.

#### Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

	2013	2012
	\$	\$
Employment on-cost provision		
Carrying amount at start of period	221	15,955
Additional provisions recognised	62	(15,734)
Carrying amount at end of period	<u>283</u>	<u>221</u>

#### Note 23. Equity

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

#### Contributed equity

	2013	2012
	\$	\$
Balance at start of period	274,000	222,000
Contributions by owners		
Capital appropriation	-	52,000
Total contributions by owners	<u>-</u>	<u>52,000</u>
Balance at end of period	<u>274,000</u>	<u>274,000</u>

	2013	2012
	\$	\$
Accumulated deficit		
Balance at start of period	(558,855)	(490,675)
Result for the period	16,833	(68,180)
Balance at end of period	<u>(542,023)</u>	<u>(558,855)</u>
<b>Total Deficit at end of period</b>	<b><u>(268,023)</u></b>	<b><u>(284,855)</u></b>

Liabilities exceed assets for the Office and therefore there is no residual interest in the assets of the Office. This equity deficit arose through approved excessive unfunded spending in the early years (2000 to 2010) when the Office was still growing into its role as an inspector of custodial services.

#### Note 24. Notes to the Statement of Cash Flows

##### Reconciliation of cash

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

	2013	2012
	\$	\$
Cash and cash equivalents	280,539	184,088
Restricted cash and cash equivalents	60,307	48,607
	<u>340,846</u>	<u>232,695</u>

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

	2013	2012
	\$	\$
Net cost of services	(3,718,152)	(3,232,521)
Non-cash items:		
Depreciation and amortisation	54,223	46,239
Resources received free of charge	111,984	69,341
Net loss on disposal of plant and equipment	-	3,994
(Increase)/decrease in assets:		
Current receivables (a)	(25,015)	36,692
Other asset	4,674	(4,674)
Increase/(decrease) in liabilities:		
Current payables	(127,773)	305,460
Current provisions	194,476	55,949
Non-current provisions	29,182	(138,945)
Net GST receipts/(payments) (b)	3,552	(22,193)
Change in GST in receivables/payables (c)	-	(18,578)
<b>Net cash used in operating activities</b>	<b><u>(3,472,849)</u></b>	<b><u>(2,899,236)</u></b>

- (a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received, i.e. cash transaction.
- (c) This reverses out the GST in receivables and payables.

## Note 25. Commitments

The commitments below are inclusive of GST where relevant.

Non-cancellable operating lease commitments	2013	2012
	\$	\$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	337,563	269,177
Later than 1 year and not later than 5 years	346,432	525,190
	<b>683,995</b>	<b>794,367</b>

### Other Expenditure Commitments

Other expenditure commitments (IT services) contracted at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2013	2012
	\$	\$
Within 1 year	25,911	25,911
Later than 1 year and not later than 5 years	25,911	51,821
	<b>51,822</b>	<b>77,732</b>

## Note 26. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2013.

## Note 27. Event occurring after the end of the reporting period.

There were no events occurring after the reporting date that impact on the financial statements.

## Note 28. 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 10% or \$50,000.

### Significant variances between estimate and actual for 2013

	2013	2013	Variance
	Actual	Estimate	
	\$	\$	\$
Total Appropriation	3,623,000	3,310,000	313,000
Employee Benefits	2,463,166	2,289,000	174,166
Supplies and Services	906,340	382,000	524,340
Accommodation Expenses	279,690	340,000	(60,310)
Other expenses	34,413	217,000	(182,587)

### Total Appropriation

The Office has had an increase in appropriation to perform the directed review of the Banksia Hill Detention Centre and to source services previously provided by the Office of Shared Services.

### Employee Benefits

Increase in the number of staff employed to back fill for the Director of Operations and to staff the new audit function.

### Supplies and Services

The increase relates to additional expenses incurred for the review of the Banksia Hill riot.

### Accommodation Expenses

The reason for the reduced spend on accommodation relates to car parking expenses charged to supplies and services.

### Other Expenses

The variance is due to an over estimation of the initial budget submission.

Significant variances between actual results for 2012 and 2013

	2013	2012	Variance
	\$	\$	\$
Total Appropriation	3,623,000	2,883,000	740,000
Employee Benefits	2,463,166	1,843,800	619,366
Supplies and Services	906,340	1,039,245	(132,905)

### Total Appropriation

The Office has had an increase in appropriation to perform the directed review of the Banksia Hill Detention Centre and to source services previously provided by the Office of Shared Services.

### Employee Benefits

Increase in the number of staff employed to back fill for the Director of Operations and to staff the new audit function.

### Supplies and Services

The decrease relates to a large reduction in IT spending compared to 2012, when there was a change in office accommodation to Albert Facey House. This was partially offset by an increase in spending on the Directed Review into the Banksia Hill Detention Centre Riot.

## Note 29 Financial instruments

### (a) Financial risk management objectives and policies

Financial Instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. 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 maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 29 (c) 'Financial instrument disclosures' and Note 15 'Receivables'.

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 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. At the end of the reporting period there were no significant concentrations of credit risk.

### Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due.

The Office is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Office's income or value of its holdings of financial instruments. The Office does not trade in foreign currency and is not materially exposed to other price risks.

### (b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2013	2012
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	280,539	184,088
Restricted cash and cash equivalents	60,307	48,607
Receivables(a)	274,632	207,617
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	293,145	420,918

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

### (c) Financial instrument disclosures

#### Credit Risk

The following table details the Office's maximum exposure to credit risk and the ageing analysis of

financial assets. The Office's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Office.

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

#### Aged analysis of financial assets

##### Past due but not impaired

	Carrying Amount	Not past due and not impaired	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Impaired financial assets
	\$	\$	\$	\$	\$	\$	\$	\$
2013								
Cash and cash equivalents	280,539	280,539	-	-	-	-	-	-
Restricted cash and cash equivalent	60,307	60,307	-	-	-	-	-	-
Receivables (a)	79,632	79,632	-	-	-	-	-	-
Amounts receivable for service	195,000	195,000	-	-	-	-	-	-
	615,478	615,478	-	-	-	-	-	-
2012								
Cash and cash equivalents	184,088	184,088	-	-	-	-	-	-
Restricted cash and cash equivalent	48,607	48,607	-	-	-	-	-	-
Receivables (a)	54,617	54,617	-	-	-	-	-	-
Amounts receivable for service	153,000	153,000	-	-	-	-	-	-
	440,312	440,312	-	-	-	-	-	-

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

#### Liquidity risk and interest rate exposure

The following table details the Office's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

## Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Maturity Dates						
	Weighted Average Effective Interest Rate %	Carrying Amount \$	Fixed Interest rate \$	Variable Interest rate \$	Non-Interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
2013											
Financial assets											
Cash and cash equivalents		280,539	-	-	280,539	280,539	280,539	-	-	-	-
Restricted cash and cash equivalent		60,307	-	-	60,307	60,307	-	-	-	60,307	-
Receivables (a)		79,632	-	-	79,632	79,632	79,632	-	-	-	-
Amounts receivable for service		195,000	-	-	195,000	195,000	-	-	26,000	169,000	-
		615,478	-	-	615,478	615,478	360,171	-	26,000	229,307	-
Financial Liabilities											
Payables		293,145	-	-	293,145	293,145	293,145	-	-	-	-
		293,145	-	-	293,145	293,145	293,145	-	-	-	-

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

## Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Maturity Dates						
	Weighted Average Effective Interest Rate %	Carrying Amount \$	Fixed Interest rate \$	Variable Interest rate \$	Non-Interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1-3 months \$	3 months to 1 year \$	1-5 years \$	More than 5 years \$
2012											
Financial assets											
Cash and cash equivalents		184,088	-	-	184,088	184,088	184,088	-	-	-	-
Restricted cash and cash equivalent		48,607	-	-	48,607	48,607	-	-	-	48,607	-
Receivables (a)		54,617	-	-	54,617	54,617	54,617	-	-	-	-
Amounts receivable for service		153,000	-	-	153,000	153,000	-	-	25,000	104,000	24,000
		440,312	-	-	440,312	440,312	238,705	-	25,000	152,607	24,000
Financial Liabilities											
Payables		420,918	-	-	420,918	420,918	420,918	-	-	-	-
		420,918	-	-	420,918	420,918	420,918	-	-	-	-

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

### Interest rate sensitivity analysis

None of the Office's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Office's surplus or equity.

### Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

### Note 30. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

	2013	2012
\$	\$	\$
0,001 - 10,000	-	1
80,001 - 90,000	-	1
170,001 - 180,000	1	-
280,001 - 290,000	-	1
300,001 - 310,000	1	-
<b>Total remuneration of senior officers</b>	<b>463,949</b>	<b>374,342</b>

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

### Note 31. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2013	2012
	\$	\$
Auditing the accounts, financial statements and key performance indicators	20,800	20,000
	<u>20,800</u>	<u>20,000</u>

### Note 32. Supplementary financial information

The Office had no write-offs of public property, no losses through theft or default and no gifts of public property occurred for 2012 and 2013.



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