



ANNUAL REPORT

2010 11

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



OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES

## RESPONSIBLE MINISTER

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Minister for Corrective Services  
The Hon. Terry Redman, MLA

## ACCOUNTABLE AUTHORITY

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Office of the Inspector of Custodial Services

## ACCESS

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

## CONTACT

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

## ABOUT THIS REPORT

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

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

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

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## Part One – Overview

### 1. The Inspector

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

In accordance with section 6 of the *Act*, Professor Neil Morgan was appointed as the second Inspector of Custodial Services (the Inspector) in March 2009.

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



*Professor Neil Morgan*

### 2. Staff

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

In this regard, the Office consists of 17 staff in full or part-time employment. The Office comprises the Inspector, Deputy Inspector, an operations team, a research and strategy team, a community relations branch and corporate governance staff.

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

- Department of Health;
- Drug and Alcohol Office;
- Department of Training and Workforce Development;
- Health and Disability Services Complaints Office; and
- Aboriginal Legal Service of Western Australia.

In the 2010–11 financial year 11 people from these organisations provided their expert services to the inspection of custodial places or services on 12 occasions.

In addition, one student from the University of Western Australia undertook research work and participated in pre-inspection survey activities for the Office.

### 3. Relationship with the Minister

In December 2010, ministerial responsibility for Corrective Services passed from the Honourable Christian Porter MLA to the Honourable Terry Redman MLA. The Inspector's relationship with the new Minister for Corrective Services has been established and continued to develop since then. Meetings are set at regular intervals and are also held on an as-needs basis in relation to specific incidents, issues and policies that arise throughout the year.

### Risk Notices

The Inspector raises matters of risk with the Department and the Minister in several ways. These include inspection reports, correspondence and meetings with the Minister and/or the Commissioner for Corrective Services, and the process of issuing a 'risk notice'. Risk notices are used sparingly and generally will not be used if the issue has been raised in other ways and is being satisfactorily addressed as a result.

In 2010–11 one risk notice was issued relating to concerns about the safety of bunk beds used in the prison system. The Office had identified a high risk of falling from the top bunk and noted several cases where this had occurred. This exposed the Department to legal liability for any injuries sustained and the possibility of significant compensation claims. The risk notice was issued in August 2010 and led to a sharper focus on these issues by the Department.

### 'Show Cause' Notices

In response to the recommendations of the Coroner's 2009 inquiry into the death of Mr Ward, the Government announced that the Office would be given the power to issue a 'show cause' notice. It is intended that show cause notices would be issued in cases of particularly serious risk to the health, wellbeing and safety of persons in custody. However, the relevant legislation has not yet been enacted.

## 4. Functions and Powers

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### Inspections

Pursuant to section 19(1) of the *Act* it is the primary function of the Inspector to undertake an inspection of each prison, detention centre, court custody centre and prescribed lock-up in Western Australia at least once every three years. In the 2010–11 financial year the Inspector completed the on-site physical inspection of five custodial facilities:

- Roebourne Regional Prison (September 2010)
- Acacia Prison (October/November 2010)
- Eastern Goldfields Regional Prison (January/February 2011)
- Bandyup Women's Prison (March/April 2011)
- Banksia Hill Juvenile Detention Centre (May/June 2011)

A review of regional youth custodial transport services was also undertaken in March/April 2011.

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

Section 33(2)(e) of the *Act* also 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 2011–12 are:

- Bunbury Regional Prison (July 2011)
- Broome Regional Prison (September 2011)
- Albany Regional Prison (November 2011)
- Boronia Pre-release Centre for Women (January 2012)
- Wooroloo Prison Farm (March 2012)
- Hakea Prison (May 2012)

The Inspector generally provides considerable advance notice to the Department as to the dates on which he proposes to conduct inspections of prisons and detention centres. The notice given is usually three to four months prior to the on-site phase. This occurred for each of the five inspections carried out this financial year. The Inspector also has the power, should this be considered necessary, to conduct inspections that are unannounced or are preceded by a short notice period.<sup>1</sup>

### Exit Debriefs

The Inspector's exit debrief is a crucial component of the inspection process. On the last day of the on-site phase of an inspection, the Inspector presents the preliminary findings of the inspection to a cross-section of Department of Corrective Services management, local prison management and staff. Copies of the exit debrief presentations are provided on a not-for-publication basis to the Minister, key Departmental personnel and other relevant parties. A similar, but more selective and less detailed debrief, is offered to prisoners and detainees.

Although not a substitute for the inspection report, the exit debrief provides a good indicator of the tone and broad direction of the report itself. In some cases, depending on the nature of the inspection, the exit debrief will contain interim recommendations. Importantly, the exit debrief gives the Department the opportunity to consider findings and to commence the process of addressing some of the problems without delay. This year the Office presented five exit debriefs.<sup>2</sup>

### Report Summaries

In 2010–11 six reports were completed to the satisfaction of the Inspector. All six were inspection reports of specific sites. The following is a summary of the findings of each report. Also included is a summary of a report on Greenough Regional Prison which was in its 30-day embargo period at the time when the 2009–10 Annual Report was prepared.<sup>3</sup>

#### Report 66: Report of an Announced Inspection of Greenough Regional Prison

Greenough Prison has a complex mix of prisoners, including males and females, maximum, medium and minimum security prisoners, and a large number of Aboriginal prisoners from different parts of the State. The inspection found that the prison has managed these different groups efficiently and free of major incidents. However, the report drew attention to the pressures associated with overcrowding, such as poor living conditions and limited employment opportunities. In addition, it was found that there were serious risks associated with the design of some of the bunk beds that are in use at Greenough and other prisons across the State. The uncertainty about future expansion plans was also an area of concern and the inspection report repeated the recommendations made in previous reports that the prison be expanded.

#### Report 67: Report of an Announced Inspection of Karnet Prison Farm

The inspection of Karnet Prison Farm reinforced the view of the prison as a consistently good performer. In particular, the inspection found that despite the pressure of high prisoner numbers and under-investment in infrastructure and other resources Karnet performed well in preparing prisoners for release back into the community. The report highlighted that one of the most significant challenges for Karnet would be to maintain its achievements as its population increased. The report suggested that careful forward planning and significant investment in industries, educational facilities and staff are required if positive achievements are to be maintained.

1 Section 25(1) of the *Act*.

2 Four of the exit debriefs related to prisons (Roebourne, Acacia, Eastern Goldfields and Bandyup) and one related to a juvenile detention centre (Banksia Hill).

3 Section 35 of the *Act*.

### Report 68: Report of an Announced Inspection of Casuarina Prison

The inspection of Casuarina Prison revealed that an increasingly high number of non-maximum security prisoners are being held in the State's highest security prison. As a consequence, the report questioned whether Casuarina is currently providing value for money. The report further questioned whether the expansion currently occurring at maximum security facilities is warranted in the context of prisoners' security classifications and their geographic origins. The report highlighted that as a consequence of non-maximum prisoners being held in a high security environment many will have restricted access to re-entry services. Other concerning findings included that many out of country Aboriginal prisoners at Casuarina, especially from the Kimberley, were not receiving the level of service delivery appropriate to their needs. Additionally, investment in other supporting infrastructure and staffing had not kept pace with the increased number of prisoners. This issue could potentially be exacerbated when new accommodation units become operational.

### Report 69: Report of an Announced Inspection of Rangeview Remand Centre

The report highlighted that keeping young people out of custody has to be a key focus as the Department of Corrective Services develops its new model for youth justice services. Overshadowing the inspection was the impending closure of Rangeview as a youth custody centre in late 2011 and the accommodation of all young people at Banksia Hill. However, the Inspector stressed that a number of matters identified in the report should not be left unaddressed because of the move. In particular, there was a need to develop more structured and integrated models of case management. Other identified areas for improvement included reducing the unacceptable levels of graffiti, improving some aspects of security and staff training, working to increase the amount of community input to the Centre, and reducing the number of times at which the young people are locked down.

### Report 70: Report of an Announced Inspection of Roebourne Regional Prison

The report found that over the past three years progress has been made in some key areas at Roebourne Regional Prison. In particular, sustaining a sufficient locally based custodial staff and the formation of partnerships, notably with Rio Tinto, for the training of Aboriginal prisoners to secure work in the mining industry upon release. However, significant issues remained with respect to the ailing infrastructure. The report highlighted that the non air conditioned cells were both degrading and a risk to health, and that the standard of bunk beds also needed to improve. There were also significant issues with limited service provision for prisoners and the lack of longer term planning for the region.

### Report 71: Report of an Announced Inspection of Acacia Prison

The inspection of Acacia, the State's largest and only privately operated prison, found that the prison is delivering quality services, meeting high accountability standards, and providing value for money. The report also found that the prison had maintained a good record in terms of security, safety, and duty of care. Of note were positive and meaningful interaction between staff and prisoners which complemented a multitude of services and initiatives aimed at preparing prisoners for release and reducing re-offending. The report also highlighted that there was still room for improvement in a number of areas including security, meaningful employment and the under-funding of the maintenance contract.

### Report 72: Report of an Announced Inspection of Eastern Goldfields Regional Prison

The inspection found that despite its ailing infrastructure, the prison had made progress. Relationships between all groups of staff were positive, opportunities for prisoners to undertake education and programs had improved, and there were a good number of prisoners (both male and female) undertaking out-of-prison activities under section 95 of the Prisons Act. The main areas of shortfall related to inadequate health services, a non-functioning Aboriginal Visitor Scheme, poor living conditions and limited services for women prisoners, and the under-performance of the Mt Morgan's Work Camp. The Inspector also noted that while plans for a replacement prison to commence by 2015 were welcome, continued investment and support at the existing site would be essential.



### Recommendations

One hundred and nine recommendations were made in reports that were declared, prepared or published this year. From the table below it is evident that this year showed an increased focus on rehabilitation and issues relating to Aboriginality and equity. Other areas of ongoing focus include care and wellbeing, and health.

*The mix of recommendations contained in inspection reports.*

Type of Recommendation	2007-08	2008-09	2009-10	2010-11
Custody & security	6%	19%	13%	6%
Care & wellbeing	18%	13%	18%	12%
Health	8%	6%	11%	15%
Rehabilitation	11%	16%	4%	15%
Reparation	5%	4%	1%	6%
Human rights	1%	8%	14%	4%
Racism, Aboriginality & equity	14%	6%	11%	17%
Administration and accountability	12%	17%	9%	10%
Staffing issues	22%	10%	16%	13%
Correctional value for money	5%	1%	3%	4%
<b>Total recommendations</b>	<b>130</b>	<b>83</b>	<b>76</b>	<b>109</b>

The Department's responses to these recommendations are shown in the following table. Agreement with all of the classes of recommendation was at or well above the target set by this Office, except for rehabilitation.

*The extent of support for recommendations contained in inspection reports.*

Type of Recommendation	Target	2007-08	2008-09	2009-10 <sup>4</sup>	2010-11
Custody and security	75%	92%	100%	80%	83%
Care and wellbeing	75%	81%	100%	77%	93%
Health	75%	90%	100%	100%	83%
Rehabilitation	75%	86%	92%	33% <sup>5</sup>	79%
Reparation	75%	80%	100%	Nil <sup>6</sup>	80%
Human rights	100%	100%	100%	100%	67%
Racism, Aboriginality and Equity	100%	100%	60%	100%	100%
Administration and accountability	50%	71%	86%	43% <sup>7</sup>	100%
Staffing issues	50%	97%	100%	92%	100%
Correctional value-for-money	50%	78%	100%	100%	67%

Looking at the Department's response to recommendations in more detail, the following table shows a reduction in the percentage of recommendations receiving a simple unqualified response of 'supported' by the Department. Many recommendations have been partially supported or supported in principle. The Department has also started identifying recommendations that it supports and believes are being addressed by existing initiatives. This is reflected in the new category 'Supported – existing initiative'. A significant proportion of recommendations have fallen into this category.

The extent to which the Department has placed caveats around its acceptance of recommendations is a matter of some concern to the Office, particularly where the Department has claimed an existing initiative is in place which addresses the substance of a recommendation. In such circumstances the Office is requesting further supporting evidence. In some cases it is apparent that a considerable amount of work has been done to address the issue, but in other cases there is clearly much more work to be done. In any event, the Office will monitor these initiatives closely.

*Support for recommendations.*

Level of support	2007-08	2008-09	2009-10	2010-11
Supported	49%	57%	26%	15%
Supported – existing initiative	-	-	-	41%
Partially supported or qualified	39%	35%	54%	31%
Not supported	11%	8%	15%	9%
Unable to be determined	1%	-	4%	4%

It should also be noted that there are times when the Department pursues the recommended course of action even though its response indicates that it does not concur with the recommendation. On the other hand, agreement with a recommendation does not necessarily mean that the Department adequately progresses the issue. As seen in the table below, there has been a small improvement in the percentage

<sup>4</sup> The number of recommendations was smaller this year but a greater number were of a strategic nature and hence the acceptance levels within some types of recommendation may vary when compared to previous years.

<sup>5</sup> The number of recommendations in this category was small. Hence, the non acceptances of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

<sup>6</sup> The number of recommendations in this category was small. Hence, the non acceptances of even a small number of recommendations had a marked influence on the reported percentage and may not accurately reflect the Department's true position.

<sup>7</sup> There were seven recommendations in this category, four of which were not accepted.

of recommendations against which this Office considers that the Department has made adequate or better progress. In 2008-09 the percentage reached a peak of 68 per cent before dropping back to 50 per cent in 2009-10. This financial year the percentage was 54 per cent.

#### Progress against past recommendations

Rating	2006-07	2007-08	2008-09	2009-10 <sup>8</sup>	2010-11
Poor	7%	7%	7%	10%	9%
Less than acceptable	40%	37%	24%	40%	37%
Acceptable	44%	45%	44%	43%	41%
More than acceptable	9%	10%	21%	7%	13%
Excellent	-	1%	3%	-	-

#### Timeliness of Reports

Section 20 of the *Act* requires the Inspector to prepare an inspection report following each inspection, detailing the inspection findings and recommendations. For some time now this Office has been working to reduce the time taken in the publication of reports to 26 weeks. However, there are several limitations on the speed at which reports can become public. Under the *Act*, the Department and other relevant parties must have the opportunity to respond to draft reports.<sup>9</sup> Not infrequently, the Office must then seek additional supporting evidence. Furthermore, the final report can generally not be published until at least 30 days have elapsed since it was lodged in Parliament.<sup>10</sup>

In 2010-11 the average time to publication for inspection reports was 28 weeks, two weeks over the target timeframe.

Timeliness marker	2007-2008	2008-2009	2009-2010 <sup>11</sup>	2010-2011
Average time to Draft Report	16 weeks	15 weeks	11 weeks	13 weeks
Time taken by Department to review Draft Report	8 weeks	6 weeks	5 weeks	5 weeks
Lodgement of Final Report with Parliament	38 weeks	27 weeks	22 weeks	24 weeks
Overall time to publication	42 weeks	32 weeks	26 weeks	28 weeks

#### Liaison Visits

The full value of an inspection system cannot be realised if activities are limited to a formal, announced inspection of each facility once every three years coupled with the occasional unannounced inspection. More effective is a process of 'continuous inspection' that allows performance and risks to be monitored and identified for the Minister, the Government and Parliament on an ongoing basis.

'Liaison visits' are one of the most important tools that the Inspector uses to meet these goals. Liaison visits allow the Office to understand the dynamics and culture of the state's prisons and custodial services and provide the capacity to monitor the progress of a prison between inspections. This allows the Inspector to alert local management, the Minister and the Commissioner of the Department of Corrective Services to any identified risks and issues.

<sup>8</sup> While some detail around the progress against previous recommendations is contained within reports 64 and 65, no rating was provided within the report. These reports are therefore excluded from this table.

<sup>9</sup> Section 37 of the *Act*.

<sup>10</sup> Section 35 of the *Act*.

<sup>11</sup> This does not include the thematic reports numbered 64 or 65, or the report on the inspection of Greenough Regional Prison which was awaiting publication at the time of the 2009-10 Annual Report.

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

In the normal course of events, the Office aims to achieve 90 such visits per year. This year, commensurate with an increased risk profile in many prisons, this Office exceeded its visit target, completing 98 liaison visits.

### Thematic Reviews

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

During 2010-11 work commenced on the Thematic Review of Women in Prison in Western Australia with the final report scheduled for completion by 30 June 2012. It is envisaged that this report will draw upon the Office's ten years of accumulated corporate knowledge regarding the issues of women in prison. Work undertaken in 2010-11 included initial scoping and analysis; gathering and examining relevant literature; and the commencement of liaison with relevant stakeholders and interested parties. Further, in anticipation of the thematic review, additional resources and a stronger thematic focus on women prisoners were applied to the inspections of Roebourne Regional Prison, Eastern Goldfields Regional Prison and Bandyup Women's Prison.

### Audit Function

The 2010-2011 State Budget included additional funding designed to enable the Inspector to conduct audits of the prisoner population. The focus of each audit was intended to be any actions of the Department that could reasonably be expected to pose a risk to prisoner life, personal safety, welfare security or control; or treatment that was cruel, inhuman or degrading.

Legislative amendments to reflect the audit function are pending. However, in advance of this legislation, and within the parameters of the existing legislation, audit activities commenced during 2010-2011.

As with other inspection activities, audits lead to findings and/or recommendations that may be published. However, audits differ from other inspection activities in terms of both their focus and their methodology. Traditionally, the Office's jurisdiction has been primarily site-based. Audits, on the other hand, are focused primarily on the impact of custodial services on particular individuals or on particular groups. Audits also have a distinct methodology including at least one of the following: in-depth interviews, data extraction and analysis, or file review.

Audits can be issue-based, population-based or site-based. An example of an issue-based audit might be near miss suicide attempts. A population-based audit might examine the issues faced by young adult women in prisons. A site-based audit might examine the quality of re-entry services at a particular prison. In addition, the Office will from time to time carry out random audits.

Considerable work was carried out this year on the development of the audit methodology and on developing capacity within the Inspectorate to conduct audits. A working group was established with the Department of Corrective Services to progress access to information.

Five main audits were commenced. They were to test methodologies as well as to examine practices and performance:

- Health service coverage at five key high risk prisons.
- Prisoners moved for administrative, management or other reasons between April and June 2010 outside the terms of Departmental Rules.
- Incidents related to the use of bunk beds in prisons and juvenile detention centres between 1 January 2008 and 18 August 2010.
- Use of regression regimes at Banksia Hill Juvenile Detention Centre from 1 January 2009 to March 2011.
- Key indicators in the management of adult offenders – an audit of the management of a random sample of adult prisoners sentenced over the 2010–2011 financial year.

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

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

## 5. Trends in Correctional Management

2010–11 saw the continuation of a challenging period for the Department of Corrective Services. The prisoner population decreased over the year from an all-time peak of around 4,900 in April 2010 to around 4,650 at the end of June 2011. However, the number of prisoners in the system remained high. The high numbers in prison continue to be reflected by low numbers on parole. The number of people on parole fell from over 1400 in April 2009 to fewer than 600 in June 2010 and has continued to decline. Fewer than 500 were on parole at the end of June 2011.

The high numbers within the system continue to bring great pressure to bear on prison infrastructure. In recognition of this, the government allocated a significant amount of funding to a capacity building project that was ongoing throughout 2010–11. This will create an additional 640 beds, but none actually became available this financial year. It is expected that the new beds will be available in the first half of next financial year.

The Office is concerned about the fact that all of these beds will be placed in male maximum security facilities. The majority (512 beds) will be in the Perth metropolitan region, with another 128 beds added to Albany Regional Prison. At the completion of this project there will be more than 2,500 maximum security beds in the state, but fewer than 500 maximum security prisoners. Given the higher cost of construction and operation within maximum security, this raises serious questions about value-for-money. There are also questions about whether this building project will address the true areas of demand within the prison system. There is a need to provide additional lower security beds, more beds in regional areas, and more beds for women prisoners. The Office also has related concerns about the lack of investment in supporting infrastructure and services to accompany the capacity expansion in these prisons.

Despite the building program, the primary driver for the Department's expanded capacity has been the normalisation of 'double bunking' of single cells across the state. The Office has repeatedly expressed concerns about the negative impact this has on living conditions and basic decency for prisoners. It is of particular concern that, although 'double-bunking' was originally badged as a 'temporary measure', it seems destined to continue for the foreseeable future.

Contrary to the marginal decrease in adult prisoner numbers, the juvenile custodial population reached an all-time peak of more than 220 in April 2011. This occurred against a background of significant change with the juvenile custodial estate. Rangeview Remand Centre will cease operation as a juvenile custodial facility and be converted into a facility for young adult men by early 2012. To facilitate this, Banksia Hill Detention Centre has been undergoing a \$30 million expansion and will ultimately hold all male and

female detainees in the state. This work has been ongoing during this financial year and is expected to be completed late in 2011.

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

- Work completed on expanding bed capacity within existing prisons and further work ongoing.
- Continuation of works at Derby for a new prison facility and confirmation of a new prison facility in Kalgoorlie.
- Opening of new Wyndham Work Camp and ongoing work on new work camps around the state.
- Substantive appointment of several prison superintendents.

Other trends were less than positive:

- High levels of overcrowding and double-bunking within the prison system.
- Continued growth in juvenile detainee numbers to record levels.
- The consequences of overcrowding in terms of the deteriorated conditions of prisoners and staff and the reduced ability of prisoners to undertake useful employment activities and to access other services.
- The increasing cost of holding a large number of prisoners in facilities above their security risk profile.
- The large number of Aboriginal prisoners from regional areas still being held in the metropolitan area.
- Increased complexity arising from a growth in the number of foreign national prisoners in the system.
- Ongoing concerns around health service provision.

## 6. Independent Visitor Service

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The Independent Visitor Service is administered by the Inspectorate and is an integral part of its accountability mechanism. Independent Visitors provide an opportunity for officers in prisons and juvenile facilities, and people held in custody to express their views, comments and complaints about their treatment and conditions to an impartial community volunteer. Feedback is reported to the Inspector, who recognises the valuable contribution made by Independent Visitors and acknowledges their voluntary efforts.

At the completion of the year there were 31 Independent Visitors covering the adult and juvenile custodial estates. Recruiting Independent Visitors for Eastern Goldfields Regional Prison and Roebourne Regional Prison continues to be a challenge, although Roebourne is currently serviced by one active and highly capable visitor. A total of 158 reports were submitted by the Independent Visitors and were referred to the Department of Corrective Services for action.

## 7. Community Relations

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

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

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## 8. Performance Enhancement

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### Inspection Standards

Following the publication of a draft set of inspection standards for young people in detention in 2009–10, the Office received a range of valuable comments and suggestions from interested government agencies, community organisations and community members. The feedback was incorporated into the finalised inspection standards which were published during 2010–11.

The Office now has three distinct sets of standards:

- Inspection Standards for Adult Custodial Services
- Inspection Standards for Aboriginal Prisoners
- Inspection Standards for Young People in Detention

## 9. Community of Practice

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

Examples of the contribution that this Office has made are detailed below.

- Office staff contributed to the Australian Research Council Linkage Project entitled Applying Human Rights Legislation in Closed Environments in partnership with Monash University and the Ombudsman of Victoria.
- The Inspector is Rapporteur for the Asian and Pacific Conference of Correctional Administrators. In 2010, the conference was held in Vancouver, Canada.
- One member of staff participated in the inspection of the Curtin Immigration Detention Centre by the Australian Human Rights Commission.
- One member of staff attended the Correctional Services Healthcare Summit in Melbourne in October 2010.
- The Inspector made numerous presentations to professional audiences in Western Australia, nationally and overseas. They included papers to: a conference hosted by the Australian Human Rights Commission to mark the twentieth anniversary of the Report of the Royal Commission into Aboriginal Deaths in Custody (Redfern, NSW, April 2011); a roundtable workshop for lawyers, practitioners, and human rights experts (Melbourne, November 2010); and senior Japanese lawyers and prison administrators (Tokyo, February 2011).

## 10. Relationship with Other Agencies

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

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

The Inspector has met with the Auditor General, the Commissioner for Children and Young People, the President of the Children's Court and the Equal Opportunity Commissioner. Representatives from the Office also met on a regular basis with the Ombudsman and his staff to further develop options for information sharing and to develop a closer working relationship.

A number of meetings were held with representatives from the Department for Child Protection in anticipation of the opening of the Kath French Secure Care Centre in 2011.

The Office also maintained strong links with the Aboriginal Legal Service, with staff from that agency participating in the inspections of Roebourne Regional Prison and Acacia Prison.

### 11. Relationship with Parliament

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

During 2010-11 the Office gave evidence to the Public Administration Committee of the Legislative Council on one occasion. Oral evidence was provided on two occasions to the Community Development and Justice Standing Committee with respect to its report titled *'Making Our Prisons Work': An Inquiry into the Efficiency and Effectiveness of Prisoner Education Training and Employment Strategies*. Much of the evidence provided by the Office in both oral evidence and written submission was strongly reflected in the final version of this report which was tabled on 25 November 2010. Oral evidence was also provided on one occasion to the Standing Committee for Environment and Public Affairs with respect to its *Inquiry into the Transportation of Detained Persons*.

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

### 12. Disclosure of Information

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This Office regularly receives letters and telephone calls regarding the performance of prisons from prisoners, relatives and friends of prisoners, lawyers and various agencies. Under section 26 of the *Act* the Office may only refer such matters to another agency or deal with them within the context of an inspection. This year 135 such letters were received.

### 13. Offences

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The *Act* contains a number of offences relating to the hindering and obstruction of the Inspector and those authorised by him to undertake their statutory duties. It is also an offence to victimise those who assist the Inspector in conducting his duties. Penalties for these offences include fines and imprisonment. The existence of these offences is an important symbol to ensure that the Inspector can effectively operate, particularly in protecting those who are brave enough to bring serious matters to the attention of the Inspector that may otherwise not come to light. In 2010-11 the Inspector was not presented with any circumstances that required him to consider charges for breaches of the *Act*.

### 14. New Legislation.

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



## Part Two – Source Reference

FMA sec 61  
TI 902

HON TERRY REDMAN MLA  
MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2011.

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



Neil Morgan  
Accountable Authority

5 August 2011

### Contact Details

#### Postal

Level 27  
197 St George's Terrace  
Perth  
WA 6000

#### Electronic

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

# Operational Structure

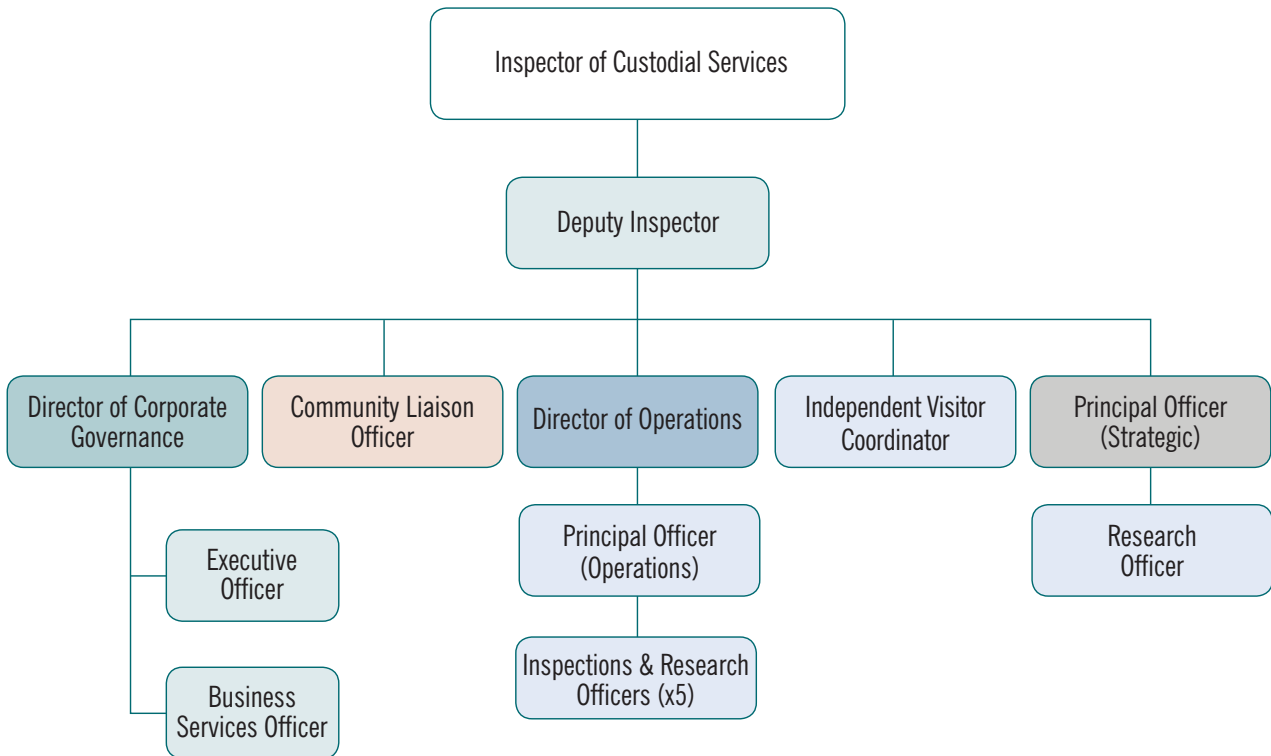
## Enabling legislation

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

## Responsible Minister

The Hon. Terry Redman, MLA, Minister for Corrective Services.

## Organisational Chart



## Senior Officers

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

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

### *Barry Cram (Deputy Inspector)*

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

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

## Administered Legislation

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

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

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

---

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

Bail Act 1982

Corruption and Crime Commission Act 2003

Court Security and Custodial Services Act 1999

Crime (Serious and Repeat Offenders) Sentencing Act 1992

Criminal Law (Mentally Impaired Defendants) Act 1996

Equal Opportunity Act 1984

Evidence Act 1906

Fines, Penalties and Infringement Notices Enforcement Act 1994

Interpretation Act 1984

Occupational Health and Safety Act 1984

Parole Orders (Transfer) Act 1984

Prisoners (Interstate Transfer) Act 1983  
Prisoners (Release for Deportation) Act 1989  
Prisons Act 1981  
Dangerous Sexual Offenders Act 2006  
Disability Services Act 1993  
Parliamentary Commissioner Act 1971  
Public Sector Management Act 1994  
Racial Discrimination Act 1975  
Sentence Administration Act 1995  
Terrorism (Preventative Detention) Act 2006  
Victims of Crime Act 1994  
Young Offenders Act 1994

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

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

## Performance Management Framework

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### 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 2010/11.

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

	2010-11 Target (000's)	2010-11 Actual (000's)	2010-11 Variation (000's)
<p>Outcome: The Parliament, Minister and other stakeholders are informed about the performance of custodial services.</p> <p><b>Key Effectiveness Indicators</b> The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.</p>	90%	90%	-
<p>Service: Inspection and Review of Custodial Services</p> <p><b>Key Efficiency Indicators</b></p> <p>Average cost per Inspection Report</p> <p>Average cost per Liaison Visit Report</p> <p>Average cost per Exit Debrief</p> <p>Average cost per Independent Visitor Scheme Report</p> <p>Average cost per Ministerial Advice</p> <p>Average cost per Issues Paper</p>	<p>\$150</p> <p>\$5</p> <p>\$72</p> <p>\$1</p> <p>\$5</p> <p>\$56</p>	<p>\$213</p> <p>\$6</p> <p>\$56</p> <p>\$1</p> <p>\$5</p> <p>n/a</p>	<p>\$63</p> <p>\$1</p> <p>(\$16)</p> <p>-</p> <p>-</p> <p>n/a</p>

## Key Performance Indicators

### Certification of Key Performance Indicators

Source Reference  
TI 905

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office for the financial year ended 30 June 2011.

*Neil Morgan*



Neil Morgan

5 August 2011

## Detailed Information in Support of Key Performance Indicators

The Office's services are prescribed by the *Office of the Inspector of Custodial Services Act 2003* as functions of the Office. These services are directly related to the Office's desired outcomes, which in turn, are linked to the Social and Environmental Responsibility – one of the goals of Government in achieving its strategic outcomes.

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

### Measuring Performance

#### *Government Goal*

Social and environmental responsibility

#### *Desired Outcome*

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

#### *Mission*

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

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

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

#### *Key Effectiveness Indicators*

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

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

It follows from this that, when recommendations are made, it will be understood that the matters covered have high priority. It would be expected that these recommendations would be rejected or ignored only in quite unusual circumstances.

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

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

The Department's implementation of each recommendation is assessed as follows:

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

### Key Effectiveness Indicator

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

Type of Recommendation	Target	2007-08	2008-09	2009-10	2010-11
1. Custody and security	75%	92%	100%	80%	83%
2. Care and wellbeing	75%	81%	100%	77%	93%
3. Health	75%	90%	100%	100%	83%
4. Rehabilitation	75%	86%	92%	33%	79%
5. Reparation	75%	80%	100%	Nil	80%
6. Human rights	100%	100%	100%	100%	67%
7. Racism, Aboriginality & equity	100%	100%	60%	100%	100%
8. Administration and accountability	50%	71%	86%	43%	100%
9. Staffing issues	50%	97%	100%	92%	100%
10. Correctional value-for-money	50%	78%	100%	100%	67%

### Key Efficiency Indicators

There are six main types of activities emanating from the inspection and review function.

The key efficiency indicators are as follows:

- the mean cost per inspection, thematic review and directed review point;
- the mean cost per liaison visit<sup>12</sup>;
- the mean cost per inspection exit debrief;
- the mean cost per independent visitor scheme report;
- the mean cost per issues paper; and
- the mean cost per ministerial advice.

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

12 Liaison visits are part of the Inspector's policy of 'continuous inspections'.

The inspections are *mandated* by statute. It is required that places of custody be inspected 'at least every three years' (*Inspector of Custodial Services Act 2003*, s.19). There are 14 prisons and two detention centres in Western Australia and 18 court custody centres that are within the Inspector's jurisdiction. The remainder are statutorily authorised but not mandated.

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

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

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

#### Key Efficiency Indicators

Key Effectiveness Indicator	Target	2007-08	2008-09	2009-10	2010-11
Inspection report point	7.5	10	9.5	8	7.5
Average cost per inspection report (\$)	150,000	139,251	160,824	221,600	212,911 <sup>13</sup>
Liaison visit report	90	94	95	90	98
Average cost per liaison visit report (\$)	5,500	5,208	5,331	4,959	5,823 <sup>14</sup>
Inspection exit debrief	5	8	5	5	5
Average cost per Inspection exit debrief (\$)	72,000	31,339	76,392	69,385	56,359 <sup>13</sup>
Independent visitors' Scheme report	90	121	132	126	158
Average cost per independent visitors' scheme report (\$)	900	1,151	976	951	908
Ministerial advice	12	12	14	12	12
Average cost per ministerial advice (\$)	5,000	5,214	4,948	4,233	5,192
Issues paper	1	1	0	1	0
Average cost per issues paper (\$)	56,000	53,594	0	48,777	0

<sup>13</sup> The average cost has decreased because the Deputy Inspector and a Research Officer were seconded to other State government agencies.

<sup>14</sup> The costing for Liaison Visit Reports have been reviewed to reflect better the effort involved in each liaison visit and to factor in increased costs of overnight accommodation in the regions.



## Other Financial Disclosures

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### Source Reference

Employment and Industrial Relations

### Staff Profile

	2010-11	2009-10
Full-time permanent	15	14
Full-time contract	-	-
Part-time measured on an FTE basis	2	2
On secondment	-	1
<b>Total</b>	<b>17</b>	<b>17</b>

### Staff Development

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

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

### Workers' Compensation

There were no compensation claims recorded during the financial year.

## Governance Disclosures

### *Source Reference*

TI 903

### **Contracts with Senior Officers**

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

## Other Legal Requirements

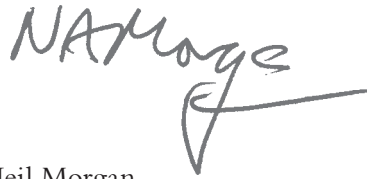
### Source Reference

Public Sector  
Management Act  
Section 31(1)

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

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

Number lodged	nil
Number of breaches found, including details of multiple breaches per application	nil
Number still under review	nil



Neil Morgan  
Inspector of Custodial Services

5 August 2011

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

## Disability Access and Inclusion Plan Outcomes

(Disability Services Act 1993, s29)

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

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

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

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

The Office's DAIP includes an implementation plan designed to achieve each of the six desired outcomes during 2010/11.

## Recordkeeping Plans

The State Records Commission approved the Office's recordkeeping plan in December 2005. This plan has since been partially implemented and has recently been updated with amendments. In October 2009 it was resubmitted to the State Records Commission for re-approval for a period of five years.

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

## Occupational Safety and Health

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

Management ensures that there is always an open line of communication with staff to discuss occupational safety and health matters. A revised policy on occupational safety and health is available in the Office's Human Resource Manual.

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

The Inspectorate has completed an external accredited assessment of its occupational safety and health management systems. Identified gaps and recommendations are in the process of being implemented.

### Annual Performance

Performance Indicator	Target	Actual
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Return to work within 28 weeks	100 per cent	n/a
Percentage of managers trained in occupational safety, health and injury management responsibilities	50 per cent	60 per cent

### Sustainability

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

- Using recycled paper for photocopying and printing;
- Reducing the vehicle fleet from six to five;
- Replacing vehicles (6-cylinder) with smaller vehicles (4-cylinder);
- Using recycled printer and toner cartridges; and
- Turning off lighting during the day in meeting and file rooms.

### Corruption Prevention

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

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

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

## Part Three – Financial Statements

### Source Reference

FMA sec 62(2)

The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2011 and the financial position as at 30 June 2011.

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



Derek Summers CPA  
Chief Finance Officer

5 August 2011



Neil Morgan  
Accountable Authority

5 August 2011



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES

#### Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

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

The Inspector of Custodial Services is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Inspector of Custodial Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Office of the Inspector of Custodial Services at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.



## **Office of the Inspector of Custodial Services**

### **Report on Controls**

I have audited the controls exercised by the Office of the Inspector of Custodial Services. The Inspector of Custodial Services is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

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

### **Opinion**

In my opinion, the controls exercised by the Office of the Inspector of Custodial Services are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

### **Report on the Key Performance Indicators**

I have audited the key performance indicators of the Office of the Inspector of Custodial Services. 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.

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

### **Opinion**

In my opinion, the key performance indicators of the Office of the Inspector of Custodial Services are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2011.

### **Independence**

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



COLIN MURPHY  
AUDITOR GENERAL  
9 August 2011

## Statement of Comprehensive Income for the year ended 30 June 2011

<b>COST OF SERVICES</b>		<b>2011</b>	<b>2010</b>
	Note	\$	\$
<b>Expenses</b>			
Employee benefits expense	6.	1,773,524	2,001,749
Supplies and services	7.	588,823	509,296
Depreciation	8.	22,556	23,071
Accommodation expenses	9.	236,554	241,462
Other expenses	10.	33,668	15,034
<b>Total cost of services</b>		<b>2,655,125</b>	<b>2,790,612</b>
<b>Income</b>			
<i>Revenue</i>			
Other Revenue	11.	4,667	5,188
<b>Total revenue</b>		<b>4,667</b>	<b>5,188</b>
<b>Total income other than income from State Government</b>		<b>4,667</b>	<b>5,188</b>
<b>NET COST OF SERVICES</b>		<b>2,650,458</b>	<b>2,785,424</b>
<b>Income from State Government</b>			
Service Appropriation	12.	2,909,000	2,435,000
Resources received free of charge	12.	7,382	5,411
<b>Total income from State Government</b>		<b>2,916,382</b>	<b>2,440,411</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>265,924</b>	<b>(345,013)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>265,924</b>	<b>(345,013)</b>

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

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

## Statement of Financial Position as at 30 June 2011

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	22.	143,079	6,360
Receivables	14.	105,412	23,513
Amounts receivable for services	15.	12,000	12,000
<b>Total Current Assets</b>		<b>260,491</b>	<b>41,873</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	13, 22	30,617	27,323
Plant and equipment	16.	33,815	38,190
Amounts receivable for services	15.	95,000	74,000
<b>Total Non-Current Assets</b>		<b>159,432</b>	<b>139,513</b>
<b>TOTAL ASSETS</b>		<b>419,923</b>	<b>181,386</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	18.	115,458	133,972
Provisions	19.	376,302	265,609
Other current liabilities	20.	-	300,000
<b>Total Current Liabilities</b>		<b>491,760</b>	<b>699,581</b>
<b>Non-Current Liabilities</b>			
Provisions	19.	196,838	107,404
<b>Total Non-Current Liabilities</b>		<b>196,838</b>	<b>107,404</b>
<b>TOTAL LIABILITIES</b>		<b>688,598</b>	<b>806,985</b>
<b>NET ASSETS</b>		<b>(268,675)</b>	<b>(625,599)</b>
<b>EQUITY</b>			
Contributed Equity	21.	222,000	131,000
Accumulated surplus/(deficit)		(490,675)	(756,599)
<b>TOTAL EQUITY</b>		<b>(268,675)</b>	<b>(625,599)</b>

See also Note 2(c) on the 'Schedule of Assets and Liabilities by Service'.

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

## Statement of Cash Flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		2,888,000	2,401,000
Capital contributions		91,000	22,000
Holding account drawdowns		-	12,000
Treasurer's Advance		(300,000)	300,000
<b>Net Cash provided by State Government</b>		<b>2,679,000</b>	<b>2,735,000</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(1,642,113)	(2,004,265)
Supplies and services		(621,866)	(561,066)
Accommodation		(236,554)	(205,607)
Other expenses		(33,668)	(15,034)
GST payments on purchases		(91,315)	(80,845)
<b>Receipts</b>			
GST receipts on sales		10,744	694
GST receipts from taxation authority		90,068	86,446
Other Receipts		3,898	48,210
<b>Net cash provided by/(used in) operating activities</b>	<b>22.</b>	<b>(2,520,806)</b>	<b>(2,731,467)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(18,180)	(12,382)
<b>Net cash provided by/(used in) investing activities</b>		<b>(18,180)</b>	<b>(12,382)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>140,014</b>	<b>(8,849)</b>
Cash and cash equivalents at the beginning of period		33,683	42,532
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>22.</b>	<b>173,697</b>	<b>33,683</b>

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

## Statement of Changes in Equity for the year ended 30 June 2011

	Note	Contributed Equity	Accumulated surplus/(deficit)	Total Equity
Balance at 1 July 2009	21.	109,000	(411,586)	(302,586)
Total comprehensive income for the year		-	(345,013)	(345,013)
Transactions with owners in their capacity as owners:				
Capital contributions		22,000	-	22,000
<b>Total</b>		<b>22,000</b>	<b>-</b>	<b>22,000</b>
<b>Balance at 30 June 2010</b>		<b>131,000</b>	<b>(756,599)</b>	<b>(625,599)</b>
Balance as at 1 July 2010		131,000	(756,599)	(625,599)
Total comprehensive income for the year		-	265,924	265,924
Transactions with owners in their capacity as owners:				
Capital contributions		91,000	-	91,000
<b>Total</b>		<b>91,000</b>	<b>265,924</b>	<b>91,000</b>
<b>Balance at 30 June 2011</b>		<b>222,000</b>	<b>(490,675)</b>	<b>(268,675)</b>

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

## Summary of Consolidated Account Appropriations and Income Estimates for the year ended 30 June 2011

	2011 Estimate \$	2011 Actual \$	Variance \$	2011 Actual \$	2010 Actual \$	Variance \$
<b>DELIVERY OF SERVICES</b>						
Item 97 Net amount appropriated to deliver services	2,764,000	2,713,000	(51,000)	2,713,000	2,244,000	469,000
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	196,000	196,000	-	196,000	191,000	5,000
<b>Total appropriations provided to deliver services</b>	<b>2,960,000</b>	<b>2,909,000</b>	<b>(51,000)</b>	<b>2,909,000</b>	<b>2,435,000</b>	<b>474,000</b>
<b>Capital</b>						
Item 167 Capital appropriations	91,000	91,000	-	91,000	22,000	69,000
<b>GRAND TOTAL</b>	<b>3,051,000</b>	<b>3,000,000</b>	<b>(51,000)</b>	<b>3,000,000</b>	<b>2,457,000</b>	<b>543,000</b>
<b>Details of Expenses by Services</b>						
Inspection and Review of Custodial Services	2,959,000	2,655,125	(303,875)	2,655,125	2,790,612	(135,487)
<b>Total Cost of Services</b>	<b>2,959,000</b>	<b>2,655,125</b>	<b>(303,875)</b>	<b>2,655,125</b>	<b>2,790,612</b>	<b>(135,487)</b>
Less total revenues from ordinary activities	(5,000)	(4,667)	333	(4,667)	(5,188)	521
Net Cost of Services	2,954,000	2,650,458	(303,542)	2,650,458	2,785,424	(134,966)
Adjustment	6,000	258,542	252,542	258,542	(350,424)	608,966
<b>Total appropriations provided to deliver services</b>	<b>2,960,000</b>	<b>2,909,000</b>	<b>(51,000)</b>	<b>2,909,000</b>	<b>2,435,000</b>	<b>474,000</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	103,000	18,180	(84,820)	18,180	12,382	5,798
Adjustments for other funding sources	(12,000)	72,820	84,820	72,820	9,618	63,202
<b>Capital appropriations</b>	<b>91,000</b>	<b>91,000</b>	<b>-</b>	<b>91,000</b>	<b>22,000</b>	<b>69,000</b>

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

Note 26 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011.

## Notes to the Financial Statements

### Note 1. Australian Accounting Standards

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#### *General*

The Office's financial statements for the year ended 30 June 2011 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

#### *Early adoption of standards*

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended [but not operative] have been early adopted by the Office for the annual reporting period ended 30 June 2011.

### Note 2. Summary of significant accounting policies

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#### (a) General statement

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

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

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

#### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

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

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

### (c) Reporting entity

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

#### Mission

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

The Office is predominantly funded by Parliamentary appropriations.

#### Service

The Office provides only one service which relates to inspection and review of custodial services. Hence the "Schedule of Income and Expenses by Services" has not been presented in the financial statements for the year ended 30 June 2011.

### (d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

### (e) Income

#### Revenue recognition

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

#### Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

#### Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Office. In accordance with the determination specified in the 2010 2011 Budget Statements, the Office retained \$4,667 in 2011 (\$5,188 in 2010) from the following:

- other departmental revenue.

#### Gains

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



## (f) Plant and equipment

### Capitalisation/expensing of assets

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

### Initial recognition and measurement

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

### Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for plant and equipment. All items of plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

### Depreciation

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

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

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

## (g) Impairment of assets

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

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

## (h) Leases

The Office has not entered into any finance leases.

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

#### (i) Financial instruments

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

Receivables; and

Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

##### Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

##### Financial Liabilities

- Payables
- Other liabilities

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

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

#### (j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### (k) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are generally settled within a fortnight of the financial year end. For the current financial year a component of accrued salaries relates to settlement of liability in relation to the Public Services and Government Officers General Agreement 2011 (PS GOSAG) pay award. Settlement of this component of accrued salaries is within a month of the financial year end.

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

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

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

#### (m) Receivables

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

#### (k) Payables

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

#### (l) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement, is at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

#### (p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

##### *Provisions – employee benefits*

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

##### *Annual leave*

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

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

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

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

#### *Long service leave*

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

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

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

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

#### *Superannuation*

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

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

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

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

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

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

### *Provisions – other*

#### *Employment on-costs*

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

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

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

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

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Office would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

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

#### **(s) Comparative figures**

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

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

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The judgements that have been used in the process of applying accounting policies have had no material effect on amounts recognised in the financial statements. The Office evaluates the judgements regularly.

### **Note 4. Key sources of estimation uncertainty**

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There were no estimates or assumptions made concerning the future, or other key sources of estimation uncertainty at the end of the reporting period that is likely to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Long Service Leave*

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

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

### *Initial application of an Australian Accounting Standard*

The Office has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Office.

2009-5	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.</i> [AASB 5, 8, 101, 107, 118, 136, &amp; 139]</p> <p>Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Office's Statement of Cash Flows relate to increases in recognised assets.</p>
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### *Future impact of Australian Accounting Standards not yet operative*

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

		Operative for reporting periods beginning on/after
<i>AASB 2009-11</i>	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 7 <i>Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. The Office does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
<i>AASB 2009-12</i>	<p><i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052].</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
<i>AASB 1053</i>	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the Office. However it may affect disclosures in the financial statements of the Office if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013

<i>AASB 2010-2</i>	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>This Standard is not expected to have any financial impact on the Office. However this Standard may reduce some note disclosures in the financial statements of the Office. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013
<i>AASB 2011-2</i>	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; 1054].</i></p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
<i>AASB 2010-5</i>	<p><i>Amendments to Australian Accounting Standards [AASB1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042] (October 2010).</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
<i>AASB 2010-6</i>	<p><i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7].</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the Office. DTF has not yet determined the application of the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
<i>AASB 9</i>	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and the Department is currently determining the impact of the Standard, DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013

<i>AASB 2010-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127].</i>	1 Jan 2013
	This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.	
<i>AASB 1054</i>	<i>Australian Additional Disclosures</i>	1 July 2011
	This Standard, in conjunction with <i>AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> , removes disclosure requirements for other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	
<i>ASB 2011-1</i>	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 &amp; 134 and Interpretations 2, 112 &amp; 113].</i>	1 July 2011
	This Amending Standard, in conjunction with <i>AASB 1054 Australian Additional Disclosures</i> , removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.	

#### Note 6. Employee benefits expense

	2011	2010
	\$	\$
Wages and salaries (a)	1,589,994	1,809,275
Superannuation - defined contribution plans (b)	176,446	177,519
Other related expenses	7,084	14,955
	<b>1,773,524</b>	<b>2,001,749</b>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid). Employment on-costs expenses, such as workers' compensation insurance, are included at note 10 'Other Expenses'. Employment on-costs liability is included in note 19 'Provisions'.



<b>Note 7. Supplies and services</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Communications	34,821	39,904
Consultants and contractors	202,244	180,076
Consumables	29,299	34,260
Materials	94,582	69,258
Lease, rent and hire costs	85,425	85,876
Travel	93,535	45,737
Other	48,917	54,185
	<u>588,823</u>	<u>509,296</u>

Comparative figures for the Consultants and contractors, Lease, rent and hire costs and Other categories have been adjusted to be comparable with the figures presented in the current financial year.

<b>Note 8. Depreciation</b>	<b>2011</b>	<b>2010</b>
	\$	\$
<i>Depreciation</i>		
Computer hardware	13,948	12,889
Office equipment	3,191	4,621
Communications	1,242	1,224
Leasehold Improvements	4,175	4,337
<b>Total depreciation</b>	<u>22,556</u>	<u>23,071</u>

<b>Note 9. Accommodation expenses</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Lease rentals	236,425	241,319
Repairs and maintenance	129	143
	<u>236,554</u>	<u>241,462</u>

Comparative figures for the Lease rentals category have been adjusted to be comparable with the figures presented in the current financial year.

<b>Note 10. Other expenses</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Employment on-cost (a)	5,811	1,297
Audit fees (b)	27,857	13,737
	<u>33,668</u>	<u>15,034</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) The cost represents internal and external audit fees. Refer also to note 29 'Remuneration of auditor'.

<b>Note 11. Other revenue</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Contributions to Executive Vehicle Scheme	4,551	6,406
Expense recoveries from other agencies	116	409
Sundry revenue	-	(1,627)
	<u>4,667</u>	<u>5,188</u>

<b>Note 12. Income from State Government</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Appropriation received during the year:		
Service appropriations (a)	2,909,000	2,435,000
	<u>2,909,000</u>	<u>2,435,000</u>
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
DTF – Building and Management Works	6,295	5,411
State Solicitors Office	1,087	-
	<u>2,916,382</u>	<u>2,440,411</u>

(a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

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

<b>Note 13. Restricted cash and cash equivalents</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Non-current		
Accrued salaries suspense account (a)	30,617	27,323
	<u>30,617</u>	<u>27,323</u>

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

<b>Note 14. Receivables</b>	<b>2011</b>	<b>2010</b>
	\$	\$
<i>Current</i>		
Receivables	91,309	769
Allowances for impairment of receivables	-	(769)
GST Receivable	14,103	23,513
<b>Total Current</b>	<u>105,412</u>	<u>23,513</u>

**Reconciliation of changes in the allowance for impairment of receivables:**

Balance at start of the year	769	-
Doubtful debts expense	-	769
Amounts written off during the year	(769)	-
Balance at end of year	<u>-</u>	<u>769</u>

The Office does not hold any collateral or other credit enhancements as security for receivables.

<b>Note 15. Amounts receivable for services (Holding Account)</b>	<b>2011</b>	<b>2010</b>
	\$	\$
Current	12,000	12,000
Non-Current	95,000	74,000
	<u>107,000</u>	<u>86,000</u>

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

Note 16. Plant and Equipment	2011	2010
	\$	\$
<i>Computing Hardware</i>		
At Cost (b)	54,194	36,014
	(38,306)	(24,358)
	<u>15,888</u>	<u>11,656</u>
<i>Leasehold Improvements</i>		
At Cost (b)	192,580	192,580
	(183,013)	(178,839)
	<u>9,567</u>	<u>13,741</u>
<i>Communications</i>		
At Cost (b)	5,995	5,995
	(5,064)	(3,822)
	<u>931</u>	<u>2,173</u>
<i>Office Equipment</i>		
At cost	23,105	23,105
Accumulated depreciation	(15,676)	(12,485)
	<u>7,429</u>	<u>10,620</u>
	<u>33,815</u>	<u>38,190</u>

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

#### Asset Reconciliation

	Computer Hardware	Leasehold Improvements	Communications	Office Equipment	Total
<b>2011</b>	\$	\$	\$	\$	\$
Carrying amount at start of year	11,656	13,741	2,173	10,620	38,190
Additions	18,181	-	-	-	18,181
Depreciation	(13,948)	(4,175)	(1,242)	(3,191)	(22,556)
<b>Carrying amount at end of year</b>	<u>15,889</u>	<u>9,566</u>	<u>931</u>	<u>7,429</u>	<u>33,815</u>
<b>2010</b>	\$	\$	\$	\$	\$
Carrying amount at start of year	24,545	18,335	3,397	2,859	49,136
Additions	-	-	-	12,382	12,382
Correction from prior period(a)	-	(257)	-	-	(257)
Depreciation	(12,889)	(4,337)	(1,224)	(4,621)	(23,071)
<b>Carrying amount at end of year</b>	<u>11,656</u>	<u>13,741</u>	<u>2,173</u>	<u>10,620</u>	<u>38,190</u>

### Note 17. Impairment of assets

There were no indications of impairment to plant and equipment as at 30 June 2011.

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

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

### Note 18. Payables

	2011	2010
<i>Current</i>	\$	\$
Trade payables	51,230	88,379
Accrued expenses	19,886	23,075
Accrued salaries	44,342	22,518
<b>Total current</b>	<b>115,458</b>	<b>133,972</b>

### Note 19. Provisions

	2011	2010
<i>Current</i>	\$	\$
Employee benefits provision		
Annual leave (a)	219,193	144,002
Long service leave (b)	146,456	114,411
	<b>365,649</b>	<b>258,413</b>
<i>Other provisions</i>		
Employment on-costs (c)	10,653	7,196
	<b>10,653</b>	<b>7,196</b>
	<b>376,302</b>	<b>265,609</b>
<i>Non-current</i>		
Employee benefits provision		
Long service leave (b)	191,536	104,456
	<b>191,536</b>	<b>104,456</b>
<i>Other provisions</i>		
Employment on-costs(c)	5,302	2,948
	<b>5,302</b>	<b>2,948</b>
	<b>196,838</b>	<b>107,404</b>

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

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period	125,332	73,544
More than 12 months after the reporting period	93,861	70,458
	<b>219,193</b>	<b>144,002</b>

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

	2011	2010
	\$	\$
Within 12 months of the end of the reporting period	74,506	72,142
More than 12 months after the reporting period	285,976	146,725
	<u>360,482</u>	<u>218,867</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including worker's compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in the note 10 'Other expenses'.

Movement in Other Provisions	2011	2010
	\$	\$

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

Employment on-cost provision

Carrying amount at start of year	10,144	8,847
Additional provisions recognised	5,811	1,297
Carrying amount at end of year	<u>15,955</u>	<u>10,144</u>

Note 20. Other Liabilities	2011	2010
	\$	\$
<i>Current</i>		
Treasurer's advance	-	300,000
	<u>-</u>	<u>300,000</u>

Note 21. Equity	2011	2010
	\$	\$

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	131,000	109,000
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Contributions by owners

Capital appropriation	91,000	22,000
Total contributions by owners	<u>91,000</u>	<u>22,000</u>

Balance at end of period	<u>222,000</u>	<u>131,000</u>
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Accumulated surplus/(deficit)

Balance at start of year	(756,599)	(411,586)
Result for the period	265,924	(345,013)

Balance at end of year	<u>(490,675)</u>	<u>(756,599)</u>
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Total equity at end of period	<u>(268,675)</u>	<u>(625,599)</u>
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<b>Note 22. Notes to the Statement of Cash Flows</b>	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	143,079	6,360
Restricted cash and cash equivalents (note 13 'Restricted cash and cash equivalents')	30,617	27,323
	<u>173,696</u>	<u>33,683</u>
 <i>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</i>		
	2011	2010
	\$	\$
Net cost of services	(2,650,458)	(2,785,424)
 <i>Non-cash items:</i>		
Depreciation	22,556	23,071
Resources received free of charge	7,382	5,411
Adjustments for other non-cash items	-	257
 <i>(Increase)/decrease in assets:</i>		
Current receivables (a)	(91,309)	47,016
 <i>Increase/(decrease) in liabilities:</i>		
Current payables	(18,514)	(16,090)
Current provisions	110,693	(23,127)
Non-current provisions	89,434	21,413
Net GST receipts/(payments) (b)	9,497	6,295
Change in GST in receivables/payables (c)	(87)	(10,289)
<b>Net cash provided by/(used in) operating activities</b>	<b><u>(2,520,806)</u></b>	<b><u>(2,731,467)</u></b>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e cash transaction.

(c) This reverses out the GST in receivables and payables.

**Note 23. Commitments****2011****2010**

\$

\$

The commitments below are inclusive of GST where relevant.

**Lease commitments**

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	195,829	200,505
Later than 1 year and not later than 5 years	10,267	186,362
	<u>206,096</u>	<u>386,867</u>

Representing:

<b>Non-cancellable operating leases</b>	<u>206,096</u>	<u>386,867</u>
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**Non cancellable operating lease commitments**

Commitments for minimum lease payments are payable as follows:

Within 1 year	195,829	200,505
Later than 1 year and not later than 5 years	10,267	186,362
	<u>206,096</u>	<u>386,867</u>

**Note 24. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at 30 June 2011.

**Note 25. Event occurring after the end of the reporting period**

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

## Note 26. Explanatory Statement

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

Total appropriations provided to deliver services

### Significant variances between estimate and actual for 2011

	2011 Estimate	2010 Actual	Variance
	\$	\$	\$
Inspection and Review of Custodial Services	2,960,000	2,909,000	(51,000)

The variance is the result of delay in the enactment of new audit legislation.

### Significant variances between actual results for 2010 and 2011

	2011 \$	2010 \$	Variance \$
Total appropriation provided to deliver services for the year	2,909,000	2,435,000	474,000

The variance is the result of delay in the enactment of revised legislation preventing the implementation of the new audit function.

### Service expenditure

#### Significant variances between estimate and actual for 2011

	2011 Estimate	2010 Actual	Variance
	\$	\$	\$
Inspection and Review of Custodial Services	2,959,000	2,655,125	(303,875)

The variance is the result of delay in the enactment of revised legislation preventing the recruitment of new staff.

#### Significant variances between actual results for 2010 and 2011

	2011 \$	2010 \$	Variance \$
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#### Employee Benefits

The Deputy Inspector and a Research Officer were seconded to other State government agencies.	1,773,524	2,001,749	(228,225)
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#### Supplies and Services

The Inspectorate made essential office renovations to allow for additional staff for the new audit function.	588,823	509,296	79,527
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### Capital contribution

#### Significant variances between estimate and actual for 2011

No variance in Capital contribution.

#### Significant variances between actual results for 2010 and 2011

	2011 \$	2010 \$	Variance \$
Capital contribution	91,000	22,000	69,000

The increase related to the replacement of essential IT infrastructure.



## Note 27. Financial Instruments

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

Financial Instruments held by the Office are cash and cash equivalents, restricted cash and cash equivalents, receivables and payables. The Office has limited exposure to financial risks. The Office's overall risk management program focuses on managing the risks identified below.

#### *Credit risk*

Credit risk arises when there is the possibility of the Office's receivables defaulting on their contractual obligations resulting in financial loss to the Office.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 27 (c) 'Financial instrument disclosures' and Note 14 'Receivables'.

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

#### *Liquidity risk*

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

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

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

#### *Market risk*

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

### (b) Categories of financial instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2011	2010
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents	143,079	6,360
Restricted cash and cash equivalents	30,617	27,323
Receivables (a)	198,309	86,000
<i>Financial Liabilities</i>		
Financial liabilities measured at amortised cost	115,458	133,972
Other liabilities	-	300,000

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

**(c) Financial instrument disclosures*****Credit Risk and Interest Rate Exposure***

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

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

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

Interest rate exposures and ageing analysis of financial assets (a)

	<i>Interest rate exposure</i>				<i>Past due but not impaired</i>					<i>Impaired financial assets</i>	
	Weighted average effective interest rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$		More than 5 years \$
<i>Financial Assets</i>											
<b>2011</b>											
Cash and cash equivalents		143,079	-	-	143,079	-	-	-	-	-	-
Restricted cash and cash equivalent		30,617	-	-	30,617	-	-	-	-	-	-
Receivables(a)		198,309	-	-	198,309	-	-	-	-	-	-
		<b>372,005</b>	<b>-</b>	<b>-</b>	<b>372,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2010</b>											
Cash and cash equivalents		6,360	-	-	6,360	-	-	-	-	-	-
Restricted cash and cash equivalent		27,323	-	-	27,323	-	-	-	-	-	-
Receivables(a)		86,000	-	-	86,000	-	-	-	-	-	-
		<b>119,683</b>	<b>-</b>	<b>-</b>	<b>119,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

### Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities (a)

	<i>Interest rate exposure</i>						<i>Maturity dates</i>					
	Weighted Average Effective interest rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non- Interest Bearing \$	Adjustment for discounting \$	Total Nominal amount \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
<i>Financial Liabilities</i>												
<b>2010</b>												
Payables		115,458	-	-	115,458	-	-	115,458	-	-	-	-
		115,458	-	-	115,458	-	-	115,458	-	-	-	-
<b>2009</b>												
Payables		133,972	-	-	133,972	-	-	133,972	-	-	-	-
Treasurer's Advance		300,000	-	-	300,000	-	-	300,000	-	-	-	-
		433,972	-	-	433,972	-	-	433,972	-	-	-	-

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of liabilities at the end of the reporting period.

### Interest rate sensitivity analysis

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

### Fair Value

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

### Note 28. Remuneration of senior officers

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

	2011	2010
\$130,001 - 140,000	-	1
\$160,001 - 170,000	1	-
\$230,001 - 240,000	1	-
\$240,001 - 250,000	-	1
<b>Total remuneration of senior officers</b>	<b>\$399,834</b>	<b>\$379,018</b>

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

### Note 29. Remuneration of auditor

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

	2011	2010
	\$	\$
Auditing the accounts, financial statements and key performance indicators	18,800	18,300

### Note 30. Supplementary financial information

#### (a) Write-offs

During the financial year, \$769 (2010: \$0) was written off the Office's debts under the authority of:

	2011	2010
	\$	\$
The accountable authority	769	-
	769	-

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



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