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The Office of the Inspector of Custodial Services acknowledges Aboriginal and Torres Strait Islander people as the traditional custodians of this country, and their continuing connection to land, waters, and community throughout Australia. We pay our respects to them and their cultures, and to Elders, be they past, present, or emerging.

PART ONE

TRANSMISSION LETTER

The President
Legislative Council

The Speaker
Legislative Assembly

ANNUAL REPORT OF THE OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES
FOR THE YEAR ENDED 30 JUNE 2021.

In accordance with section 63 of the *Financial Management Act 2006*, as modified by section 38 of the *Inspector of Custodial Services Act 2003*, I hereby submit to Parliament for its information, the Annual Report of the Office of the Inspector of Custodial Services for the year ended 30 June 2021.

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
Inspector of Custodial Services

28 September 2021

INSPECTOR'S FOREWORD

This year continued the uncertainty we experienced in the latter part of 2019. The COVID-19 pandemic has impacted all aspects of life in Australia and elsewhere, with significant health impacts and outbreaks causing lockdowns and restrictions to every-day activities. The continued resilience, determination and sense of community spirit shown by all Australians has been remarkable and commendable.

The ability of custodial facilities to deal with an outbreak of COVID-19 are limited by the lack of adequate facilities to isolate all but a few cases and the capacity of prisons health services to deal with large scale infections.

Understandably the Department of Justice (Corrective Services) has put significant work into their COVID-19 response and have done a very good job in keeping custodial facilities free from outbreaks.

Mindful of these efforts, our approach to undertaking inspections has been cautious but largely able to proceed for most of the year. We modified our work practices, with several periods of working from home, mask wearing and social distancing when in the office.

We were able to achieve this through the cooperation we received from our staff and our independent visitors in modifying and adapting their approach, often at short notice, to ensure the safety of custodial facilities while maintaining a level of independent oversight.

If nothing else, the adjustments we have had to make throughout the year in response to the pandemic have reinforced for us the benefits of our continuous inspection model which allows us to maintain a high level of knowledge of the current state of each custodial facility.

We all agree that ongoing vigilance against complacency remains paramount, but it is equally important that restrictions to the rights and privileges of prisoners and detainees are not eroded and only in place for the minimum time necessary.

We marked our 20-Year Anniversary with an afternoon tea in December 2020, which was attended by current and former staff, independent visitors and other key stakeholders. We welcomed the two former Inspectors, Professor Richard Harding and Professor Neil Morgan, and the then Minister for Corrective Services, Hon Fran Logan MLA.

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

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.

Eamon Ryan was appointed as the Inspector 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.

The Act provides the Inspector with wide ranging powers of access to facilities, people, documents and information in order to carry out the functions of the Office.

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.

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 the WA Police Force and court services
- non-government organisations
- the Western Australian community.

3. INSPECTIONS

Our jurisdiction

Under sections 19 and 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 the detention centre 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.

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 Director General of the Department of Justice, the Corrective Services Commissioner, the prison Superintendent, and other relevant parties.

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 which may include findings, advice and recommendations. Section 37 requires that before expressing, or implying, a critical opinion in a report, the Inspector must give 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 five 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. The 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 statutory officers such as the Auditor General and the Ombudsman do not face such a long embargo period.

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

LIAISON VISITS

64

37 METRO FACILITIES
22 REGIONAL FACILITIES
5 REGIONAL WORK CAMPS
PLUS 17 SECURE COURT
CUSTODY CENTRES

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 at least once a year and court custody centres once every three years.

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.

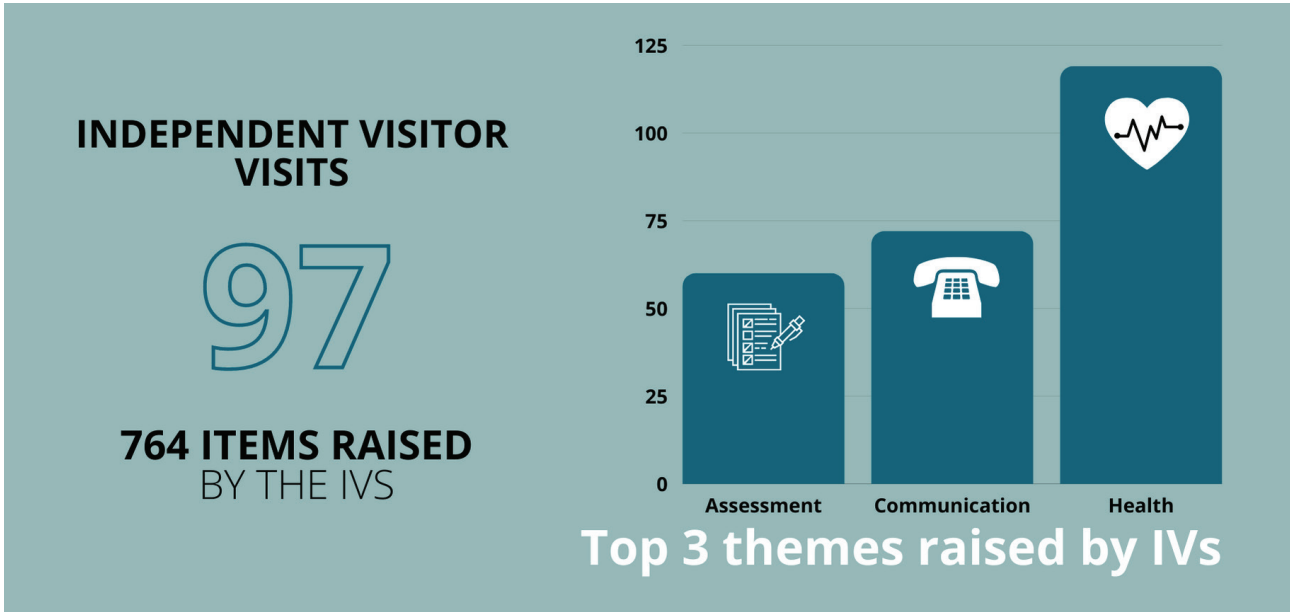
4. INDEPENDENT VISITOR SERVICE

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.



This year we were able to increase our focus on supporting our IVs and we successfully recruited several new volunteers. We appointed a part-time Coordinator who has made a big contribution to the level of support we offer our volunteers.

In December 2020 we held a two-day conference for our IVs, which was attended by many of our volunteers. We were pleased to welcome the Minister for Corrective Services, the Hon Bill Johnston, who opened the conference and made himself available to answer questions. Our list of guest speakers included the Director General, Dr Adam Tomison, and the Acting Commissioner Mike Reynolds.

One of the most enjoyable and valuable parts of the conference was a cultural awareness through art session we had with Justin Martin from Djurandi Dreaming.



Photo 1: Independent Visitor Conference (2021) and artwork created during the Djurandi Dreaming program

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 maintains a large community network and 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.

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 advice and recommendations. Since 2012, we have addressed a wide range of topics relating to security, safety, health, welfare, 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 five 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.

8. OUR ENVIRONMENT: CUSTODIAL AND OFFICE PRESSURES

COVID-19 continues to present challenges

The COVID-19 pandemic continues to present us with some unique challenges in being able to meet our statutory inspection obligations, while at the same time protecting the safety of our staff, volunteers, prison and detention centre staff, prisoners, and detainees. 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 or 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.

By July 2020, we had mostly returned to operating as we did prior to the COVID-19 outbreak. Since then, restrictions have continued to ease and travel around regional Western Australia has become easier to facilitate. However, there have been a few incidences of community transmission of COVID-19 in the Perth and Peel regions which have resulted in short term lockdowns. We managed these occurrences in the same manner that we addressed the initial arrival of COVID-19. Again, we were not prevented from visiting prisons during these periods but, through the exercise of caution, we suspended liaison visits during the lockdowns for both our staff and independent visitors. Fortunately, we had no inspections scheduled during the periods of lockdown. Visits scheduled for our independent visitors to custodial facilities in regional Western Australia continued subject to them not having been in the Perth and Peel regions in the 14 days prior to the visit.

While there have been few outbreaks of COVID-19 in Western Australia, and those that have occurred have been well managed, we continue to be alert. While not mandated, most of our staff have elected to get vaccinated. We continue to maintain high standards of hygiene, social distancing, and we do not attend prisons if we are unwell. When outbreaks do occur, we take a sensible and cautious approach based on the do no harm principle. We remain vigilant, particularly in relation to the Delta variant which has been proven to be highly contagious, and continue to undertake risk assessments prior to visits to custodial facilities.

Our continuous inspection model has allowed us to adapt to a changing environment over the past two years without significant loss of visibility over custodial facilities.

Prison population has stabilised, but prisons are still overcrowded

The prison population has been stable this year following a small (2.5%) increase in 2019/2020. On 30 June 2020, there were 6,771 prisoners in adult custodial facilities, by 30 June 2021 that figure had dropped to 6,726, a decrease of 0.6 per cent.

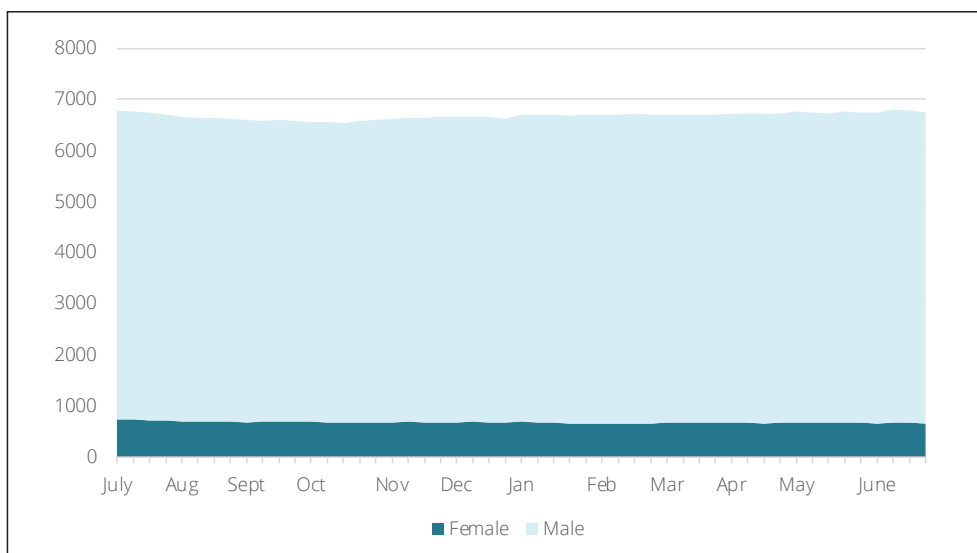


Figure 1: Adult custodial population, by gender (2020–2021)

Although there has been some stability in the overall youth population at the Banksia Hill Detention Centre, there have been fluctuations during the year. On 30 June 2020, there were 106 children and young people in detention compared with 99 at 30 June 2021, a reduction of seven per cent. On average, there were 102 young people in custody each day during this financial year, but there have been occasions during the year when the number dropped to just below 80 before going back to the average. This continues the downward trend 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.

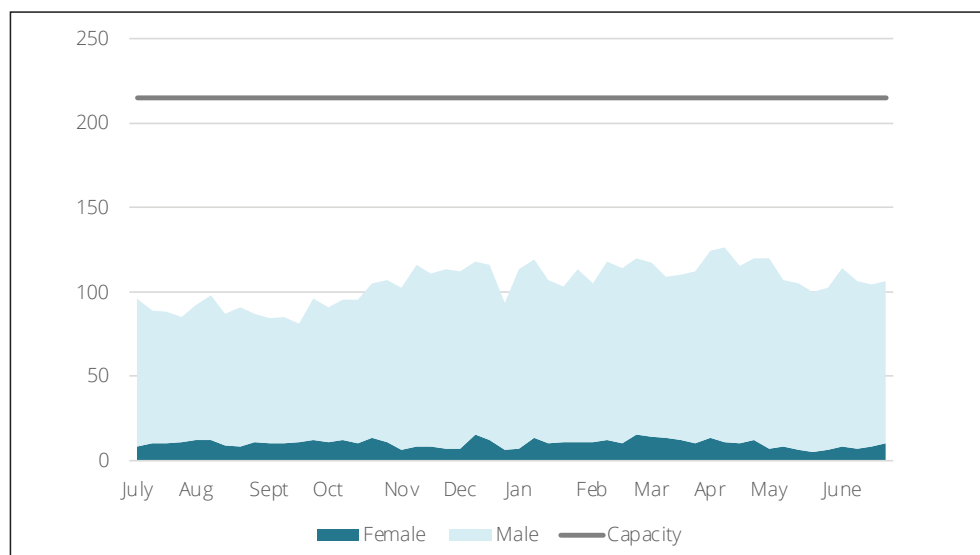


Figure 2: Capacity of Banksia Hill Detention Centre compared to population counts, by gender (2020–2021)

Despite the stabilisation of the adult prison population, many prisons remain overcrowded. Western Australian rates of prison utilisation are reported in the *Report on Government Services* (Productivity Commission, 2021). 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 factors such as: the transfer of prisoners; special-purpose accommodation (e.g. management or protection units); separate facilities for males and females; accommodating 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 2021 *Report on Government Services*, Western Australia is operating at 116 per cent capacity. This is down from the 127 per cent reported in 2020 and we note that there is a lag in the data, and it may not fully account for the expansion projects that have been undertaken at Bunbury Regional Prison and Casuarina Prison in recent years.

In mid-2020 the first stage of the Casuarina expansion was completed. This has increased the prison's capacity by 512 beds. The second stage expansion project is planned for completion in 2024 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 still exists. This stems from a policy of double bunking most general-purpose cells, originally designed for one person, which has become the norm in most prisons. This was a problem we highlighted this year in our inspection report for Bandyup Women's Prison.

But crowded prisons are not just about beds. There are also implications for supporting infrastructure and services. We noted in our inspection of Bunbury Regional Prison this year that following its expansion that they had submitted budget bids for a new industrial workshop and had other initiatives and plans to increase

employment by establishing new industries, but neither of these options had yet been approved or funded to go ahead. Bunbury has always been busy and productive, but the expansion has placed pressure on the prison and impacted its capacity to provide a meaningful and constructive daily regime for all the prisoners sent there. This is an issue we have raised in many inspection reports over the years and it seems likely to continue.

Aging infrastructure is often not fit for purpose

In addition to population pressures, prison infrastructure in Western Australia is aging, and in some cases no longer fit for purpose. This issue has been raised in several of our previous inspection reports and was identified again this year during our prison inspections.

In previous inspections of Broome Regional Prison, we have commented that its infrastructure is no longer fit for purpose. There is some relief on the horizon, following the announcement in May 2019 of funding to plan a new prison. But the process of identifying and selecting a suitable site for the new prison is ongoing. Given the circumstances, it is unlikely any large-scale infrastructure changes for the existing prison will be approved. This leaves the Department with the difficult challenge of maintaining a humane and liveable standard for the men and women sent to the old prison until the new prison is built.

The inspection of Bandyup Women's Prison this year again found problems relating to the aging infrastructure. Some facilities at the prison are too small for the population size, for example, the visits and reception centres. Some temporary facilities were in poor condition, such as the dongas comprising the official visits facility and one of the administration offices. Some facilities were no longer fit for purpose, such as the medical centre; and the kitchen needed significant refurbishment, retooling and extension.

The women's custodial estate did experience overdue expansion through the establishment of the 256 bed Melaleuca Remand and Reintegration Facility in 2016, and the 77-bed Wandoo Rehabilitation Centre in 2018. The focus of investment since then has largely been on the men's estate, including the Casuarina and Bunbury expansions. It should be acknowledged that the Department has made several submissions to Government for infrastructure improvements at Bandyup and elsewhere, which have not been supported.

Crisis care facilities and safe cells are inadequate

We are particularly concerned at the suitability of infrastructure that is used for prisoners who are at risk as a result of crisis or mental illness. Many people who are in prison are in crisis or struggle with mental illness, including depression, schizophrenia, psychosis, and bipolar disorder. Such prisoners need to be housed in a safe place that has a therapeutic, not detrimental, impact on their mental wellbeing. In most prisons, people who were deemed to be at risk are kept in the prison's Crisis Care Unit (if one exists), with the high-risk cases kept in safe cells.

Taking away the tools of self-harm is the default position in prisons. On a practical level this is entirely understandable, but in a prison environment there are problems with this approach.

Often there appeared to be little or no therapeutic benefit in keeping people in Crisis Care Units and safe cells, other than to prevent them from harming themselves. The built environment is generally harsh and distressing. People who are placed in these units are often isolated from the rest of the population and many of the supports and sense of community that they may have experienced in their usual accommodation units. Those placed in safe cells have their possessions taken away from them, their clothes are removed and replaced with a rip proof gown which provides little privacy, they are under regular monitoring, and often isolated for long periods alone in the cell.

Prisoners in safe cells and Crisis Care Units often have to use an intercom system to contact officers. The use of the intercom system raises challenges for prisoners who may be very unwell. Those who are psychotic may experience paranoia or auditory hallucinations about technology or use of the intercom.

Those with a cognitive impairment may struggle to recall the function of the intercom or be too disorganised to make use of it. The sense of not being able to call out for help may be frightening and may heighten the loneliness that isolation offers.

We see infrastructure inadequacies of crisis care units and safe cells in almost all our prison inspections. Best practice in how to manage and treat people with mental health issues has progressed and changed significantly in the years since much of the prison health infrastructure was designed and built. While it may be cost prohibitive to entirely replace the units, there are possibilities to address how they are presented and used, particularly when at risk prisoners are housed there for prolonged periods.

In saying all of this we are not critical of the staff, both clinical and custodial, who work in these areas as the vast majority do their best with the limited infrastructure and resources available to them. Most noteworthy is that the bulk of the supervision is done by custodial officers with limited, if any, relevant training for the task they are given.

Limited improvement in reducing the backlog of individual assessments

In 2020-2021 the recidivism rate in Western Australia was 35%. This means that more than one in three prisoners had returned to prison within two years of their release to serve a period of sentenced imprisonment.

A critical factor in addressing the recidivism rate is for the Department to provide treatment programs and other supports to prisoners to address their offending behaviours. First prisoners must have their individual needs assessed and identified. Once all these assessments are completed, an individual management plan is prepared for each prisoner so they can be allocated to suitable programs and supports.

We have been concerned about a backlog in these assessments and individual management plans for several years and have been closely tracking departmental data since January 2019. The overall backlog has decreased considerably since January 2019. However, there has not been any improvement over the last financial year. At the time of our last update from the Department in June 2021, the backlog had increased by one per cent compared to the previous year. More is needed if the goal is to eliminate the outstanding backlog.

Table 1: Comparison of overdue treatment assessments and individual management plans, as at July 2019, July 2020, and June 2021

	July 2019	July 2020	June 2021	Overall % difference (July 2019 - June 2021)	Annual % difference (July 2020 - June 2021)
Outstanding/overdue treatment assessments	710	368	343	-52%	-7%
Outstanding individual management plans	1,758	1,029	1,039	-41%	1%

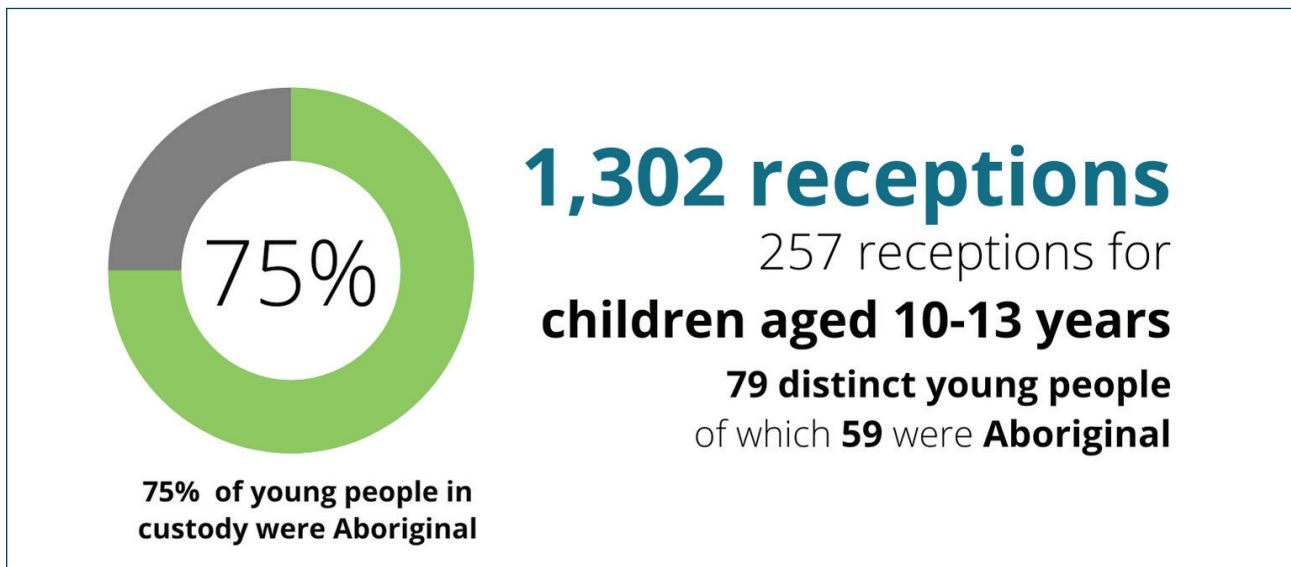
While the Department has invested extra resources in order to address this backlog, departmental advice indicates that progress continues to be impacted by staff absences due to unfilled planned and unplanned vacancies, training, and staff redeployments. For example, we were advised by the Department that in one month (June 2021) there were 1003.45 hours of lost production for assessments and individual management plans (DOJ, 2021).

As noted in our last Annual Report, our overall concern is that prisoners are not accessing the programs that they need to address their offending behaviours (OICS, 2020). At the time of writing, there are still more than 300 prisoners whose treatment needs have yet to be assessed. From an individual prisoner perspective, the inability to complete programs can affect their opportunities for parole and likelihood of a successful reintegration back into the community. At a system level, it can contribute to overcrowding, frustration and/

or discontent within prisons. It is also failing to address two key purposes the Department has set for itself, namely: reducing recidivism and enhancing community safety.

Following a period of stability, Banksia Hill is unsettled once again

The number of young people in custody at Banksia Hill remains consistently low, at roughly 50 per cent of its total capacity. Despite the low numbers, Banksia Hill remains a very complex centre to manage. Banksia Hill houses young people from all over Western Australia, male and female, including those newly arrested, placed on remand, or sentenced to detention. And until a final decision is made about whether the State raises the age of criminal responsibility, Banksia Hill will continue to look after children as young as 10 and as old as 18 years. Almost 20 per cent (257) of the 1,302 receptions to the centre last financial year were for children aged 10–14 years.



We inspected Banksia Hill Detention Centre in September 2020. At that time, and for the three years prior, the centre was experiencing its most settled period in several years. Our inspection found many factors which we hoped might allow Banksia Hill to progress and build on this stability. However, since the start of 2021, there has been an increasing number of staff absences for various reasons; there have been more critical incidents involving a small number of young people; and activities, such as education, have been restricted or modified.

These developments have been a cause for some concern. In June 2021 we conducted a series of structured liaison visits to assess the extent of the issues and to try to understand what the contributing causes may be. We found that the Department and Banksia Hill have been trying to address these issues, including increasing security and planned infrastructure upgrades. But like the time of our inspection in 2020, these visits reinforced our concern about the absence of a cohesive operational philosophy centred around trauma informed practice. This would ensure Banksia Hill has a consistent, unified approach from management and staff as well as creating a sense of certainty for the young people there. We acknowledge that the issues facing Banksia Hill are more complex than simply not having a coherent operational philosophy. But we believe this is one of the key first steps in reform. It could contribute to improved staff engagement, greater clarity of services being offered, clear expectations of young people, and a path forward for the centre.

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.

This year we continued to identify a lack of meaningful employment in some prisons, with many prisoners either unemployed or under-employed. Following several years of significant growth, the prisoner population has stabilised over the last two years. But employment opportunities have not kept pace with needs of the current prisoner population.

Prison industries in the main have not been expanded beyond essential areas such as kitchens, laundries, and bakeries. This often results in an increase in the number of unemployed or under-employed workers in prisons. The under-employed are often unit workers who have unskilled jobs requiring only an hour or two of work each day. Such 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. Although, many of these have been impacted by COVID-19 restrictions limiting employment activities, particularly those involving teams working in the community or prisoners undertaking approved external activities.

The lack of meaningful activity or structured employment is further compounded when staff absences occur across the custodial estate. 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. Throughout the year we found this was happening on a regular basis in most prisons.

In August 2020, hopes were raised when the working prisons initiative was announced. This arose out of the Government's market-led proposal initiative to encourage the private sector to look at ways of stimulating the economy.

The Department of Justice released a Prison Industry and Prisoner Employment Program Problem and Opportunity Statement with a closing date in September 2020. This specifically identified several areas that may present opportunities for the private sector to partner with Western Australia's prisons, work camps and prison farms. This was a worthwhile initiative that has the potential to give prison industries a boost and to increase the participation rate of prisoners in meaningful activities. Despite the early promise, we have not seen much by way of concrete progress being announced.

Mental health services for prisoners in crisis are inadequate

Mental health services for prisoners with acute needs or at high risk of self-harm, are generally inadequate, and often in crisis (see graph).

The Department categorises prisoners with mental health issues into four categories:

P1 - serious psychiatric condition requiring intensive and/or immediate care.

P2 - significant ongoing psychiatric condition requiring psychiatric treatment.

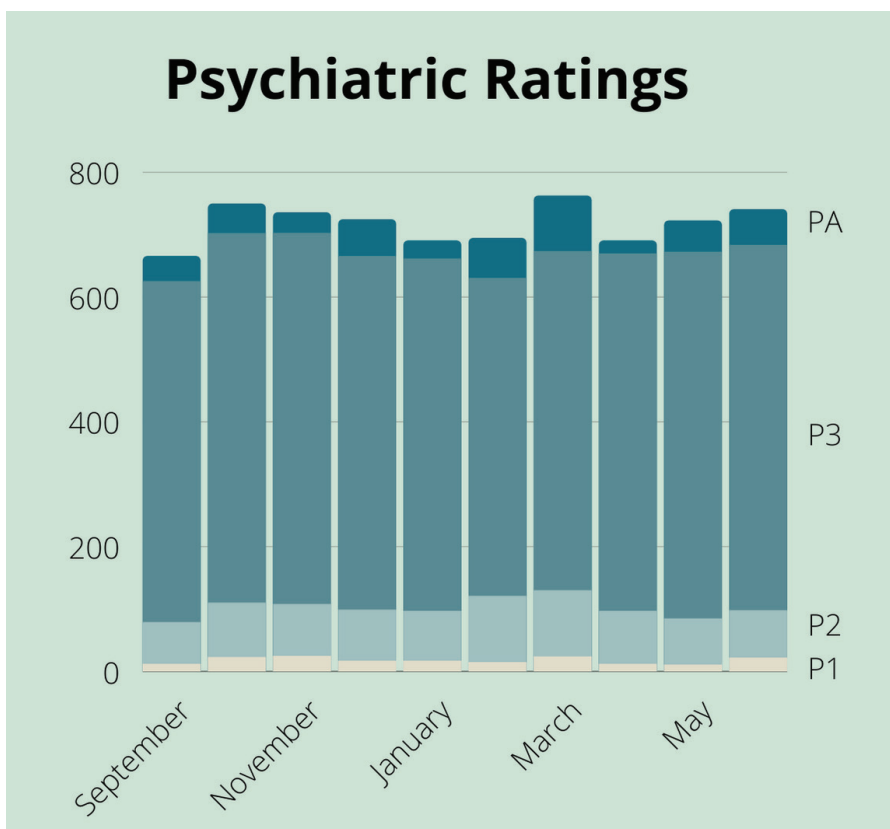
P3 - stable psychiatric condition requiring appointment or continuing treatment.

PA - suspected psychiatric condition requiring assessment

There are approximately 700 prisoners across the four categories at any one time in the prison system. If they were all put into one facility it would be the fourth largest prison in Western Australia. This number makes the Department of Justice responsible for the care and wellbeing of one of the largest cohorts of mental health patients in Western Australia.

In our inspection visits throughout the year we have seen first-hand the operation of prison mental health services, including crisis care, safe cells, and the Prisoner Risk Assessment Group (PRAG) processes. We have also seen and heard about the unrelenting pressure on custodial, primary health, mental health, and welfare staff trying to keep prisoners safe.

We have also seen prisoners, several of whom were described by our consultant experts as being “floridly psychotic”, housed in safe cells that are not at all therapeutic. Our experts told us that this is a situation that would never be allowed in the community where such people would either be hospitalised or put on involuntary treatment orders.



Few prisoners get to the state’s only forensic mental health facility, the Frankland Centre, due to a lack of beds. Of the 30 beds in the Frankland Centre, only around 10 are available for prisoners at any one time, which is simply not enough given the level of demand. Many prisoners who are referred to the Frankland Centre under the *Mental Health Act 2014* simply do not get a bed there and the referral forms lapse. Despite their best efforts, prison staff often have little capacity or resources for anything beyond acute crisis counselling and keeping prisoners safe from immediate harm.

Most prison staff do an amazing job trying to keep prisoners safe and it must take an enormous personal toll on them each day. Custodial staff are not adequately trained, clinical staff are under pressure, and we are told that the clinical treatment options by way of enforced medication to stabilise patients are not the same as in the hospital environment.

Some relief has been provided by the Department of Justice to ease the management of prisoners with significant mental health issues. In Bandyup Women’s Prison, Unit 1 A Wing has been repurposed as the 29-bed Bindi Bindi Mental Health Unit. Unit 1 is part of the original prison built in the 1970s and the cells are small and lack facilities. But they have done a reasonable job with the refurbishment. We understand that a therapeutic based model of care will be applied to prisoners in this unit. Further, a 34-bed mental health unit is scheduled to open for men in Casuarina prison in 2024. These are positive steps, but they are not meant to, nor should they, replace the need for hospitalisation of prisoners who are acutely unwell.

We have serious ongoing concerns about the state of acute mental health care for prisoners. We have continued this year to engage with key stakeholders with a view to influencing some form of immediate temporary solution until a longer-term system level solution can be identified, funded, and constructed. We will continue to pursue these discussions with heads of health, mental health and justice agencies to identify issues and maintain a focus on strategies to address the problem.

Following the success of the rehabilitation program for women at Wandoo, the Mallee Rehabilitation Unit for men has recently opened.

We conducted our first inspection of the Wandoo Rehabilitation Prison for women in November 2019 and our report was tabled in July 2020. Wandoo became a dedicated drug and alcohol rehabilitation prison for women in May 2018 and we found that the therapeutic community model had been successfully adapted into a prison environment. The program takes a minimum of 28 weeks and residents must progress through and pass all stages to successfully complete it. To date, in excess of 270 women have graduated and the return to prison rate is only around three per cent. This is a strong indicator that the program is proving to be a success and these opportunities must be maximised.

The Mallee Rehabilitation Unit in Casuarina Prison is an alcohol and drug rehabilitation facility for men that was officially opened on 1 October 2020. The program for men is slightly different to that for women, with a different service provider offering a therapeutic program located within a maximum-security prison. The first group of 26 men graduated on 30 June 2021. A full evaluation of the outcomes that the unit achieves will only be possible over time, but we hope that outcomes like those seen at Wandoo can be achieved at Mallee.

Access to appropriate technology is an ongoing challenge

Access to technology for staff and prisoners is a key emerging theme evident in prisons. This year during our inspections, we continue to find many areas that would benefit from improvements in technology.

Many administrative processes in prisons are manual and labour intensive, such as human resource transactions and staff rostering. These transactional processes are essential for the effective operations of the prison, but they are often inefficient and consume time and resources that could be better used elsewhere.

Following the initial onset of the COVID-19 pandemic, the Department stopped social visits to prisons and rolled out or expanded e-visit technology in every prison across the state. This positive initiative, one that we have advocated for over many years, means prisoners are able to stay in contact with family and friends.

This year we have also seen some prisons introduce an electronic funds transfer system that allows family and friends to deposit funds into a prisoner's account. This is a significant improvement on the former process where funds could only be deposited through a money order, which are expensive to purchase, or by a person physically attending the prison, which is not always convenient or possible. There are some logistical issues to be resolved, such as the person depositing the money must be an approved visitor and the difficulties faced by foreign nationals and people in remote communities, but solutions are being worked on to address these issues.

While these initiatives are positive examples, we continue to see during our inspections system level opportunities for technological innovation.

Many prison officers at Acacia Prison, Western Australia's only privately-run prison, routinely wear body cameras which is an aid to the safety and security of the prison, but we are yet to see this initiative rolled out in public prisons.

Acacia Prison also has a Custody Management System which is a self-service kiosk that allows prisoners to access a range of personal information, including checking their details, account balances and information about booked visits, activities and appointments.

Similar technology has not been introduced into public prisons. In fact, it was removed from Melaleuca when it transitioned back from private operation to public management. This means prisoners are often reliant on busy unit officers, or must submit manual request forms, to get access to the information they require.

There are opportunities to use scanning technology to prohibit the entry and/or transfer of contraband in prisons. This would have the additional benefit of reducing the number of strip searches required. We understand that there was an initiative sometime last year to purchase this type of technology, but nothing appears to have come from it.

We are also aware of jurisdictions which allow families to email prisoners. The advantages of this is that it greatly reduces the amount of physical mail coming into the prison, allows photographs to be attached, and limits the opportunity for entry of contraband.

During our inspections we have also noted that prisoner access to computers is restricted. Often the computers are old, broken down, or the prisoners simply cannot access them. Other than in structured education classes, prisoners are unable to do anything on-line. Even in education, they are totally reliant on staff for access to educational and research resources, which is inefficient. Further, prisoners cannot get access to portals such as "myGov" prior to release.

In a world where digital literacy is becoming increasingly important, it is incumbent on the Department to ensure prisoners on release can safely navigate their way through an increasingly complex digital world.

OICS Pressures

Budget constraints impacted services

Most public sector agencies are facing difficult resource challenges and we are no different. This year we have tried to maintain the extent of our work coverage within our allocated resources, but this has been difficult.

We continue to meet our statutory inspection mandate and, following the budget repair measures we took last year, we have been able to fully staff the review function. This year we have published two review reports as well as a Revised Code of Inspection Standards for Adult Custodial Services. We have also been able to increase the number of liaison visits which has had a positive impact on our key performance indicators.

Slow progress on OPCAT implementation

In July 2019 we were nominated as one of two National Preventative Mechanism (NPM) bodies for Western Australia as part of the implementation of the United Nations *Optional Protocol to the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment* (OPCAT).

The terms of the agreement to ratify *OPCAT* require that the program commence operation by 20 January 2022.

Despite the looming deadline, by April 2021 only Western Australia, the Northern Territory and the Commonwealth had nominated NPM bodies. The delay in achieving national consensus and agreement has stalled further meaningful steps towards implementing the protocol.

We have continued discussions and engagement with the Commonwealth Ombudsman, the nominated National Coordinating body, and Western Australia's other NPM body, the Western Australian Ombudsman. Discussions have also been held with both the Federal Attorney General's Department and the Western Australian Department of Justice, as the lead agencies responsible for negotiations and preparing implementation legislation.

Without national agreement around implementation, it has not been possible for us to commit resources to developing important processes and structures around how we will undertake this new work. This includes: the development of legislation to expand our jurisdiction to cover inspection of police lockups; the development of appropriate inspection standards and protocols; preparing reporting frameworks and templates;

identification of resource needs; and the development of consultation networks with civil society groups that should have input into *OPCAT* activities.

While we have a well-developed and respected history of undertaking inspections of prisons, detention centres, court custody centres, and prescribed lockups, the new *OPCAT* jurisdiction involving these services will most likely require us to undertake some changes to our existing methodology, reporting, and networking.

The delay in national agreement around the implementation of *OPCAT* has meant we have not been able to make much progress this year.

9. ACHIEVEMENTS IN 2020-21

8 REPORTS RELEASED 2020-2021

Wandoo Rehabilitation Prison
Bandyup Women's Prison
Eastern Goldfields Regional Prison
West Kimberley Regional Prison
Bunbury Regional Prison
Banksia Hill Detention Centre
Older Prisoners
Use of force against prisoners in Western Australia

RECOMMENDATIONS MADE

91

79 SUPPORTED / SUPPORTED IN PRINCIPLE

Revised code of inspection standards

This year we completed a significant body of work to revise our Code of Inspection Standards for Adult Custodial Services which were originally published in 2007 and our Standards for Aboriginal Prisoners which were published in 2008.

The Revised Code of Inspection Standards for Adult Custodial Services was published in December 2020 and combines the two previous standards into one document. They were developed using relevant international treaties, covenants, and the Revised Standard Guidelines for Corrections in Australia. They drew on various other instruments, community standards, best practice research, and our own experience conducting inspections since 2001.

The revised standards also include specific standards for: female prisoners; transgender, gender diverse, and intersex prisoners; older prisoners; and prisoners with disability.

Our inspection standards

The main areas in which we operate when conducting our inspections

WE LOOK AT...

1 EARLY DAYS IN CUSTODY

- Prisoners know their rights and responsibilities.
- Prisoners feel safe coming into custody. They are treated with respect and their immediate needs are met.

2 DUTY OF CARE

- Prisoners are not discriminated against.
- Every person in a prison feels safe, supported, can complain and seek redress if they want to.
- Staff are culturally competent.

3 MANAGING BEHAVIOUR

- Behaviour management is open, efficient, fair, and proportionate.
- The relationship between staff and prisoners is respectful. It encourages pro-social behaviour and responsibility for one's own actions.

4 DAILY LIFE

- Prison life is purposeful and sufficiently flexible to account for the diversity of the prisoners.
- Prisoners are encouraged to maintain and develop relationships with family and friends.

5 HEALTH

- Prisoners are supported and encouraged to optimise their health and wellbeing.
- Health care meets the needs of prisoners in an environment that promotes dignity and maintains privacy.

6 SECURITY

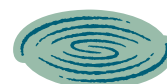
- An effective, ethical, and balanced approach ensures the security of the prison and the prisoners.
- Security measures align with risk.

7 REHABILITATION AND REPARATION

- Programs and services are evidence based.
- Education, employment, and programs are relevant to individual prisoner's needs and increase the likelihood of successful reintegration.
- Prisoners are held under the least restrictive regime and managed as per their individually assessed needs and risks.

8 GOVERNANCE

- The prison is led by a comprehensive strategic plan, and accountable and transparent systems.
- Staff are skilled, empowered, and present in sufficient numbers to ensure prisoners are managed safely.



www.oics.wa.gov.au

OFFICE OF THE INSPECTOR
OF CUSTODIAL SERVICES

20-Year Anniversary

The Office of the Inspector of Custodial Services celebrated its 20-Year Anniversary in 2020. We were the first inspectorate of prisons and custodial facilities to be established in Australia and have operated as an independent statutory inspectorate continuously since 2000. The Office is about to commence the 8th round of inspections of custodial facilities and over the past 20 years has published 135 Inspection Reports and over 40 Review Reports.

We celebrated the event with an afternoon tea in December 2020 with many current and former staff and independent visitors joining with other key stakeholders to mark the occasion. We welcomed the two former Inspectors, Professor Richard Harding, and Professor Neil Morgan, and the then Minister for Corrective Services, Hon Fran Logan MLA, each of whom spoke of the importance of the work of the Office and achievements over the past 20 years.



Photo 2: OICS 20th anniversary celebrations, with Inspector Eamon Ryan (top), and former Inspectors Neil Morgan (middle) and Richard Harding (bottom)

Reviews

We tabled two reviews this year examining the Department's planning and management of the aging prisoner population, and its internal oversight of use of force incidences in prisons.

We also commenced four new reviews, which are expected to be tabled in 2021-2022, looking at prisoner access to dental care services, smoking in prisons, protection prisoners, and supports available to perpetrators and survivors of family and domestic violence.

Older prisoners review

This review formed part of our Snapshot Series and allowed us to highlight the challenges of managing older people in custody in an environment that is primarily geared towards able-bodied younger people. It also complemented our *Revised Inspection Standards for Adult Prisoners in Western Australia* which created eight new standards specific to the age-related needs of older prisoners.

Prisoner populations nationally and internationally are aging, and Western Australia is no exception. Older prisoners can offer a stabilising influence within a prison setting, but they can also compound resource challenges. They are more likely to have poorer physical and mental health and require higher levels of support compared to the wider prisoner population. Older prisoners may also have different needs in terms of daily regime, in-prison support services, infrastructure, and transition from prison requirements.

The Department of Justice has some positive plans to address the increasing number of older male prisoners in Western Australia. These plans include new infrastructure at Casuarina Prison that is expected to be completed in mid-2023. It is anticipated that the new accommodation will meet the needs of older male prisoners requiring the highest level of care, equivalent to aged care accommodation in the community.

However, this review called for a strategic framework or specific policy for the management and treatment of older prisoners to drive these positive plans. Particularly, as not all older prisoners will require the highest level of care and because there has also been a limited focus on the needs of older women in custody.

Use of force review

Using force is sometimes necessary in prisons. But it is a major area of risk for both prisoners and staff given the possibility of physical injury and psychological trauma when force is used. Unreasonable or inappropriate use of force also brings legal and reputational risks. It is critical then that prison staff know what force is and when it can be lawfully used.

In May 2020, the Department of Justice introduced a new policy governing use of force which clarified some elements that had previously caused confusion. However, this review found the new policy was yet to be fully understood and implemented by staff, and that training was needed to ensure new practices and processes could be embedded in day to day operations. The Department has established a sound internal oversight mechanism to help build better practice through post-incident review and learning.

The review also found that some prisoner cohorts, particularly those who were more vulnerable or minorities, were more likely to be involved in use of force incidences. This included prisoners with cognitive impairments, prisoners who self-harm, Aboriginal prisoners, and people on remand. In contrast, female prisoners were less likely to be involved.

This review followed on from the report we published in June 2020 examining the routine restraint of prisoners. The Department has implemented some positive changes to reporting and recording in response to our recommendations in that report. However, it was clear when conducting this review, that those changes were not yet observable in recorded data. Consequently, there was some objection from the Department about the interpretation of the data we used when forming our reported findings regarding the frequency of force incidences.

Inspections

Completed inspections

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

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

We tabled six inspection reports.

Report 130: Inspection of Wandoo Rehabilitation Prison

In August 2017, the WA government announced that Wandoo Reintegration Facility, which was operated privately by Serco, would come back into public operation. It was to be converted to a dedicated drug and alcohol rehabilitation prison for women. Not-for-profit agency, Cyrenian House, was awarded the contract to provide the therapeutic drug and alcohol services at Wandoo.

The prison transitioned back to government operation in May 2018, and on 24 July 2018 the first residents arrived.

This was our first inspection of Wandoo as a dedicated rehabilitation facility and Therapeutic Community (TC). We were impressed with their achievements to date, and the commitment to implementing an effective TC model.

Within the drug free environment provided by a secure custodial facility, Cyrenian House clinicians produced the kinds of interactions that drive a TC. The TC helped residents develop tools for better communication and self-regulation. Residents we spoke to talked about their hopes and dreams for their future, with many saying this was the first time in their lives that they saw themselves with a future.

Report 131: Inspection of Bandyup Women's Prison

In January 2020, Bandyup celebrated its 50th anniversary. This inspection was conducted in May/June 2020 when WA was emerging from the COVID-19 lockdown period. It required a different approach, one that minimised casual contact with staff and prisoners in the facility.

Almost all prisoner accommodation was crowded, with rooms designed for single occupation being doubled-up. Many other facilities were too small for the population size, such as the visits centre, or no longer fit for purpose, such as reception and the medical centres. An assortment of demountable buildings and sea-containers substituted for other infrastructure needs.

Leadership had stabilised and improved at all levels. The Department recently created a separate Women and Young People Division under the leadership of an experienced Deputy Commissioner. A new substantive Superintendent had been appointed and there was stability in most of the leadership team.

Health services at Bandyup have been the subject of much scrutiny in recent OICS reports. This inspection again highlighted issues of concern around health services, including ongoing conflict between primary health and mental health staff. This was adversely affecting services provided to women, especially with access to mental health.

Positively, we found over 80 per cent of staff had undertaken training in trauma informed practice and 75 per cent of staff had undertaken the Department's working with women training.

Report 132: Inspection of Eastern Goldfields Regional Prison

This was the sixth Inspection of the Eastern Goldfields Regional Prison ('Eastern Goldfields'), but the second since the commissioning of the new facility in 2016.

Five years since opening, the prison remained under-used and not at capacity. Enhanced accommodation options, Unit 3 and Unit 5, were both empty and there was no foreseeable date for them to reopen.

Difficulties in recruiting and retaining staff across many employment groups was a major issue which impacted on almost every aspect of prison operations. And staff dysfunction among certain groups was impacting on other staff and prisoners as it caused inconsistency in practice.

The crisis care unit was a cold, sterile and non-therapeutic environment which was the opposite of what was usually needed for the most vulnerable prisoners.

During the inspection the prisoner phone system was not working well and was a constant source of complaint and frustration from the prisoners.

There were noticeable improvements to services and support for the women prisoners, but access to programs was still problematic. Most of the management and staff were supportive of having women at EGRP. Unfortunately, there was a small pocket of staff who were less supportive. We made recommendations to ensure all staff were appropriately trained and followed the relevant plans and policies for working with women.

Report 133: Inspection of West Kimberley Regional Prison

Our third inspection of West Kimberley Regional Prison (WGRP) was scheduled to occur between 28 March and 2 April 2020, but in mid-March 2020 the WA government declared a state of emergency in response to the COVID-19 pandemic.

To avoid the risk of COVID-19 transmission into the prison, the inspection proceeded but was conducted remotely. Interviews with individual staff were by telephone. We 'met' with two groups of prisoners using video-conferencing. We also relied on information from monitoring visits conducted regularly during the past three years.

WGRP opened in November 2012. Its operating philosophy was centred on five principles designed to promote and facilitate Aboriginal wellness. Its unique infrastructure reflected those principles. We had been concerned that the philosophy had eroded with increased prisoner population. However, we were encouraged by what we were told about steps being taken to return to that original operating philosophy.

A higher proportion of Kimberley Aboriginal prisoners were now accommodated locally, developing their independent living skills and self-determination. Also, Aboriginal staff numbers had increased from 12 to 16, four of whom were local Aboriginal women. That effort needs sustained local focus and system level resourcing and support.

Women make up a small but very important part of the prison population. At a system level, many women in regional prisons are overlooked for services and marginalised due to their low numbers. The women at WGRP were no different. We found female prisoners had limited opportunities for work, education, recreation and programs.

Report 134: Inspection of Bunbury Regional Prison

Since our last inspection three years ago Bunbury has successfully navigated a significant period of change and disruption. This included the construction of a 160-bed accommodation unit within the secure perimeter, which was managed without incident.

The expansion project also included major kitchen refurbishments, the installation of a dining facility in Unit 2, two new classrooms in the education centre, and the re-opening of a previously mothballed minimum-security unit (Unit 5) to accommodate 37 prisoners. We thought this expansion project was managed exceptionally well by the stable and experienced leadership team at the prison.

The population had also increased significantly. When we inspected Bunbury in July 2020 there were 478 prisoners living there.

We found that conditions and services for Aboriginal prisoners could be better. Aboriginal prisoners were not proportionately represented in the most desirable employment, accommodation, gratuity levels and privileged regimes. We suggested that Bunbury do some work on understanding the drivers behind this issue. We also thought that life for foreign national and long-term prisoners at Bunbury could be improved.

Report 135: Banksia Hill Detention Centre

This, our sixth, announced inspection of Banksia Hill was undertaken in September 2020. We are required by the *Inspector of Custodial Services Act 2003 (WA)* to report on each custodial facility every three years, but we have reported on Banksia Hill far more frequently, producing seven reports in the six years between 2012 and 2018. This reflected the elevated risk level of the centre over that period.

The three years prior to this inspection, however, had been one of the most settled periods in the recent history of Banksia Hill. We noted several factors that we hoped might allow Banksia Hill to progress and build on this stability.

One of the more critical factors was the Centre's very low population. At the time of our inspection it held only 77 detainees, well below the maximum capacity of 215. This reduced workload pressure and eased tensions. For the first time in recent years, Banksia Hill had a stable substantively appointed leadership team, supported by an experienced substantively appointed Deputy Commissioner for Women and Young People.

Many areas of the centre were taking advantage of these opportunities. We saw noticeable improvements in health services, education, welfare, recreation, case planning and re-entry services.

There remained a level of dissatisfaction within the custodial staffing group, centred mainly around disagreements over staffing levels. However, everyone showed a fundamental commitment to achieving positive outcomes for young people in custody, they just had different views about how to get there.

Our report identified that the development of an operational philosophy for Banksia Hill would be key to ensuring a consistent and unified approach. Like any change process, sustainable improvement and success will be dependent on the engagement and involvement of all staff groups to ensure buy-in to the new strategic direction and philosophy.

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 2021-2022 are:

- CSCS (November 2020 to April 2021)
- Hakea Prison (July 2021)
- Greenough Regional Prison (September 2021)

-
- Acacia Prison (November 2021)
 - Pardelup Prison Farm (February 2022)
 - Karnet Prison Farm (April 2022)
 - Roebourne Regional Prison (May 2022).

10. COLLABORATION AND RELATIONSHIPS

Parliament

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

We welcome these opportunities to provide 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 statutory 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.

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 2020-2021, 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.

PART TWO

SOURCE REFERENCE

FMA s 61 HON BILL JOHNSTON, 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 2021.

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 September 2021

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OPERATIONAL STRUCTURE

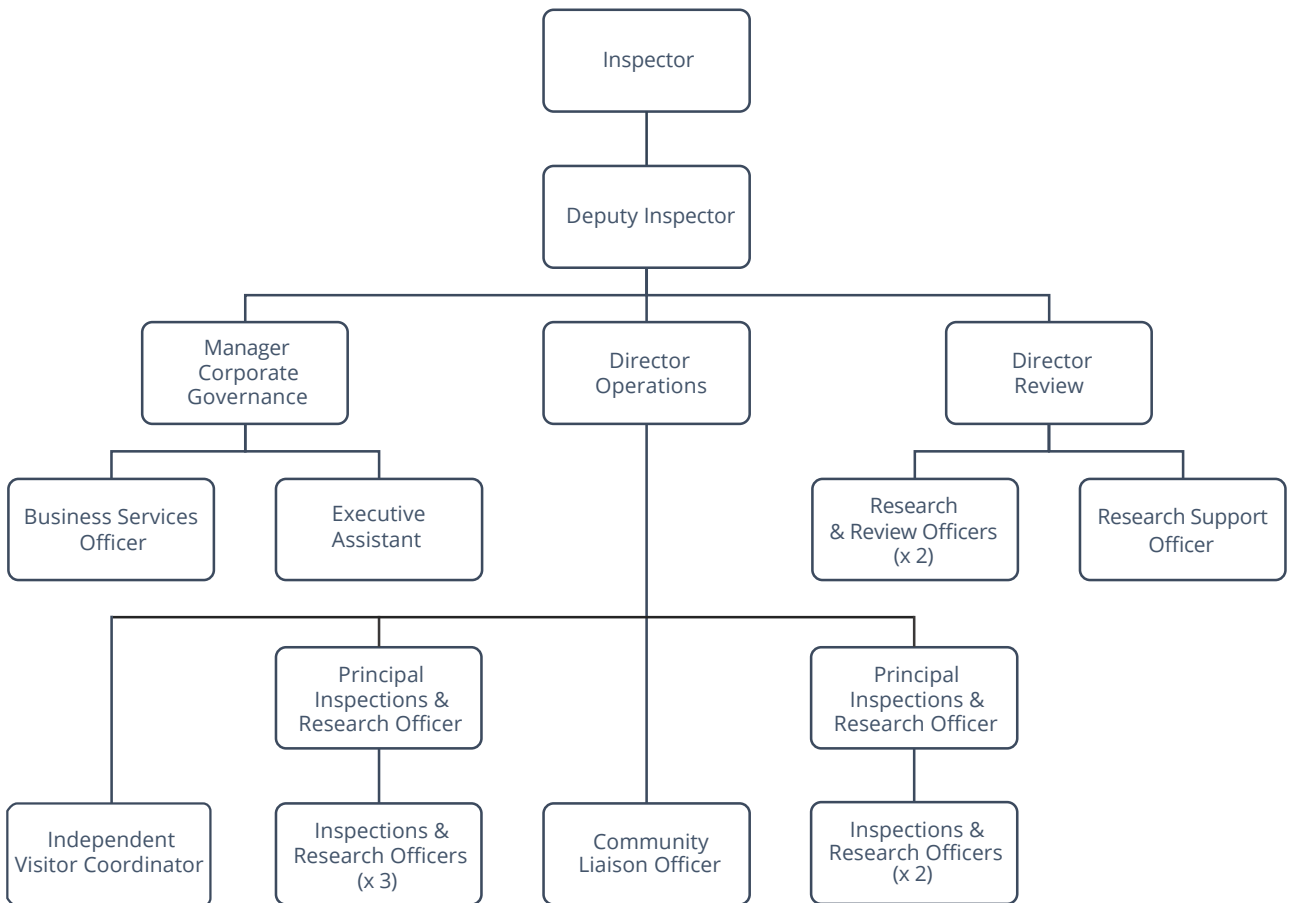
Enabling legislation

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

Responsible Minister

The Hon Bill Johnston, MLA, Minister for Corrective Services.

Organisational chart



Senior officers

Inspector: Eamon Ryan

Mr Eamon Ryan was appointed as Inspector of Custodial Services on 4 May 2019, taking over from Mr 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, Mr Ferguson was Director Human Resources at the Department of Justice. Prior to that, he held the position of 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*¹ 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:

Constitution Act 1889

Constitution Acts Amendment Act 1899

Corruption, Crime and Misconduct Act 2003

Court Security and Custodial Services Act 1999

Disability Services Act 1993

Equal Opportunity Act 1984

Electronic Transactions Act 2011

Evidence Act 1906

Financial Management Act 2006

Fines, Penalties and Infringement Notices Enforcement Act 1994

Industrial Relations Act 1979

Interpretation Act 1984

Legal Deposit Act 2012

Occupational Safety and Health Act 1984

Parliamentary Commissioner Act 1971

Prisons Act 1981

Procurement Act 2020

Public Interest Disclosure Act 2003

1. Schedule 2 – Exempt Agencies.

Public Sector Management Act 1994

State Supply Commission Act 1991

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 2006* and every other relevant written law. We have exercised controls which provide reasonable assurance that the receipt and expenditure of money and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, the Office is not aware of any circumstances that would render the details 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 2020/21.

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

	2020-21 Target (000's)	2020-21 Actual (000's)	2020-21 Variation (000's)
Key Effectiveness Indicator			
The extent to which the Department of Justice and, where relevant, other agencies accept recommendations contained in reports.	80%	87%	+7%
Key Efficiency Indicators			
Average cost per report	\$245	\$341	+\$96
Average cost per Independent Visitors' Service report	\$2.0	\$3.0	+\$1
Average cost per liaison visit report	\$10	\$8.4	-\$1.6

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 2021.



Eamon Ryan

28 September 2021

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 outcomes, services and key performance information, which in turn, are linked to the Government's goal of Safe, Strong and Fair 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.

MEASURING PERFORMANCE

Government Goal

Safe, Strong and Fair Communities: developing healthy and resilient communities.

Desired Outcome

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

Service

Inspection and review of custodial services.

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.

1.0 KEY EFFECTIVENESS INDICATORS

1.1 The number of recommendations made

1.2 The percentage of recommendations accepted

Key Effectiveness Indicator	1.1 Number of recommendations made		1.2 Percentage of recommendations accepted	
	Target	Actual	Target	Actual
2016-17	150	96	80%	89%
2017-18	150	164	80%	90%
2018-19	150	102	80%	80%
2019-20	100	57	80%	77%
2020-21	100	91	80%	87%

1.1 Number of recommendations made

This KPI represents the number of recommendations made in inspection and review reports tabled during the year. The number of recommendations this year is below our target. The number of recommendations generated 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. 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 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 this year's target.

1.2 Percentage of recommendations accepted

This KPI measures the extent to which the Department of Justice (the Department) and other agencies accept recommendations contained in reports that were tabled during the year. The acceptance of the recommendations indicate that efforts have been made by the Department in considering our recommendations and how they will be implemented. Overall, 87 per cent were accepted. This is a high acceptance rate, and shows that a mutually beneficial relationship exists between the two agencies. This ultimately relates to our Mission in that it contributes towards an effective inspection process.

Only 12 of the 91 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.

2.0 KEY EFFICIENCY INDICATORS

2.1 Average cost per report

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 delays in the recruitment of a full complement of staff in the Review Team for the initial part of the financial year, the Review Team was only able to produce two reports this year. 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 and also due to an increase in expenditure.

Key Efficiency Indicators	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Target 2020/21
Reports	11	10	8	8	9
2.1 Average cost per Report ¹ (\$)	205,137	301,277	323,414	341,243	245,000
Liaison visits	98	70	63	64	60
2.2 Average cost per liaison visit (\$)	10,599	10,026	8,706	8,437	10,000
Independent visitors' service report	135	125	99	97	150
2.3 Average cost per independent visitors' service report (\$)	2,693	1,984	2,453	2,986	2,000

1. 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.

2.2 Average cost per liaison visit

The target for liaison visits is 60 and 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.

2.3 Average cost per independent visitor's service report

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 due to fewer reports being produced because of COVID-19 restrictions impacting entry to custodial facilities. 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

	2020-21	2019-20
Full-time permanent	12	12
Full-time contract	0	0
Part-time measured on an FTE basis	3.2	2.6
Part-time contract	1.2	1.1
	16.4	15.7

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 Writing Plain English, SQL Dynamic Web training and MS Word Advanced. 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.

OTHER LEGAL REQUIREMENTS

Source reference

*Public Sector
Management Act
sec 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
Number of breaches found, including details of multiple breaches per application:	0
Number still under review	0



Eamon Ryan
Inspector of Custodial Services

28 September 2021

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
TOTAL EXPENDITURE	\$0

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 *Disabilities Services Act 1993*, a progress report was 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 on 6 August 2025.

The Office has conducted a review of available records management training programs and we have selected a tailor-made on-line records management training package. We have customised the content of the course to link it to our Recordkeeping Plan, the Records Procedure Manual and staff responsibilities including the procedures for forwarding records for filing and capturing correspondence details.

All existing and new employees will receive this on-line training in November 2021. This course is intended to provide a refresher to those who have received similar training in the past and to inform new employees of how our records management system operates at the time of their induction.

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. Our revised Risk Management Plan includes dealing with 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. We also changed the way we worked by facilitating working from home arrangements and we also 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 judgment and following safe practices in the Office and while 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. Further, our staff always work in pairs when in a custodial facility.

Members of the Senior Management Team have attended Occupational Safety and Health training and occupational safety and welfare is a standing agenda item for Senior Management Team meetings.

During the year, the Office has developed a leadership commitment to a safe and healthy workplace in line with the Government's vision for the sector. The Office also participated in the inter-agency Community of Practice for Work Health, Safety and Injury Management in the Public Sector which encourages agencies to work together by sharing their vision for workplace health, safety and injury management.

Annual performance

Measures	Results 2018-19	Results 2019-20	Results 2020-21	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	80	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. We are committed to limiting our carbon footprint and have exercised the following measures:

- using recycled paper for photocopying and printing;
- reducing our vehicle fleet from three to two;
- using recycled printer and toner cartridges;
- using sensor lighting in all work areas including meeting rooms;
- sending supplier remittance advices by email instead of by post;
- using an on-line paperless timesheet system; and
- receiving electronic bank statements and direct deposit advices.
- Using an on-line paperless expense management system which uses scanned receipts only.

Compliance with Public Sector Standards and ethical codes

The risk of corruption and misconduct has been considered and included in our 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.

PART THREE

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

Certification of Financial Statements for the Reporting Period ended 30 June 2021

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 2021 and the financial position as at 30 June 2021.

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
Chief Finance Officer



E Ryan
Accountable Authority

PART THREE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The Office has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2021 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 OPINION 2021

Office of the Inspector of Custodial Services

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Office of the Inspector of Custodial Services (Office) which comprise:

- the Statement of Financial Position at 30 June 2021, and 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
- Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

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 for the year ended 30 June 2021 and the financial position at the end of that period
- 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 responsibilities 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Responsibilities of the Inspector of Custodial Services for the financial statements

The Inspector of Custodial Services is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it 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
- 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 responsibilities 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised at the Office of the Inspector of Custodial Services. The controls exercised by the Office are those policies and procedures implemented 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 made 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 2021.

The Inspector of Custodial Service's 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 involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an 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 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.

Report on the audit of 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 2021. 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 2021.

The Inspector of Custodial Service's responsibilities 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 responsibilities

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.

Other information

The Inspector of Custodial Services is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2021 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, controls 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, controls or key performance indicators. If users of the financial statements, controls 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, controls and key performance indicators.



Grant Robinson
Acting Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
28 September 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Cost of Services			
Expenses			
Employee benefits expenses	2.1	2,373,198	2,239,122
Supplies and services	2.2	821,988	776,413
Depreciation and impairment expense		8,720	9,782
Accommodation expenses	2.2	312,318	319,228
Finance	6.3	422	683
Other expenses	2.2	47,982	38,412
Total Cost of Services		3,564,628	3,383,640
Income			
<i>Revenue</i>			
Other revenue	3.2	5,037	7,017
Total Income		5,037	7,017
NET COST OF SERVICES		3,559,591	3,376,623
Income from State Government			
Service appropriation	3.1	3,522,000	3,514,000
Resources received	3.1	90,348	91,251
Total Income from State Government		3,612,348	3,605,251
SURPLUS FOR THE PERIOD		52,757	228,628
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		52,757	228,628

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS	Notes	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	6.4	452,243	369,264
Receivables	5.1	34,602	28,268
Other current assets	5.3	27,392	27,246
Total Current Assets		514,237	424,778
Non-Current Assets			
Restricted cash and cash equivalents	6.4	22,000	22,000
Amounts receivable for services	5.2	641,000	397,000
Right-of-use assets	4.1	14,410	23,130
Total Non-Current Assets		677,410	442,130
TOTAL ASSETS		1,191,647	866,908
LIABILITIES			
Current Liabilities			
Payables	5.4	142,791	155,188
Employee related provisions	2.1(b)	569,208	511,177
Lease liabilities	6.1	7,761	8,663
Total Current Liabilities		719,760	675,028
Non-Current Liabilities			
Employee related provisions	2.1(b)	72,379	64,296
Lease liabilities	6.1	6,903	14,736
Total Non-Current Liabilities		79,282	79,032
TOTAL LIABILITIES		799,042	754,060
NET ASSETS		392,605	112,848
EQUITY			
Contributed equity	8.5	728,000	501,000
Accumulated deficit	8.5	(335,395)	(388,152)
TOTAL EQUITY		392,605	112,848

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 2021

	Notes	Contributed Equity \$	Accumulated Surplus/(Deficit) \$	Total Equity/ (Deficit) \$
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	8.5	227,000	-	227,000
Total		227,000	-	227,000
Balance at 30 June 2020		501,000	(388,152)	112,848
Balance at 1 July 2020		501,000	(388,152)	112,848
Surplus		-	52,757	52,757
Total comprehensive income for the period		-	52,757	52,757
Transactions with owners in their capacity as owners:				
- Capital contributions	8.5	227,000	-	227,000
Total		227,000	-	227,000
Balance at 30 June 2021		728,000	(335,395)	392,605

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 2021

	Notes	2021 \$	2020 \$
Cash Flows From State Government			
Service appropriations		3,278,000	3,272,000
Capital contributions		227,000	227,000
Net cash provided by State Government		3,505,000	3,499,000
Utilised as follows:			
Cash Flows From Operating Activities			
Payments			
Employee benefits		(2,287,925)	(2,295,514)
Supplies and services		(729,983)	(739,161)
Accommodation		(342,435)	(290,365)
Finance costs		(422)	(683)
Other payments		(47,983)	(38,412)
GST payments on purchases		(114,973)	(102,842)
Receipts			
GST receipts on sales		679	473
GST receipts from taxation authority		104,459	105,757
Other receipts		5,297	7,673
Net cash used in operating activities		(3,413,286)	(3,353,074)
Cash Flows From Financing Activities			
Payments			
Principal elements of lease payments		(8,735)	(8,451)
Net cash used in financing activities		(8,735)	(8,451)
Net decrease in cash and cash equivalents		82,979	137,475
Cash and cash equivalents at the beginning of the period		391,264	253,789
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.4	474,243	391,264

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

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2021

	2021 Budget Estimate \$	2021 Supplementary Funding \$	2021 Revised Budget \$	2021 Actual \$	2021 Variance \$
Delivery of Services					
Item 107 net amount appropriated to deliver services	3,275,000	-	3,275,000	3,275,000	-
Amount Authorised by Other Statutes					
<i>Salaries and Allowances Act 1975</i>	247,000	-	247,000	247,000	-
Total Appropriations Provided to Deliver Services	3,522,000	-	3,522,000	3,522,000	-
Capital					
<i>Item 158 capital appropriations</i>	227,000	-	227,000	227,000	-
GRAND TOTAL	3,749,000	-	3,749,000	3,749,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 September 2021.

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 (TIs).
- 3) Australian Accounting Standards (AASs) - Reduced Disclosure Requirements.
- 4) Where appropriate, those AAS paragraphs applicable to not for profit entities have been applied.

The FMA and the TIs take precedence over AASs. Several AASs are modified by the TIs to vary application, disclosure format and wording. Where a modification is required, and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

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/or 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 restructure of administrative arrangements, to be designated 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 T1 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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	2021 \$	2020 \$
Employee benefits expenses	2.1(a)	2,373,198	2,239,122
Employee related provisions	2.1(b)	641,587	575,473
Other expenditure	2.2	1,182,288	1,134,053

2.1 (a) Employee benefits expenses

Employee benefits	2,143,982	2,014,605
Superannuation – defined contribution plans	203,155	195,103
Other related expenses	26,061	29,414
Total employee benefits expenses	2,373,198	2,239,122
Add:		
– AASB 16 Non-monetary benefits	8,921	9,403
Less:		
– Employee contributions	(4,727)	(5,200)
Net employee benefits	2,377,392	2,243,325

Employee benefits

Include wages, salaries and social contributions, accrued and paid leave, entitlements, and paid sick leave and non-monetary benefits for employees.

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

Employee contributions

Contributions made to the Office by employees toward employee benefits that have been provided by the Office. This includes both AASB 16 and non-AASB 16 employee contributions.

2.1 (b) Employee related provisions

Provision is made for benefits accruing to employees in respect of 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.

	2021 \$	2020 \$
Current		
Employee Benefits Provisions		
Annual leave	227,652	197,295
Long service leave	338,724	311,339
	566,376	508,634
Other Provisions		
Employment on-costs	2,832	2,543
Total current employee-related provisions	569,208	511,177
Non-Current		
Employee Benefits Provisions		
Long service leave	72,019	63,976
Other Provisions		
Employment on-costs	360	320
Total non-current employee-related provisions	72,379	64,296
Total employee-related provisions	641,587	575,473

(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.

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

(b) Long service leave liabilities

Unconditional long service leave provisions are classified as **current** liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

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 Expenses", Note 2.2 (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.

	2021	2020
	\$	\$
– Employment On-Costs Provision		
Carrying amount at start of period	2,863	3,660
Additional/(reversing of) provisions recognised	329	(797)
Unwinding of the discount	-	-
Carrying amount at end of period	3,192	2,863

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.

2.2 Other expenditure

	2021	2020
	\$	\$
Supplies and services		
Communications	50,475	33,933
Consultants and contractors	508,329	522,241
Consumables	61,337	21,147
Materials	49,690	51,487
Lease, rent and hire costs	28,149	18,558
Travel	69,137	71,053
Other	54,871	57,994
Total supplies and services expenses	821,988	776,413
Accommodation expenses		
Rentals	312,318	319,228
Total accommodation expenses	312,318	319,228

2.2 Other expenditure (continued)

	2021	2020
	\$	\$
Other expenses		
Audit fees (a)	47,982	38,412
Total other expenses	47,982	38,412
Total other expenditure	1,182,288	1,134,053

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

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.

Rental expenses

Rental expenses 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 2.1 "Employee Related Provisions". Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Other Supplies and Services

Other supplies and services generally represent the day-to-day running costs incurred in normal operations.

Lease Rent and Hire Costs

Lease rent and hire costs include:

1. Short-term leases with a lease term of 12 months or less;
2. Low-value leases with an underlying value of \$5,000 or less; and,
3. Variable lease payments, recognised in the period in which the event or conditions that triggers those payments occurs.

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	2021	2020
		\$	\$
Income from State Government	3.1	3,612,348	3,605,251
Other revenue	3.2	5,037	7,017

3.1 Income from State Government

	2021 \$	2020 \$
Appropriation received during the period:		
Service appropriation	3,522,000	3,514,000
Total appropriation	3,522,000	3,514,000
Services received free of charge from other Public Sector entities during the period	90,348	91,251
Total resources received	90,348	91,251
Total income from State Government	3,612,348	3,605,251

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 holding account held at Treasury.

Resources received from other public sector entities 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.

3.2 Other revenue

	2021 \$	2020 \$
Employee contributions	4,727	4,727
Sundry	310	2,290
	5,037	7,017

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	2021 \$	2020 \$
Right-of-use assets	4.1	14,410	23,130
Total key assets		14,410	23,130

4.1 RIGHT-OF-USE ASSETS

	2021 \$	2020 \$
Right-of-use assets		
Vehicles	14,410	23,130
Net carrying amount	14,410	23,130

There were no additions to right-of-use assets during the 2021 financial year (2020: \$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.

	2021 \$	2020 \$
The following amounts relating to leases have been recognised in the statement of comprehensive income:		
Vehicles	8,720	8,721
Total right-of-use asset depreciation	8,720	8,721
Lease interest expense	422	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 2021 was \$351,593 (2020: \$366,396).

The Office's leasing activities and how these are accounted 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.
- 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	2021 \$	2020 \$
Receivables	5.1	34,602	28,268
Amounts receivable for services	5.2	641,000	397,000
Other current assets	5.3	27,392	27,246
Payables	5.4	142,791	155,188

5.1 Receivables

Trade Receivables	40	301
GST receivable	34,562	27,967
Total Receivables	34,602	28,268

Receivables are recognised at original invoice amount. 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)

Non-current	641,000	397,000
	641,000	397,000

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.

5.3 Other current assets

	2021 \$	2020 \$
Prepayments	27,392	27,246

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

	2021	2020
	\$	\$
Trade payables	60,513	68,818
Accrued expenses	45,695	57,425
Accrued salaries	32,000	24,000
FBT payable	4,583	4,945
	142,791	155,188

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.

6. FINANCING

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

	Notes
Lease liabilities	6.1
Assets pledged as security	6.2
Finance costs	6.3
Cash and cash equivalents	6.4

6.1 Lease liabilities

	2021	2020
Notes	\$	\$
Current	7,761	8,663
Non-current	6,903	14,736
	14,664	23,399

Initial measurement

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 4.1

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

	2021 \$	2020 \$
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset vehicles	14,410	23,130
Total assets pledged as security	14,410	23,130

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	422	683
Finance costs expensed	422	683

Finance costs include the interest component of lease liability repayments.

6.4 Cash and cash equivalents

Cash and cash equivalents	452,243	369,264
Restricted cash and cash equivalents	22,000	22,000
Balance at end of period	474,243	391,264

Restricted cash and cash equivalents

Non-Current

Accrued salaries suspense account	(a)	22,000	22,000
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(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.

The accrued salaries suspense account consists of amounts paid annually, from the Office's 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.

7. FINANCIAL INSTRUMENTS AND CONTINGENCIES

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

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:

	Notes	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents		474,243	391,264
Financial assets at amortised cost	(a)	641,040	397,300
Total financial assets		1,115,283	788,564
Financial liabilities			
Financial liabilities at amortised cost	(b)	152,872	173,638
Total financial liabilities		152,872	173,638

(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 best estimate.

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 2021.

8. OTHER DISCLOSURES

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

	Notes
Events occurring after the end of the reporting period	8.1
Key management personnel	8.2
Related party transactions	8.3
Remuneration of auditors	8.4
Equity	8.5
Supplementary financial information	8.6

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 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:

	2021	2020
Compensation Bands (\$)		
200,001 – 210,000	-	1
210,001 – 220,000	1	-
290,001 – 300,000	1	1
	\$	\$
Short-term employee benefits	422,598	414,183
Post-employment benefits	40,740	40,475
Other long-term benefits	45,473	45,662
Termination benefits	-	-
Total compensation of senior officers	508,811	500,320

8.3 Related party transactions

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

Related parties of the Office 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).

Material transactions with related parties

Outside of normal citizen type transactions with the Office, 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.

8.4 Remuneration of Auditors

	2021 \$	2020 \$
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, controls and key performance indicators	29,000	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	501,000	274,000
Contributions by owners		
– Capital appropriation	227,000	227,000
Total contributions by owners	227,000	227,000
Balance at end of period	728,000	501,000

Accumulated Deficit

Balance at start of period	(388,152)	(616,780)
Surplus for the period	52,757	228,628
Balance at end of period	(335,395)	(388,152)

Total Equity at End of Period

	392,605	112,848
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8.6 Supplementary financial information

The Office did not have any bad debts in the years ended 30 June 2021 and 2020. 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 2021 and 2020.

8.7 EXPLANATORY STATEMENT

All variances between estimates (original budget) and actual results for 2021 and between the actual results for 2021 and 2020 are shown below.

Narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for the previous year for the Statement of Comprehensive Income and Statement of Cash Flows and are greater than 10% and 1% of Total Assets for the previous year for the Statement of Financial Position.

8.7.1 Statement of Comprehensive Income Variances

	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance Between Actual and Estimate \$	Variance Between Actual Results for 2021 and 2020 \$
Employee benefits expense	2,465,000	2,373,198	2,239,122	(91,802)	134,076
Supplies and services (a)	440,000	821,988	776,413	381,988	45,575
Depreciation and impairment expense (b)	244,000	8,720	9,782	(235,280)	(1,062)
Accommodation expenses (b)	86,000	312,318	319,228	226,318	(6,910)
Finance costs	21,000	422	683	(20,578)	(261)
Other expenses (a)	353,000	47,982	38,412	(305,018)	9,570
Total Cost of Services	3,609,000	3,564,628	3,383,640	44,372	180,988
Income					
<i>Revenue</i>					
Other revenue	5,000	5,037	7,017	37	(1,980)
Total Income	5,000	5,037	7,017	37	(1,980)
Total Income other than income from State Government	5,000	5,037	7,017	37	(1,980)
NET COST OF SERVICES	3,604,000	3,559,591	3,376,623	(44,409)	182,968
Income from State Government					
Service appropriation	3,522,000	3,522,000	3,514,000	-	8,000
Resources received	88,000	90,348	91,251	2,348	(903)
Total Income from State Government	3,610,000	3,612,348	3,605,251	2,348	7,097
SURPLUS FOR THE PERIOD	6,000	52,757	228,628	46,757	(175,871)
Total other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,000	52,757	228,628	46,757	(175,871)

8.7 EXPLANATORY STATEMENT (CONTINUED)

8.7.1 Statement of Comprehensive Income Variances (continued)

Major Estimate and Actual (2021) Variance Narratives

- (a) The variances in supplies and services and other expenses are due to some expenses, which the Office classified as other expenses for budget purposes, classified as supplies and services for actual.
- (b) The variances in depreciation, impairment, and accommodation expenses are due to the Office's property lease classification. The budget assumed the property lease would be treated as an asset and depreciated under AASB 16. See note 4.1.

Major Actual (2021) and Comparative (2020) Variance Narratives

Nil.

8.7.2 Statement of Financial Position Variances

	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance Between Actual and Estimate \$	Variance Between Actual Results for 2021 and 2020 \$
ASSETS					
Current Assets					
Cash and cash equivalents	362,000	452,243	369,264	90,243	82,979
Receivables	29,000	34,602	28,268	5,602	6,334
Other current assets	27,000	27,392	27,246	392	146
Total Current Assets	418,000	514,237	424,778	96,237	89,459
Non-Current Assets					
Restricted cash and cash equivalents	-	22,000	22,000	22,000	-
Amounts receivable for services	660,000	641,000	397,000	(19,000)	244,000
Plant and equipment (a)	(220,000)	-	-	220,000	-
Other (a)	227,000	-	-	(227,000)	-
Right-of-use assets (a),(b)	-	14,410	23,130	14,410	(8,720)
Total Non-Current Assets	667,000	677,410	442,130	10,410	235,280
TOTAL ASSETS	1,085,000	1,191,647	866,908	106,647	324,739
LIABILITIES					
Current Liabilities					
Payables	62,000	142,791	155,188	80,791	(12,397)
Employee related provisions (c)	535,000	569,208	511,177	34,208	58,031
Other current liabilities (d)	62,000	-	-	(62,000)	-
Lease liabilities	8,000	7,761	8,663	(239)	(902)
Total Current Liabilities	667,000	719,760	675,028	52,760	44,732
Non-Current Liabilities					
Employee related provisions (c)	64,000	72,379	64,296	8,379	8,083
Lease liabilities	7,000	6,903	14,736	(97)	(7,833)
Total Non-Current Liabilities	71,000	79,282	79,032	8,282	250
TOTAL LIABILITIES	738,000	799,042	754,060	61,042	44,982
NET ASSETS	347,000	392,605	112,848	45,605	279,757

8.7 EXPLANATORY STATEMENT (CONTINUED)

8.7.2 Statement of Financial Position Variances (continued)

EQUITY	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance Between Actual and Estimate \$	Variance Between Actual Results for 2021 and 2020 \$
Contributed equity	728,000	728,000	501,000	-	227,000
Accumulated deficit	(381,000)	(335,395)	(388,152)	45,605	52,757
TOTAL EQUITY/(DEFICIT)	347,000	392,605	112,848	45,605	279,757

Major Estimate and Actual (2021) Variance Narratives

- (a) The budget balances for "Plant and Equipment" and "Other" should be offset and reclassified to "Right-of-Use Assets". The budget assumed that the Office's property lease would be classified as an asset with its two motor vehicles leases. See note 4.1
- (d) The variance in other current liabilities is due primarily to some liabilities included in the other current liability estimate included in payables for the actual.

Major Actual (2021) and Comparative (2020) Variance Narratives

- (b) The variance represents the depreciation of Right of Use assets for the current year. Refer to note 4.1.
- (c) Both annual and long service leave provisions have increased this year as employees elected not to take leave due to the effects of COVID-19.

8.7.3 Statement of Cash Flows Variances

	Estimate 2021 \$	Actual 2021 \$	Actual 2020 \$	Variance Between Actual and Estimate \$	Variance Between Actual Results for 2021 and 2020 \$
STATEMENT OF CASH FLOWS					
CASH FLOWS FROM STATE GOVERNMENT					
Service appropriations	3,259,000	3,278,000	3,272,000	19,000	6,000
Capital contributions	227,000	227,000	227,000	-	-
Net Cash Provided by State Government	3,486,000	3,505,000	3,499,000	19,000	6,000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee benefits	(2,465,000)	(2,287,925)	(2,295,514)	177,075	7,589
Supplies and services (a)	(358,000)	(729,983)	(739,161)	(371,983)	9,178
Accommodation (b),(d)	(86,000)	(342,435)	(290,365)	(256,435)	(52,070)
Other payments (a)	(354,000)	(47,983)	(38,412)	306,017	(9,571)
Finance costs	(21,000)	(422)	(683)	20,578	261
GST payments on purchases (c)	(42,000)	(114,973)	(102,842)	(72,973)	(12,131)
Receipts					
GST receipts on sales	-	679	473	679	206
GST receipts from taxation authority (c)	42,000	104,459	105,757	62,459	(1,298)
Other receipts	5,000	5,297	7,673	297	(2,376)
Net Cash Provided by/(Used in) Operating Activities	(3,279,000)	(3,413,286)	(3,353,074)	(134,286)	(60,212)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments					
Principal elements of lease payments (b)	(236,000)	(8,735)	(8,451)	227,265	(284)
Net Cash Provided by/(Used in) Financing Activities	(236,000)	(8,735)	(8,451)	227,265	(284)
Net increase/(decrease) in cash and cash equivalents	(29,000)	82,979	137,475	111,979	(54,496)
Cash and cash equivalents at the beginning of the period	391,000	391,264	253,789	264	137,475
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	362,000	474,243	391,264	112,243	82,979

Major Estimate and Actual (2021) Variance Narratives

- The variances in supplies and services and other payments are due primarily to some payments, included in other payments for the estimate but in supplies and services for actual.
- The variances in accommodation payments and principal elements of lease payments are due to the Office's property lease classification. The budget assumed the property lease would be treated as an asset under AASB 16 and the corresponding lease payments as a financing activity. See note 4.1.
- The budget assumed GST payments and collections on just budgeted supplies and services.

Major Actual (2021) and Comparative (2020) Variance Narratives

- Accommodation payments for 2021 include one month's prepaid rent for 2022.