GOVERNMENT OF WESTERN AUSTRALIA

OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES

ANNUAL REPORT 2015/16

Independent oversight that contributes to a more accountable public sector.

RESPONSIBLE MINISTER

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

ACCOUNTABLE AUTHORITY

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ABOUT THIS REPORT

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

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

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

This document uses environmentally friendly paper, comprising 50% recycled & 50% totally chlorine free plantation pulp.

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PART ONE – OVERVIEW

1. Background

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

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

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

Professor Neil Morgan

The Inspector is Neil Morgan (previously Winthrop Professor and currently Adjunct Professor at the University of Western Australia Law School). He commenced duties on 30 March 2009, and was appointed to another five year term in 2014. The Deputy Inspector is Andrew Harvey. He previously held senior positions in the Ombudsman's office and other agencies.

2. About us

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

Our responsibilities include:

- inspecting adult custodial facilities, juvenile detention centres, court custody centres and custodial transport services
- reviewing specific aspects of custodial services and the experience of individuals or groups
- carrying out thematic reviews
- managing the Independent Visitor Service.

Purpose and Mission

We aim to contribute to:

- improved public confidence in the justice system
- reduced reoffending
- better value for money from the justice system.

Our mission is to provide:

- advice that contributes to the overall development of correctional facilities and programs
- advice that is based on evidence gathered through independent and objective inquiry.

Our Values

Integrity: we seek to act ethically, honestly, impartially and in the best interests of the community.

Quality: we seek to be efficient, deliver on-time, and provide well researched advice and recommendations.

Equity: we treat all people with respect and we value diversity.

Innovation: we value creativity, learning and continuous improvement.

Key Stakeholders

The Office key stakeholders include:

- Parliament
- Minister for Corrective Services
- management and staff working for the Department of Corrective Services (the Department) and its contractors
- prisoners and their families
- the judiciary and people working in other justice agencies such as WA Police and the Department of the Attorney General
- non-government organisations
- the Western Australian community

3. Inspections

Our jurisdiction

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

- 16 prisons
- five prison work camps
- one juvenile detention centre
- all court custody centres
- police lock ups that have been 'prescribed' to be used as court custody centres.

We also have jurisdiction to inspect prisoner transport arrangements but, unlike prisons, are not required to report on this every three years.

Processes and methodology

Our inspections of prisons and detention centres usually involve one to two weeks on-site, depending on risk and complexity. We generally provide three to four months' notice to relevant parties of the dates that we will be on-site. The Inspector has the power, should this be necessary, to conduct inspections that are unannounced or preceded by a short notice period. We rarely conduct unannounced inspections, but we do regularly conduct unannounced or short notice liaison/monitoring visits (see below).

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

During the onsite inspection period, we examine the physical environment and infrastructure, and observe all key processes and interactions. We meet prison management, staff groups, prisoner groups, and community representatives, and talk to individual staff and prisoners.

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

Exit Debrief / summary of interim findings

At the end of the time onsite, the Inspector gives an 'Exit Debrief' to staff, local management and head office representatives (usually the Commissioner or Deputy). This outlines our interim findings and indicates areas where recommendations are likely. We also give broad feedback to prisoners.

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

- it gives timely recognition to areas of good performance
- it allows the Department or its contractors to initiate improvements immediately
- it enhances due process because all relevant parties are aware early on of our probable findings, both positive and negative.

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

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

Preparing reports

Section 20 of the *Act* requires us to prepare an 'inspection report' with findings and recommendations. Section 37 requires that before expressing a critical opinion in a report, the Inspector gives an affected party an opportunity to make submissions. A Memorandum of Understanding between the Office and the Department embeds further due process checks.

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

These processes ensure that the Minister and the Department are well aware of findings and recommendations before reports are sent to Parliament.

The final report includes an Overview by the Inspector, a table of responses to recommendations, and an assessment of progress against previous recommendations.

Tabling reports

This year, we generally met our goal of sending inspection reports to Parliament within six months (see section 9 below). However, reports cannot become public for several weeks after that due to section 35 of the *Act*. This imposes a minimum 32 day embargo period after a report is received by Parliament. It also requires reports to be tabled on a Parliamentary sitting day unless the Inspector decides it would be unreasonable to delay tabling. It is therefore rare for reports to be tabled in under seven months.

Other Western Australian Parliamentary officers such as the Auditor General do not face such a lengthy embargo period. Nor does the Inspector of Custodial Services in New South Wales.

Timeliness and accountability

Timeliness is a key ingredient of accountability. Our timeliness improved this year (see section 8 below) but we remain concerned that factors outside our control can delay tabling. For example, this year's report on Hakea Prison took ten months from the inspection to tabling because of long delays in obtaining adequate Departmental feedback. It would have taken even longer if we had not brought the tabling date forward.

'Continuous inspection' model

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

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

- if necessary or desirable, we report to Parliament more often than the three year cycle (as with Acacia and Roebourne Prisons this year)
- we conduct regular monitoring visits ('liaison visits') to all facilities
- the Independent Visitor Service visits prisons and detention centres at regular intervals
- the Inspector meets regularly with the Minister and Commissioner, and staff with other head office personnel.

Liaison / monitoring visits

We conduct regular 'liaison visits' to all places of custody in our jurisdiction. These visits are a crucial element in monitoring performance, risk and improvement opportunities. In addition to liaison visits, we also visit sites on a less formal basis.

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

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

4. Independent Visitor Service

The Service

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

The IVs are a highly qualified and diverse group of community volunteers who bring skill, insight, and common sense to the role. They make an invaluable contribution to resolving issues and improving oversight. In 2015–2016, they produced over 170 reports (see section 9 below).

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

After a visit, the IVs send us a report on their findings. We assess the report and send it to the Department with our comments and requests for additional information. The Department then returns the report with its responses.

Areas of common concern

By far the largest number of complaints reported by IVs relate to health and medical services (almost a quarter of all reported issues). The next most common are sentence management (12%) and staff behaviour (10%).

5. Reviews

Nature and scope

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

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

- escapes from custody
- assaults on staff
- recidivism rates
- Aboriginal staffing in places of custody
- thermal conditions in prison cells
- remand prisoners
- fine defaulters
- use of minimum security prisons and work camps
- mentally impaired defendants.

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

Reporting

Unlike inspection reports, there is no requirement for reviews to be tabled in Parliament and made public (section 34(2)(b) of the *Act*).

However, for reasons of transparency, accountability and system improvement, our practice is that:

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

Unfortunately, as with inspection reports, we have encountered significant delays in obtaining accurate, timely and consistent advice from the Department. This has hindered timely reporting.

Directed reviews

The Inspector is accountable to Parliament, not to the Minister or Commissioner for Corrective Services, and cannot be subject to a binding direction as to the scope, content or methodology of activities.

However, section 17(2) of the *Act* does allow a Minister to issue a written direction to the Inspector to carry out an inspection or review in certain circumstances. The Inspector must comply with such a direction unless, in their opinion, there are exceptional circumstances for not complying.

The most recent Directed Review required us to report on the causes and aftermath of a riot at Banksia Hill Detention Centre in January 2013. Our August 2013 report made far-reaching recommendations for reform, almost all of which were accepted by government.

6. Other activities

The Inspector is responsible to Parliament and not to the Minister or Commissioner for Corrective Services. However, if the benefits of an inspection system are to be realised, it is important to have effective channels of communication and contact between the Minister, the Commissioner and the Minister. This ensures that matters can often be resolved, and improvements made, without the need for a formal review or report.

Western Australia was the first state to establish an independent Inspectorate. However, several other jurisdictions have now established or will be establishing such systems. We have played a significant role to help these new Inspectorates, and the Inspector gives regular presentations and advice.

These and other activities are described in sections 10 and 11 below.

7. Our environment: trends and issues in correctional management and oversight

2015–2016 has been a very challenging year. Prisoner numbers have risen rapidly, the Department of Corrective Services is still in a process of change, and both the Department and ourselves face increasing financial pressures.

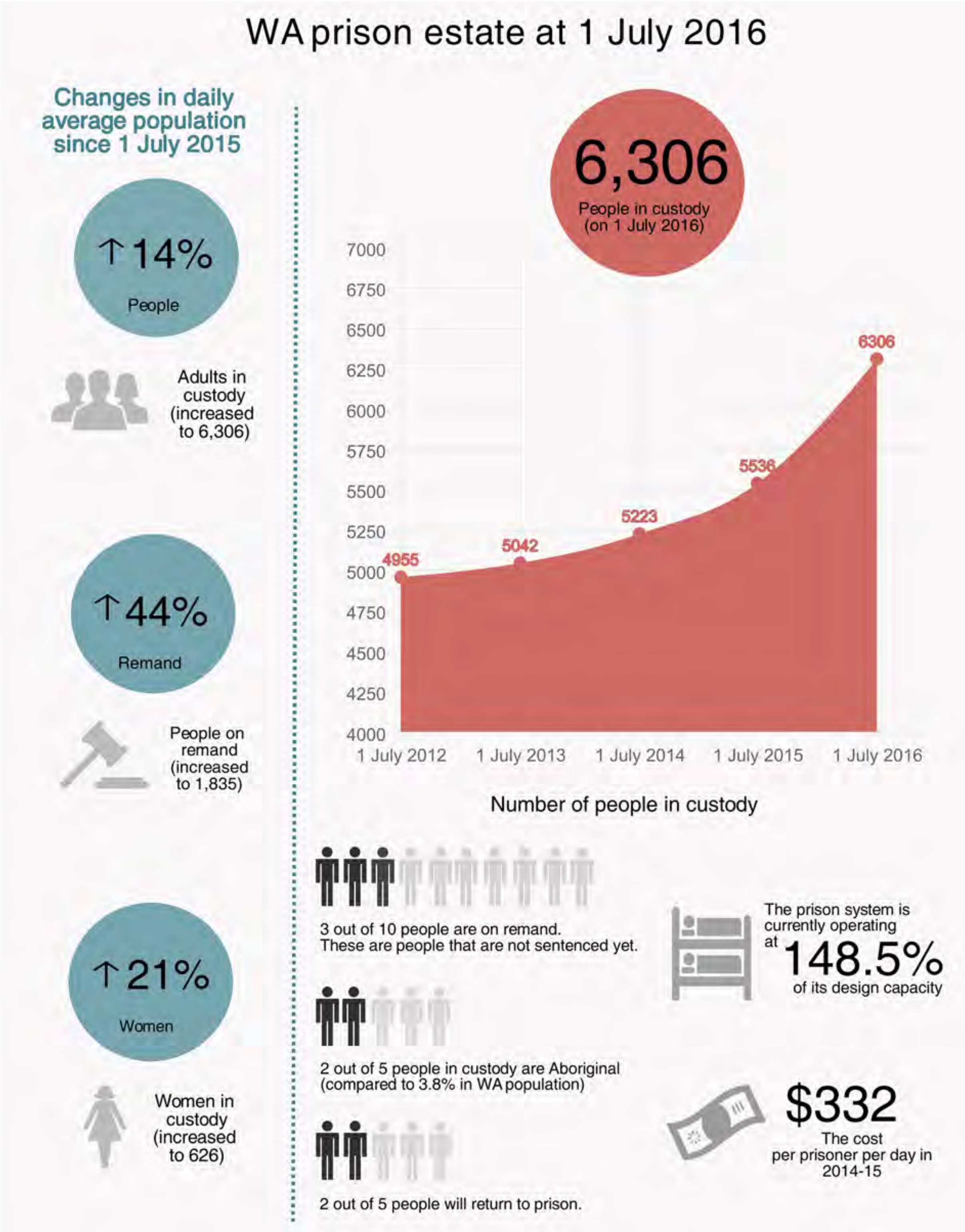
Prisoner numbers are rising rapidly

The state's prison population has been growing faster. On 1 July 2016 there were 770 more people in prison than on 1 July 2015, and the population has grown by 1,083 since 2014. To put this in context, our largest prison (Acacia) has a total capacity of around 1,475.

Western Australia has the highest rate of Aboriginal incarceration in Australia and numbers are still rising

Reports published by the Australian Bureau of Statistics and the Productivity Commission each year show that Western Australia imprisons more Aboriginal people per head of the Aboriginal population than any other State or Territory.

The proportion of Aboriginal prisoners in the state has dropped slightly, from over 40 per cent in 2009 to 38 per cent. However, the steep rise in prisoner numbers means there are now many more Aboriginal people in prison than ever before (300 more in July 2016 than July 2015, and over 650 more than 2009).



Remand prisoners are fastest growing group, and need more investment

Remand prisoners are those who have not been sentenced. The vast majority have not even been convicted.

For many years, the number of remand prisoners has been rising faster than sentenced prisoners. There were 1,277 remand prisoners on 1 July 2015 and 1,835 on 1 July 2016, a rise of 44 per cent in just 12 months. Remandees now comprise almost 30% of the prison population, up from 17 per cent ten years ago.

Our report on remandees this year highlighted the human, social and financial costs of people being held on remand, especially for short periods (see section 8 below). Remandees also pose challenges for prison authorities. They are generally less settled. They are generally more vulnerable. They are often unknown to the system and so are the risks they present. They also have additional rights to sentenced prisoners, and prisons must ensure they can prepare for and appear in court, either in person or by video-link.

Neither of the state's primary remand facilities (Bandyup Women's Prison and Hakea Prison) is able to meet demand. In fact they are the most stretched and pressured prisons in the state.

Insufficient capacity at remand prisons has meant that other prisons whose infrastructure and operations are geared to sentenced prisoners, must now house large numbers of remandees. This has generated significant pressures, especially at Casuarina Prison. Management and staff deserve credit for the pragmatic way they have adjusted their practices and attempted to continue to provide services.

Remand prisoners must be a priority in government planning of future prison construction. They must also be given more support services, both in prison and on release.

The female prison population has grown much faster than the male population

Since July 2011, the male prisoner population has increased by a third and the female population by 80 per cent. In 2015-2016 the number of women increased by 21 per cent and the number of men by 13 per cent.

Women now comprise almost 10 per cent of the prison population compared with seven per cent in 2008. There were 348 women in prison on 1 July 2011, and 626 on 1 July 2016.

Bandyup Women's Prison has been the most overcrowded and stressed prison in the state for some years and our reports have played a major role in elevating the government's focus on women prisoners.

A new privately operated women's prison will open soon

During 2015-2016 the Department has been progressing plans to convert part of Hakea Prison to a stand-alone prison for women. The new prison will be called Melaleuca and is to serve as a remand and reintegration facility. It will be operated by Sodexo under a contract with the state government.

The opening of Melaleuca will relieve pressure on Bandyup. We will inspect Bandyup in 2017. Although we are not required to inspect Melaleuca until three years after it opens, we aim to inspect all new facilities within 12-18 months of opening. We will therefore inspect Melaleuca in late 2017 or early 2018. We will examine both the effectiveness of contract management and the costs of the facility, as well as the contractor's performance.

There are a large number of young prisoners. New programs have been developed for young men, but not for young women

Around 17 per cent of the state's prisoners are aged 18-25, and more than 50 per cent are under 35. Clearly, if we are to improve outcomes, we must target the needs of this younger cohort.

In 2010 the government decided to convert the Rangeview Juvenile Detention Centre to the Wandoo Reintegration Facility for young adult males. This small, minimum-security facility, operated by Serco, houses young men aged 18-28. It offers a very positive environment and the results are promising.

In 2015-2016, Acacia Prison, a large medium-security prison also operated by Serco, took the initiative to develop a unit for young adult males. When it is fully operational, this unit will improve services to young men who are released from Acacia and also the flow of prisoners to Wandoo.

Young women in prison invariably have high needs as mothers and victims as well as offenders. However, no specific initiatives have yet been implemented to target their need. It remains to be seen whether this will change with the opening of Melaleuca.

Prisons are crowded and services are stretched, but expensive work camps are under-used

Almost all the state's prisons are overcrowded in the sense that they hold many more people than they were designed to hold. This is because cells intended for one person are now routinely 'double-bunked'.

In 2010, the Department told us that double-bunking was a 'temporary measure' until new accommodation came on line. That was never credible and, as predicted, we have now moved to the stage where the Department regards double-bunking as acceptable, routine practice. There are no signs that double-bunking will be wound back. On occasion, at a few facilities, we now see three people being placed in cells with only two permanent beds. We do not want this 'normalisation' of double bunking to repeat itself with triple beds.

However, while most parts of the system is over capacity, some of it is either unused or under-used, especially the expensive work camps in Wyndham and Warburton. This is a waste of valuable assets.

Official responses to questions about prison crowding tend just to refer to whether the prisoner had a bed and how many beds there are in the system as a whole. But this is not an adequate response. First, some of the beds that are counted may be in the wrong part of the state or intended for specific purposes not general usage. Secondly, crowding affects all services and supporting infrastructure in areas such as kitchens, workshops, health services, education, programs and recreation. When more beds are added, it is rare there will be matching resources provided for infrastructure and services. This has led to many pressure points.

To date, prisoners and staff have generally managed around the pressure created by holding increased numbers in the same physical space. However, the pressures are real and must not be under-estimated. As so many cells are already double-bunked, there is very limited scope for further doubling up.

There is no provision for a new prison in forward estimates and it is hard to see how the population growth will be managed

Little information is publicly available on how the Department will manage the increasing numbers. Its Strategic Plan 2015-2018 aimed to meet projected growth through a capital works program including a new 350 bed prison in Eastern Goldfields and expanding Acacia Prison to accommodate another 387 prisoners.

The expansion of Acacia was only completed in 2015. However, given the population pressures, it has already had to absorb 475 prisoners rather than the intended 387.

The new Eastern Goldfields prison is expected to open in August 2016, but it will be some time before it reaches 350. New prisons must be filled carefully and must be staffed with appropriately qualified, trained and experienced people. At the time of writing, a prison officer recruitment drive was underway, but it will be some time before the new Goldfields prison can be fully staffed and fully operational.

It is also important to understand that the Acacia expansion and the Eastern Goldfields together provided a total of around 700 beds. This did not match the growth in numbers that we saw from July 2015 to July 2016 (around 780).

Given the state of crowding in the system it is clear that Western Australia needs a new prison. In our view, this needs to be made multi-purpose, with a primary focus on remand prisoners and other identified cohorts, such as people with mental health needs.

New prisons generally take a minimum of 3–5 years from design to opening. However, forward estimates tabled at June 2016 Estimates hearings make no provision for a new prison. Unless emergency measures are taken, this means there will not be a new prison until sometime in the 2020s.

In order to meet past growth, additional accommodation will undoubtedly be added to already crowded and stretched facilities. This is at best a short term measure. It is also a strategy that presents significant risks.

Progress in youth justice has been mixed

There was a serious riot at Banksia Hill Detention Centre in January 2013. It was the almost inevitable result of a period of instability in 2011 and 2012, when violence and challenges to authority were common. This was also a time when the Department was resistant to advice and change. Their resistance increased their risks.

Our report into the riot called for fundamental change, based on 're-engineering' the regime, sharpening the focus on rehabilitation, and improving services. It called for safety, security and operating procedures to be improved. It also called for an end to the unnecessary and excessive use of strip-searches, restraints, and 'isolation'.

Our recommendations were accepted, and the Department has been moving to implement them. This has taken time. In some areas there has been tangible progress, as in the reduced use of strip-searches, restraints, and isolation. However, it has taken a long time for a new philosophy to be finalised. Progress in areas such as education and program delivery has been slow.

In 2016–2017 we will be undertaking a review of behaviour management at Banksia Hill and undertaking preparation for an inspection early in 2017–2018.

Budget constraints and workload

Over the past five years, we have managed our budget well and have successfully driven cost savings. We will continue to do so. However, our funding has sharply declined relative to spending by the services we oversee:

- in 2009, when we had the inspection function but not the review function, we were funded at around half of one per cent of the Department's budget
- the review function means we now do significantly more work but our funding has dropped to just 0.4 of 1% per cent of the Department's budget. If we had continued to be funded at 2009 levels, we would have more than 20% on top of current budget allocations solely for inspections.

We do not obtain additional funding for new prisons, are not funded by reference to the prisoner population, and also face a 3.5% cut in 2017–2018.

Budget constraints already make it increasingly difficult for us to meet our statutory responsibilities and to providing advice that reduces risk and maximises opportunities. In future we may:

- be unable to inspect prisons with the same rigour and depth
- have a reduced on-site presence
- be unable to review some high risk services
- not have the capacity to bring forward inspections to meet Parliament and government expectations (as happened with Acacia and Wandoo in the last 9 months and as we expect to do with Melaleuca).

There is growing national momentum for independent inspections

A number of jurisdictions have established, or will be establishing independent Inspectorates modelled on Western Australia. The New South Wales Inspector started in 2012. Legislation recently passed through the Tasmanian Parliament to establish an Inspectorate within the Ombudsman's office.

Media about youth justice in the Northern Territory and Queensland have added momentum for an Inspector in those jurisdictions, and it is likely that other will follow. It is clear that Western Australia is regarded as an example of excellent practice, and one from which other jurisdictions can learn.

8. Achievements in 2015–2016

Reviews

We tabled four review reports this year.

Thermal conditions of prison cells

It is critical that acceptable temperatures are maintained in a custodial environment. Prisoners tend to have poor health compared with the general population and are therefore 'at-risk' for temperature related illnesses. Prisoners are also less able to take measures to cope with temperature extremes. Outside prison, someone experiencing hot temperatures may seek a cooler environment, wet their body and clothes with water, and move away from structures that radiate heat. These actions may be impossible for people restricted to a prison cell.

We found some older Departmental facilities ill-equipped to tolerate the temperature conditions of today or any increase in temperature extremes due to climate change. In some prison cells, heat exposed prisoners to dangerous conditions particularly in summer months. Roebourne Regional Prison posed a particularly high risk. The Department lacked adequate policies, guidelines or standards for temperature control. And the provision of air-conditioning was inconsistent and poorly correlated with risk.

Western Australia's rapidly increasing remand population

The State's prison population has been increasing rapidly, and the number of remand prisoners has grown far quicker than the number of sentenced prisoners. In 2009, around 17 per cent of prisoners were on remand. This grew to 30 per cent by July 2016.

Even a short period on remand can put severe strain on an individual mentally, financially and socially. Remandees tend to pose more complex challenges and demand a higher level of service than their sentenced peers. They are quite likely to be unsettled, unwell or recently under the influence when they arrive in prison. Many are stressed about their upcoming court appearances or about matters they have left unaddressed in the community. Not surprisingly, they are more likely to be involved in incidents, especially in assaults on staff and other prisoners.

We were very concerned at the disproportionate rate at which women are held on remand, and the large number of people who spend only a short time on remand before release. The cost of short periods on remand is very high, around $770 per person per day, or twice the average for all prisoners.

The report called for better system-wide understanding of the causes of high remand numbers and for measures to reduce those numbers.

Fine defaulters in the Western Australian prison system

If a person is unable or refuses to pay a fine issued by the courts, further penalties can be applied, such as the suspension of drivers' licences, additional enforcement costs, and community service/work and development orders. If the person fails to pay or clear a fine by means of a payment plan or through completing a work and development order they may be sent to prison.

We found that the number of people going into prison each year for fine default had increased markedly since 2008. On average, however, there were only 11 fine defaulters in prison at any given time. This is because they tend to serve very short periods in custody. While their 'turnover' is high their stay is short. As with remandees, their short stays are very costly in financial and human terms.

The policy implications are clear:

- reducing the number of people in prison for fine default will not reduce the state's rising daily imprisonment rate
- everything possible must be done to reduce the rate at which people go into prison for offences that never deserved a prison sentence.

Recruitment and retention of Aboriginal staff in the Department of Corrective Services

Nearly 40 per cent of the state's prison population and over 75 per cent of the juvenile detention centre population are Aboriginal. It follows that the needs and management of Aboriginal people are core business for the Department. Increasing Aboriginal staff representation is expected to improve Aboriginal offender management and rehabilitation, and make the Department more responsive to the needs of Aboriginal people.

The Department has been relatively successful in attracting and recruiting Aboriginal staff, with Aboriginal staff representation almost three times higher than the WA public service. However we found that a growing number of Aboriginal staff were leaving the Department. There were many reasons for this, but our consultations strongly highlighted the need for Aboriginal staff to feel more valued, and for their skills to be better used.

Reviews underway

During 2015–2016 we have also been conducting reviews of:

- 'transition services' to assist prisoners return to the community
- funeral attendance by prisoners
- a review of prison capacity and overcrowding.

We expect all these reports to be tabled in 2016–2017.

Inspections

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

- Hakea Prison (July 2015)
- Pardelup Prison Farm (October 2015)
- Acacia Prison (November 2015)
- Karnet Prison Farm (February 2016)
- Roebourne Regional Prison (April 2016)
- Greenough Regional Prison (May 2016).

Between September and December 2015 we also completed inspections of all the state's court custody centres and 'prescribed' lock-up facilities. A court custody centre is a part of a court where persons in custody are detained for short periods, never overnight. All metropolitan courts have a custody centre but some regional court sites do not. Instead, persons in custody are held in the local police lock-up.

We have jurisdiction to inspect the police lock ups at Albany, Kalgoorlie and Carnarvon insofar as they operate as court custody centres during court sitting hours ('prescribed lock ups').

We tabled six inspection reports this year.

Report 98: Report of an announced inspection of Bunbury Regional Prison

Over the past 12 years Bunbury Regional Prison has changed from a small prison with 120 prisoners facing a real threat of closure to a 300 prisoner facility with a positive future.

The prison operates over two sites. The older section is a 230-bed medium security prison with some maximum security cells. Separate from the main prison is the Pre-Release Unit, a self-contained minimum security facility. Prisoners live in shared houses designed for up to 72 people and cater for themselves, look after their houses, and undertake education or employment.

Bunbury was performing well. Local management and staff across all areas were providing a generally safe, therapeutic and productive environment. Staff/prisoner relations were positive, and this contributed to security and safety. There were good services in most areas, including health services and offender programs. The industries and garden areas were highly productive and provided a reasonable level of employment-relevant training.

Report 99: Report of an announced inspection of Albany Regional Prison

Previous inspections had praised Albany as one of the state's best performing prisons. This inspection found that Albany was still a good prison. It felt calmer than most metropolitan prisons and both prisoners and staff generally felt safe. There were many areas of continuing good practice but there had been significant slippage in others.

The changing prisoner demographic had influenced the temperature and operations of the prison. Albany is a maximum-security prison but had previously held a significant number of minimum-security prisoners, including many Indonesians. It was now holding a higher proportion of maximum-security prisoners. This was just one of the reasons the respectful relationships between staff and prisoners we observed in previous inspections had deteriorated, and relational security had become a much lower priority.

Report 100: Report of an announced inspection of Boronia Pre-Release Centre for Women

Boronia Pre-release Centre for Women is a pre-release facility for selected low risk women. It aims to provide a positive living environment that replicates the 'real world' as far as possible.

Boronia was performing well in terms of safety, security and decency of treatment. However we identified scope for improvement to allow the prison to maximise its potential to reduce re-offending, especially for women from disadvantaged backgrounds. We concluded that it needed to be more open to challenge, change and innovation, and not content with the status quo. Given the dedicated, professional and experienced staff at the facility this can be achieved.

Report 101: Report of an announced inspection of Wooroloo Prison Farm

Wooroloo had created a new vision for itself to be 'Australia's leading re-entry prison'. It had made a concerted effort to resolve some of the problems that had affected its performance over a number of years. Staff morale had improved, and there was less division.

Staff relations with prisoners had also improved. Relational security, including intelligence-gathering, was working quite well. The prison infrastructure itself was generally in good shape. The grounds were very well-maintained and the heritage-listed 'recreation hall' had been well-renovated.

However, we found that Wooroloo needed to make further improvements if it is to realise its vision and reduce recidivism. Procedural security needed to be improved, and there were some unrealised opportunities for prisoners' skill development and training. Central Departmental policies were also restricting opportunities for prisoners to work in the workshops and the community.

Report 102: Report of an announced inspection of Hakea Prison

Hakea is the state's main male reception and remand prison. It was under enormous stress and pressure. It was chronically over-full, even though increasing numbers of remand prisoners were being transferred out to other facilities to make room for new receivals. Most cells were designed only for one but shared by two. Frequent management changes and workplace disputes had added to the pressures and tension.

Most staff were trying to 'do the right thing' in an extremely difficult environment, but we found many areas of substandard service delivery. We also found some breaches of human rights and legal rights. For example, the prison was failing to ensure that all prisoners were given an adequate opportunity to call loved ones on being received into custody or to provide quality contact with children. Rights of privacy and dignity were compromised, and prisoners did not have adequate assistance to prepare a legal defence or to practice religious expression.

Report 103: Report of an announced inspection of Pardelup Prison Farm

Pardelup Prison Farm was doing well. It was the only prison in Western Australia providing facility wide single cell accommodation, and the only one without a perimeter fence. The prison had benefited from stable management, tight budget control, sound local strategic planning, and a safe and supportive environment for staff and prisoners.

All prisoners were engaged in a full constructive day of meaningful activities. The prison had expanded its agricultural industries, doubling market garden and orchard plantings, refining hydroponic tomato cropping, and earning significant profit from selling cattle and sheep on the open market.
An independent assessment of the Pardelup agribusinesses found them on a par with regional best practice, but suffering from an inability to re-invest profits in agricultural machinery, equipment, and fixed assets.

The inspection found, that the Department had not implemented processes to increase the number of Noongar prisoners at Pardelup in line with a previous recommendation.

9. Key efficiency and effectiveness indicators

Reports

In recent years we have consistently exceeded our target of nine inspection and review reports per year. This year, we published 10 reports.

Number of reports completed each financial year

	2013–14	2014–15	2015–16
KPI target	9	9	9
Number of reports	14	11	10

Recommendations

This year we made 100 recommendations, exactly meeting our KPI target of 100.

We aim for an 80 per cent acceptance rate for recommendations. We met this target but acceptance rates varied widely, from 100 per cent to 53 per cent. The reports on *Bunbury Regional Prison* and *Thermal* *conditions of prison cells* had the lowest acceptance rates.

Although we aim for a high acceptance rate, it needs to be understood that the fact a recommendation is rejected does not make it a bad recommendation. In fact the Department will sometimes action areas it has previously rejected.

The number of recommendations in each report in 2015-2016

Report	Number of recommendations	Percentage supported*
98 Bunbury Regional Prison	17	53 %
99 Albany Regional Prison	13	100 %
100 Boronia Pre-Release Facility	7	71 %
Thermal conditions of prison cells	9	66 %
Remand population	0	–
101 Wooroloo Prison Farm	13	100 %
Fine defaulters in prison	0	–
102 Hakea Prison	28	89 %
Aboriginal staffing in Corrective Services	0	–
103 Pardelup Prison Farm	13	69 %
TOTAL	**100**	**80 %**

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

This year, only 15 per cent of our recommendations received unqualified support. A third were given partial support and another third were said to already be the subject of Departmental initiatives. The remaining 15 per cent were not supported.

We could not determine whether the other five recommendations were supported or not. Three of these were in the report on thermal conditions in prison cells. For example, we called on the Department to 'provide air-conditioning in all prison cells where acceptable temperatures cannot be maintained using cheaper methods'. The evidence we presented, especially about Roebourne, was compelling and was underpinned by nationally recognised testing processes and standards. The Department said only that it 'noted' our recommendation, that it would '*investigate the feasibility and cost*' of gathering further data, and that 'if data is collected', would use this 'as a *guide only*' in future planning. It is impossible to say whether this constitutes support, rejection or simply obfuscation.

Support for recommendations

Level of support	2011-12 (%)	2012-13 (%)	2013-14 (%)	2014-15 (%)	2015-16 (%)
Supported	29	31	49	49	15
Supported – existing initiative	19	27	9	13	32
Partially supported or qualified	33	25	28	30	33
Not supported	17	11	11	8	15
Unable to be determined	2	6	3	0	5

We do not usually make a recommendation if there is evidence that a matter is already being actioned. This year, however, the Department claimed that a third of our recommendations were already the subject of an 'existing initiative'. That claim is reasonable if there is evidence that the Department was already addressing the matter at the time of the inspection. It is also reasonable if there is evidence of action between the Exit Debrief and the completion of the report.

But it is not reasonable if the evidence is that the claimed initiative is not working. One example is the recommendation in our Hakea Prison report that the prison ensure newly arrived prisoners have adequate opportunity to contact next of kin. This is a both a duty of care requirement and a human right. The Department supported the recommendation but said no further action was needed as existing practices ensured timely contact. However, the evidence presented in the report was that existing practices were not working: too many prisoners did not have timely contact and were not being offered sufficient assistance. The point is simple: having a policy does not mean that it is effective or is being properly implemented. In this case, the Department needed either to rebut our evidence or to take action to implement its own policies.

Nor is it appropriate to state 'existing initiative' if that initiative is vague, non-committal, or continues for years without no tangible outcome. One example is that in 2007, we recommended the Department make more use of Skype or other technologies to allow 'e-visits' by families, loved ones and lawyers. The Department supported this and said it was already 'actively exploring' it. But, as we have found little or no improvement onsite, we have continued to recommend better use of digital technology, including four times in the past 12 months. The Department is still claiming this as an 'existing initiative' but with no timelines. It is unacceptable to claim a matter is supported and under development, if there have been tangible results for a decade.

We are continuing to work with the Department to ensure that our requirements and recommendations are clear, and that their responses are clear and detailed for us and for Parliament.

Progress against past recommendations

During inspections and follow-up reviews we assess progress against previous recommendations. This year, we concluded that there had been acceptable or better progress against 40 per cent of 115 recommendations.

This is similar to 2013-2014 and better than 2012-2013 or 2015-2016, and encouraging progress has certainly been made in some areas. However, it is concerning that over half of our recommendations have not been adequately progressed.

Progress against past inspection recommendations

Rating	2011-12 (%)	2012-13 (%)	2013-14 (%)	2014-15 (%)	2015-16 (%)
Poor	11	13	35	32	22
Less than acceptable	30	61	23	38	38
Acceptable	44	20	38	30	37
More than acceptable	16	7	3	1	3
Excellent			3		
Any progress	**60**	**27**	**44**	**31**	**40**

Timeliness of inspection reports

Timeliness is a key element of accountability. However, statutory requirements, agreed protocols and due process protections limit the speed at which inspection reports can become public.

In 2015-2016 it took an average of 27 weeks from the start of an inspection to the report being sent to Parliament. This is a pleasing improvement from 2013-2014 and 2014-15 when the average was over 30 weeks.

The improvement was largely due to an improved turnaround time in Departmental responses.

However, there have been some problems, especially in relation to the Hakea Prison report. We gave the Hakea exit debrief on 12 August 2015, and sent a draft report to the Department just before Christmas. Unfortunately, delays and a lack of clarity in Departmental responses delayed the report by almost three months.

Upcoming inspections

Section 33(2)(e) of the Act requires the Inspector to provide notice via the Annual Report of announced inspections that will be conducted in the next financial year. Inspections proposed for 2016–2017 are:

- Wandoo Reintegration Facility (August 2016)
- Casuarina Prison (October 2016)
- Eastern Goldfields Regional Prison (January 2017)
- Broome Regional Prison (March 2017)
- West Kimberley Regional Prison (March 2017)
- Bandyup Prison (May 2017)

Liaison/monitoring visits

As discussed earlier, liaison/monitoring visits are a critical element in assessing performance, risk and improvement opportunities.

We aim to conduct 90 such visits per year. This year, we reported on only 86 visits, however, we also did another 17 visits to court custody centres. These visits would normally be included, but we excluded them from this year's count because they also formed part of the inspection of court custody centres.

Independent Visitor Service

At the end of the year there were 35 Independent Visitors (IVs) for the 16 adult and one juvenile facility. Five of them visited more than one facility, with one visiting four facilities. Our target is 150 IV reports each year. This year the IVs submitted a total of 174 reports which we referred onto the Department.

The IV Service coordinator makes a continuous effort to attract new recruits to cover resignations and retirements. Recruitment of Aboriginal people is a priority.

Community relations

Structured consultation with volunteer organisations and external stakeholders, which provide services in custodial settings continued to be an essential component of inspections. Local members of parliament, mayors, shire presidents and local community members are also given the opportunity to contribute to inspections and to comment on how correctional activities fit into their communities.

In 2015–2016 the Office continued to further develop links with Aboriginal communities across Western Australia through effective communication and networking by the Community Liaison Officer. The Inspector would like to thank all community-based individuals and groups who have contributed to the activities of the Office this year.

10. Staff and consultants

In 2015–2016 we had 19.2 Full-Time Equivalent staff made up of 23 full-time and part-time employees.

The Inspector needed to take unexpected leave for three and a half months starting from early 2016. Mr Andrew Harvey acted as Inspector from 5 January to 1 February 2016 until Mr Eamon Ryan was sworn in by the Governor. Mr Ryan (whose substantive position was the Executive Director, Professional

Standards and Conduct at the Department of Education) acted from 2 February until Neil Morgan returned on 11 April.

In May 2016, Neil Morgan needed to take a further period of unexpected leave. Mr Eamon Ryan returned to act as Inspector from 26 May to 29 July 2016.

The willingness of Ms Sharyn O'Neill, Director General of the Department of Education to release Mr Ryan on short notice on both occasions is appreciated.

We used the services of a number of expert consultants in specialist areas. Some were employees from other public service departments and agencies. They are named in each report and add greatly to our work. The Inspector acknowledges the contributions of these departments, agencies and consultants, and thanks them for their support.

11. Collaboration and relationships

Parliament

The Inspector is accountable to Parliament and tables reports in Parliament directly, not through the Minister. We also send copies of Exit Debriefs to the Legislative Council Standing Committee on Public Administration and provide submissions, evidence and advice to Parliament and its committees on request.

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

On 21 June 2016 the Public Administration Committee tabled the report of its *Inquiry into the Transport of Persons in Custody in Western Australia*. The report drew on evidence we provided in 2015. The Committee concluded that our reports had provided 'independent, expert information and analysis' and had helped to improve prisoner transport. Unlike other places of custody, we are not required to report on prisoner transport every three years. The Committee recommended that the *Act* be amended to require regular reports. Subject to resourcing, we support this recommendation.

Minister

The Inspector is an independent officer who reports to the Parliament. However, positive engagement between the Inspector and the relevant Minister is also important to maximising the value of the Office. The Minister for Corrective Services is the Honourable Joe Francis MLA, who was appointed on 21 March 2013.

As discussed earlier, the Inspector is not subject to Ministerial direction under the *Act*, except for the power for the Minister to 'direct' a review. The Inspector must comply with such a direction unless, in the Inspector's opinion, there are exceptional circumstances for not complying. This power was last exercised in January 2013 where the former Minister directed the Inspector to undertake a review into a riot at the Banksia Hill detention centre.

The Inspector and the Minister have regular scheduled meetings to keep the Minister informed of areas of concern, risk and good performance. Other meetings are held as required between the Inspector and the Deputy Inspector (or other Office staff) and the Minister, the Chief of Staff or relevant policy advisers.

The Department of Corrective Services

As an independent oversight and accountability agency, the Office must operate separately from the Department of Corrective Services. The *Act* provides that the Inspector, or any person authorised by the Inspector, have free and unfettered access to all documents in the possession of the Department (or a contractor or subcontractor) in relation to a prison or detention centre, or to a custodial service in relation to a prison or to person who is, or has been, a prisoner or detainee.

Despite this, over the past two years the Department has sometimes proved reluctant to share information it holds. To try and address this, we have again revisited the memorandum of understanding (MOU) between our two agencies.

In 2012 we drafted a revision to the MOU to take account of the new review function. We sent this to the Department but never received a formal response. Another copy was provided to the Department in September 2014. While a meeting was held with the Department in October 2015 the process to update the MOU appears to have stalled, despite numerous prompts from us since then.

Other departments and agencies

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

We also maintain contact with private contractors and other agencies involved in the provision of custodial services to ensure that they understand our role and our expectations. This year, we met formally with such contractors and agencies on a regular basis.

Other collaborations

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

In 2015-2016 the Inspector and Acting Inspector made numerous presentations. These included:

- Discussion on Mental Health and Wellbeing of Young People, University Club UWA (Perth, July 2015)
- UWA Symposium on Alcohol problems (Perth, August 2015)
- Address at Court Welfare Service (Inc) AGM (Perth, August 2015)
- Youth Justice Forum North Australian Aboriginal Justice Agency, and NT Prison Visit (Darwin, Alice Springs, and Tennant Creek, September 2015)
- Discussion on Mental Health, University Club UWA (Perth, October 2015)
- Asian and Pacific Conference of Correctional Administrators (APCCA) (Bangkok, November 2015)
- WA Mental Health Conference 2016, Acting Inspector on Panel – Prison and Mental Health: acute pressures, opportunity for reform (Perth, March 2016)
- Acting Inspector participation at the Alcohol and Drug Workers' Forum, Western Australian Network of Alcohol & Other Drug Agencies (WANADA) (Perth, April 2016)
- Soroptomists' Forum, Keynote Speaker (Women in Prison in WA: are we in an avoidable crisis?) (Perth, May 2016)

In addition the Deputy Inspector was seconded to assist the Tasmanian Ombudsman with the establishment of an independent Inspector's function within his office. The part-time secondment included assistance to develop a set of inspection standards for the new office.

12. Other functions

Risk notices

The Inspector raises matters of risk with the Department and the Minister in several ways. These include inspection reports, correspondence and meetings with the Minister and / or the Commissioner for Corrective Services.

If necessary, the Inspector may also issue a 'risk notice'. Risk notices are used sparingly and generally will not be necessary if the issue has been raised in other ways.

There were no risk notices issues this financial year, though many areas of risk were raised with the Minister and the Commissioner for Corrective Services.

'Show cause' notices

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

The effect of the notice is that the Department must 'show cause' why the matter should not be referred to the Minister. This power came into force on 18 January 2012. It was not exercised in 2015-2016 though issues of risk were regularly raised through other means.

In effect, the 'show cause' process is just a mechanism to ensure that the Inspector has the statutory authority to make Ministers aware of risks. In 2015-2016, the relationship between the Inspector and the Minister has been such that issues of risk have frequently been raised. Nothing more would have been gained through a show cause notice.

Terrorism (Preventative Detention) Act 2006

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

Disclosure of information

We regularly receive letters and telephone calls about prisons and prison services from prisoners, relatives and friends of prisoners, lawyers and other interested parties. Under section 26 of the *Act* the Office may only deal with a complaint or a grievance received by referring it to another agency or dealing with them within the context of an inspection or review. This year we received 118 letters.

PART TWO – SOURCE REFERENCE

FMA sec 61
TI 902

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

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2016.

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

15 August 2016

Contact Details

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Operational Structure

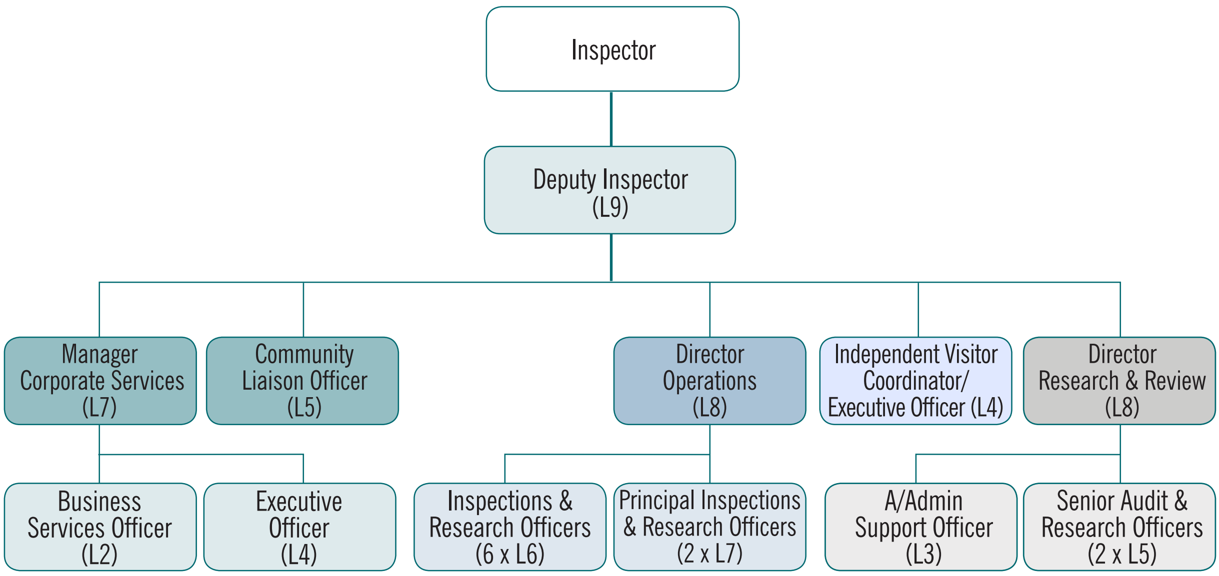
Enabling Legislation

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

Responsible Minister

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

Organisational Chart



Senior Officers

Professor Neil Morgan (The Inspector of Custodial Services)

Appointed Inspector on 30 March 2009, Neil Morgan is the second Inspector of Custodial Services in Western Australia, following Professor Richard Harding. He was Professor of Law at the University of Western Australia, a member of the Parole Board of Western Australia, and Director of Research for the Western Australia Law Reform Commission project on Aboriginal Customary law. He has been Rapporteur for the Asian and Pacific Conference of Correctional Administrators for the past decade and a consultant to numerous government departments and other agencies in Australia. His research has focused mainly on criminal law, sentencing and the administration of sentences in Australia and in the Asia Pacific region. Recent publications include *Criminal Law in Malaysia and Singapore* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2007: *Criminal Law in Malaysia and Singapore: A Casebook Companion* (with Stanley Yeo and Chan Wing Cheong), LexisNexis, Singapore, 2015 Revised 2nd Edition: and (with Richard Harding) *Implementing the Optional Protocol to the Convention Against Torture: Options for Australia* (2008) – www.hreoc.gov.au/human_rights/publications

Deputy Inspector: Andrew Harvey

Andrew was appointed Deputy Inspector in the Office of the Inspector of Custodial Services on 3 January 2012. Andrew has worked in a diverse range of senior management roles in Commonwealth and State public sector agencies, including as a Senior Manager at the Australian Bureau of Statistics and at the Office of the Auditor General where Andrew led teams managing compliance, control and accountability audits. He also managed the licencing of Western Australia's water, electricity and gas service providers at the Economic Regulation Authority.

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

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

Administered Legislation

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

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

Other Key Legislation Impacting on the Office's Activities

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

Bail Act 1982

Corruption and Crime Commission Act 2003

Court Security and Custodial Services Act 1999

Crime (Serious and Repeat Offenders) Sentencing Act 1992

Criminal Law (Mentally Impaired Defendants) Act 1996

Equal Opportunity Act 1984

Evidence Act 1906

Fines, Penalties and Infringement Notices Enforcement Act 1994

Interpretation Act 1984

Occupational Health and Safety Act 1984

Parole Orders (Transfer) Act 1984

Prisoners (Interstate Transfer) Act 1983

Prisoners (Release for Deportation) Act 1989

Prisons Act 1981

Dangerous Sexual Offenders Act 2006

Disability Services Act 1993

Parliamentary Commissioner Act 1971

Public Sector Management Act 1994

Racial Discrimination Act 1975

Sentence Administration Act 1995

Terrorism (Preventative Detention) Act 2006

Victims of Crime Act 1994

Young Offenders Act 1994

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

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

Performance Management Framework

Outcome Based Management Framework

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

Service: Inspection and review of custodial services.

Shared Responsibilities with Other Agencies

The Office did not deliver services jointly with any other agency in 2015/16.

Summary Of Key Performance Indicators: Actual Performance Compared to Budget Targets

	2015–16 Target (000's)	2015–16 Actual (000's)	2015–16 Variation (000's)
Key Effectiveness Indicator			
The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.	80%	80%	-%
Key Efficiency Indicators			
Average cost per Report	$200	$224	+$24
Average cost per Independent Visitors' Scheme Report	$2	$2	$0
Average cost per Liaison Visit Report	$10	$12	+$2

Key Performance Indicators

Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office for the financial year ended 30 June 2016.

Neil Morgan

15 August 2016

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 Indicator

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

Key Effectiveness Indicator	Number of Inspection Report Recommendations		Percentage of Recommendations Accepted	
	Target	Actual	Target (%)	Actual (%)
2011–12	50	127	90	85
2012–13	90	78	90	86
2013–14	100	153	80	86
2014–15	100	180	80	91
2015–16	100	100	80	80

Comparison of Actual Results and Budget Targets

The number of recommendations made this year is exactly on target. This is less than normal but it is because the custodial facilities inspected this year were less complex than normal.

Only 20 of the 100 recommendations were not supported. The other recommendations were either supported, supported existing initiative or partially supported. Of the 100 recommendations raised in 2015/16 68 per cent (2014/15 – 87 per cent) were related to new recommendations.

Supported existing initiatives refers to those recommendations that the Department has already identified and action was underway prior to the inspection to address the recommendation. Details of the actions taken are usually provided at a later date. In some instances this is the result of the Department taking action on an issue pointed out during or immediately following an inspection. By the time the inspection report has been finalised the Department has rightly credited its actions in meeting the recommendation.

Key Efficiency Indicators

Key Efficiency Indicators	Actual 2012–13	Actual 2013–14	Actual 2014–15	Target 2015–16	Actual 2015–16
Report[1]	n/a	14	11	9	10
Average cost per Report[2]	n/a	206,064	193,657	200,000	224,393
Liaison Visit Report	101	101	96	90	86
Average cost per Liaison Visit Report	5,036	4,826	10,511	10,000	11,840
Independent Visitors' Scheme Report	163	177	165	150	174
Average cost per Independent Visitors' Scheme Report	853	1,328	2,024	2,000	1,950

1. In 2013-14, the efficiency key performance indicators for inspection reports, ministerial advices and discussion papers were replaced with a new indicator for reports. Hence no prior year comparatives have been presented for the efficiency indicator 'Average Cost per Report' for the 2012-13 financial year. For full disclosure of efficiency key performance indicators for 2011 to 2013 relating to inspection reports, exit debriefs, ministerial advices and discussion papers, refer to prior year annual reports.
2. The average time taken from the start of an inspection to the production and lodgement of a report in Parliament is between six and nine months depending upon the complexity of the facility or service.

Comparison of Actual Results and Budget Targets

The Inspectorate has changed the way it allocates costs across the three efficiency indicators. In the past all costs were estimated and allocated based upon educated assumptions. 2014/15 was the first year where costs were directly charged to a relevant efficiency indicator in the financial management system at the time of payment. This new methodology still requires an estimate of some of the costs to be applied across the efficiency indicators but it is now based upon an annual staff survey of where time has been spent.

Reports:

The Inspectorate operates on a three year cycle where each prison, juvenile detention centre, court custody centre and prescribed lock up is fully inspected. This means that some years produce more reports than others. 2015/16 is a year where we have produced less reports than usual. Consequently, the average cost per report is slightly higher than in previous years.

Liaison Visit Reports:

The target of 90 liaison visit reports is based on six visits occurring at the large and complex prisons (Hakea, Casuarina, Bandyup and Banksia Hill) and three visits occurring at the remaining prisons. Each work camp and court custody centre receives at least one visit each year. The frequency of visits may vary according to the assessed risk of each facility. The target has not been achieved this year because 20 visits that would otherwise be counted as liaison visit reports are being counted towards an upcoming report on court custody centres. As a result costs exceeded prior year actuals and current year target. This clash of activities occurs every three years where the Office has a statutory obligation under s.19(c) of the *Inspector of Custodial Services Act 2003* to report on court custody centres.

Independent Visitors' Scheme Reports:

The target of 150 independent visitor reports is based on each prison (17) receiving nine visits annually. The target has been exceeded this year because extra visits occurred at the prisons with the exception of Greenough and Pardelup which only received two and eight respectively.

Other Financial Disclosures

Source Reference

Employment and Industrial Relations

Staff Profile

	2014–15	2015–16
Full-time permanent	13	11
Full-time contract	1	1
Part-time measured on an FTE basis	5	6
On secondment	1	1
	20	**19**

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 Mental Health Communication.

Workers' Compensation

There were no workers' compensation claims recorded during the financial year.

Governance Disclosures

Source Reference

TI 903 **Contracts with Senior Officers**

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

Other Legal Requirements

Source Reference

Source Reference	
Public Sector Management Act 1994 Section 31(1)	**Compliance with *Public Sector Management Act 1994* 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: 0
   - Number of breaches found, including details of multiple breaches per application: 0
   - Number still under review: nil

Neil Morgan
Inspector of Custodial Services

15 August 2016

TI 903

***Electoral Act 1907* section 175ZE**

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

Details are as follows:

Expenditure with Advertising Agencies	$0
Expenditure with Market Research Agencies	$0
Expenditure with Polling Agencies	$0
Expenditure with Direct Mail Agencies	$0
Expenditure with Media Advertising Agencies	$0
TOTAL EXPENDITURE	**$0**

Disability Access and Inclusion Plan Outcomes

(*Disability Services Act 1993,* s29)

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

This Office has a plan which will guide us until 2018 in maintaining, and where necessary improving our ability to ensure people with disability have the same opportunities as other people to access employment in this Office, communicate with us and access information produced by us. The plan is available on the Office's website.

Recordkeeping Plans

The State Records Commission approved the Office's recordkeeping plan in October 2014 for a period of five years.

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 recruited an officer to advocate potential occupational safety and health issues. The officer is booked on a training course in September 2016. Occupational Safety and Health is a permanent agenda item on the Senior Management Team meetings.

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	40 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 exercising the following disciplines:

- Using recycled paper for photocopying and printing;
- Reducing the vehicle fleet from three to two;
- Using recycled printer and toner cartridges; and
- Using sensor lighting in all work areas including meeting 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, a checklist of personal commitments required of all employees and a pamphlet by the CCC and the Public Sector Commission on notification of misconduct in Western Australia.

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

PART THREE – FINANCIAL STATEMENTS

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 2016 and the financial position as at 30 June 2016.

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

Derek Summers
Chief Finance Officer

15 August 2016

Neil Morgan
Accountable Authority

15 August 2016

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 2016, 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.

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 2016 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.

Inspector of Custodial Services' Responsibility for the Financial Statements

The Inspector of Custodial Services is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Inspector of Custodial Service 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 for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements 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.

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Report on Controls

I have audited the controls exercised by the Office of the Inspector of Custodial Services during the year ended 30 June 2016.

Controls exercised by the Office of the Inspector of Custodial Services are those policies and procedures established by the Inspector of Custodial Services to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Opinion
In my opinion, in all material respects, the controls exercised by the Office of the Inspector of Custodial Services are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

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

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

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

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2016.

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

Opinion
In my opinion, in all material respects, the key performance indicators of the Office of the Inspector of Custodial Services are relevant and appropriate to assist users to assess the Office's performance and fairly represent indicated performance for the year ended 30 June 2016.

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

Auditor's Responsibility for the Audit of Key Performance Indicators
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

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

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

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators
This auditor's report relates to the financial statements and key performance indicators of the Office of the Inspector of Custodial Services for the year ended 30 June 2016 included on the Office's website. The Office's management is responsible for the integrity of the Office's website. This audit does not provide assurance on the integrity of the Office's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

GLEN CLARKE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 August 2016

Statement of Comprehensive Income for the year ended 30 June 2016

COST OF SERVICES	Note	2016	2015
		$	$
Expenses			
Employee benefits expense	6	2,466,901	2,323,829
Supplies and services	7	787,270	779,288
Depreciation and amortisation expense	8	3,543	18,475
Accommodation expenses	9	299,351	304,203
Other expenses	10	44,400	47,338
Total Cost of Services		3,601,465	3,473,133
Income			
Revenue			
Other revenue	11	7,722	1,515
Total Revenue		7,722	1,515
Total Income other than Income from State Government		7,722	1,515
Net Cost of Services		3,593,743	3,471,618
Income from State Government			
Service Appropriation	12(a)	3,570,000	3,427,000
Services received free of charge	12(b)	96,876	98,111
Total Income from State Government		3,666,876	3,525,111
SURPLUS/(DEFICIT) FOR THE PERIOD		73,133	53,493
Other Comprehensive Income			
Items not reclassified subsequently to profit or loss			
Total Other Comprehensive Income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		73,133	53,493

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

Statement of Financial Position as at 30 June 2016

ASSETS	Note	2016	2015
		$	$
Current Assets			
Cash and cash equivalents	22	363,665	236,710
Restricted cash and cash equivalents	13	–	88,307
Receivables	14	40,896	73,093
Amounts receivable for services	15	26,000	26,000
Other current assets	16	49,786	59,194
Total Current Assets		480,347	483,304
Non-Current Assets			
Amounts receivable for services	15	177,000	175,000
Plant and equipment	17	34,021	9,846
Total Non-Current Assets		211,021	184,846
TOTAL ASSETS		691,368	668,150
LIABILITIES			
Current Liabilities			
Payables	19	147,000	258,210
Provisions	20	519,687	484,726
Total Current Liabilities		666,687	742,936
Non-Current Liabilities			
Provisions	20	163,286	136,952
Total Non-Current Liabilities		163,286	136,952
TOTAL LIABILITIES		829,973	879,888
NET ASSETS		(138,605)	(211,738)
EQUITY			
Contributed equity	21	274,000	274,000
Accumulated surplus/(deficit)		(412,605)	(485,738)
TOTAL EQUITY/(DEFICIT)		(138,605)	(211,738)

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

Statement of Changes in Equity for the year ended 30 June 2016

	Contributed equity	Accumulated surplus/(deficit)	Total equity/(deficit)
	$	$	$
Balance at 1 July 2014	274,000	(539,231)	(265,231)
Surplus	–	53,493	53,493
Total Comprehensive Income for the Period	-	53,493	53,493
Transactions with owners in their capacity as owners:			
– Capital contributions	–	–	–
Total	–	–	–
Balance at 30 June 2015	274,000	(485,738)	(211,738)
Balance at 1 July 2015	274,000	(485,738)	(211,738)
Surplus	–	73,133	73,133
Total Comprehensive Income for the Period	-	73,133	73,133
Transactions with owners in their capacity as owners:			
– Capital contributions	–	–	–
Total	–	–	–
BALANCE AT 30 JUNE 2016	274,000	(412,605)	(138,605)

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

Statement of Cash Flows for the year ended 30 June 2016

STATEMENT OF CASH FLOWS (CONTROLLED OPERATIONS)	Note	2016	2015
		$	$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		3,542,000	3,399,000
Holding account drawdown		26,000	26,000
Net Cash Provided by State Government		**3,568,000**	**3,425,000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,434,816)	(2,445,251)
Supplies and services		(742,242)	(621,835)
Accommodation		(299,666)	(301,523)
GST payments on purchases		(114,956)	(107,816)
Other payments		(44,400)	(47,338)
Receipts			
GST receipts on sales		10,542	3,113
GST receipts from taxation authority		116,181	91,423
Other receipts		7,722	1,515
Net Cash Used in Operating Activities	22	**(3,501,635)**	**(3,427,712)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(27,718)	(7,068)
Net Cash Provided Used in Investing Activities		**(27,718)**	**(7,068)**
Net Increase/(Decrease) in Cash and Cash Equivalents		38,647	(9,780)
Cash and cash equivalents at the beginning of the period		325,018	334,797
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	**363,665**	**325,017**

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

Summary of Consolidated Account Appropriations and Income Estimates for the year ended 30 June 2016

	2016 Estimate	2016 Actual	Variance	2016 Actual	2015 Actual	Variance
	$	$	$	$	$	$
Delivery of Services						
Item 107 net amount appropriated to deliver services	3,323,000	3,323,000	–	3,323,000	3,180,000	143,000
Amount Authorised by Other Statutes						
Salaries and allowances Act 1975	247,000	247,000	–	247,000	247,000	–
Total Appropriations Provided to Deliver Services	**3,570,000**	**3,570,000**	**-**	**3,570,000**	**3,427,000**	**143,000**
Capital						
Capital appropriations	–	–	–	–	–	–
GRAND TOTAL	**3,570,000**	**3,570,000**	**-**	**3,570,000**	**3,427,000**	**143,000**
Details of Expenses by Services						
Inspection and review of custodial services	3,575,000	3,601,465	26,465	3,601,465	3,473,133	128,332
Total cost of services	3,575,000	3,601,465	26,465	3,601,465	3,473,133	128,332
Less: Total Income	(5,000)	(7,722)	(2,722)	(7,722)	(1,515)	(6,207)
Net Cost of Services	3,570,000	3,593,743	23,743	3,593,743	3,471,618	122,125
Adjustments	–	(23,743)	(23,743)	(23,743)	(44,618)	20,875
Total Appropriations Provided to Deliver Services	**3,570,000**	**3,570,000**	**-**	**3,570,000**	**3,427,000**	**143,000**
Capital Expenditure						
Purchase of non-current physical assets	26,000	27,718	1,718	27,718	7,068	20,650
Adjustments for other funding sources	(26,000)	(27,718)	(1,718)	(27,718)	(7,068)	(20,650)
Capital Appropriations	-	-	-	-	-	-

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation, and services received free of charge.

Note 26 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2016 and between the actual results for 2016 and 2015.

Notes to the Financial Statements for the year ended 30 June 2016

1. Australian Accounting Standards

General

The Office's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early Adoption of Standards

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Office for the annual reporting period ended 30 June 2016.

Note 2. Summary of Significant Accounting Policies

(a) General Statement

The Office is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of Preparation

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

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

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

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

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

2. Summary of Significant Accounting Policies (Contd.)

(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, both the "Schedule of Income and Expenses by Service" and "Schedule of Assets and Liabilities by Service" have not been presented in the financial statements for the year ended 30 June 2016.

(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 2015–2016 Budget Statements, the Office retained $7,722 in 2016 ($1,515 in 2015) from the following:

- Other departmental revenue.

Gains

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

(f) Plant and Equipment

Capitalisation/Expensing of Assets

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

Initial Recognition and Measurement

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

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

Subsequent Measurement

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

Depreciation

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

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

• Communications	5 Years
• Computer Hardware	3 Years
• Leasehold Improvements	7 Years
• Office Equipment	5 Years

(g) Intangible Assets

Capitalisation/Expensing of Assets

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

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

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

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

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

• Computer Software	3 Years

Computer Software

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

2. Summary of Significant Accounting Policies (Contd.)

(h) Impairment of Assets

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

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

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

(i) Leases

The Office has not entered into any finance leases.

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

(j) Financial Instruments

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

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

Financial instruments have been disaggregated into the following classes:

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

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

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

(k) Cash and Cash Equivalents

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

(l) Accrued Salaries

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

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

(m) Amounts Receivable for Services (Holding Account)

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

(n) Receivables

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

(o) Payables

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

(p) Provisions

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

Provisions – Employee Benefits

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

Annual Leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be "other long term employee benefits". The annual leave liability 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.

2. Summary of Significant Accounting Policies (Contd.)

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

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

Long Service Leave

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

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

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

Unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as noncurrent liabilities because the Office has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Purchased Leave

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

Superannuation

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

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

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

(p) Provisions (contd.)

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

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

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped form 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

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

(r) Assets or Services Received Free of Charge or for Nominal Cost

Assets or services received free of charge or for nominal cost that the Office would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. 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.

3. Judgements Made by Management in Applying Accounting Policies

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

Operating Lease Commitments

The Office has entered into a lease for a building used for office accommodation and separate leases for three motor vehicles. In each instance, the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4. Key Sources of Estimation Uncertainty

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

Long Service Leave

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

5. Disclosure of Changes in Account 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 2015 that impacted on the Office.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality, and Financial Instruments*

Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Office has not yet determined the application or the potential impact of AASB 9.

AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*

This Standard makes amendments to AASB 9 *Financial Instruments* (December 2009) and AASB 9 *Financial Instruments* (December 2010), arising from the issuance of AASB 9 *Financial Instruments* in December 2014. The Office is not currently permitted to adopt the resultant financial instrument standard early and has not yet determined the financial impact of the Standard.

AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to be effectively withdrawn. There is no financial impact.

Voluntary Changes in Accounting Policy

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

Future Impact of Australian Accounting Standards Not Yet Operative

The Office cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Office has not applied early any of the 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
AASB 9	*Financial Instruments* This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	*Revenue from Contracts with Customers* This Standard establishes the principles that the Office shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 16	*Leases* This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
AASB 2010-7	*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 & 1038 and Int 2, 5, 10, 12, 19 & 127]* This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-1	*Amendments to Australian Accounting Standards* Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed to determine the application or potential impact.	1 Jan 2018

5. Disclosure of Changes in Account Policy and Estimates (Contd.)

		Operative for reporting periods beginning on/after
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]* The Office establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	1 Jan 2016
AASB 2014-4	*Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]* The adoption of this Standard has no financial impact for the Office as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016
AASB 1057	*Application of Australian Accounting Standards* This Standard lists the application paragraphs for each other Standard (and Interpretation). There is no financial impact on application of the Standard.	1 Jan 2016
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]* This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Office does not believe this Standard will have any application or potential impact on its future reporting.	1 Jan 2016
AASB 2014-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]* This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Office does not believe this Standard will have any application or potential impact on its future reporting.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]* These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Office has not yet determined the application or the potential impact of the Standard.	1 Jan 2016
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]* This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	1 Jan 2016
AASB 2015-6	*Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]* The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Office will be required to make related party disclosures, though there is no financial impact.	1 Jul 2016
AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* This Standard amends AASB 107 *Statement of Cash Flows* (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2018

Changes in Accounting Estimates

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

6. Employee Benefits Expense

	2016	2015
	$	$
Wages and salaries (a)	2,187,536	2,045,576
Superannuation – defined contribution plans (b)	221,979	218,372
Other related expenses	57,386	59,881
	2,466,901	2,323,829

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

(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.

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

Employment on-costs liability is included in Note 20 'Provisions'.

7. Supplies and Services

	2016	2015
	$	$
Communications	52,954	56,335
Consultants and contractors	406,238	347,150
Consumables	31,662	88,411
Materials	74,968	81,301
Lease, rent and hire costs	44,256	42,464
Travel	93,472	89,910
Other	83,720	73,717
	787,270	779,288

8. Depreciation and Amortisation Expense

	2016	2015
	$	$
Depreciation		
Computer hardware	3,543	15,472
Office equipment	–	2,454
Total Depreciation	3,543	17,926
Amortisation		
Intangible assets	–	549
Total Amortisation	–	549
Total Depreciation and Amortisation	3,543	18,475

9. Accommodation Expenses

	2016	2015
	$	$
Lease rentals	299,351	304,203

10. Other Expenses

	2016	2015
	$	$
Audit fees (a)	44,400	47,338

(a) The cost represents internal and external audit fees. Refer also to Note 29 'Remuneration of Auditor'.

11. Other Revenue

	2016	2015
	$	$
Expense recoveries from other agencies	7,378	143
Sundry revenue	–	100
GST refund relating to prior years	344	1,272
	7,722	1,515

12. Income from State Government

	2016	2015
	$	$
Appropriation received during the period:		
Service appropriation (a)	3,570,000	3,427,000
Resources received free of charge (b)		
Determined on the basis of the following estimates provided by agencies:		
Department of Finance – Building and Management Works	96,876	96,879
State Solicitors Office	–	1,232
	96,876	98,111

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

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

13. Restricted Cash and Cash Equivalents

	2016	2015
	$	$
Current		
Accrued salaries suspense account (i)	–	88,307

(i) 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.

14. Receivables

	2016	2015
	$	$
Current		
Receivables	14,361	34,790
GST receivable	26,535	38,303
Total Current	**40,896**	**73,093**

Reconciliation of changes in the allowance for impairment of receivables

Balance at start of period	–	5,830
Doubtful debts expense	–	–
Amounts written off during the period	–	(5,830
Impairment losses reversed during the period	–	–
Balance at end of period	**-**	**-**

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

15. Amounts Receivable for Services (Holding Account)

	2016	2015
	$	$
Current	26,000	26,000
Non-Current	177,000	175,000
	203,000	201,000

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.

16. Other Current Assets

	2016	2015
	$	$
Prepayments	49,786	59,194

17. Plant and Equipment

	2016	2015
	$	$
Computing hardware (at cost)	171,546	143,828
Less: Accumulated depreciation	(143,828)	(143,828)
	27,718	–
Office equipment (at cost)	17,714	30,095
Less: Accumulated depreciation	(11,411)	(20,249)
	6,303	9,846
Total Plant and Equipment	**34.021**	**9,846**

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

	Computer Hardware	Office Equipment	Total
2016	$	$	$
Carrying amount at start of year	–	9,846	9,846
Additions	27,718	–	27,718
Depreciation	–	(3,543)	(3,543)
Carrying Amount at End of Year	27,718	6,303	34,021
2015			
Carrying amount at start of year	15,472	5,232	20,704
Additions	–	7,068	7,068
Depreciation	(15,472)	(2,454)	(17,926)
Carrying Amount at End of Year	-	9,846	9,846

18. Impairment of Assets

There were no indications of impairment to plant and equipment as at 30 June 2016.

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 2016 have either been classified as assets held for sale or written-off.

19. Payables	2016	2015
	$	$
Current		
Trade payables	88,733	146,796
Accrued expenses	58,269	47,414
Accrued salaries	–	64,000
	147,002	258,210

20. Provisions	2016	2015
	$	$
Current		
Employee Benefits Provision		
Annual Leave (a)	238,082	210,456
Long service leave (b)	279,120	271,860
	517,202	482,316
Other Provisions		
Employment on-costs (c)	2,485	2,410
	519,687	484,726

20. Provisions (Contd.)

Non-Current		
Employee Benefits Provision		
Long service leave (b)	162,474	136,271
Other Provisions		
Employment on-costs (c)	812	681
	163,286	**136,952**

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

Within 12 months of the end of the reporting period	179,458	184,845
More than 12 months after the end of the reporting period	58,624	25,611
	238,082	**210,456**

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

Within 12 months of the end of the reporting period	35,436	114,155
More than 12 months after the end of the reporting period	406,158	293,976
	441,594	**408,131**

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

Movements in Other Provisions

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

	2016	2015
	$	$
– Employment On-Cost Provision		
Carrying amount at start of period	2,410	3,075
Additional provisions recognised	75	(665)
Carrying amount at end of period	**2,485**	**2,410**
Non-Current		
Carrying amount at start of period	681	501
Additional provisions recognised	131	180
Carrying amount at end of period	**812**	**681**

21. Equity

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

	2016	2015
Contributed Equity		
Balance at start of period	274,000	274,000
Contributions by owners		
– Capital appropriation	–	–
Total contributions by owners	-	-
Balance at end of period	274,000	274,000

	2016	2015
Accumulated Deficit		
Balance at start of period	(485,738)	(539,231)
Result for the period	73,133	53,493
Balance at end of period	(412,605)	(485,738)
Total Deficit at End of Period	(138,605)	(211,738)

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

22. Notes to the Statement of Cash Flows

	2016	2015
	$	$
Reconciliation of Cash		

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

	2016	2015
Cash and cash equivalents	363,665	236,710
Restricted cash and cash equivalents	–	88,307
	363,665	325,017

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

	2016	2015
Net cost of services	(3,593,743)	(3,471,618)
Non-Cash Items:		
- Depreciation and amortisation	3,543	18,475
- Resources received free of charge	96,876	98,111

22. Notes to the Statement of Cash Flows

(Increase)/Decrease in Assets:		
- Current receivables (a)	20,429	(34,790)
- Other current assets	9,408	(10,972)
Increase/(Decease) in Liabilities:		
– Current payables	(111,210)	80,995
– Current provisions	34,961	(130,841)
– Non-current provisions	26,334	36,208
– Net GST receipts/(payments (b)	11,767	(13,280)
Net Cash Used in Operating Activities	**(3,501,635)**	**(3,427,712)**

(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.

23. Commitments

	2016	2015
	$	$

The commitments below are inclusive of GST where relevant.

Non-Cancellable Operating Lease Commitments

Commitments for minimum lease payments are payable as follows:

– Within 1 year	371,495	361,737
– Later than 1 year and not later than 5 years	381,595	753,091
	753,090	**1,114,828**

	2016	2015
	$	$

Other Expenditure Commitments – IT Services

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

– Within 1 year	25,691	25,691
– Later than 1 year and not later than 5 years	25,691	51,381
	51,382	**77,072**

Other Expenditure Commitments – Vehicle Leases

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

– Within 1 year	7,972	8,963
– Later than 1 year and not later than 5 years	11,192	1,867
	19,164	**10,830**

24. Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 June 2016.

25. Events Occurring After the End of the Reporting Period

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

26. Explanatory Statement

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

5% and $69,463 for the Statements of Comprehensive Income and Cash Flows; and,

5% and $12,800 for the Statement of Financial Position

26. Explanatory Statement (Contd.)

Significant variances between estimate and actual for 2016:

Statement of Comprehensive Income

	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance Between Estimate and Actual	Variance Between Actual Results for 2016 and 2015
Employee benefits expense	(A)	2,506,000	2,466,901	2,323,829	39,099	143,072
Supplies and services	(1)	659,000	787,270	779,288	(128,270)	7,982
Depreciation and amortisation expense		26,000	3,543	18,745	22,457	(14,932)
Accommodation expenses		362,000	299,351	304,203	62,649	(4,852)
Other expenses		22,000	44,400	47,338	(22,400)	(2,938)
Total Cost of Services		**3,575,000**	**3,601,465**	**3,473,133**	**(26,465)**	**128,332**
Income						
Revenue						
Other revenue		5,000	7,722	1,515	(2,722)	6,207
Total Revenue		5,000	7,722	1,515	(2,722)	6,207
Total Income other than Income from State Government		5,000	7,722	1,515	(2,722)	6,207
NET COST OF SERVICES		**3,570,000**	**3,593,743**	**3,471,618**	**(23,743)**	**122,125**
Income from State Government						
Service appropriation		3,570,000	3,570,000	3,427,000	–	143,000
Services received free of charge	(2)	6,000	96,876	98,111	90,876	(1,235)
Total Income from State Government		3,576,000	3,666,876	3,525,111	90,876	141,765
SURPLUS/(DEFICIT) FOR THE PERIOD		**6,000**	**73,133**	**53,493**	**67,133**	**19,640**
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,000	73,133	53,493	67,133	19,640

Statement of Financial Position

	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance Between Estimate and Actual	Variance Between Actual Results for 2016 and 2015
ASSETS						
Current Assets						
Cash and cash equivalents	(3, B)	262,000	363,665	236,710	101,665	126,955
Restricted cash and cash equivalents	(C)	–	–	88,307	–	(88,307)
Receivables	(4, D)	25,000	40,896	73,093	15,896	(32,197)
Amounts receivable for services		26,000	26,000	26,000	–	–
Other current assets		48,000	49,786	59,194	1,786	(9,408)
Total Current Assets		**361,000**	**480,347**	**483,304**	**119,347**	**(2,957)**
Non-Current Assets						
Restricted cash and cash equivalents	(5)	81,000	–	–	(81,000)	–
Amounts receivable for services		177,000	177,000	175,000	–	2,000
Plant and equipment	(6, E)	21,000	34,021	9,846	13,021	24,175
Total Non-Current Assets		279,000	211,021	184,846	(67,979)	26,175
TOTAL ASSETS		**640,000**	**691,368**	**668,150**	**51,368**	**23,218**
LIABILITIES						
Current Liabilities						
Payables	(7, F)	70,000	147,000	258,210	77,000	(111,210)
Provisions	(8, G)	611,000	519,687	484,726	(91,313)	34,961
Other current liability	(9)	107,000	–	–	(107,000)	–
Total Current Liabilities		**788,000**	**666,687**	**742,936**	**(121,313)**	**(76,249)**
Non-Current Liabilities						
Provisions	(8, G)	105,000	163,286	136,952	58,286	26,334
Total Non-Current Liabilities		105,000	163,286	136,952	58,286	26,334
TOTAL LIABILITIES		893,000	829,973	879,888	(63,027)	(49,915)
NET ASSETS		**(253,000)**	**(138,605)**	**(211,738)**	**114,395**	**73,133**
EQUITY						
Contributed equity		274,000	274,000	274,000	–	–
Accumulated surplus/(deficit)	(10, H)	(527,000)	(412,605)	(485,738)	114,395	73,133
TOTAL EQUITY/(DEFICIT)		**(253,000)**	**(138,605)**	**(211,738)**	**114,395**	**73,133**

26. Explanatory Statement (Contd.)

Statement of Cash Flows

	Variance Note	Original Budget 2016	Actual 2016	Actual 2015	Variance Between Estimate and Actual	Variance Between Actual Results for 2016 and 2015
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriations		3,542,000	3,542,000	3,399,000	-	143,000
Holding account drawdowns		26,000	26,000	26,000	-	-
Net cash provided by State Government		**3,568,000**	**3,568,000**	**3,425,000**	**-**	**143,000**
CASH FLOWS FROM OPERATION ACTIVITIES						
Payments						
Employee benefits		(2,506,000)	(2,434,816)	(2,445,251)	71,184	10,435
Supplies and services	(11, I)	(635,000)	(742,242)	(621,835)	(107,242)	(120,407)
Accommodation		(382,000)	(299,666)	(301,523)	82,334	1,857
GST payments on purchases	(12)	(42,000)	(114,956)	(107,816)	(72,956)	(7,140)
Other payments		(20,000)	(44,400)	(47,338)	(24,400)	2,938
Receipts						
GST receipts on sales		-	10,542	3,113	10,542	7,429
GST receipts from taxation authority	(13)	42,000	116,181	91,423	74,181	24,758
Other receipts		5,000	7,722	1,515	2,722	6,207
Net cash provided by/(used in) operating activities		**(3,538,000)**	**(3,501,635)**	**(3,427,712)**	**36,365**	**(73,923)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets		(26,000)	(27,718)	(7,068)	(1,718)	(20,650)
Net cash provided by/(used in) investing activities		(26,000)	(27,718)	(7,068)	(1,718)	(20,650)
Net increase/(decrease) in cash and cash equivalents		4,000	38,647	(9,780)	34,647	48,427
Cash and cash equivalents at the beginning of the period		339,000	325,018	334,797	(13,982)	(9,779)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**343,000**	**363,665**	**325,017**	**20,665**	**38,648**

Notes to Variances Between Budgeted and Actual Expenses

Statement of Comprehensive Income

1. Supplies and services expense exceeded budget by $128,000. A free of charge expense totalling $97,000, applicable to the depreciation of the leasehold fit out of the Inspector's Offices at Albert Facey House Perth, is included in actual Supplies and Services expense. The Office did not budget for this amount nor did it budget for the corresponding free of charge revenue.

2. Services free of charge exceeded budget by $91,000. Primarily, this amount represents free of charge depreciation of $97,000 on the leasehold fit out of the Office (refer to comment 1).

Statement of Financial Position

3. The budget was prepared based on a surplus of $6,000; the actual surplus is $73,000. Also, the Office converted $129,000 of assets to cash. The Office used the cash collections to fund the purchase of $28,000 of IT equipment and reduce debts to suppliers by $77,000.
4. The budget did not allow for the recovery of $9,800 of FBT on the submission of the 2016 FBT Return, and a rental bond of $4,500 paid for a staff member's accommodation while seconded to Queensland.

5. The restricted cash represents funds held to meet the 27th pay. The budget provided for the 27th pay to be paid in 2016-2017. The Office made the 27th pay on 30 June 2016.

6. The budget did not provide for the purchase of additional IT equipment of $28,000. Furthermore, the Office had not begun depreciating the equipment by year-end as the equipment was not installed and ready for use.
7. The decrease in payables of $77,000 reflects the timing of payments.
8. The provisions consist of employee provisions for annual leave and long service leave. The total outstanding leave hours increased over the prior year. However, during the year some employees on higher salaries took their leave, thus reducing the total leave balance, which has resulted in the provision being lower than budget.
9. The variance primarily represents the 27th pay salary accrual. The 27th pay was budgeted for payment in the 2016-2017 financial year. The Office made the 27th pay on 30 June 2016.
10. The Office budgeted for a surplus of $6,000 in 2016. The Office was able to achieve savings in the delivery of services, which resulted in the Office achieving a surplus of $73,000.

Statement of Cash Flow

11. Payments for supplies and services are over budget by $107,000. The Office reduced its outstanding payables by $77,000.

12. For budgeting purposes, the GST on purchases was included in the corresponding payments category rather than reporting it separately.

13. For budgeting purposes, the GST receipts from taxation authority has been offset against the GST expenses.

26. Explanatory Statement (Contd.)

Comments to Variances Between Actual Results for 2016 and 2015

Statement of Comprehensive Income

A. In 2016 the increased expense was due to the cost incurred to fill the position of Inspector temporarily, due to illness of the incumbent and the increase in provisions and secondment costs for the period.

Statement of Financial Position

B. The increased cash resulted from the following: a surplus of $73,000; and, the Office converting $129,000 of assets to cash: $88,000 from restricted cash; $33,000 from receivables; and, $10,000 from other assets. The Office used the cash collections to fund the purchase of $28,000 IT equipment and reduced debts to suppliers by $77,000.

C. The Office drew down these funds in June 2016 to make the 27th pay.

D. The Office collected prior year receivables associated with employees seconded from the Office. There were no outstanding secondment receivables as at 30 June 2016.

E. The increase of $24,175 in plant and equipment primarily represents the purchase during the year of $28,000 of new IT equipment.

F. The decrease in payables reflects the timing of payments. Also, there is no accrued salary for 2016 as the last fortnight's pay run, the 27th pay, occurred on 30 June 2016.

G. The increase in current and non-current provisions represents the accumulation of employee long service leave, plus staff returning from secondment, less leave taken during the year. The payment of leave entitlements is deferred until employees meet employment period service requirements.

H. The decrease in accumulated deficit is a consequence of the surplus of $73,000 achieved this year.

Statement of Cash Flows

I. Payments for supplies and services increased by $120,000 over the previous year primarily due to increased payments to consultants and contractors of approximately $80,000, and the payment of prior year supplier and service payables by year end of approximately $77,000. These increases in payments were offset by savings of approximately $44,000 across supplies and services.

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 allowance 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 an ongoing basis with the result that the Office's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity Risk

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

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

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

Market Risk

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

(b) Categories of Financial Instruments

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

	2016	2015
	$	$

Aged analysis of financial assets

	Carrying Amount $	Not past due and not impaired $	Past due but not impaired: Up to 1 month $	1–3 months $	3 months to 1 year $	1–5 years $	More than 5 years $	Impaired financial assets $
2016								
Cash and cash equivalents	363,665	363,665	–	–	–	–	–	–
Receivables (i)	14,361	14,361	–	–	–	–	–	–
Amounts receivable for service	203,000	203,000	–	–	–	–	–	–
	581,026	581,026	–	–	–	–	–	–
2015								
Cash and cash equivalents	236,710	236,710	–	–	–	–	–	–
Restricted cash and cash equivalent	88,307	88,307	–	–	–	–	–	–
Receivables (i)	34,790	34,790	–	–	–	–	–	–
Amounts receivable for service	201,000	201,000	–	–	–	–	–	–
	560,807	560,807	–	–	–	–	–	–

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

27. Financial Instruments (contd.)

Liquidity Risk and Interest Rate Exposure

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

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

	Interest Rate Exposure						Maturity Dates				
	Weighted Average Effective Interest Rate %	Carrying Amount $	Fixed Interest rate $	Variable Interest rate $	Non-Interest Bearing $	Nominal Amount $	Up to 1 month $	1–3 months $	3 months to 1 year $	1–5 years $	More than 5 years $
2016											
Financial Assets											
Cash and cash equivalents	NIL	363,665	–	–	363,665	363,665	–	–	–	–	–
Receivables (i)	NIL	14,361	–	–	14,361	14,361	–	–	–	–	–
Amounts receivable for service	NIL	203,000	–	–	203,000	-	–	26,000	177,000	–	–
		581,026	–	–	581,026	378,026	–	26,000	177,000	–	–
Financial Liabilities											
Payables	NIL	147,000	–	–	147,000	147,000	147,000	–	–	–	–
		147,000	–	–	147,000	147,000	147,000	–	–	–	–

(i) The amount of receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

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

	Interest Rate Exposure						Maturity Dates				
	Weighted Average Effective Interest Rate %	Carrying Amount $	Fixed Interest rate $	Variable Interest rate $	Non-Interest Bearing $	Nominal Amount $	Up to 1 month $	1–3 months $	3 months to 1 year $	1–5 years $	More than 5 years $
2015											
Financial Assets											
Cash and cash equivalents	NIL	236,710	–	–	236,710	236,710	236,710	–	–	–	–
Restricted cash and cash equivalent	NIL	88,307	–	–	88,307	88,307	–	–	88,307	–	–
Receivables (i)	NIL	34,790	–	–	34,790	34,790	34,790	–	–	–	–
Amounts receivable for service	NIL	201,000	–	–	201,000	201,000	–	–	26,000	175,000	–
		560,807	–	–	560,807	560,807	271,500	–	114,307	175,000	–
Financial Liabilities											
Payables	NIL	258,210	–	–	258,210	258,210	258,210	–	–	–	–
		258,210	–	–	258,210	258,210	258,210	–	–	–	–

(i) The amount of receivables excludes the GST recoverable from the Australian Taxation Office (statutory receivable).

Financial Assets		
Cash and cash equivalents	363,665	236,710
Restricted cash and cash equivalents	–	88,307
Receivables (i)	14,361	34,790
Amounts receivable for services	203,000	201,000
Financial Liabilities		
Financial liabilities measured at amortised cost	147,000	258,210

(i) The amount of receivables excludes GST recoverable from the Australian Taxation Office (statutory receivable).

(c) Financial Instrument Disclosures

Credit Risk

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

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

(c) Interest Rate Sensitivity Analysis

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

Fair Values

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

28. Remuneration of Senior Officers

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

	2016	2015
60,001 – 70,000	1	–
160,001 – 170,000	–	1
190,001 – 200,000	1	–
260,001 – 270,000	1	–
270,001 – 280,000	–	1

	$	$
Base remuneration and superannuation	481,523	561,392
Annual leave and long service leave accruals	36,004	(127,419)
Other benefits	8,319	7,114
Total remuneration of senior officers	525,846	441,087

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

During 2016 an additional senior officer was employed to cover the position of the Inspector for three months while the incumbent was ill.

29. Remuneration of Auditor

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

	2016	2015
	$	$
Auditing the accounts, financial statements and key performance indicators	27,300	26,700

30. Supplementary Financial Information

The office did not have any bad debts in the years ended 30 June 2016 and 2015. Furthermore, the Office had no write-offs of public property; no losses through theft or default; and, no gifts of public property made or received in 2015 and 2016.

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