



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

ANNUAL  
REPORT

19-20

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

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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

### INSPECTOR'S FOREWORD

I am pleased to present the annual report for the Office of the Inspector of Custodial Services for 2019–2020.

The first half of this year was relatively unremarkable. Then in late 2019, the COVID-19 pandemic emerged and evolved with significant impact on every aspect of life in Australia and throughout the world. The resilience, determination and sense of community spirit shown across all walks of life has been remarkable and commendable. The nature of our work inspecting custodial facilities presented many significant challenges, particularly in the light of the uncertainty of the situation in Australia and the images and information coming in from overseas.

The significant consequences of the COVID-19 virus entering a custodial facility unchecked were well understood and a cause of great concern to us and the Department of Justice (Corrective Services). We modified our approach to undertaking inspections by reducing our physical presence in custodial facilities. Likewise, our Independent Visitors reduced their physical presence in custodial facilities. Both initiatives were consistent with the relevant health advice at the time and aimed at reducing opportunity for inadvertent community transmission of the virus into a custodial facility. Further, we also modified our work practices with many staff electing to work from home during the height of the restrictions.

I acknowledge the remarkable job done so far by the Department and everyone working and living in custodial facilities to ensure they are free from COVID-19. It is important to also acknowledge the willingness of our staff to modify and adapt their approach, to ensure the safety of custodial facilities and maintain a level of independent oversight. We all agree that ongoing vigilance against complacency remains paramount.

This year we have enjoyed a very constructive working relationship with key stakeholders and organisations. I would particularly acknowledge the Director General of the Department of Justice and the Commissioner for Corrective Services for their willingness to work constructively and collaboratively with us towards improving the custodial system. Our Office also enjoys good working relationships with many other key stakeholders, in prisons and beyond, and I thank them all for their contribution to the work highlighted in this report.

Finally, I want to acknowledge the hard work, expertise and commitment of all our staff and thank them for their contribution and support throughout the year.



**Eamon Ryan**  
**Inspector of Custodial Services**

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## 1. BACKGROUND

The Office of the Inspector of Custodial Services was established in 2000 following amendments to the *Prisons Act 1981*. The goal was to ensure a strong, independent inspection regime for prisons, court custody centres, prisoner transport, and a small number of police lockups.

In 2003, Parliament enacted the *Inspector of Custodial Services Act 2003* (the Act). This extended our jurisdiction to juvenile detention centres.

In 2011, the Act was amended to give us additional powers to examine specific aspects of custodial services, including the experience of individuals or groups of people.

The Inspector, Mr Eamon Ryan, was appointed in May 2019.

## 2. ABOUT US

We are an independent statutory body with a strong focus on performance standards in custodial facilities and the rights of both people in custody and staff. We report directly to Parliament, ensuring a high level of transparency and accountability.

Our responsibilities include:

- Inspecting adult prisons, juvenile detention centres, court custody centres and prescribed lock-ups.
- Reviewing custodial services, including a custodial service in relation to one or more particular individuals.
- Carrying out thematic reviews.
- Managing and supporting the Independent Visitor Service.

### Mission

Our mission is to establish and maintain an independent, expert and fair inspection service 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.

We aim to:

- improve public confidence in the justice custodial system
- reduce reoffending
- facilitate better value for money from the justice custodial system.

### Our values

Integrity – We act ethically, honestly, impartially and in the best interests of the community.

Quality – We are efficient, deliver on-time, and provide well researched advice and recommendations.

Equity – We treat all people with respect and value diversity.

Innovation – We value creativity, learning and continuous improvement.

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## Key stakeholders

Our key stakeholders include:

- Parliament
- Minister for Corrective Services
- the Department of Justice (the Department), including management, staff and its contractors
- people in custody
- families of people in custody
- the judiciary and people working in other justice agencies such as WA Police and court services
- non-government organisations
- the Western Australian community.

## 3. INSPECTIONS

### Our jurisdiction

Under sections 19–20 of the Act we must inspect and report to Parliament at least once every three years on the following sites:

- 17 prisons, including five prison work camps
- one juvenile detention centre
- all court custody centres
- police lockups that have been ‘prescribed’ to be used as court custody centres.

Our jurisdiction also covers prisoner transport arrangements but we are not required to report on this every three years.

### Processes and methodology

Our inspections of prisons and detention centres usually involve one to two weeks on site, depending on risk and complexity. We generally provide three to four months’ notice to relevant parties of the dates that we will be on site.

The Inspector has the power, should this be necessary, to conduct inspections that are unannounced or preceded by a short notice period. We rarely conduct unannounced inspections, but do regularly conduct unannounced or short notice monitoring/liaison visits (see below).

We have a robust process of evidence gathering and inquiry. Before the period onsite, we conduct surveys of staff and people in custody, analyse data and documents, and hold meetings with senior staff and external service providers. We may also invite external consultants to join an inspection to supplement internal expertise.

During the on-site inspection period, we examine the physical environment and infrastructure, and observe all key processes and interactions. We meet prison management, staff groups, prisoner groups, and community representatives, and talk to individual staff and people in custody.

Most managers of places of custody try to take immediate action to address our concerns when these are within their control. However, some matters can only be addressed with head office support or additional resources.

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## Interim findings / Exit Debrief

At the end of the time on site, the Inspector presents interim findings (the 'Exit Debrief') to staff, local management and head office representatives. This outlines our preliminary observations and indicates areas where recommendations and findings are likely. We also give broad feedback to people in custody.

The Exit Debrief is an important element of a transparent and effective inspection system:

- It gives timely recognition to areas of good performance.
- It allows the Department or its contractors to initiate improvements immediately, particularly where risks exist.
- It enhances due process because all relevant parties are given early advice of possible findings, both positive and negative.

After taking account of any immediate feedback, we provide confidential copies of the Exit Debrief to the Minister, the Legislative Council Standing Committee on Public Administration, the Department and other relevant parties within a week.

If an individual or an agency believes our preliminary findings involve factual errors or problems of balance, they can request further meetings and provide additional information.

## Preparing reports

Section 20 of the Act requires us to prepare an inspection report with findings and recommendations. Section 37 requires that before expressing, or implying, a critical opinion in a report, the Inspector gives an affected party an opportunity to make submissions. The Inspector has also embedded additional due process checks.

After completing the on-site fieldwork, we conduct further analysis of the evidence and prepare a draft report. We generally send the draft to the Department and other relevant parties for comment around three months after the on-site inspection period. They are usually given four weeks to comment on the draft, to identify possible errors, to respond to proposed recommendations, and to provide additional information. We may also need to seek further clarification before we finalise the report.

These processes ensure that the Minister and the Department are aware of proposed findings and recommendations before reports are finalised.

The final report includes an overview by the Inspector.

## Tabling reports

Once the report is finalised, it is sent to the Speaker of the Legislative Assembly and the President of the Legislative Council. Our Act imposes a minimum 30-day embargo period after a report is received by Parliament. It also requires reports to be tabled on a Parliamentary sitting day unless the Inspector decides it would be unreasonable to delay tabling. This means the public release of all our reports is delayed for over a month after it is lodged in Parliament.

Other Western Australian Parliamentary officers such as the Auditor General and the Ombudsman do not face such a long embargo period.



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## Continuous inspection model

We do not think it is possible to accurately assess the performance of a facility based only on a snapshot every three years. Risks and performance change over time, and more frequent oversight is needed, even though this may not lead to a formal report to Parliament.

We use several mechanisms to ensure regular monitoring of risk, performance, and progress. These include the following:

- If necessary or desirable, we report to Parliament more often than the three-year cycle.
- We conduct regular monitoring visits (liaison visits) to all facilities.
- Independent Visitors provide feedback from prisons and detention centres at regular intervals.
- The Inspector meets regularly with the Minister, and the Director General and Commissioner of the Department.
- OICS staff meet regularly with Department head office personnel.

## Monitoring / liaison visits

We conduct regular liaison visits to all places of custody in our jurisdiction. These visits are a crucial element in monitoring performance, risk and improvement opportunities.

Our visit schedule reflects risk, and therefore varies between sites and over time. We visit most prisons at least four times each year, and the higher risk prisons and Banksia Hill Detention Centre at least six times a year. We generally visit work camps and court custody centres at least once a year.

Liaison visits can be announced or unannounced. We usually give some advance notice so the facilities can help us engage with relevant staff and people in custody, but it is common for visits to be conducted at short notice. We do unannounced visits when necessary or appropriate.

## 4. INDEPENDENT VISITOR SERVICE

The Independent Visitor Service is an integral part of the state's accountability mechanisms. Under the Act, the Minister appoints Independent Visitors (IVs) on the advice of the Inspector. The Inspector administers and supports the service on behalf of the Minister. IV reports assist the Inspector to provide advice to the Minister and to inform the work of the Office.

The IVs are an experienced and diverse group of community volunteers who bring skill, insight, and common sense to the role. They make a valuable contribution to resolving issues and improving oversight.

People held in prisons and detention centres can meet with IVs and raise concerns about their treatment and conditions. Before leaving the facility, IVs debrief with the Superintendent or Deputy Superintendent so that matters can be resolved as soon as possible.

After a visit, the IVs send us a report on their findings. We assess the report and, where necessary, send it to the Department with our comments and requests for additional information. The Department then returns the report with its responses, which we follow up as appropriate.

## 5. COMMUNITY LIAISON

Our Community Liaison Officer (CLO) provides highly valued cultural context in working with staff across the Office and with people in the community. The CLO helps us to engage with culturally diverse prisoners, community organisations, and families. The CLO also provides advice to staff in the Office on cultural issues and protocols.

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## 6. REVIEWS

### Nature and scope

The *Inspector of Custodial Services Amendment Act 2011* was enacted in response to the Coronial inquest into the heat-related death of Aboriginal elder, Mr Ward, in a prisoner transport vehicle. It expanded and embedded the Inspector's powers to examine aspects of custodial services and the experience of individuals or groups of people in custody. We developed the review function to exercise these powers.

Like inspections, reviews lead to findings and may include recommendations. Since 2012, we have addressed a wide range of topics relating to security, safety, rehabilitation and management.

We analyse multiple sources of information to derive and validate findings. These include academic and professional reviews, evidence from other jurisdictions, and data from the Department's offender management databases. We also use other departmental documents (such as evaluations, strategic plans, budget papers, and business cases), as well as advice from stakeholders and service providers.

### Reporting

As with inspections, we give the Department briefings on our proposed findings, and allow four weeks for a response to draft reports.

Unlike inspection reports, there is no requirement for reviews to be tabled in Parliament and made public but the Inspector has the discretion to do so (section 34(2)(b) of the Act). However, for reasons of transparency, accountability and system improvement, our practice is:

- Review reports will be tabled in Parliament unless there are exceptional reasons not to do so, such as safety, privacy or security.
- If the Inspector decides not to table a report, confidential copies will be sent to the Standing Committee on Public Administration, the Minister, and the Department.

### Directed reviews

The Inspector is accountable to Parliament, rather than the Minister or the Director General of the Department. The Inspector cannot be subject to a binding direction by the Minister or any other person in the performance of the Inspector's functions.

However, section 17 of the Act allows the 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 their opinion, there are exceptional circumstances for not complying.

There were no requests for a Directed Review this year.

## 7. OTHER ACTIVITIES

Although the Inspector does not report to the Minister or the Department, effective communication with both is important. The benefits of an inspection system are only realised when the concerns raised are understood and acted upon in a timely manner. When processes are working well, matters can often be resolved, and improvements made, without any need for a formal review or report.

Western Australia was the first state to establish an independent Inspectorate. Many other jurisdictions have now established oversight systems and we continue to play a significant role working with these Inspectorates.

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## 8. OUR ENVIRONMENT: CUSTODIAL AND OFFICE PRESSURES

### COVID-19 has presented unique challenges

The arrival of the COVID-19 virus presented us with some unique challenges in being able to meet our statutory inspection obligations, while at the same time ensuring the safety of our staff, volunteers, and prison and detention centre staff and prisoners.

The virus was first confirmed in Australia in late January 2020 and in Western Australia (WA) on 21 February 2020. By 10 March there were a small number of cases in WA. To reduce the risk of the virus entering prisons, the Department of Justice (the Department) actively encouraged prisoners to improve hygiene practices and visitors were verbally screened when entering a prison. On 16 March, the Premier announced a State of Emergency with limits on the size of gatherings. By 23 March, as the numbers of infected people in WA rose, the Department cancelled all social visits to prisons. This was in line with health advice on social distancing and in line with actions being taken across Australia. To compensate for the loss of visits, the Department offered additional mail and free phone calls for prisoners to contact families, and commenced a staged implementation of video call systems in all facilities.

We were acutely aware of the need for oversight while the situation and response was rapidly evolving in correctional facilities. There was enormous uncertainty around the situation and how it may evolve in WA. As official visitors with a statutory right of entry, we were never prevented from visiting prisons and other places of custody. However, we had to ensure that we addressed the potential risk that staff and volunteers could carry the virus into the custodial environment. We knew that prisoners and detainees represent some of the most vulnerable people in society and the impact of COVID-19 entering a closed custodial facility could have been catastrophic. As time went on we also had to navigate strict travel restrictions around WA which impacted our access to many facilities in remote regional areas.

To avoid exposing the prisons to additional risk we chose to reduce our routine physical presence at custodial facilities and we adjusted our method for inspections. The first inspection during the pandemic was of a regional prison which we undertook remotely using phone contact, video conferencing, surveys of prisoners and previous liaison visits to determine our findings. The second inspection was of a metropolitan facility which took place as COVID restrictions were beginning to ease. We could physically attend this inspection, however at a reduced capacity. Small numbers of staff went to the prison to conduct targeted observation exercises and talk to prisoners and staff. These activities were staggered over a two-week timeframe to ensure fewer staff were in the prison on any given day.

By June 2020 we had mostly returned to operating as we did prior to the COVID-19 outbreak. We had largely recommenced liaison visits, full inspections and reviews. Visits by our volunteer independent visitors, who initially elected to temporarily defer their visits, had mostly resumed. However, there were still barriers in place such as the disruption to regional travel, the ongoing social distancing requirements, and the need to be constantly vigilant in relation to COVID-19. This has reinforced the need to conduct a risk assessment prior to each visit to a prison or the detention centre.

### Prison population has decreased slightly as new infrastructure becomes available

The prison population has decreased slightly this year following a very small (1%) increase in 2018/2019. On 30 June 2019, there were 6,940 prisoners in adult custodial facilities, by 30 June 2020 that figure had dropped to 6,771, a decrease of 2.5 per cent.

There has also been a decrease in the youth population at the Banksia Hill Detention Centre. On 30 June 2019, there were 123 children and young people in detention compared with 106 at 30 June 2020. This is a reduction of 14 per cent. On average, there were just over 100 young people in custody each day during

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this financial year. This is a significant reduction from previous years. The cohort is still very complex, holding both boys and girls, sentenced and unsentenced, from all regions, ranging in age from 10 to 18 years.

Despite the stabilisation of the adult prison population, many prisons remain overcrowded. Western Australia reports on prison utilisation in the Report on Government Services (Productivity Commission, 2020). This is the extent to which design capacity of prisons meets the demand for prisoner accommodation. It compares the number of prisoners against the number the prison was designed to hold, along with any additional accommodation that has been added. Prisons require more beds than prisoners to cater for the transfer of prisoners, special purpose accommodation such as protection units, separate facilities for males and females and different security levels, and to manage short term fluctuations in prisoner numbers. Therefore, percentages close to but not exceeding 100 per cent are desirable. According to the 2019 Report on Government Services, Western Australia is operating at 127 per cent capacity.

In October 2019, a new unit with 160 beds was officially opened at Bunbury Regional Prison. In addition, the first stage of the Casuarina expansion is due to be completed in 2020. This will increase the prison's capacity by 512 beds. The second stage expansion project is planned for completion in 2023 and will include an additional 344 beds mostly in specialist units. When complete, Casuarina's capacity will be close to 1,900 prisoners, making it one of the largest prisons in Australia.

While the additional beds have provided welcome relief, the problem of crowded prisons is not just about finding beds. There are also implications for supporting infrastructure and services. We noted in the inspection of Casuarina this year that the expansion will place significant pressure on the prison and impact its capacity to provide a meaningful and constructive daily regime for a very large and complex cohort of prisoners. This is an issue we have raised in many inspection reports over the years.

### **Aging infrastructure is often not fit for purpose.**

In addition to population pressures, prison infrastructure in Western Australia is ageing, and in some cases no longer fit for purpose. This has been raised in a number of reports in recent years, and again this year.

In our inspection of Broome Regional Prison, we again found that its infrastructure is no longer fit for purpose as it has been for many years. It is the oldest operating prison in Western Australia and was marked for closure in 2012. In 2019, the Minister announced planning would be undertaken for a new prison in Broome. Some minor infrastructure improvements have been made or are planned, but the facility still has considerable infrastructure limitations resulting from years of uncertainty.

The announced funding for the planning of a new prison means that any large-scale infrastructure changes for the current prison are unlikely to be approved. Logically, only maintenance will be funded into the future which raises concerns about the ongoing condition of the prison. It is likely to be several years before the new prison opens, but in the interim Broome must maintain a humane and liveable standard.

The Casuarina inspection also found problems relating to the ageing infrastructure, which has been stretched due to years of overcrowding. Two units were added in 2012 and further new units are expected to be completed this year. Some infrastructure needs, such as the kitchen, health centre, and visits centre, will be addressed by the current expansion project. Other areas will remain unchanged, and problems are likely to be exacerbated by the increase in prisoner numbers. We noted that the condition of the older units was deteriorating, accelerated by the fact that the number of prisoners in each unit has doubled. Carpets in unit day rooms needed to be replaced, cleaning efforts were no longer effective against ingrained dirt and grime. Cockroach infestation has been an ongoing problem, and the prison has struggled to meet a reasonable standard of decent living conditions.

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## The rise in overdue assessments has stopped but the backlog remains

One of the strategies to reducing recidivism is to provide effective treatment programs to prisoners while in custody. This requires a process of assessment of an individual's needs. Assessments determine a person's security rating, their education and treatment needs and their optimal prison placement. The Department has a structured process to undertake these assessments which leads to the production of an individual management plan for the prisoner. This process can vary depending on the effective length of a prisoner's sentence.

We have been concerned about backlogs in assessments and individual management plans for some time, and since January 2019 have been receiving monthly progress reports. The Department has devoted additional staff resources across the system into addressing the problem and has had some success. In July 2019, the number of outstanding treatment assessments and IMPs peaked. Since then the number of outstanding assessments has reduced by 46 per cent and the number of outstanding IMPs has reduced by 37 per cent. However, as shown in the table below, in June 2020, there were still 381 prisoners with outstanding assessments and 1107 with outstanding IMPs.

	July 2019	June 2020	% Difference
Outstanding/overdue treatment assessments	710	381	-46%
Outstanding individual management plans	1,758	1,107	-37%

This data suggests that if the Department continues to provide extra resources, it could take another year to fully address the backlog. There is a requirement to provide specialist training for these staff before they are fully functioning. Unfortunately, the additional staff resources have been procured on short term contracts, with continual extensions, so continuing this downward trend will be dependent on resource availability.

Overdue assessments have had a flow on effect on program delivery. This year we found that there were a number of treatment programs that had been cancelled, postponed or relocated. While there were a number of factors that influenced whether the programs ran, one of the issues has been the difficulty in identifying suitable program candidates because of the state-wide backlog of assessments. This meant the scale of program needs across the system was unpredictable because of the number of prisoners who had not been assessed. Our concern is that prisoners are missing out on programs that they need, including hundreds who have not even had their program needs assessed. Lack of access to complete programs prevents many prisoners from being released on parole, which in turn contributes to the overcrowding of the prison system. It also arguably impacts on community safety because of the failure to address offending behaviour.

## Prisoner unemployment and underemployments remain high

Experience shows that the most effective custodial facilities are those that offer a busy and constructive day. Putting prisoners to work in meaningful roles and providing training and new skills has repeatedly shown that it can change lives and reduce recidivism rates.

However, we continue to identify, via our inspection work, the lack of meaningful employment in many prisons. It is fair to say that employment opportunities have not kept pace with the rapid increase in the prisoner population in recent years. Prison industries in the main have not been expanded beyond

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essential areas such as kitchens, laundries, and bakeries. This often results in an increase in the number of under employed workers in prisons, usually unit workers who have jobs requiring only an hour or two of work each day. These types of roles cannot be considered meaningful employment. This combined with prisoners who are unemployed means that there are many prisoners who are not actively engaged in constructive activities.

There are a number of exceptions to this, notably in smaller or specialist prisons, prison farms and workcamps.

In our Casuarina inspection, we noted that around 55 per cent of the prisoner population was not involved in meaningful activities. In our other inspections, we have regularly found that at least one third of prisoners were not engaged in any meaningful activity.

This can be further compounded when staff shortages occur. Often Vocational and Support Officers (VSOs) who run industries and workshops are redeployed into other roles to cover staff absences from rostered work. When they are redeployed their workshop is closed for the day and the workers stay in the units. This year we found this was happening on a regular basis.

### **Mental health services for prisoners continue to be spread too thin**

Inadequate mental health services and support for prisoners continues to be an issue identified in our inspections. Several inspection reports this year highlighted that mental health care is largely reactionary and crisis focussed. Prison mental health and counselling services, despite the best efforts of staff, often have little capacity for anything beyond acute crisis counselling. Those suffering from ongoing or historical mental health issues such as people dealing with trauma or past abuse, could often not access adequate support.

Access for prisoners to acute mental health care in a hospital setting continues to fall well short of reasonable standards. We released a review report in November 2018 which showed that prisoners who were referred to the state's only forensic mental health facility, the Frankland Centre, were not making it due to the lack of beds. This situation continues. In June 2020, half of the prisoners referred by prison health staff to the Frankland Centre were not admitted. There is a broad acknowledgment of the existence of this problem, but addressing it has been difficult and progress slow.

The Inspector has actively engaged with key stakeholders to maintain focus on this issue throughout the year. He facilitated meetings, and had several follow up conversations, with heads of health, mental health and justice agencies to discuss long-term and short-term strategies to address the problem. Planning has begun for some long-term strategies, such as a step-up-step-down mental health unit at Casuarina. But short term strategies to release the immediate pressure on the Frankland Centre and provide acute care options for prisoners are still desperately needed.

In general, prisoners have high mental health needs. It is in the community's best interest that they access appropriate treatment to improve their mental health and wellbeing and reduce the risk of self-harm. At the very least they may be less likely to reoffend on release. It is also necessary for the stability of the prison, as people with untreated mental health issues can often be disruptive, difficult to manage and present high risks.

On a positive note, as part of the Casuarina expansion project scheduled to be completed in 2023, plans have been announced to include a unit catering for priority one mental health cases, aged care and special needs prisoners.

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## The alcohol and drug strategy for women is showing success

This year, we conducted our first inspection of the repurposed Wandoo Rehabilitation Prison. This facility became a dedicated drug and alcohol rehabilitation prison for women in May 2018 and we conducted our inspection in November 2019. We found that the therapeutic community model had been successfully adapted into a prison environment. Women were treated respectfully and empowered towards change. The prison was showing great promise.

The Department is introducing a rehabilitation program for men at Casuarina. Although the model may differ from Wandoo because it will be located within the grounds of a maximum-security prison, we look forward to similar outcomes being achieved when it commences operation towards the end of 2020.

## Only one private prison remaining in WA

On 23 December 2019, the Minister announced that agreement had been reached for an early termination of the contract with the private operator of the then Melaleuca Remand and Reintegration Facility. The contract was originally due to finish in 2021. The facility was transferred back to public management and was renamed the Melaleuca Women's Prison on 4 April 2020.

Generally, the transition appeared to go smoothly, but there were some delays in updating key operational documentation. When we raised these concerns with the Department, additional resources were being directed to improve the situation. We are scheduled to conduct our regular inspection of this facility in November 2020.

Acacia Prison is now the only privately operated facility in WA. Acacia has been operating under a long-term contract with Serco Australia since 2006. This arrangement has generally delivered a good service with a robust accountability framework. However, the contract cannot be extended beyond 2021. On 23 December 2019, the Minister announced the intention to continue private management of Acacia. A tender process for the management of the prison commenced in the first half of 2020.

## The disruptive prisoner order was a concern

In July 2019, the Department introduced a Prisons Order specifically for disruptive prisoners. This was aimed at prisoners who displayed violent behaviour, or had the ability to negatively influence other prisoners. The order prescribed a three-tiered management regime, the most severe of which could result in a prisoner being held under a confinement regime for up to 60 days without review.

While there were governance arrangements set out in the order, we were concerned that it appeared to bypass the legislative framework. Section 43 of the *Prisons Act 1981* (the Prisons Act) provides for prisoners to be placed on separate confinement without charge. The section 43 confinement order cannot exceed 30 days and must be reported to the Minister. In contrast, a Level 3 disruptive prisoner regime was to be reviewed after 60 days and there was no reporting requirement.

During our inspection of Casuarina, we were concerned that the new order created a regime similar to separate confinement that may not comply with the Prisons Act. We highlighted that ignoring legislative requirements created a risk of prisoner mistreatment, and exposed the Department to potential legal challenge. We raised our concerns with the Department at the time of our inspection and were advised that the matter was under review.

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## OICS pressures

### **Budget constraints impacted services**

As we have reported in previous years, budget constraints continued to have an impact on what we do and how we do it. We, like many other public sector agencies, are facing difficult resource challenges. We have tried to maintain the extent of our work coverage within our allocated resources, but this has been difficult.

Although we have continued to meet our statutory inspection mandate, we have not been able to undertake as many reviews as we have in previous years. This year we published only one review report as a result of focussing our resources towards meeting our mandatory inspection requirements. Similarly, we have not been able to undertake as many liaison visits as in previous years. Both factors have had an impact on our key performance indicators.

### **OICS is well placed to support OPCAT**

In December 2017, the Federal Government ratified the United Nations *Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment* (OPCAT). OPCAT requires Australia to establish a National Preventative Mechanism (NPM), which will require a network of designated NPMs for each state and territory. We have been nominated as one of the two NPMs for Western Australia. We continue to engage in discussions at both the state and national level about how this will be rolled out in Western Australia. The COVID-19 pandemic has had a significant impact on the progression of these discussions.

In March and April of this year, the United Nations Sub-Committee on the Prevention of Torture (SPT) was scheduled to visit Australia, including Western Australia. That visit was cancelled due to the onset of COVID-19.

## **9. ACHIEVEMENTS IN 2019–2020**

### **Reviews**

As a result of initiatives that we implemented to ensure we could meet our statutory inspection schedule and operate within a constrained budgetary environment, we were only able to complete one review this year.

### **Routine restraint of people in custody in Western Australia**

The purpose of this review was to examine the policy and practice governing routine restraint use in custody, including during transport and when outside custodial facilities.

We found that there was a lack of records about the use of routine restraint which made it almost impossible to determine with certainty if restraints were being used appropriately. However, several case studies highlighted that the use of routine restraint was not aligned with the risk the person poses of escape, or harm to themselves or others. These are the only circumstances in which the Department is authorised to use restraint.

We recommended that the Department required better alignment between the risks presented and the routine use of restraint, particularly when there were medical reasons which decreased risk, such as when the person was unconscious, terminally ill, or pregnant. Record keeping also needed to improve in order to measure whether the right balance is being maintained between security and the health and dignity of prisoners.



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## Inspection standards update

Our current standards were written in 2007. They were complemented in 2008 by a set of Aboriginal standards due to the high proportion of Aboriginal people held in Western Australia's prisons. These standards were based on a variety of relevant instruments, international treaties and covenants, and our own experience conducting inspections in Western Australia since 2001. Since 2008, there have only been minor amendments to our inspection standards.

This year we started a project to review the standards to make sure they are still relevant and responsive to the needs of the prisoners and meet community expectations. We focused on simplifying the language to make the standards easier to read and understand.

Our revised standards have been fully drafted and will soon be made available on our website for public comment. When all feedback has been reviewed, and appropriate amendments made, we will implement the revised standards. The final standards, as with our current standards, will be available on our website providing transparency on how we operate.

## Inspections

### Completed Inspections

This year, we completed the on-site inspection of the following custodial facilities:

- Broome Regional Prison (July 2019)
- Casuarina Prison (September 2019)
- Wandoo Rehabilitation Prison (November 2019)
- East Goldfields Regional Prison (February 2020)
- West Kimberley Regional Prison (March to April 2020)
- Bandyup Women's Prison (May 2020 to June 2020).

### Inspection Reports

We tabled seven inspection reports.

#### Report 123: Inspection of Acacia Prison

Acacia opened in 2001 and was Western Australia's first privately managed prison. The contract is now in its final year of the last five-year extension period which expires on 15 May 2021. It was against this background of uncertainty about Serco and Acacia's future beyond May 2021 that we inspected the prison in November 2018.

We found that Acacia in 2018 was generally a stable and well run prison. We noted, at the time of our inspection, a number of factors that contributed to this position. Serco worked hard to provide quality services and had shown, over the years, to be innovative, agile and flexible in their operating model. We had seen a sustained commitment to continuous improvement and learning from mistakes.

The contract with Serco has been well managed by the Department. The level of oversight is commendable with both Serco and the Department having good governance processes in place to ensure the requirements of the contract are met.

There is a strong framework of independent oversight of Acacia's operations. This Office undertakes

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comprehensive inspections of Acacia once every three years and this combined with the work of our Independent Visitors and liaison visits provides a level of on-going oversight.

There was uncertainty about what will occur after May 2021 when the contract expires. Whatever transpires, the Department and Serco must ensure that services continue to be provided to an acceptable level in the intervening period.

### **Report 124: Inspection of Pardelup Prison Farm**

Pardelup Prison Farm is a minimum-security facility for male prisoners, with a focus on preparing them to re-enter the community. We inspected the facility in February 2019 and found that Pardelup is a highly performing prison that continues to offer positive opportunities for prisoners.

We found that Pardelup has a clear and coherent philosophy that was understood and supported by all staff. The senior management team promoted the motto – ‘Proud to be Pardelup’ – and emphasised the values of ‘Trust, Respect, and Integrity’. These values were apparent in all aspects of the prison’s operations.

Pardelup makes a significant contribution to the food supply chain across the prison system, but despite this, they struggled to get approval to invest in the farm and gardens.

The infrastructure and layout of the prison is a key feature that contributed to the relaxed, minimum-security atmosphere. Single-cell accommodation and open grounds create a pleasant environment that was attractive to prisoners, and formed an incentive to comply with prison rules and requirements.

### **Report 125: Inspection of Post-Incident Management of Prisoners at Greenough Regional Prison**

In the afternoon and evening of Tuesday 24 July 2018, a major disturbance occurred at Greenough Regional Prison in the state’s mid-west. Prisoners took control of the prison, set fires, and threatened staff with makeshift weapons. Male prisoners gained access to the female unit. Ten men escaped. Although control was re-established the following morning, damage across the site was extensive. All escapees were recaptured within 48 hours.

The Department acted quickly, commissioning an independent review of what happened, focussing on causal factors, responses, and opportunities for improvement. We undertook an inspection to look at recovery over the weeks and months following the incident.

Our inspection of Greenough occurred between August 2018 and January 2019. We found that the prisoners had been denied many basic rights and were held in unacceptable conditions. That said, in the immediate aftermath of the incident there may have been little that the prison or Department could reasonably have done given the state of the prison, the police investigation, the lack of suitable alternatives, and the geographical context. However, as the days became weeks and the weeks became months, there were unnecessary delays in the return to a normal regime.

### **Report 126: Inspection of Broome Regional Prison**

Broome Regional Prison manages male and female prisoners of all security ratings. The oldest part of the prison dates to 1894, and the existing accommodation blocks were built in 1945, the year in which the prison was opened.

Our inspection in July 2019 found there had been some noticeable improvements in several aspects of the prison and its operations since our last inspection three years prior. However, the infrastructure was unsuitable, well past its useful life, and in need of replacement. The Minister announced in May 2019 that \$1.4 million had been set aside to plan for a replacement prison in Broome. This inspection was

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undertaken within this context, noting that the planning, design and construction of a new prison would take several years.

Many prisoners told us they were bored and had little to occupy their time in prison. This was not surprising given the lack of education, programs, and limited employment opportunities.

The planning and design of the new prison will be an opportunity to address many of the short-comings identified in our inspection reports over the years, particularly in relation to the provision of effective and meaningful activities and supports for prisoners.

### **Report 127: Inspection of Karnet Prison Farm**

Karnet Prison Farm is a minimum-security prison for adult males, with a focus on preparing prisoners to re-enter the community. Karnet is a working farm, and a vital link in the Department's food supply chain. The farm includes an abattoir, dairy, and gardens which produce fresh meat, milk, eggs, fruit, and vegetables for the wider prison system. These areas also provide valuable opportunities for prisoner employment and training. Further planning and infrastructure investment will be necessary to ensure that Karnet maintains and enhances its current contribution.

During our inspection in March 2019, we found that most prisoners were settled, engaged and reasonably happy to be at Karnet. These are key pre-conditions necessary to create an environment that is productive and supports the potential for prisoner rehabilitation.

### **Report 128: Inspection of Roebourne Regional Prison**

Roebourne is the receival facility for people sentenced, remanded or returned to prison in the Pilbara region. It holds medium- and minimum-security male and female prisoners, and on a short-term basis, maximum-security prisoners. Seventy-nine per cent of people held at Roebourne identified as Aboriginal.

For many years, we were concerned that poor conditions were being tolerated at Roebourne for regional Aboriginal prisoners which would never have been allowed in a mixed-population metropolitan prison. We found some improvement when we inspected in 2016, and our inspection in May 2019 showed further improvement.

Refurbishment of the prisoner accommodation areas was nearing completion, and the conversion of the dining hall to an indoor recreation space gave some prisoners a much-needed space to be active in the stifling weather conditions. However, more needs to be done to mitigate the heat in the prison which, during the summer months, reaches intolerable levels.

Prisoners and staff were generally happy to be in Roebourne, despite the infrastructure limitations.

### **Report 129: Inspection of Casuarina Prison**

Casuarina Prison is a metropolitan maximum-security facility for male prisoners. Originally it was intended to be primarily for sentenced prisoners, but it now holds a large number of remand prisoners. It also provides specialist state-wide services in the Special Handling Unit, Special Protection Unit, Infirmary, and Crisis Care Unit.

A current expansion of Casuarina is due to be completed in mid-2020. This will increase the prison's capacity by 512 beds, bringing the total capacity to just under 1500 prisoners. A further expansion project is planned for an additional 344 beds, mostly in specialist units, with completion expected sometime in 2023. This will place significant pressure on the prison and impact its capacity to provide a meaningful and constructive daily regime for a very large and complex cohort of prisoners.

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During our inspection in September 2019, we found Casuarina was generally well-managed. But prison infrastructure was already stretched. Casuarina was originally designed for less than 400 prisoners, and at the time of inspection held more than 900. The condition of the older units was deteriorating, accelerated by the fact that the number of prisoners in each unit had doubled. Cockroach infestation was an ongoing problem at that time, which failed to meet a reasonable standard of decent living conditions.

At the time of our inspection, many staff and prisoners raised concerns about the impact of staff shortages leading to staff being re-deployed away from support services such as assessments, education, industries and recreation. This problem is not unique to Casuarina, but the impact is that many prisoners were missing key support services essential for their wellbeing and/or rehabilitation

### Upcoming inspections

Section 33(2)(e) of the Act requires the Inspector to provide notice via the Annual Report of announced inspections that will be conducted in the next financial year. Inspections proposed for 2020-2021 are:

- Bunbury Regional Prison (July 2020)
- Banksia Hill Detention Centre (September 2020)
- Melaleuca Women's Prison (November 2020)
- Albany Regional Prison (January 2021)
- Wooroloo Prison Farm (March 2021)
- Boronia Pre-release Centre for Women (May 2021).

## 10. COLLABORATION AND RELATIONSHIPS

### Parliament

The Inspector is accountable to Parliament and tables inspection and review reports in Parliament directly. We also send copies of exit debriefs, delivered after each inspection, to the Legislative Council Standing Committee on Public Administration and provide submissions, evidence and advice to Parliament and its committees on request.

We welcome these opportunities to provide ongoing comment and clarification on correctional issues to Parliament. Well-informed Parliamentarians are a vital safeguard for balanced criminal justice policies and for the rights of both staff and people in custody.

### Minister

The Inspector is an independent officer who reports to the Parliament. However, positive engagement between the Inspector and the relevant Minister is also vitally important to maximising the value of the Office.

The Inspector and the Minister have regular scheduled meetings to keep the Minister informed of areas of concern, risks and areas of good performance. 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 advisers.

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## Department of Justice – Corrective Services

As an independent oversight and accountability agency, the Office must operate separately from the Department.

The Act provides that the Inspector, and any person authorised by the Inspector, must have free and unfettered access to any place of custody, to people in custody, and to staff and management. It also requires free and unfettered access to all documents in the possession of the Department (or a contractor or subcontractor) in relation to a prison, a detention centre, a custodial service, or a person who is, or has been, a prisoner or detainee.

The Inspector meets regularly with the Director General and the Commissioner to discuss concerns, risks and areas of good performance. This is a positive opportunity to share information and address issues that arise from time to time. In addition, senior officers from the Department and our Office meet regularly to discuss issues and receive briefings on reforms and changes in the Department.

## Other departments and agencies

Some of the matters that fall within our jurisdiction involve issues that go beyond the scope of the Department. It is therefore important for us to be able to reach out to all relevant parties. Section 27 of the Act provides the statutory authority to do this.

We also maintain contact with private contractors and other agencies who provide custodial services to share information and enhance understanding about our role and expectations. This year, we met formally with relevant contractors and agencies on a regular basis.

## 11. OTHER FUNCTIONS

### Show cause notices

Section 33A of the Act gives the Inspector power to issue a show cause notice to the Department if there are reasonable grounds to suspect that there is a serious risk to the security, control, safety, care or welfare of a prisoner or detainee, or that a person is being subject to cruel, inhuman or degrading treatment.

The effect of the notice is that the Department must show cause why the matter should not be referred to the Minister. This power came into force on 18 January 2012.

Ideally, communication between the Inspector, the Department, and the Minister will be such that matters of risk can be raised and responded to without the need for a show cause notice. That has been the case in 2019-2020, with no such notices issued.

### *Terrorism (Preventative Detention) Act 2006*

Under the *Terrorism (Preventative Detention) Act 2006* the Inspector is required to be notified if any person is detained under this Act, and the Inspector may review the conditions of detention. This year, no notifications under this Act were received.

### Disclosure of information

We regularly receive letters and telephone calls about prisons and prison services from people in custody, relatives and friends of people in custody, lawyers and other interested parties. Under section 26 of the Act we may only deal with a complaint or a grievance received by referring it to another agency or dealing with it in an inspection or review.

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## PART TWO

### SOURCE REFERENCE

FMA sec 61                      HON FRANCIS MICHAEL LOGAN MLA  
TI 902                              MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2020.

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*.



Eamon Ryan  
Accountable Authority  
28 August 2020

### Contact Details

#### Postal

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469 Wellington Street  
PERTH WA 6000

#### Electronic

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Email: [corporate@oics.wa.gov.au](mailto:corporate@oics.wa.gov.au)  
Telephone: 61 8 6551 4200

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## OPERATIONAL STRUCTURE

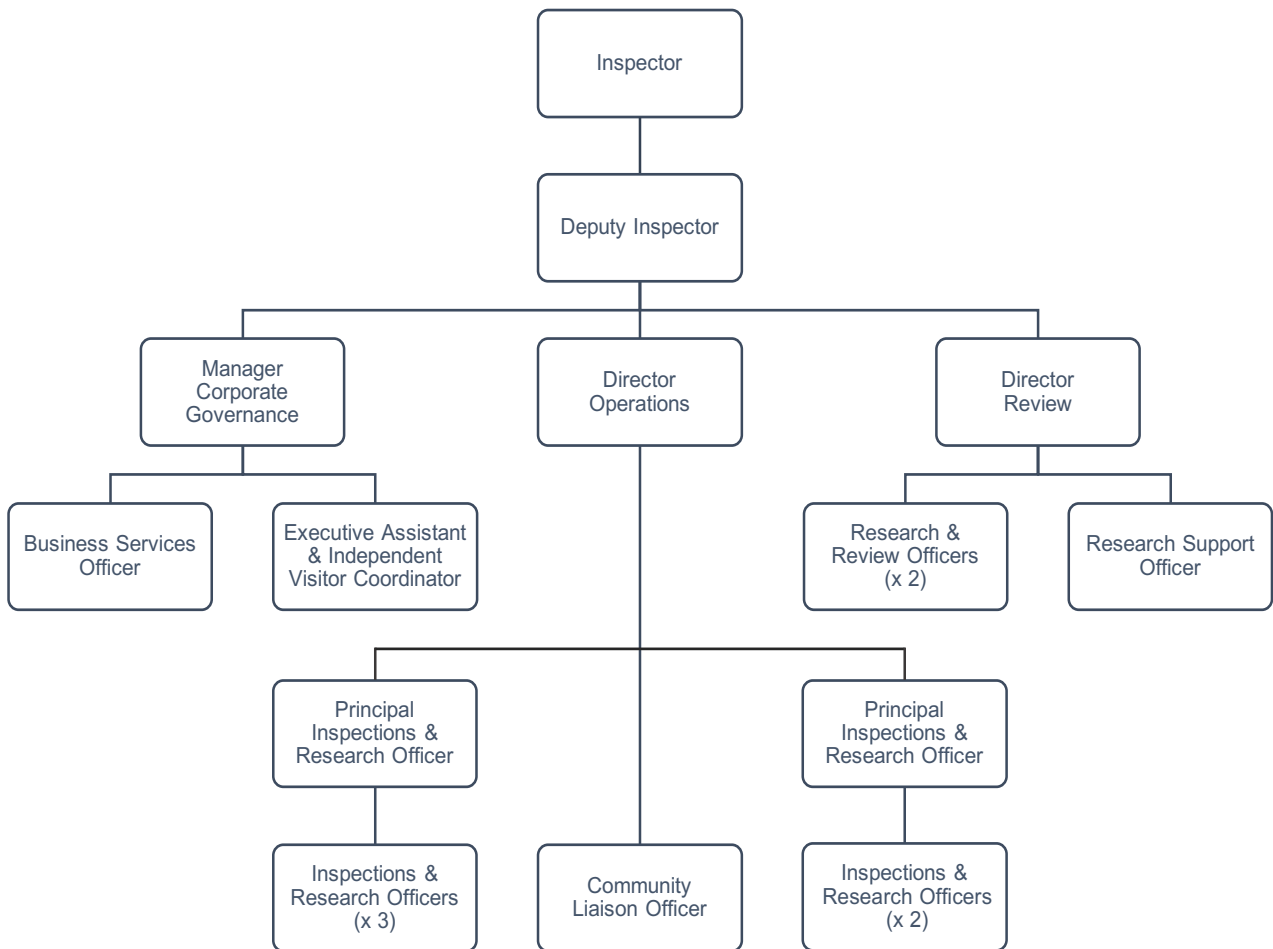
### Enabling legislation

The Office was established as a department under the *Public Sector Management Act 1994*, on 1 June 2000.

### Responsible Minister

The Hon. Francis Michael Logan MLA, Minister for Corrective Services.

### Organisational Chart



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## Senior Officers

### **Inspector: Eamon Ryan**

Mr Eamon Ryan was appointed as Inspector of Custodial Services on 4 May 2019, taking over from Professor Neil Morgan, who retired after 10 years in the role.

Before taking up this appointment, he was Executive Director Integrity and Risk at the Public Sector Commission and prior to that, Executive Director Professional Standards and Conduct at the Department of Education. Mr Ryan has a BA in Legal Studies and brings almost 30 years' experience in senior roles involving integrity, risk, governance and accountability.

### **Deputy Inspector: Darian Ferguson**

Mr Darian Ferguson was appointed as Deputy Inspector in 2018 as part of the transition plan to facilitate the retirement of Mr Andrew Harvey.

Before taking up the appointment, he was Director Human Resources at the Department of Justice, and prior to that Director Human Resources at the WA Police Force for some nine years. Mr Ferguson has a Bachelor of Business and Graduate Certificate in Public Sector Management. He brings with him a wealth of experience across the public sector along with significant experience at senior levels.

## 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*.

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

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

*Corruption, Crime and Misconduct Act 2003*

*Court Security and Custodial Services Act 1999*

*Equal Opportunity Act 1984*

*Electronic Transactions Act 2011*

*Evidence Act 1906*

*Financial Management Act 2006*

*Fines, Penalties and Infringement Notices Enforcement Act 1994*

*Interpretation Act 1984*

*Legal Deposit Act 2012*

*Occupational Health and Safety Act 1984*

*Parliamentary Commissioner Act 1971*

*Prisons Act 1981*

*Procurement Act 2020*

*Public Sector Management Act 1994*



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*Racial Discrimination Act 1975*

*State Records Act 2000*

*State Records (Consequential Provisions) Act 2000*

*Terrorism (Preventative Detention) Act 2006*

*Young Offenders Act 1994*

In the financial administration of the Office, we have complied with the requirements of the *Financial Management Act* 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.

## PERFORMANCE MANAGEMENT FRAMEWORK

### Outcome Based Management Framework

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

Service: Inspection and review of custodial services

### Shared Responsibilities with Other Agencies

The Office did not deliver services jointly with any other agency in 2019–2020.

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

	2019-2020 Target (000's)	2019-2020 Actual (000's)	2019-2020 Variation (000's)
<b>Key Effectiveness Indicator</b> The extent to which the Department of Justice and, where relevant, other agencies accept recommendations contained in reports.	80%	77%	-3%
<b>Key Efficiency Indicators</b> Average cost per report	\$245	\$323	+\$78
Average cost per Independent Visitors' Service report	\$2.0	\$2.5	+\$0.5
Average cost per liaison visit report	\$10	\$8.7	-\$1.3

## KEY PERFORMANCE INDICATORS

### Certification of Key Performance Indicators

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 reporting period ended 30 June 2020.



Eamon Ryan  
28 August 2020

### Detailed Information in Support of Key Performance Indicators

The *Inspector of Custodial Services Act 2003* sets out the functions of the Office. These functions are directly related to the Office's desired outcomes, which in turn, are linked to the Government's strategic outcome of Strong Communities.

The Office reports to two Parliamentary Committees; the Legislative Assembly Community Development and Justice Committee, and the Legislative Council Public Administration Committee. Other committees and individual parliamentarians receive briefings as requested.

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## MEASURING PERFORMANCE

### Government Goal

Strong Communities: safe communities and supported families<sup>1</sup>

### 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 and review of custodial services

### KEY EFFECTIVENESS INDICATOR

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

	Number of Inspection Report Recommendations		Percentage of Recommendations Accepted	
	Target	Actual	Target	Actual
2015-16	100	100	80%	80%
2016-17	150	96	80%	89%
2017-18	150	164	80%	90%
2018-19	150	102	80%	80%
2019-20	100	57	80%	77%

### Comparison of Actual Results and Budget Targets

The number of recommendations this year is below our revised target. The target of 100 recommendations was reduced on our best estimation. This target can vary based on the prisons being inspected and the number of reviews completed in any year. Variations can also arise from the Office operating on a three-year cycle where each prison, juvenile detention centre, court custody centre and prescribed lockup is subject to a full inspection. The number of recommendations generated also depends upon a range of subjective factors that exist within the prisons at the time of inspection. It is not unusual to make more recommendations in larger and more complex prisons because there are more issues to address. The Office tabled one less report than this year's target which is also a factor in explaining the reasons why the actual number of recommendations varies against the target.

1. The WA Government has declared a State of Emergency for Western Australia because of the COVID-19 coronavirus pandemic. This means that the government priorities have been deferred indefinitely while State Government focuses on its response to COVID-19.

Only 13 of the 57 recommendations were not supported. The other recommendations were either supported, supported as an existing initiative or partially supported.

Supported as an existing initiative refers to those recommendations where the Department:

1. has already identified, and action was underway prior to the inspection to address the recommendation.
2. provided details of actions taken at a later date. In some instances, this is the result of the Department acting on an issue pointed out during or immediately following an inspection. By the time the inspection report has been finalised the Department has rightly credited its actions in meeting the recommendation.
3. has already got something in place but requires further development.

## KEY EFFICIENCY INDICATORS

Key Efficiency Indicators	Actual 2016-17	Actual 2017-18	Actual 2018-19	Actual 2019-20	Target 2019-20
Report	9	11	10	8	9
Average cost per report <sup>2</sup>	\$243,219	\$205,137	\$301,277	\$323,414	\$245,000
Liaison visit report	102	98	70	63	60 <sup>3</sup>
Average cost per liaison visit report	\$9,868	\$10,599	\$10,026	\$8,706	\$10,000
Independent visitors' scheme report	162	135	125	99	150
Average cost per independent visitors' scheme report	\$2,463	\$2,693	\$1,984	\$2,453	\$2,000

2. The average time taken from the start of an inspection to the production and lodgement of a report in Parliament is between six and nine months depending upon the complexity of the facility or service.

3. The target liaison visit reports dropped from 90 to 60 in response to budget cuts from prior years.

## Comparison of Actual Results and Budget Targets

Reports: The Inspection Team operates on a mandated three-year cycle where each prison, juvenile detention centre, court custody centre and prescribed lockup is required to be subjected to a full inspection. This means that some years produce more inspection reports than others. The Review Team also produces reports but is not subject to a mandated review cycle. Due to initiatives implemented to ensure we could continue to operate within constrained budgetary circumstances, the Review Team was only able to produce one report this year which was less than previous years. For these reasons, this year we have produced one less report than target. Nevertheless, we have still met our statutory obligations for inspection reports. The average cost per report is higher because the allocated expenditure is spread across fewer outputs.

Liaison Visit Reports: The target for liaison visit reports dropped to 60 this year to ensure we operated within constrained budgetary circumstances. The revised target is based on risk with a minimum of four visits occurring at the large and complex prisons (Hakea, Casuarina, Bandyup and Banksia Hill) and three visits occurring at the remaining prisons. Each work camp and court custody centre receive at least one visit between the three-year inspections.

Independent Visitors' Scheme Reports: The target of 150 independent visitor reports is based on each prison (17) and detention centre receiving 8 or 9 visits annually. The target has not been reached this year partly due to COVID-19 where independent visits dropped off significantly between March 2020 and June 2020; and partly because we continue to experience difficulty attracting new Independent Visitors within some regional communities. The average cost per Independent Visitor Report is higher because the allocated expenditure is spread across fewer outputs.

## OTHER FINANCIAL DISCLOSURES

### Source Reference

Employment and Industrial Relations

### Staff Profile

	2019-20	2018-19
Full-time permanent	12	14
Full-time contract	0	1
Part-time measured on an FTE basis	2.6	2
Part-time contract	1.1	1
<b>TOTAL</b>	<b>15.7</b>	<b>18</b>

### Staff development

The Office is committed to developing its employees. Our strategy is to maintain a highly skilled, professional and fair workforce. Staff attended courses and conferences including a talk and tour of the Western Australian Parliament House to gain insights into how Parliament works and the Westminster parliamentary system. The Inspectorate employs a Certified Practising Accountant (CPA) who maintains and broadens his knowledge by attending continuing professional development activities in accordance with the CPA constitution, by-laws and continuing professional development obligations.

### Workers' compensation

There were no workers' 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 and senior officers.

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## OTHER LEGAL REQUIREMENTS

### Source Reference

*Public Sector  
Management Act*  
s 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 above is correct.

3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	0
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Number of breaches found, including details of multiple breaches per application:	0
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Number still under review	0
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Eamon Ryan  
Inspector of Custodial Services  
28 August 2020

### 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>
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## Disability Access and Inclusion Plan outcomes

### **(Disability Services Act 1993, section 29)**

The *Disability Services Act 1993* requires public agencies to develop and implement Disability Access and Inclusion Plans (DAIPs).

This Office has an approved Disability Access and Inclusion Plan from 25 November 2019 to 30 November 2024, which meets the requirements of the *Disability Services Act 1993*. This plan helps us to ensure people with disability have the same opportunities as others to communicate with us, access information written by us and access employment in this Office.

In accordance with the *Disability Services Act 1993*, a progress report will be submitted in July 2020 to the State Disability Strategy Consultation and Engagement Team of the Department of Communities outlining progress against strategies in the current plan.

### **Recordkeeping Plan**

The Office's amended Recordkeeping Plan was approved by the State Records Commission on 7 August 2020. This Plan is approved for five years expiring 6 August 2025.

The Office conducted a review of its training program in 2020 as part of the amending of its Recordkeeping Plan and it was assessed as suitable. New employees receive face-to-face training as part of their induction. This training covers an informal overview of the Recordkeeping Plan, the Records Procedure Manual and staff responsibilities including the procedures for forwarding records for filing and capturing correspondence details.

### **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. The Office has recorded no work-related injury or illness over the last three years.

The Office has a trained Safety Representative and management officer who ensures there is always an open line of communication with staff to discuss occupational safety and health matters. A revised risk management plan includes COVID-19.

This year the Office implemented initiatives to ensure the safety and wellbeing of staff during the response phase to the threat of COVID-19. Staff were provided with information on how to ensure their safety, which included advice on social distancing and personal hygiene. Sufficient hand sanitising stations were in the office to ensure all staff have appropriate access to an alcohol based hand wash. We ensured staff who were ill with flu like symptoms did not present for work and did not return to work until tested. We also changed the way we worked by both facilitating working from home arrangements and we stopped going into prisons until we were sure that it was safe to do so again.

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.

On commencement and prior to entering a custodial facility, staff receive an induction to ensure that they can operate in a safe and secure manner while in a prison. Further, always while in a prison, staff are never alone and are always accompanied by another staff member.

Members of the Senior Management Team have attended Occupational Safety and Health training courses. OSH is a permanent agenda item on Senior Management Team meetings.

## Annual Performance

Measures	Results 2017 –2018	Results 2018 –2019	Results 2019 –2020	Targets	Comments towards targets
Number of fatalities	0	0	0	0	Achieved
Lost time injury and disease incident rate	0	0	0	0 or 10 per cent reduction in incidence rate	Achieved
Lost time injury and severity rate	0	0	0	0 or 10 per cent reduction in severity rate	Achieved
Percentage of injured workers returned to work within 13 weeks.	N/A	N/A	N/A	Greater than or equal to 80 per cent returned to work within 26 weeks.	Achieved
Percentage of injured workers returned to work within 26 weeks	N/A	N/A	N/A	Greater than or equal to 80 per cent returned to work within 26 weeks.	Achieved
Percentage of managers trained in occupational safety health and injury management responsibilities including refresher training within three years.	60	60	80	Greater than or equal to 80 per cent.	Achieved

## Sustainability

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

- using recycled paper for photocopying and printing;
- reducing the vehicle fleet from three to two;
- using recycled printer and toner cartridges;
- using bio-degradable bin liners; and
- using sensor lighting in all work areas including meeting rooms.

## Compliance with Public Sector Standards and Ethical Codes

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

An induction manual is issued to new staff members, which includes a code of conduct and a Public Sector Commission publication on accountable and ethical decision making.

These processes are aimed at ensuring that staff are aware of their responsibilities with the primary objective of ensuring that standards are maintained.



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## PART THREE

### DISCLOSURES AND LEGAL COMPLIANCE

#### Financial Statements

##### **Certification of Financial Statements for the year ended 30 June 2020**

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 reporting period ended 30 June 2020 and the financial position as at 30 June 2020.

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



D Summers CPA  
Chief Finance Officer



E Ryan  
Accountable Authority

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## PART THREE

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Office has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2020 which provides users with the information about the Office's stewardship of resource entrusted to it. The financial information is presented in the following structure.

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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

##### **Opinion**

I have audited the financial statements of the Office of the Inspector of Custodial Services which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and Summary of Consolidated Account Appropriations for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Office of the Inspector of Custodial Services for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

##### **Basis for opinion**

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I am independent of the Office in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibility of the Inspector of Custodial Services 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Inspector of Custodial Services is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Office.

##### **Auditor's responsibility for the audit of the financial statements**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

## **Report on controls**

### ***Opinion***

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Office of the Inspector of Custodial Services. The controls exercised by the Office 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2020.

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

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

### ***Auditor General's responsibilities***

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

### ***Limitations of controls***

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

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## Report on the key performance indicators

### **Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2020.

### **The 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 internal control as the Inspector of Custodial Services determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Inspector of Custodial Services is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

### **Auditor General's responsibility**

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

### **My independence and quality control relating to the reports on controls and key performance indicators**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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**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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
31 August 2020

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
<b>Cost of Services</b>			
<b>Expenses</b>			
Employee benefits expenses	2.1	2,239,122	2,695,398
Supplies and services	2.3	776,413	920,295
Depreciation and impairment expense	4.1.1, 4.2	9,782	1,440
Accommodation expenses	2.3	319,228	315,182
Finance and interest cost	6.3	683	-
Other expenses	2.3	38,412	30,307
<b>Total Cost of Services</b>		<b>3,383,640</b>	<b>3,962,622</b>
<b>Income</b>			
<i>Revenue</i>			
Other revenue	3.2	7,017	5,499
<b>Total Revenue</b>		<b>7,017</b>	<b>5,499</b>
<b>Total Income other than Income from State Government</b>		<b>7,017</b>	<b>5,499</b>
<b>NET COST OF SERVICES</b>		<b>3,376,623</b>	<b>3,957,123</b>
<b>Income from State Government</b>			
Service appropriation	3.1	3,514,000	3,590,000
Services received free of charge	3.1	91,251	78,271
<b>Total Income from State Government</b>		<b>3,605,251</b>	<b>3,668,271</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>228,628</b>	<b>(288,852)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD</b>		<b>228,628</b>	<b>(288,852)</b>

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



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

ASSETS	Notes	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and cash equivalents	6.4	369,264	231,789
Receivables	5.1	28,268	90,678
Other current assets	5.3	27,246	31,092
<b>Total Current Assets</b>		424,778	353,559
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	6.4	22,000	22,000
Amounts receivable for services	5.2	397,000	155,000
Plant and equipment	4.1	-	1,061
Right-of-use assets	4.2	23,130	-
<b>Total Non-Current Assets</b>		442,130	178,061
<b>TOTAL ASSETS</b>		866,908	531,620
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	155,188	141,085
Employee related provisions	2.2	511,177	658,247
Lease liabilities	6.1	8,663	-
<b>Total Current Liabilities</b>		675,028	799,332
<b>Non-Current Liabilities</b>			
Employee related provisions	2.2	64,296	75,068
Lease liabilities	6.1	14,736	-
<b>Total Non-Current Liabilities</b>		79,032	75,068
<b>TOTAL LIABILITIES</b>		754,060	874,400
<b>NET ASSETS</b>		112,848	(342,780)
<b>EQUITY</b>			
Contributed equity	8.5	501,000	274,000
Accumulated deficit	8.5	(388,152)	(616,780)
<b>TOTAL EQUITY/(DEFICIT)</b>		112,848	(342,780)

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 2020

	Notes	Contributed Equity \$	Accumulated Surplus/(Deficit) \$	Total Equity/ (Deficit) \$
Balance at 1 July 2018		274,000	(327,928)	(53,928)
Deficit		-	(288,852)	(288,852)
Total comprehensive income for the period		-	(288,852)	(288,852)
Transactions with owners in their capacity as owners:				
- Capital contributions		-	-	-
Total		-	-	-
Balance at 30 June 2019		274,000	(616,780)	(342,780)
Balance at 1 July 2019		274,000	(616,780)	(342,780)
Surplus		-	228,628	228,628
Total comprehensive income for the period		-	228,628	228,628
Transactions with owners in their capacity as owners:				
- Capital contributions		227,000	-	227,000
Total		227,000	-	227,000
Balance at 30 June 2020		501,000	(388,152)	112,848

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 2020

	Notes	2020 \$	2019 \$
<b>Cash Flows From State Government</b>			
Service appropriations		3,272,000	3,590,000
Capital contributions		227,000	-
Holding account drawdowns		-	26,000
<b>Net cash provided by State Government</b>		<b>3,499,000</b>	<b>3,616,000</b>
<b>Utilised as follows:</b>			
<b>Cash Flows From Operating Activities</b>			
<b>Payments</b>			
Employee benefits		(2,295,514)	(2,667,676)
Supplies and services		(739,161)	(761,561)
Accommodation		(290,365)	(311,247)
Finance and interest cost		(683)	-
Other payments		(38,412)	(30,307)
GST payments on purchases		(102,842)	(111,399)
<b>Receipts</b>			
GST receipts on sales		473	550
GST receipts from taxation authority		105,757	120,351
Other receipts		7,673	4,543
<b>Net cash used in operating activities</b>		<b>(3,353,074)</b>	<b>(3,756,746)</b>
<b>Cash Flows From Financing Activities</b>			
<b>Payments</b>			
Principal elements of lease payments		(8,451)	-
<b>Net cash used in financing activities</b>		<b>(8,451)</b>	<b>-</b>
Net decrease in cash and cash equivalents		137,475	(140,746)
Cash and cash equivalents at the beginning of the period		253,789	394,535
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6.4.1	<b>391,264</b>	<b>253,789</b>

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

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SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2020

	2020 Budget Estimate \$	2020 Supplementary Funding \$	Revised Budget \$	2020 Actual \$	2020 Variance \$
<b>Delivery of Services</b>					
Item 107 net amount appropriated to deliver services	3,295,000	-	3,295,000	3,267,000	(28,000)
<b>Amount Authorised by Other Statutes</b>					
<i>Salaries and Allowances Act 1975</i>	247,000	-	247,000	247,000	-
<b>Total Appropriations Provided to Deliver Services</b>	3,542,000	-	3,542,000	3,514,000	(28,000)
<b>Capital</b>					
Item 158 capital appropriations	227,000	-	227,000	227,000	-
<b>GRAND TOTAL</b>	3,769,000	-	3,769,000	3,741,000	(28,000)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1. BASIS OF PREPARATION

The Office is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Office is a not-for-profit entity as profit is not its principal objective.

A description of the nature of its operations and its principal activities have been included in the “**Overview**” which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Office on 28 August 2020.

#### Statement of compliance

These general purpose financial statements are prepared in accordance with:

- 1) *The Financial Management Act 2006* (**FMA**).
- 2) The Treasurer’s Instructions (**the Instructions or TI**).
- 3) Australian Accounting Standards (**AAS**) – Reduced Disclosure Requirements.
- 4) Where appropriate, those **AAS** paragraphs applicable to not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer’s Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where a modification is required, and the modification has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

#### Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are reported in the notes, where the amounts affected by those judgements and estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

#### 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 restructuring of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or before, 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.

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## 2. USE OF OUR FUNDING

### Expenses incurred in the delivery of services

This section provides additional information about how the Office's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Office in achieving its objectives and the related notes are:

	Notes	2020 \$	2019 \$
Employee benefits expenses	2.1	2,239,122	2,695,398
Employee related provisions	2.2	575,473	733,315
Other expenditure	2.3	1,134,053	1,265,784

### 2.1 Employee benefits expenses

Employee benefits expenses	2,014,605	2,380,034
Superannuation – defined contribution plans	195,103	253,706
Other related expenses	29,414	61,658
Total employee benefits expenses	2,239,122	2,695,398
Add:		
– AASB 16 Non-monetary benefits	9,403	-
Less:		
– Employee contributions	(5,200)	-
Net employee benefits	2,243,325	2,695,398

### Employee benefits

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, and leave entitlements.

### Superannuation

The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

### AASB 16 Non-monetary benefits

Non-monetary employees, that are employee benefits expenses, predominantly relate to the provision of vehicles, are measured at the cost incurred by the Office.

## 2.2 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2020 \$	2019 \$
<b>Current</b>		
<b>Employee Benefits Provisions</b>		
Annual leave (a)	197,295	240,090
Long service leave (b)	311,339	414,872
	508,634	654,962
<b>Other Provisions</b>		
Employment on-costs (c)	2,543	3,285
Total current employee-related provisions	511,177	658,247

### **Non-current**

<b>Employee Benefits Provisions</b>		
Long service leave (b)	63,976	74,693
<b>Other Provisions</b>		
Employment on-costs (c)	320	375
Total non-current employee-related provisions	64,296	75,068

#### (a) Annual leave liabilities

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:

Within 12 months of the end of the reporting period	139,566	161,420
More than 12 months after the end of the reporting period	57,729	78,670
	197,295	240,090

The provision for annual leave is calculated at the present value of expected payments to be made for services provided by employees up to the reporting date.

## 2.2 Employee-related provisions (continued)

	2020	2019
	\$	\$
(b) Long service leave liabilities		
Unconditional long service leave provisions are classified as <b>current</b> 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 <b>non-current</b> 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.		
Assessments indicate that the actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	29,804	94,307
More than 12 months after the end of the reporting period	345,511	395,258
	375,315	489,565

The provision for long service leave is calculated at present value as the Office does not expect to settle wholly the amounts within 12 months. The present value is measured considering the present value of expected future payments to be made for services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and 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.

### (c) Employment on-costs

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.

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" in supplies and services under "Other Expenditure", Note 2.3 (apart from the unwinding of the discount (finance cost) and are not included as part of the Office's "employee benefits expenses". The related liability is included in employment on costs provision.

#### **Current**

Employment On-Costs Provision		
– Carrying amount at start of period	3,285	3,315
– Additional/(reversing of) provisions recognised	(742)	(30)
	2,543	3,285

#### **Non-current**

Employment On-Costs Provision		
– Carrying amount at start of period	375	577
– Reversals of provisions recognised	(55)	(202)
	320	375



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## 2.2 Employee-related provisions (continued)

### Key sources of estimation uncertainty – long service leave

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.

Several estimates and assumptions are used in calculating the Office's long service leave provision. These 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. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

## 2.3 Other expenditure

	2020 \$	2019 \$
<b>Supplies and services</b>		
Communications	33,933	64,164
Consultants and contractors	522,241	592,704
Consumables	21,147	50,154
Materials	51,487	44,642
Lease, rent and hire costs	18,558	37,466
Travel	71,053	71,928
Other	57,994	59,237
Total supplies and services expenses	776,413	920,295
<b>Accommodation expenses</b>		
Lease rentals	319,228	315,182
Total accommodation expenses	319,228	315,182
<b>Other expenses</b>		
Audit fees (a)	38,412	30,307
Total other expenses	38,412	30,307
Total other expenditure	1,134,053	1,265,784

(a) The cost represents internal and external audit fees.

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## 2.3 Other expenditure (continued)

### Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

### Accommodation expenses

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

### Employment on-costs

Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.2 "Employee Related Provisions". Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

## 3. OUR FUNDING SOURCES

### How we obtain our funding

This section provides additional information about how the Office obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Office and the relevant notes are:

	Notes	2020 \$	2019 \$
Income from State Government	3.1	3,605,251	3,668,271
Other revenue	3.2	7,017	5,499

### 3.1 Income from State Government

Appropriation received during the period:

Service appropriation (a)	3,514,000	3,590,000
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Services received free of charge from other State Government agencies during the period: (b)

Department of Finance – Building and Management Works	91,251	78,271
Total income from State Government	3,605,251	3,668,271

### 3.1 Income from State Government (continued)

(a) Service appropriations

Service appropriations are recognised as income at the fair value of consideration received 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 in the bank account or credited to the "Amounts receivable for services" (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

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

(c) Transfer of assets from other parties are recognised as income at fair value when assets are transferred.

### 3.2 Other revenue

	2020 \$	2019 \$
Expense recoveries from other agencies	7,017	5,499
	7,017	5,499

## 4. KEY ASSETS

### Assets the Office utilises for economic benefit or service potential

This section includes information regarding the key assets the Office utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2020 \$	2019 \$
Plant and equipment	4.1	-	1,061
Right-of-use assets	4.2	23,130	-
Total key assets		23,130	1,061

## 4.1 Plant and equipment

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:

	<b>Computer Hardware</b> \$	<b>Office Equipment</b> \$	<b>Total</b> \$
<b>2020</b>			
Gross carrying amount	171,546	17,714	189,260
Accumulated depreciation	(143,828)	(16,653)	(160,481)
Impairment losses	(27,718)	-	(27,718)
Carrying amount at start of year	-	1,061	1,061
Additions	-	-	-
Depreciation	-	(1,061)	(1,061)
Impairment losses	-	-	-
Carrying amount at end of year	-	-	-
<b>2019</b>			
Gross carrying amount	171,546	17,714	189,260
Accumulated depreciation	(143,828)	(15,213)	(159,041)
Impairment losses	(27,718)	-	(27,718)
Carrying amount at start of year	-	2,501	2,501
Depreciation	-	(1,440)	(1,440)
Carrying amount at end of year	-	1,061	1,061

### Initial recognition

Items of plant and equipment costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment costing less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

The initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

### Subsequent measurement

All plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

#### 4.1.1. Depreciation and impairment charge for the period

<b>Depreciation</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Office equipment	1,061	1,440
Total depreciation for the period	1,061	1,440

#### Finite useful lives

All plant and equipment 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 generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

<b>Asset</b>	<b>Useful Life</b>
Office equipment	5 Years
Computer hardware and software (a)	3–5 Years
(a) Software that is integral to the operation of related hardware.	

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

#### Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Office is a not-for-profit Office, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

## 4.2 Right-of-use assets

	2020	2019
	\$	\$
Right-of-use assets		
Vehicles	23,130	-
Net carrying amount at 30 June 2020	23,130	-

Additions to right-of-use assets during the 2020 financial year were \$32,576.

### Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and,
- restoration costs, including dismantling and removing the underlying asset.

The Office has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

### Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Office at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1.

	2020	2019
	\$	\$
The following amounts relating to leases have been recognised in the statement of comprehensive income:		
Vehicles	8,721	-
Total right-of-use asset depreciation	8,721	-
Lease interest expense	683	-
Expenses relating to various lease payments not included in lease liabilities	-	-
Short-term leases	-	-
Low-value leases	-	-
Gains or losses from sale and leaseback transactions	-	-

The total cash outflow for leases in 2020 was \$366,396.

## 4.2 Right-of-use assets (continued)

The Office's leasing activities and how these are account for:

- The Office has leases for vehicles and office accommodation.
- The Office has entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. This lease is not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.
- Up to 30 June 2019, the Office classified leases as either finance leases or operating leases. From 1 July 2019, at 1 July 2019, the Office recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.
- The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

## 5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Office's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2020 \$	2019 \$
Receivables	5.1	28,268	90,678
Amounts receivable for services	5.2	397,000	155,000
Other current assets	5.3	27,246	31,092
Payables	5.4	155,188	141,085

### 5.1 Receivables

Trade Receivables	301	59,322
GST receivable	27,967	31,356
Total Receivables	28,268	90,678

Receivables are recognised at original invoice. The amounts for receivables are considered not impaired. The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

### 5.2 Amounts receivable for services (Holding Account)

Current	-	-
Non-current	397,000	155,000
	397,000	155,000

**Amounts receivable for services** Amounts receivable for services represent 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.

The amounts receivable for services are considered not impaired. There is no expected credit loss of the 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 required to cover leave entitlements and asset replacement.

The amounts receivable for services are not considered impaired.

There is no expected credit loss of the holding account.

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### 5.3 Other current assets

	2020	2019
	\$	\$
Prepayments	27,246	31,092

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### 5.4 Payables

Trade payables	68,818	37,054
Accrued expenses	57,425	91,400
Accrued salaries	24,000	8,000
FBT payable	4,945	4,631
	155,188	141,085

**Payables** are recognised at the amounts payable when the Office becomes obliged to make future payments because of a purchase of assets or services. The carrying amount is equivalent to fair value, as the settlement is generally within 30 days.

**Accrued expenses** represent goods and services received at year end but for which the supplier has not provided any invoice. Also, the balance includes expenses, which related to the provision of services in the current year such as annual audit fees.

**Accrued salaries** represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight after the reporting period. The Office considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 6.4.1 "Cash and cash equivalents") consists of amounts paid annually, from Office appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.



## 6. FINANCING

This section sets out the material balances and disclosures associated with the financing and cashflows of the Office.

	<b>Notes</b>
Lease liabilities	6.1
Assets pledged as security	6.2
Finance costs	6.3
Cash and cash equivalents	6.4
Reconciliation of cash	6.4.1

### 6.1 Lease liabilities

	<b>Notes</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
Current		8,663	-
Non-current		14,736	-
		<u>23,399</u>	<u>-</u>

The Office measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Office uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Office as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Office exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Office if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Office in profit or loss in the period in which the condition that triggers those payments occurs

This section should be read in conjunction with note 4.2.

#### Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## 6.2 Assets pledged as security

Notes	2020 \$	2019 \$
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset vehicles	23,130	-
<b>Total assets pledged as security</b>	<b>23,130</b>	<b>-</b>

The Office has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

## 6.3 Finance costs

Lease interest expense	683	-
<b>Finance costs expensed</b>	<b>683</b>	<b>-</b>

Finance costs include the interest component of lease liability repayments.

## 6.4 Cash and cash equivalents

### 6.4.1 Reconciliation of cash

Cash and cash equivalents	369,264	231,789
Restricted cash and cash equivalents – Accrued salaries suspense account (a)	22,000	22,000
Balance at end of period	391,264	253,789

(a) Funds held in the suspense account are used only to meet the 27th pay in a financial year that occurs every 11 years. This account is classified as non-current for 10 out of 11 years.

For the Statement of Cash Flows, cash and cash equivalents (and restricted cash and cash equivalents) 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.

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## 7. FINANCIAL INSTRUMENTS AND CONTINGENCIES

	<b>Notes</b>
Financial instruments	7.1
Contingent assets and liabilities	7.2
Commitments	7.3

### 7.1 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:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	391,264	253,789
Financial assets at amortised cost (a)	397,300	214,322
Total financial assets	788,564	468,111
<b>Financial liabilities</b>		
Financial liabilities at amortised cost (b)	173,638	136,454
Total financial liabilities	173,638	136,454

(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities at amortised cost excludes FBT payable to the ATO (statutory payable).

### 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively

There were no contingent liabilities or contingent assets as at 30 June 2020.

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## 7.3 Commitments

	2020 \$	2019 \$
<b>7.3.1 Other expenditure commitments – IT Services</b>		
Other expenditure commitments (IT services) contracted at the end of the reporting period but not recognised as liabilities, are payable as follows:		
– Within 1 year	143,634	71,572
– Later than 1 year and not later than 5 years	16,698	-
	<hr/> 160,332	<hr/> 71,572

The commitments for IT services are inclusive of GST where relevant.

### Judgements made by management in applying accounting policies – Operating lease commitments

The Office has entered a lease at 5th Floor Albert Facey House, Perth for its office accommodation. The lessors retain substantially all the risks and rewards incidental to ownership of the building.

The Office has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

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## 8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	<b>Notes</b>
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Remuneration of auditors	8.4
Equity	8.5
Supplementary financial information	8.6
Related party transactions	8.7

### 8.1 Events occurring after the end of the reporting period

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

### 8.2 Initial application of Australian Accounting Standards

#### (a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers;
- Identifying separate performance obligations;
- Determining the transaction price of the contract;
- Allocating the transaction price to each of the performance obligations;
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 *Income of Not-for-Profit Entities*. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Office.

The Office adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Office recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Office applies the standards retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Refer to Note 3.1 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 has had no impact on revenue recognition.

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## 8.2 Initial application of Australian Accounting Standards (Continued)

### (b) AASB 16 Leases

AASB 16 *Leases* supersedes AASB 117 *Leases* and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Office applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Office takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Office measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Office is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Office has not identified any impairments to its right-of-use assets.

On transition, the Office has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- b) The Office has relied on its assessment of whether existing leases were onerous in applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Office has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- c) Where the lease term at initial application ended within 12 months, the Office has accounted for these as short-term leases;
- d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Office has not reassessed whether existing contracts are, or contain a lease on 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

## 8.2 Initial application of Australian Accounting Standards (continued)

<b>Measurement of lease liabilities</b>	<b>\$</b>
Operating lease commitments disclosed as at 30 June 2019	1,463,035
<i>Less:</i>	
Accommodation arrangements subject to supplier substitution rights	1,425,614
Revised operating lease commitments at 30 June 2019	37,421
Discounted using incremental borrowing rate at the date of initial application <sup>4</sup>	32,685
Finance lease liabilities recognised as at 30 June 2019	-
Lease liability recognised at 1 July 2019	32,685
Current lease liabilities	8,500
Non-current lease liabilities	24,185

## 8.3 Key management personnel

The Office has determined that key management personnel include cabinet ministers and senior officers of the Office. However, the Office is not obligated to compensate the ministers, therefore, no disclosure is required. The disclosures regarding Ministers' compensation may be found in the *Annual Report on State Finances*.

Total compensation, inclusive of fees, salaries, superannuation, non-monetary benefits and other benefits, of senior officers of the Office for the reporting period is presented within the following bands:

<b>Compensation Bands (\$)</b>	<b>2020</b>	<b>2019</b>
10,001–20,000	-	1
30,001–40,000	-	1
200,001–210,000	1	1
290,001–300,000	1	1
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	414,183	449,097
Post-employment benefits	40,475	78,460
Other long-term benefits	45,662	23,733
Termination benefits	-	-
<b>Total compensation of senior officers</b>	<b>500,320</b>	<b>551,290</b>

### Material transactions with related parties

Outside of normal citizen type transactions with the Agency, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

4. The WATC incremental borrowing rates were used for the purposes of calculating the lease transition opening balance.

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## 8.4 Remuneration of Auditors

	2020	2019
	\$	\$
Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators	28,400	28,400

## 8.5 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

Balance at start of period	274,000	274,000
<b>Contributions by owners</b>		
– Capital appropriation	227,000	-
Total contributions by owners	227,000	-
Balance at end of period	501,000	274,000

### Accumulated Deficit

Balance at start of period	(616,780)	(327,928)
Surplus/(deficit) for the period	228,628	(288,852)
Balance at end of period	(388,152)	(616,780)
<b>Total Equity/(Deficit) at End of Period</b>	112,848	(342,780)

## 8.6 Supplementary financial information

The Office did not have any bad debts in the years ended 30 June 2020 and 2019. Furthermore, the Office had no write-offs of public property; no losses through theft or default; and, no gifts of public property made or received in 2019 and 2020.



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## 8.7 Related party transactions

The Agency is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Agency include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other agencies and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly owned public sector entities);
- associates and joint ventures of a wholly owned public sector entity; and
- the Government Employees Superannuation Board (GESB).



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



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