

# ROTTNEST ISLAND AUTHORITY

## ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2002



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## **RESPONSIBILITY AND ACCESS**

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### ***Responsible Minister***

Minister for Tourism,  
Hon Clive Brown MLA

### ***Accountable Authority***

Rottnest Island Authority

### ***Access***

Administration  
Rottnest Island Authority  
Level 1, E Shed, Victoria Quay  
FREMANTLE WA 6160

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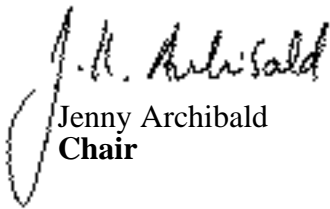
# LETTER OF TRANSMITTAL

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To the Hon Clive Brown MLA  
Minister for Tourism

In accordance with the *Financial Administration and Audit Act 1985 (Section 66)*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Rottnest Island Authority for the financial year ending 30 June 2002.

The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Jenny Archibald  
**Chair**

23 August 2002



Laurie O'Meara  
**Deputy Chair**

23 August 2002

## **Enabling Act**

The Rottnest Island Authority was established under the *Rottnest Island Authority Act 1987*.

# **ABOUT THE ROTTNEST ISLAND AUTHORITY**

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## **Rottnest Island**

Rottnest Island is one of Western Australia's most popular recreation and holiday destinations and is managed by a statutory body, the Rottnest Island Authority (the Authority).

Eighteen kilometres from the port of Fremantle, the Rottnest Island Reserve includes approximately 1 900 hectares of terrestrial area containing 200 hectares of classified 'settlement' area and 200 hectares of salt lakes and swamps. The marine portion of the Reserve consists of approximately 3 800 hectares of sea surrounding the Island and includes several smaller islands and exposed rocks adjacent to its coast.

The Island was originally declared an A-Class Reserve in 1917 and has subsequently been gazetted for the purpose of 'public recreation' under the *Land Act 1993*.

A much loved holiday tradition for Western Australians, the Island is the home of unique marine and terrestrial environments, significant Aboriginal and colonial heritage and low-key, nature-based holiday options.

## **Powers of the Authority**

The *Rottnest Island Authority Act 1987* (the Act) gives the Authority the power to control and manage the Island for the following purposes:

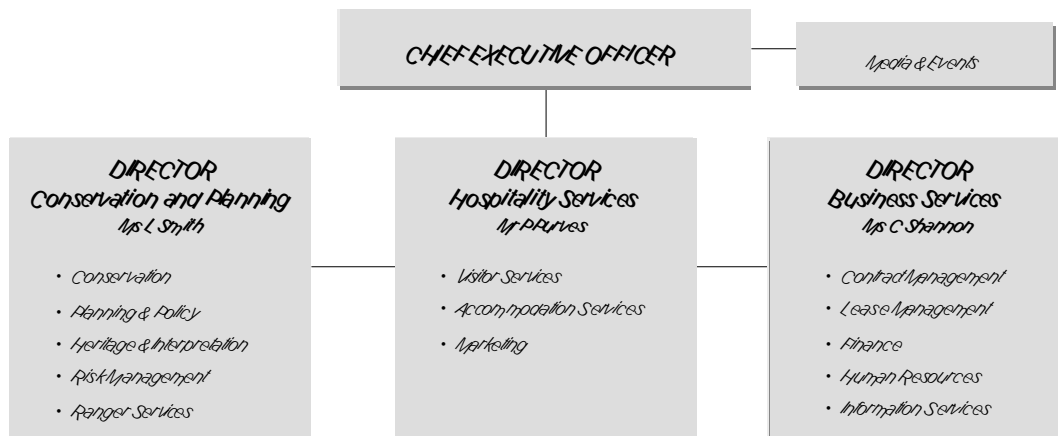
- To provide and operate recreational and holiday facilities on the Island;
- To protect the flora and fauna of the Island; and
- To maintain and protect the natural environment and the man-made resources of the Island and, to the extent that the Authority's resources allow, repair its natural environment.

The Act creates the Rottnest Island Authority as a statutory body.

## **Organisational Structure**

The Authority consists of a Chairman and five other members appointed by the Governor on the nomination of the Minister for Tourism. The Minister appoints a Deputy Chairman.

The Chief Executive Officer is responsible for the administration of the day to day operations of the organisation, subject to the control of the Authority. The Chief Executive Officer is supported by approximately 100 staff members, with staffing levels varying in response to seasonal requirements. The operations of the organisation are managed under three directorates as outlined in the following chart.



## Strategic Plan

### Vision

The Authority's vision ***Rottnest: Forever Magic*** reflects the community's wish that the unique Rottnest Island experience be preserved for future generations of Western Australians.

### Mission

The Rottnest Island Authority provides holidays for Western Australians and other visitors while sustaining the Island's natural environment and unique heritage.

### Goals

The Rottnest Island Authority has three goals:

- Rottnest Island provides a unique holiday experience that is accessible to Western Australians and other visitors;
- Rottnest Island's environment and heritage be conserved and enhanced as a model of sustainability; and
- The Authority conducts its business responsibly and in a way that is sustainable and beneficial to the Island.

## Corporate Objectives

### Outcome for Government

The Rottnest Island Authority has one outcome for Government, "*to provide excellent and affordable recreational and holiday facilities for the benefit of Western Australian families and other visitors, while protecting the flora and fauna and conserving the natural and built environment of the Island*".

The success of this objective is measured against two outputs that reflect the core activities of the Authority.

■ **Output One - Provision of Services to Visitors**

The Rottnest Island Authority provides recreation and holiday services to visitors and ensures that the Island is accessible and affordable.

■ **Output Two - Conservation of the Natural and Built Environment**

The Rottnest Island Authority manages the natural and built environment to conserve its value for future generations.

In 2000/2001, the Authority reported against three outputs. In the future it will report against the two outputs described above. These outputs describe the core activities of the Authority.

**Financial Overview**

|                                 | <b>1998/99<br/>(\$'000)</b> | <b>1999/00<br/>(\$'000)</b> | <b>2000/01<br/>(\$'000)</b> | <b>2001/02<br/>(\$'000)</b> |
|---------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Gross Operating Cost            | 16,661                      | 19,129                      | 23,592                      | 26,183                      |
| Revenue                         | 18,430                      | 19,202                      | 22,955                      | 23,638                      |
| Net Operating<br>Surplus/(Loss) | 1,769                       | 73                          | (637)                       | (2,545)                     |

## THE YEAR'S HIGHLIGHTS AND ACHIEVEMENTS 2001/2002

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- Completion of a major upgrade of 29 Caroline Thomson cabins to provide affordable, comfortable accommodation for families.
- Increasing the capacity of the existing water desalination plant, and the addition of a new desalination plant, which has doubled the capacity to provide potable water through desalination, and reduced the reliance on rainfall dependent water supplies. This has further resulted in a reduction in extraction of water from bores on the Island.
- Commencing the refurbishment of the Geordie Bay shopping precinct, providing shade structures and a children's play area.
- All kitchens in units at Geordie Bay, Longreach and Fay's Bay were connected with a hot water supply for the first time.
- Access improved to the Authority's two main visitor service areas, being the Accommodation Office and the Visitor and Information Centre with the installation of automatic doors, consistent with the principles of 'universal design'.
- Official opening of the newly restored Signal Station, at Signal Ridge, by the Minister for Tourism, illustrating the continuation of the Authority's work to maintain the Island's heritage assets. A commendation from the Royal Australian Institute of Architects was received for the heritage conservation work on this important building.
- Hosting the Ecotourism Association of Australia's annual conference on the Island resulting in Rottnest being described as a "working model" for sustainable tourism. The conference itself was used to launch the International Year of Ecotourism 2002.
- Conclusion of the International Year of the Volunteer was celebrated on Rottnest Island with the Authority hosting a breakfast for members of the Island's many volunteer groups.
- The successful completion of the public consultation and analysis process for the Wind Energy Project, involving the integration of the production of power and water supplies for the Island.
- Completion of the Honorary Ranger Program, which involved training 64 Island staff, residents and members of interest groups such as the Rottnest Voluntary Guides Association, to work with Ranger staff to protect the Island's environment.
- Provision of support to 72 rescue and assistance operations.
- Hosting the Seaweed Teachers Expo which assisted teachers with the skills, knowledge and values to enhance their teaching of marine education.
- Beach Monitoring Program established with the assistance of a Coastcare Grant, which enabled the Authority to observe vulnerable shorelines and assist in the management of erosion.
- Release of the *draft Rottnest Island Management Plan 2002 – 2007* for community comment.
- Amendment to the *Rottnest Island Regulations 1988*.



- Transfield Services, the Facility Manager on Rottnest Island, won the Medium Business (WA) Australian Services Excellence Award.

## CHAIR'S STATEMENT

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During this International Year of Ecotourism it is appropriate to reflect on recent improvements on Rottnest Island and consider the principles that will ensure a sustainable future for one of Western Australia's favourite holiday destinations.

The success of the cultural change and facilities renewal program initiated seven years ago by my predecessor, Ross Hughes, has seen Rottnest Island broaden its appeal to the Western Australian community. The program aimed to provide enhanced access to, and interpretation of, the Island's natural and historical attractions. It also aimed to provide amenities appropriate for Rottnest Island and the holiday experience it provides.

The success of these changes can be attributed to one main factor; the Authority acted on the opinions and ideas of the Western Australian public. Consequently, improved facilities and services are being delivered while the relaxed and unique charm of Rottnest Island has been maintained.

We continue to listen to our visitors in a number of ways. The Customer Feedback Program provides regular advice from visitors about what the Authority should work towards. Public consultation on significant projects such as the *Wind Energy Project* provides evidence to support major expenditure and appropriate change on the Island.

The Rottnest Island Management Plan is the most significant part of this process, and illustrates the Authority seeking to involve the community in the management of the Island. The consultative process associated with the development of the Plan ensures the views of the Western Australian public are the basis for the Authority's decision making. The *Rottnest Island Management Plan 2002 – 2007*, in preparation this year, will govern the management of the Island for the next five years. It is proposed the existing concept of sustainability, integral to the Island, become a formalised model and commitment for the Authority during this period.

Continuing the theme of sustainable management practices for the Island, the Authority had the honour of hosting the national *Ecotourism Conference* in October 2001. This conference attracted a range of delegates from across the country, all leaders in the field of Ecotourism, who were impressed with the Authority's approach to sustainable management. This conference provided further motivation to develop the range of ecological activities and experiences available for our visitors. New tourism products introduced include Eco Golf where participants can appreciate the Island's natural flora and fauna consistent with the principles of nature-based tourism. These popular activities provide an entertaining way to encourage visitors' understanding of sustainability in tourism, and influence positive changes in attitudes and behaviour.

An integral part of managing Rottnest Island is the protection of its natural environment. An Honorary Ranger program completed this year has seen an additional 64 people trained to assist Ranger staff in advocating the protection of the Island's environment.

Other activities illustrating environmentally aware management practices included doubling the capacity of the desalination plant to assist in the production of potable water for the Island, thereby reducing the reliance on rainfall dependent water supplies. The first phase of the *Management of Liquid Waste Discharge from Vessels* was also completed with a community awareness program put in place. Considerable discussion on the subject of liquid waste discharge has resulted, and the Authority will continue to work with the boating community to ensure that the pristine Marine Reserve is maintained, and public health protected.

The Island, its staff and other service providers continue to achieve recognition worthy of one of the State's leading tourism destinations. This year Transfield Services won the

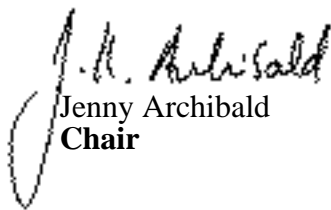
Medium Business WA Australian Service Excellence Award for its contract work on Rottnest Island. Prime Minister John Howard heralded the award as showing organisations and individuals that have demonstrated excellence in the realm of customer service.

The Island also continues to successfully host events and conferences with national and international significance, and a diversity that reflects the many groups of people who utilise the Island for recreation. The Island once again hosted the high profile Rottnest Island Channel Swim as well as providing relaxed entertainment in a series of twilight concerts held in the summer months. The Authority's commitment to keep providing a range of activities and attractions that meet the needs of our broad range of visitors will ensure its continued success as a desirable holiday and day trip destination. It is estimated that this year up to 500,000 people visited Rottnest Island.

Rottnest Island's diverse history is a major contributor to the unique experience offered to its visitors. The opening of the restored *Signal Station* by the Minister for Tourism, the Hon Clive Brown MLA provides a further insight into the role Rottnest Island played during World War II. This site joins a network of outstanding heritage legacies from that era. In June, the conservation work at this site received a commendation at the Royal Australian Institute of Architects Awards in the category of Heritage Council Conservation Award.

The Authority is committed to continuing to provide a wide range of activities and services that meet the needs and expectations of all visitors' interests, and this is always achieved within a restricted income. With this in mind, many of the experiences currently available to visitors would not be possible without the ongoing support of our loyal volunteer groups and their members. They are integral to providing our visitors with a memorable time on the Island, and ensure people keep coming back to relive their Rottnest experience.

The Authority looks forward to being part of the new era of managing for sustainability, which will protect Rottnest Island for future generations. Members are committed to responsible management of the Island and with the invaluable contribution of its dedicated staff will keep Rottnest *Forever Magic*.



Jenny Archibald  
**Chair**

## CORPORATE GOVERNANCE

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The Rottnest Island Authority is a statutory authority created by an Act of Parliament, the *Rottnest Island Authority Act 1987*.

The Authority meets monthly, or more often if necessary, to respond to specific needs. The Authority met 14 times during 2001/2002.

### Authority Membership

Pursuant to the Act Members are appointed so that not less than one member is:

- a person experienced in conserving the environment;
- a person experienced in preserving buildings of historic value;
- a person with sound commercial experience; and
- a person who is a regular user of the Island for recreational purposes.

Members are appointed for a term not exceeding three years, but may be re-appointed.

The Authority membership changed during the year. Mr Ross Hughes retired from the position of Chair in November 2001 and was succeeded by Ms Jenny Archibald.

Ms Celia Searle retired from the position of Deputy Chair in September 2001, and was succeeded by Mr Laurie O'Meara.

Ms Catherine Nance was appointed to the Authority in September 2001 as a person with sound commercial experience.

| Member                         | When Appointed | No. of Board Meetings during appointment (2001/02) | Meetings Attended 2001/02 |
|--------------------------------|----------------|--|---------------------------|
| Jenny Archibald                | November 2001  | 9  | 9                         |
| Laurie O'Meara                 | June 2000      | 14   | 11                        |
| Joe Merillo                    | October 1997   | 14   | 14                        |
| Angas Hopkins                  | May 2001       | 14   | 14                        |
| Rachael Roberts                | May 2001       | 14   | 14                        |
| Cathy Nance                    | September 2001 | 10   | 9                         |
| Retired during reporting year: |                |  |                           |
| Ross Hughes                    | May 1993       | 4  | 3                         |
| Celia Searle                   | October 1997   | 3  | 2                         |

## **Board Member Profiles**

### **Jennifer (Jenny) Archibald (Chair)**

Jenny Archibald has a Bachelor of Science from the University of Western Australia and is a Member of the Australian Institute of Company Directors. She is the part owner and operator of a business specialising in computer modelling visualisation of mine and exploration geology. Ms Archibald was a member of the Fremantle City Council for seven years, during which she was Mayor from 1994 to 1997. She is also Deputy Chair of the Fremantle Arts Centre Press. Ms Archibald is appointed until 30 May 2005.

### **Laurence (Laurie) O'Meara (Deputy Chair)**

Laurie O'Meara has a background in local government and has had a long association with the tourism industry in Western Australia. Mr O'Meara was instrumental in the establishment of the Tourism Council of Western Australia and was elected President at its inaugural meeting. He is also President of the Australian Tourism Accreditation Association Ltd, Deputy Chair of the Western Australian Tourism Commission and a Board Member of the Perth International Arts Festival. Mr O'Meara was appointed to the Authority in June 2000 and became Deputy Chair in 2001. He is also Chair of the Rottnest Island Authority's Boating and Moorings Committee. Mr O'Meara is appointed until 30 May 2005.

### **Joseph (Joe) Merillo**

Joe Merillo has an extensive history in the safety equipment industry and has developed a distinguished reputation as one of its key players. Mr Merillo was appointed to the Authority, as a regular recreational user, on 1 October 1997. He is also a member of the Rottnest Island Authority's Boating and Moorings Committee. Mr Merillo is appointed until 31 March 2003.

### **Angas Hopkins**

Angas Hopkins has a Bachelor of Science with Honours in Ecology from the University of Queensland. He oversaw the drafting of Western Australia's first heritage legislation and has served as a Commissioner on the Australian Heritage Commission. Mr Hopkins was appointed to the Authority, as a person with practical knowledge of and experience in the preservation of buildings of historic value, on 1 May 2001. He is also a member of the Rottnest Island Authority Audit Committee. Mr Hopkins is appointed until 31 March 2004.

### **Rachael Roberts**

Rachael Roberts has a Bachelor of Applied Science from Murdoch University and a Bachelor of Arts from the University of Western Australia. Ms Roberts has practical environmental experience with the Australian Conservation Foundation and ongoing involvement in community-based projects. Ms Roberts was appointed to the Authority, as a person with practical knowledge of and experience in the conservation of the environment on 1 May 2001. Ms Roberts is appointed until 31 March 2004.

### **Catherine (Cathy) Nance**

Cathy Nance is a qualified actuary. In addition she has a Bachelor of Science in mathematics and physics and a Bachelor of Arts in statistics. Ms Nance has professional experience in actuarial and investment consulting. She was elected to the Australian Council of the Institute of Actuaries of Australia in 1996 and chaired the Institute of Actuaries national taskforce on superannuation taxation reform. Ms Nance is also a Director of the Western Australian Treasury Corporation and United Credit Union Limited. Ms Nance was appointed to the Authority, as a person with sound commercial experience, in September 2001. She is Chair of the Rottnest Island Authority Audit Committee. Ms Nance is appointed until 31 March 2003.

**Ross Hughes**

Ross Hughes is a licensed valuer and property consultant with more than 30 years experience. He was Chairman of LandCorp until 30 June 2002, has been a Member of the WA Tourism Commission since 1998, and is a former Senator of Murdoch University. After joining the Board in May 1993 Mr Hughes was appointed Chairman of the Authority in September 1994. Mr Hughes retired from the Authority in November 2001.

**Celia Searle**

Celia Searle is a barrister who graduated from the University of Western Australia with Honours in 1984. Ms Searle has practised law since that time and specialises in both commercial and taxation law. She was appointed to the Authority, as a person of sound commercial experience, in October 1997. Ms Searle retired from the Authority in September 2001.

**Committees****Audit Committee**

The Audit Committee is a committee of the Rottnest Island Authority established under Schedule 1.6 of the *Rottnest Island Authority Act 1987*. This committee's role is to assist the Authority to discharge its responsibilities of overseeing responsible financial and related management, compliance and corporate governance. The members are Ms Catherine Nance (Chair), Mr Angas Hopkins, Mr Paul Stafford and Mr John Mitchell. The committee met on two occasions in 2001/2002.

**Boating and Moorings Committee**

The Boating and Moorings Committee is a committee of the Rottnest Island Authority established under Schedule 1.6 of the *Rottnest Island Authority Act 1987*. This committee has the role of advising the Authority on all matters relating to the use of Rottnest Island by owners of private vessels, including mooring licences and licensees. The members are Mr Laurie O'Meara (Chair) and Mr Joe Merillo. One committee meeting was held in 2001/2002.

**Mooring Discretionary Items**

The Board made no decisions during the year in respect of discretionary items.

## **Advisory Committees**

### **Rottnest Island Environmental Advisory Committee (RIEAC)**

The Rottnest Island Authority appoints the Rottnest Island Environmental Advisory Committee to provide advice on major projects or policy directions that have a direct impact on Rottnest Island's environmental values. Its role is also to advise on aspects of concern which arise in regard to environmental issues, to facilitate liaison for tertiary institutions conducting research on Rottnest Island and advise on statutory monitoring, compliance and reporting.

The RIEAC met four times in 2001/2002.

### **Rottnest Island Railway Advisory Committee**

In May the Rottnest Island Railway Trust formally advised the Authority of its dissolution. The establishment of an alternative advisory committee was proposed. Trust members considered that the operational needs of the railway could best be met in this way.

In order to maintain access to the expertise and operational assistance previously provided by the Trust, the Authority endorsed the establishment of a Rottnest Island Railway Advisory Committee and its terms of reference in June 2002.

The Trust was established with the principle objective of meeting all costs associated with the establishment, management and maintenance of the railway.

The Trustees who have served this year are:

Malcolm Hardwick (Chairman)

Bruce Callow

William Larke

Rodney Vermeulen

Giuseppe Angelucci

James Henderson

Lindsay Richardson

The experience of travelling by rail to the historic Oliver Hill guns continues to be a popular activity on the Island attracting in excess of eight thousand passengers this year.

During the year, the Trust commissioned a new railcar that will be introduced to operations early in the 2002/2003 year. The new railcar will greatly improve the quality of the rail experience, allowing expansion of rail services to a wider range of visitors. The rail experience will continue to be enhanced for the benefit of Island visitors.

The Authority sincerely thanks all past Trustees of the Rottnest Railway Trust for their dedication, enthusiasm and invaluable input to successful operations of the Rottnest Island Railway.

# CHIEF EXECUTIVE OFFICER'S REPORT

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This year, Rottnest Island Authority staff have worked to ensure that the Island's attractions are enhanced and delivered with a strong customer service focus.

During the warmer months accommodation on the Island continues to be in great demand. Between the months of December and April occupancy levels across all the Authority's accommodation were high.

There remains an opportunity for more holiday-makers to discover the 'magic' of Rottnest Island in winter and focus has been given to encouraging more people to visit the Island in the winter months.

In Winter 2001 the Authority offered special accommodation packages, designed to encourage visitors to consider Rottnest Island as a winter holiday option. The Winter Magic Packages included accommodation, ferry fares and offered discounts at various Island businesses. In Winter 2002 the Winter Magic Package were continued and enhanced with the introduction of a choice of serviced accommodation units with daily breakfast at the Rottnest Hotel. This initiative was introduced on a trial basis, and we look forward to hearing visitors' feedback on the concept.

In keeping with the focus on the winter months, popular festival activities held on the Island each year were moved to June to enhance a developing program of events and activities held during this time of year. Held on the Foundation Day long weekend, the Winterludes event was considered a success in terms of the range of entertainment offered, activities that appealed to all ages, and the introduction of a quality craft market.

Further details of services to visitors during 2001/02 are outlined in *Output 1: Provision of Services to Visitors*.

## Capital Projects

The Island's fresh water supply has been given a significant boost with a second desalination plant coming on line this year at a cost of \$600 000. A reliable potable water supply is one of the most important management issues facing Rottnest Island. Further, it is important to meet our water needs without adversely impacting on the Island's fresh water aquifer. The desalination capacity now available allows us to meet demand, even at peak periods, and reduces the reliance on rainfall dependent water supplies.

The Authority has taken an integrated approach to the issue of water supply on the Island, coupling it with another critical management issue which is the supply of power. Public consultation and analysis of the introduction of wind power on the Island have been completed, and resulted in an overwhelming vote of support for the construction of a wind turbine on Mount Herschel. The Authority is now awaiting approval of financial support from the Commonwealth Government to allow this project to progress.



## Management of Power and Water Supplies

| Measure  | 2000/01   | 2001/02   |
|--|-----------|-----------|
| <b>Quantity</b>  |           |           |
| Power kWh generated  | 3,943,029 | 4,076,076 |
| Potable water kilolitres distributed   | 144,557   | 132,995   |
| Waste-water kilolitres treated   | 101,030   | 92,107    |
| <b>Quality</b>   |           |           |
| Power complies with licence operating requirements.  | 100%      | 100%      |
| Potable water complies with public health standards  | 100%      | 100%      |
| Waste-water complies with licence requirements.  | 100%      | 100%      |
| <b>Timeliness</b>  |           |           |
| Power continuity of supply complies with licence requirements (unplanned outages per year) | 4         | 5         |
| Potable water continuity of supply within licence requirements                             | 99.7%     | 99.7%     |
| Waste-water treatment continuity of operation (blockages / overflows per year)             | 2         | 6         |
| <b>Cost</b>  |           |           |
| Power cost per kWh generated   | \$0.25    | \$0.25    |
| Potable water cost per kilolitre produced  | \$1.30    | \$1.85*   |
| Waste-water cost per kilolitre treated   | \$1.09    | \$1.30    |

\* Increase due to commissioning of second desalination plant.

A major improvement to visitor facilities was achieved this year through the completion of the upgrade of the Caroline Thomson cabins. Caroline Thomson, as it is fondly known, has always been popular with visitors, and this year's improvement program saw the cabins being converted from canvas clad walls to solid cedar structures at a cost of \$700 000. Facilities within the units were also improved, with the addition of a verandah and new soft furnishings. The relaxed environment that so many families are fond of has been preserved, and quality accommodation is now provided at an affordable price. It is pleasing that feedback from the first families to use the new cabins has been very positive.

The Geordie Bay shopping precinct is currently in the process of a much needed upgrade which aims to provide a more attractive area with shade structures and play equipment for children. This work will enhance the experience for visitors who favour this part of the Island for their holiday.

## Universal Access Program

Projects specifically aimed at improving the holiday experience for people with disabilities are developed in accordance with the principles of 'universal design'. This year, planning to provide easier access to areas of high use has been completed. Automatic doors, now in place in the Accommodation Office and Visitor Centre, provide improved access to these buildings.

In addition, plans have been developed to address beach and water access in North Thomson Bay. Once complete, the popular swimming area will have a ramp suitable for people with a mobility impairment. Beach facilities will include stable surfaces along with improved shade and barbeque facilities.

### **Contract and Lease Arrangements**

Transfield completed its fourth year of operation on June 30 this year in the delivery of facilities and services. These included building maintenance, cleaning, utilities services provision, waste collection, waste management and luggage delivery. Transfield's operations continue to support the Authority's core business areas.

The Authority again oversaw the operation and management of the Rottnest Hotel during 2001/2002, through a contract with Perth based company Axis Management. Negotiations for a new lessee for the Hotel were progressed through the year but concluded without result by mutual agreement from both parties. The Authority is now reconsidering future options for the Hotel site which will incorporate a full community consultation process.

The Authority also resumed operation of the Rottnest Bike Hire in January 2002. In the coming year the Authority will analyse the outlet's operational performance before giving consideration to future management arrangements.

### **Public Interest Issues**

As in previous years, Rottnest Island received a significant amount of media attention. Through the year a pleasing amount of mainstream print and electronic media coverage was been received in response to initiatives and developments such as the Wind Energy Project and conservation of heritage assets.

It is also acknowledged that the Island received some negative media coverage. Each topic was assessed as it arose to assure the public that issues were being addressed in line with the Authority's management strategies. Importantly, the media coverage received this year, positive or negative, illustrates the continued interest in the Island and the strong sense of ownership by the Western Australian community.

One of the most topical media items during the year was the release of the *Draft Rottnest Island Management Plan 2002-2007* in June 2002. The plan's draft recommendations were developed by the Authority and cover a broad range of issues impacting on the management and long-term sustainability of the Island. The draft plan was released for a three month public consultation period following which a final plan will be developed for approval by the Minister for Tourism.

Another area that resulted in considerable media attention was in relation to pest management on the Island. Attention has been given to further delivering the message that pest eradication must be, and always has been, dealt with in a balanced and responsible manner that does not impact on the Island's fragile environment. A new contract has been awarded that takes a holistic approach to pest management while targeting areas that have previously experienced problems with pests. Chemicals have been chosen that are appropriate for use on Rottnest Island.

The Island's asbestos management program is continuing. External agencies and independent environmental health and safety consultants have reviewed work to-date and contributed to future planning to address this issue. The risk presented by asbestos materials on the Island is not dissimilar to that of like structures in Perth or coastal Western Australia.

## Financial Outcome

Over recent years, the Authority's financial performance has been impacted by rising costs against a background of stable prices, particularly in relation to accommodation pricing.

In brief, revenue generation has not kept pace with the increase in costs associated with operating and maintaining the Island as a destination for some half a million visitors. Charges for accommodation have not been increased since 1998, admission fees have remained constant since 2000, and charges associated with moorings have not risen since 1998. At the same time, the cost of providing utilities services on the Island such as power, water, sewerage and drainage has increased by 17%. Wage rates have increased by an average 10% and there has been a focus on increasing services and works on the Island to meet visitors' needs and expectations.

The Rottneest Island Authority returns all operating revenue raised through its activities back into the Island. Cash operating surpluses, when available, are applied to additional works through the capital program.

In 2001/2002 grant funds of \$1.7 million were received from Government and applied to capital projects.

## Previous Annual Report

The 2000/2001 Annual Report was qualified on three counts by the Office of the Auditor General and it is appropriate to report on the progress made in addressing these matters.

The Authority was qualified on its operation of the Rottneest Island Hotel in that it did not have adequate control procedures in place over Hotel revenue, as defined in the *Finance, Administration and Audit Act 1985*. During the reporting period the Authority has addressed this matter and improved control procedures.

The Authority was also qualified on its collection of admission fees. For many years the Authority has collected admission fees as part of the ticket price charged by ferry operators. The Authority has been working with ferry operators to improve control mechanisms. A range of measures to improve controls was reviewed but considered to have an adverse effect on customer services. More appropriate measures require regulatory change, which is anticipated next financial year.

As a consequence of the qualification relating to admission fees, the efficiency performance indicators were also qualified. The Authority has introduced new efficiency indicators from 2001/2002 which better report on the delivery of services to visitors and conservation.

## Staffing and Employee Relations

During the year the Authority had an FTE level of 100. This is an increase of 10 over 2000/2001. The increase is partly due to the Authority resuming direct management of the Bike Hire operation.

### Full-Time Equivalent Staff Positions (FTE)

| Category                      | 2000/01      | 2001/02      |
|-------------------------------|--------------|--------------|
| Full-time Permanent           | 60.00        | 79.00        |
| Part-time Permanent           | 2.04         | 5.50         |
| Full-time Contract of Service | 15.00        | 13.00        |
| Full-time Secondment          | 3.00         | 1.00         |
| Part-time Contract of Service | 7.82         | 1.40         |
| <b>Total</b>                  | <b>87.86</b> | <b>99.90</b> |

The Authority's Collective Workplace Agreement became obsolete during the year with all employees signatory to that Agreement withdrawing and returning to conditions under the Enterprise Agreement and the Public Service Award. The Authority has sought to cancel the Collective Workplace Agreement that was to expire October 2002.

During the year agreement was reached with the Australian Municipal Administrative and Clerical Services Union on an enterprise agreement for the Authority's Coach Captains. This Agreement has an 18 month term, expiring in June 2003.

## **Occupational Health and Safety**

In accordance with the agency's need to provide a safe and healthy workplace, Occupational Services continue to provide an employee assistance program for all employees and their immediate family. The assistance takes the form of a range of confidential personal services and includes counselling for financial or emotional matters. Staff in need of support may contact Occupational Services or may be referred by the agency.

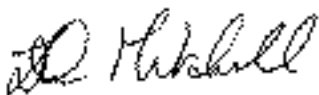
### **Workers Compensation and Rehabilitation**

| <b>Category</b>                        | <b>2000/01</b> | <b>2001/02</b> |
|--|----------------|----------------|
| Number of injuries causing lost-time   | 1              | 5              |
| Number of workers' compensation claims | 4              | 12             |
| Total days lost                        | 6              | 226            |
| Average duration (days)                | 6              | 45             |
| Rehabilitation success rate            | 100%           | 100%           |

## **Planned Initiatives for 2002/03**

The Authority has a number of major projects planned for the coming year. These include:

- Trials to be held into the use of biodiesel;
- Publication of the *Rottnest Island Management Plan 2002 – 2007*;
- Development of a military heritage interpretation plan;
- Completion of public consultation on future options for the operation of the Rottnest Island Hotel;
- Development of plans for the Rottnest Island Interpretation Centre;
- Increased research into aspects of environmental management of the Island;
- Further progress on the asbestos management program;
- Introduction of beach and improved water access at Thomson Bay for people with mobility difficulties;
- Completion of the Geordie Bay shopping mall; and
- Replacement uniforms will be introduced to meet the work requirements of staff and improve corporate image.



John Mitchell  
CHIEF EXECUTIVE OFFICER

# OPERATIONS REPORT 2001/2002

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## Output 1

### Provision of Services to Visitors

*The Rottnest Island Authority provides recreation and holiday services to visitors and ensures that the Island is accessible and affordable.*

### Our Visitors

The popularity of Rottnest Island as a desirable destination remains evident. This year **351,292** visitors arrived on commercial ferry or air services and an estimated **150,000** people visited by private recreational boats.

#### Visitors Numbers Arriving by Commercial Ferry or Air Services

|       | 1995/96 | 1996/97 | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 |
|-------|---------|---------|---------|---------|---------|---------|---------|
| Total | 302,726 | 312,097 | 338,106 | 332,695 | 348,498 | 347,045 | 351,292 |

The 500,000 Rottnest Island visitors are mostly Western Australian families. Surveys show that interstate and international visitors holidaying on Rottnest Island are often visiting friends and relatives resident in the State and as such their visit to the Island is family oriented as well as tourism related.

Day trip or accommodated, international visitors comprise approximately 35% or 125,000 of the total visitors carried to the Island by ferry service.

Rottnest Island is one of the few destinations in Western Australia offering an island holiday experience and is therefore a focal point for consideration in holiday plans for the State's residents and visitors, offering a unique range of experiences at a single destination. The Authority provides services to visitors on day-trips and to those staying overnight or longer.

### Assessment of Rottnest Island Staff – 2001/2002 Satisfaction Index Scores for Staff

| Rottnest Island Staff              | 2000/01 | 2001/02 |
|------------------------------------|---------|---------|
| Visitor Information Services Staff | 90      | 92      |
| Accommodation Services Staff       | 86      | 90      |
| Maintenance Services Staff         | 85      | 86      |
| Ranger Services Staff              | 87      | 88      |
| Other Staff                        | 89      | 90      |

*Source: Independent Customer Feedback Survey (ongoing) Patterson Market Research*

### Rottnest Island Authority Holiday Accommodation

The provision of holiday accommodation is the Island's core business activity. Balancing the availability and accessibility of a diverse range of holiday accommodation is a priority for the Rottnest Island Authority. A range of accommodation is available, from camping sites to refurbished and conserved heritage buildings.

### Annual Average Accommodation Occupancy

|                                 | 1998/99 | 1999/00 | 2000/01 | 2001/02 |
|---------------------------------|---------|---------|---------|---------|
| <b>Average Annual Occupancy</b> | 75%     | 75%     | 75%     | 80%     |

### Annual Average Occupancy by Accommodation Category

|           | Kingstown | Caroline Thomson | Geordie Bay/Longreach | Thomson Bay | Camping |
|-----------|-----------|------------------|-----------------------|-------------|---------|
| 2001/2002 | 45%       | 61%              | 77%                   | 82%         | 33%     |

To ensure that demand is managed equitably when it peaks during school holiday periods the Authority has continued the operation of the ballot system. Reflecting the high level of demand for accommodation during the summer months, the Authority received in excess of 6,000 applications for January 2002, approximately 4,000 more requests than could be met.

Recognising that demand for holiday accommodation is also high in peak season non-ballot periods, the maximum booking available for any single stay is two consecutive weeks. In the winter low season, the maximum booking period extends to four weeks.

While summer remains the most popular period for a Rottneest Island holiday, the winter months on the Island offer an alternative holiday experience. The Authority is committed to promoting the Island during this period, and has developed strategic marketing campaigns in recent years to raise awareness of the Island as a desirable winter destination, and occupancy levels. The Authority has been continually developing the Island's Winter Magic Packages for three years. This year, 800 Winter Magic Packages were sold – an increase of 24% compared to the previous year. The packages featured value-added components such as ferry tickets and discounts from Island businesses. This annual campaign is carried out through a partnership arrangement with the Rottneest Island Business Community.

A highlight of the year was the re-opening of the Caroline Thomson cabins after a major refurbishment program. The Caroline Thomson cabins have always been extremely popular with visitors, particularly those with children, who enjoy their affordable, low-key environment. All cabins were extensively refurbished; cedar cladding replaced canvas sidings improving security, privacy and weatherproofing. Verandahs have been added to all cabins, improving the social amenity for cabin occupants. In addition, dedicated baggage service points have been constructed within the Caroline Thomson area, resulting in improved baggage delivery services.

While not as visual as refurbishment programs, the Authority has also implemented several system-based initiatives to improve the delivery of services to our customers. These include an electronic check-in system at the Island's Accommodation Services office to better record the movement and service requirements of accommodated guests, as well as housekeeping reports to check on the progress of unit cleaning to speed access to units for inbound guests.

**Assessment of Facilities & Services - 2001/2002 Satisfaction Index  
Scores for Facilities and Services Used**

| <b>Facilities / Services</b>                 | <b>2000/01</b> | <b>2001/02</b> |
|--|----------------|----------------|
| Cleanliness and Presentation of Public Areas | 86             | 86             |
| Waste Management / Recycling                 | 89             | 90             |
| Safety and Security on the Island            | 86             | 88             |
| Public Toilets and Change Rooms              | 81             | 82             |
| Bus Services                                 | 90             | 92             |
| Traffic Management                           | 82             | 84             |

*Source: Independent Customer Feedback Survey (ongoing) Patterson Market Research*

## **Customer Contact Centre**

The Centre provides efficient access to accommodation bookings and other inquiries regarding the Island and its services. The Customer Contact Centre is usually the first point of reference for enquiries about the Island.

Despite heavy demands placed on the Customer Contact Centre, service levels have continued to improve throughout the year, particularly in respect to call waiting time and average length of calls at peak periods. However, December Open Day 2001 showed an increase in the call abandon rate.

### **December Open Day Call Abandon Rate**

|         | <b>1999</b> | <b>2000</b> | <b>2001</b> |
|---------|-------------|-------------|-------------|
| Metro   | 28.9%       | 15.2%       | 20.7%       |
| Country | 16.7%       | 8.7%        | 24.2%       |

### **December Open Day Average Waiting Time**

|         | <b>1999</b>    | <b>2000</b>   | <b>2001</b>   |
|---------|----------------|---------------|---------------|
| Metro   | 16 mins 0 secs | 6 mins 4 secs | 5 mins 3 secs |
| Country | 5 mins 4 secs  | 5 mins 4 secs | 5 mins 0 secs |

During this year the Authority introduced the Fastpay facility to enable customers to pay for accommodation bookings and other services over the internet and by phone. Visitors can make use of this facility through the Authority's website, or through the Online WA website.

## **Visitor Services and Transport Operations**

The Visitor and Information Centre and its staff provide a focal point for the dissemination of information to Island visitors, coordination and sales for the Island's extensive bus, coach and rail operation and as well as a general retail souvenir outlet. Visitor Services operations also include the Museum, Post Office and Country Club, including the operation of the Rottnest Island Golf Course.

Often the first point of call for those visiting the Island on a day trip, staff at the Visitor and Information Centre provide advice, direction and assistance, helping visitors achieve the best possible experience during their time on the Island.

## **Museum and Library**

The Museum provides an educational and interpretive facility for visitors. Exhibiting artefacts and other displays of the Island's history, culture and heritage, the Museum

provides a valuable insight into the heritage of the Island. In addition, the Museum provides a library service as an extension to the Library and Information Service of Western Australia.

### **Post Office**

The Post Office, operated under licence by the Authority, is an integral part of the Island's Visitor Services suite and provides a full range of postal and commercial services.

### **Country Club**

The Rottnest Island Country Club offers visitors access to alternative recreational facilities, including lawn bowls and a nine-hole golf course. During the year Eco Golf was introduced at the Country Club, providing an interesting and informative way of learning about the Island's environment, while advocating visitor attitudes and behaviour in line with the sustainable management of the Island.

The Rottnest Island Golf Club continues to be housed at the Country Club and again hosted the successful Rottnest Classic and Rottnest Cup golf weekends, attended by several hundred social golfers.

### **Transport Operations**

Coach and train tours are a main feature of the Island's transport operations and both have continued to generate high levels of interest and activity for Island visitors.

Tour services offer visitors a highly professional and informative experience and continue to be extremely popular with day visitors, particularly to tourists visiting the Island for the first time. Tour passengers carried this year total over 49,000.

#### **Tour Passenger Numbers (2001/2002)**

| Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun   |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2,930 | 3,766 | 4,710 | 5,237 | 3,949 | 3,862 | 5,070 | 4,179 | 4,557 | 4,275 | 3,225 | 2,381 |

The Bayseeker, a round-the-Island bus service, allows visitors to experience the overall experience of the Island through a relaxed, self-guided tour of its scenic beaches and coastal areas. The Bayseeker is also popular with the many recreational boat owners who utilise mooring facilities in the bays around the Island. The Bayseeker carried nearly 70,000 passengers during the year.

#### **Bayseeker Passenger Numbers (2001/2002)**

| Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Jan    | Feb   | Mar    | Apr   | May   | Jun   |
|-------|-------|-------|-------|-------|-------|--------|-------|--------|-------|-------|-------|
| 2,863 | 2,415 | 3,043 | 3,770 | 4,363 | 8,716 | 14,134 | 8,011 | 10,644 | 7,677 | 4,393 | 2,137 |

A free shuttle bus service is provided to transport visitors between the main settlement, Kingstown Barracks and the accommodation area of Geordie, Fay's and Longreach Bays. Although no formal passenger figures are recorded, it is estimated that about 100,000 passengers are carried aboard the Shuttle annually.

### **Rail Services**

The Rottnest Island Railway has operated since 1994 to the Oliver Hill Gun emplacements and provides a unique experience and insight into the military heritage of the Island. Visitors are provided with an educational and interpretive experience, enhanced by the involvement of the Rottnest Island Voluntary Guides who provide guided tours of the impressive 9.2 inch guns and underground tunnel system. The number of visitors who have taken the train this year have increased in recent times to a total of over 15,800.



### **Railway Passenger Numberss (2001/2002)**

| Jul   | Aug | Sep   | Oct   | Nov   | Dec   | Jan   | Feb   | Mar   | Apr   | May   | Jun |
|-------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
| 1,494 | 903 | 1,240 | 1,738 | 1,162 | 1,359 | 1,886 | 1,185 | 1,525 | 1,738 | 1,051 | 545 |

### **Volunteer Groups**

The Authority works closely with many volunteer groups who are invaluable in terms of enhancing the visitor experience and caring for the Island.

From a Visitor Services perspective, the Authority works particularly closely with the Rottneest Island Voluntary Guides who provide, on a daily basis, guiding and tours at Oliver Hill, history walks of the main settlement and guiding for schools and other educational groups visiting the Island. The contribution made by the Guides, providing interesting informative and entertaining tours that enhance the visitor experience, is recognised and greatly appreciated by the Authority.

2001 was the *International Year of the Volunteer*. To conclude the year, members of the Authority and Staff hosted a breakfast at Heritage Common, formally recognising the work and contribution of all volunteer groups and their members.

A highlight this year has been the work of United Way, which in conjunction with the Department of Fisheries has provided a specially modified vehicle, accessible to people with mobility impairment. Known as the Marine Machine, the service facilitates access to fishing and recreational locations on the Island and provides an accessible holiday experience which may not previously have been possible.

### **Other Activities**

As well as the tours and activities provided directly by the Authority and Guides, additional seasonal attractions are provided for visitors each year through seasonal business concessions.

This year the Authority's activities were enhanced by:

- Astro Tours : Involving guided star gazing tours, conducted at night;
- Capricorn Sea Kayak Tours: Providing low impact, interactive experience of the Island's coastline and sea-life;
- Fishing Clinics: Conducted by Volunteer Fish Liaison Officers, encouraging sustainable fishing practices;
- Time Out Watercraft: Small, one-person glass bottomed boats providing recreational activity in Geordie Bay;
- Underwater Explorer: A glass bottomed boat providing daily tours of Thomson Bay, Kingston Reef, marine wrecks and snorkel tours;
- Recent release movies shown at the Picture Hall;
- Joy flights operated by the Rottneest Air Taxi service; and
- Internet Kiosk available at the Accommodation Office, Kingstown Barracks and the Post Office.

### **Business Community**

While the Rottneest Island Authority is the principal provider of services on the Island, other businesses provide essential and valuable services for visitors.

These businesses include:

- The Rottnest Lodge, providing accommodation and hospitality services;
- The Rottnest General Store, providing supermarket and bottle-shop facilities at the settlement and Geordie Bay locations;
- The Rottnest Bakery;
- The Dôme Café and Rottnest Tearooms, providing restaurant and food sales;
- Brett Heady's Family Fun Park, providing mini-golf and other recreational activities;
- WA Caterers, providing dine-in and catering services to Kingstown Barracks, Youth Hostel and groups on the Island;
- Rottnest Malibu Dive, providing scuba, snorkelling and other marine activities;
- Rottnest Hair and Beauty, providing hair, personal grooming and massage services;
- Red Rooster, providing a convenience food outlet; and
- Boat Torque, Rottnest Express, Hillarys Fast Ferries and Oceanic Cruises, providing ferry services to and from the Island.

Collectively, these businesses form the Rottnest Island Business Community, of which the Authority is a member. The Authority works cooperatively and closely with these business operators to ensure visitors have available services and activities to make their holiday enjoyable.

### Performance Measures for Output 1

| Measure   | 2001/02 target | 2001/02 actual | 2002/03 target | Reasons for significant variations between estimated and actual |
|---|----------------|----------------|----------------|---|
| <b>Quantity</b><br>Number of services provided                    | 590,000        | 632,945        | 632,000        |   |
| <b>Quality</b><br>Customer satisfaction with Rottnest:            |                |                |                |   |
| Being an enjoyable place to visit                                 | 99%            | 95%            | 99%            |   |
| Being an affordable place to visit                                | 78%            | 63%            | 78%            | Unsure of reasons – being monitored                             |
| <b>Timeliness</b><br>Services to customers every day of the year  | 100%           | 100%           | 100%           |   |
| Mooring renewal notifications sent out in time                    | 100%           | 100%           | 100%           |   |
| <b>Cost</b><br>Weighted average cost per visitor service provided | N/A            | \$37.62        | \$38.00        |   |

## Island Events

The demand for a variety of events and activities is ongoing. During the year the Island hosted a mixture of sporting, competitive and low-key entertainment activities to provide activities and entertainment for visitors.

Some of the sporting events, such as the annual Swim-thru and Channel Swim, have been established on the Island for many years, while others are one-off events. All are approved with visitor experience in mind and ensuring minimal impact to the Island's environment.

The highlights of this year have been:

|                    |  |
|--------------------|--|
| July               | Rottnest Island Winter Wonders<br>School Holiday Program   |
| August             | Rottnest Island Golf Cup   |
| September          | Rottnest Island National Circus Festival<br>11 <sup>th</sup> National Celebration of Contemporary Circus |
| October            | Rottnest Island Spring Splendour<br>School Holiday Program<br>Rottnest Marathon & Fun Run                |
| November           | Boating Industry Association Convoy  |
| December           | 25 <sup>th</sup> Annual Swim Thru Rottnest<br>Rottnest Island Carols by Candlelight                      |
| January            | Rottnest Island Summer Fun Spectacular<br>School Holiday Program   |
| January / February | Rottnest Island Celebrates Summer  |
| February           | 25 <sup>th</sup> Annual GIO Channel Nine Rottnest Channel Swim   |
| March              | Marvelous March  |
| April              | Rottnest Island Anzac Day Dawn Service<br>Boating Industry Association Convoy                            |
| April - May        | Rottnest Island Autumn Colours<br>School Holiday Program   |
| June               | Rottnest Winterludes<br>Australian Open Surf Masters   |

## **Output 2**

### **Conservation of the Natural and Built Environment**

The Rottnest Island Authority manages the natural and built environment to conserve its value for future generations.

The Rottnest Island Environmental Advisory Committee, comprising noted scientists relevant to the environmental management of the Island, provides advice to the Authority on projects and management strategies.

### **Environment**

The Rottnest Island environment is an essential part of the Rottnest experience. The Authority has a range of projects and management strategies in place that conserve the terrestrial, coastal and marine environments.

The *Woodland Restoration and Rehabilitation Strategic Plan* has continued to guide the reforestation of the Island. During 2001/2002, with the assistance of volunteers, 6.5 hectares were planted with 67,500 native seedlings, with protective fencing erected to protect revegetated areas from quokka grazing. The growth rates in revegetated areas are influenced by many factors including rainfall, soil quality and exposure. During 2002/2003 the Authority will review its revegetation program and practices to seek an improved result.

Rottnest Island is subject to climatic conditions that affect the integrity of coastal areas, and visitors also have an impact. During 2001/2002 coastal access paths and staircases have been established or maintained at:

- Bathurst Point
- South Thomson Bay
- Geordie Bay
- Lady Edeline Beach
- Strickland Bay
- Longreach Bay

Formal access paths protect the vegetation and fauna habitats elsewhere in the coastal system. Visitors can assist the Authority in coastal management by keeping to marked paths and tracks.

The Authority has continued its commitment to an effective recycling program, and during 2001/2002 approximately 233.3 tonnes of waste was diverted from landfill through recycling and composting. With litter being an unavoidable human impact on the Island, participation by visitors is a key to the success of this strategy and everyone is encouraged to separate recyclable items from general refuse. The *2002 Scout Invasion* ensured the Island was thoroughly cleaned by the many Scouts who came to the Island to volunteer their time and remove substantial amounts of low-level litter from the Settlement.

Water is a scarce natural resource on Rottnest Island and while the commissioning of a second desalination plant has assured supply to Island visitors, the Authority continues to practice responsible water use and encourages visitors to do the same to minimise any environmental impacts.

The community awareness phase of the *Rottnest Island Liquid Waste Strategy* was implemented during 2001/2002 and successfully raised awareness and promoted discussion on the importance of managing waste disposal into the marine environment. The Authority recognises that most boat owners act responsibly and share the Authority's objective for a pristine Rottnest Island Marine Reserve. The prohibition on the discharge of sewage remains a key conservation priority for the Authority.

Rottneest Island inland waters include eight variably saline swamps. Most of the swamps were, in the past, heavily impacted by human activities. Five of the swamps, Bickley, Bulldozer, Lighthouse, Parakeet and Salmon, were mined during the 1970s to provide marl for road building. Marl sealed the bottom of the swamps and its removal has now deepened the swamps and allowed saline groundwater to seep in. The result is that these swamps are now permanent saline lakes. During 2001/2002 a program for the rehabilitation of Island swamps was approved. The rehabilitation of Lighthouse Swamp will commence in 2002/2003. Once rehabilitated the swamps will be capable of sustaining their original ecosystems.

The Authority continues to work with tertiary institutions on research into areas of mutual interest. Research projects completed in 2001/2002 include:

- Investigations into beneficial bacteria for plantations
- Shoreline dynamics
- Stygofauna sampling in bores
- Lagoonal water circulation and benthic microalgal production at Parker Point
- Paleoclimatic research

### **Satisfaction with Conservation of Natural and Cultural Heritage**

| <b>Customer Rating</b> | <b>Natural Environment</b> |                | <b>Built Heritage</b> |                |
|------------------------|----------------------------|----------------|-----------------------|----------------|
|                        | <b>2000/01</b>             | <b>2001/02</b> | <b>2000/01</b>        | <b>2001/02</b> |
| <b>Net Good</b>        | <b>93%</b>                 | <b>91%</b>     | <b>89%</b>            | <b>91%</b>     |
| Very Good              | 37%                        | 32%            | 33%                   | 32%            |
| Good                   | 41%                        | 36%            | 35%                   | 36%            |
| Quite Good             | 15%                        | 23%            | 21%                   | 23%            |
| Neither / Nor          | 6%                         | 7%             | 8%                    | 7%             |
| Quite Poor             | <1%                        | 1%             | 1%                    | 1%             |
| Poor                   | <1%                        | 1%             | <1%                   | 1%             |
| Very Poor              | <1%                        | 0%             | 1%                    | 0%             |
| Don't Know             | <1%                        | 0%             | 1%                    | 0%             |
| <b>Net Poor</b>        | <b>&lt;1%</b>              | <b>2%</b>      | <b>3%</b>             | <b>2%</b>      |
|                        | <b>100%</b>                | <b>100%</b>    | <b>100%</b>           | <b>100%</b>    |

Source: Independent survey conducted by Patterson Market Research

## **Rangers**

The Authority employs five full time Rangers who are the front line contact for visitors in relation to conservation management on the Island. While they are most often associated with marine rescues and compliance issues, the essential role of Rangers is to moderate the impact of human visitors on the Island.

Using the tools of education, guidance and enforcement Rangers promoted compliance with Authority legislation in three main areas. These were the control and management of vessels and moorings, control of the activities of visitors and antisocial behaviour, and protection of Rottneest Island's environmental values.

In 2001/2002, a high priority has been placed on the control of spearfishing around the Island, ensuring people fish lawfully in the Island's waters and protection of the sanctuary zones. Due to erosion concerns, control of the use of sand-boards on dunes has been a high priority for land-based patrols.

Ranger marine patrolling focuses on the issue of notices to collect admission fees from private vessels. Rangers are also required to inspect all top gear on rental moorings and jetty pens weekly during summer. Maintenance of jetty pens and moorings is generally required

The Settlement area of Thomson Bay is subject to extremely high levels of human use. Events such as the Channel Swim, New Years Eve, and school leaver periods are managed to minimise environmental impact and maximise the visitor experience.

Rangers continued to provide assessment and care to injured, sick and abandoned wildlife and provided advice in dealing with all wildlife problems that occur on the Island. This year management procedures have been written for dealing with swallows nesting in and around units and mechanisms have been implemented to control swarming and water collection problems caused by feral bees.

Rangers also control the populations of feral animals such as cats and native pest animals such as seagulls and ravens. Cats have been present on the Island for many years. In 2001/2002, with the assistance of specialists from the Department of Conservation and Land Management, a trapping program was successful and is likely to have eradicated feral cats from the Island.

In 2001/2002, Ranger Services conducted a Honorary Ranger training program resulting in more than 60 Island staff and volunteers being trained in the environmental and wildlife values of Rottne Island, the laws that protect them, and what to observe and report to Ranger staff.

## **Education**

The *Rottne Island Authority Act 1987* established Kingstown Barracks as a centre for environmental education. The Authority provides a popular and successful Environmental Education Program which is delivered on the Island. The program offers a range of activities, developed in accordance with the Curriculum Framework, aimed at primary and secondary school students. Over 27,800 students and 159 schools participated in the program in 2001/02.

The *Environmental Awareness Course* is a comprehensive two-day course designed for teachers, community leaders and members of the public. Seven courses were conducted during the year with over 125 participants.

The *School Holiday Program* (incorporating Winter Wonders, Spring Splendour, Summer Fun Spectacular, and Autumn Colours) offered environmentally based education activities suitable for a wide age range of children either resident or holidaying on the Island. In 2001/2002, over 1,150 children participated in the program.

Many schools have participated in the *Community Service Program* this year with over 100 different schools and 4,350 students involved. All of the activities undertaken by the groups, such as dune brushing, beach sweeps and seed collecting, contribute to the conservation and enhancement of the natural and cultural environment of the Island.

The *Beach Monitoring Program* is a major initiative that has been developed with the financial assistance of a Coastcare grant. The objective of the program is to monitor the beach width along south Thomson Bay and to identify any trends in beach form and shoreline position that may be occurring. The detrimental effects of dune erosion in this area have indicated that the beach requires consistent monitoring. The results of the program will indicate shoreline movements between seasons and this information will be used to assist in the future environmental management of the area. Beach monitoring will be offered to secondary school groups in 2002/2003 to complement the Community Service Program. Participating groups take part in the data collection by using monitoring sheets to record their measurements. Trials with school groups have already begun, the outcomes of which will assist in determining the final program.

The Authority also hosted the second annual *Seaweed Teachers Expo 2002* as part of Seaweed. The aim of Seaweed is to focus community awareness, provide information and encourage an appreciation of the sea and its living organisms. The Seaweed Teachers Expo was established in 2001 by the Rottnest Island Authority and developed in conjunction with participating organisations. The Expo aims to give teachers skills, knowledge and values to teach marine education. It is also an opportunity to meet like-minded educators and discover the array of programs and providers of marine education. Participants were able to choose from three marine adventure workshops, including some of the highlights from last year such as snorkeling a wreck site, a live marine animal touch pool, a mock lifesaving rescue, and an inter-tidal zones activity.

## Interpretation

While environmental education focuses on providing information to school groups and teachers, the Island's interpretation programs are available to the wide range of Island visitors. Interpretation includes tours, interpretive signage and brochures. A Rottnest Island holiday is a unique experience with its natural and built heritage and coastal and marine recreational activities. People visit Rottnest Island expecting much more than a trip to the beach and the Island doesn't disappoint. Interpretation programs add to visitors' knowledge and enjoyment of the Island and help them to make good choices about how they interact with nature and appreciate heritage assets. The Rottnest Island Voluntary Guides continued to play an important role in interpreting the Island's cultural heritage. Rottnest Island is not only beautiful, it also showcases a diverse and fascinating history.

## Performance Measures for Output 2

| Measure   | 2001/02 target | 2001/02 actual | 2002/03 target | Reasons for significant variations between estimated and actual |
|---|----------------|----------------|----------------|---|
| <b>Quantity</b><br>Heritage assets maintained and conserved (% of program)                              | 7              | 0              | 0              | Funding was not available for heritage assets during the year   |
| Number of seedlings planted   | 55,000         | 67,500         | 55,000         |   |
| <b>Quality</b><br>Customer satisfaction with conservation of the Island's natural and cultural heritage | 96%            | 91%            | 96%            |   |
| <b>Timeliness</b><br>Completion of heritage conservation works prior to summer season                   | 100%           | N/A            | N/A            |   |
| Completion of revegetation planting before end of winter rains  | 100%           | 100%           | 100%           |   |
| <b>Cost</b><br>Total operating expenses as a percentage of conservation assets                          | N/A            | 4.0            | 4.0            |   |

# COMPLIANCE INFORMATION

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## **Ministerial Directives**

There were no Ministerial directives during 2001/2002.

## **Declarations of Interest**

There were no declarations of interest made by Board Members during 2001/2002.

## **Comment on Events Occurring after Reporting Date**

No events occurred after 30 June 2002 to the signing of this report to adversely affect the operations of the Rottnest Island Authority.

## **Changes in Written Law**

*Rottnest Island Amendment Regulations 2001* (the Regulations) were passed in the reporting period.

Regulation 59 was amended to provide for the specific offence of discharging a marine flare within the Rottnest Island Reserve except in an emergency. Schedule 4 to the Regulations has been expanded to apply a modified penalty to the discharge of an explosive device within the limits of the Island.

Regulations 19, 22, 25 and 28A have been amended to eliminate the requirement that a mooring contractor, providing the required mooring inspection report, be one approved by the Rottnest Island Authority. These amendments also provide the Rottnest Island Authority with residual power to reject a mooring inspection report.

Regulation 48 has been amended to delete reference to the *Road Traffic Code 1975* and replace with the 'new' *Road Traffic Code 2000*.

The Infringement Notice prescribed in Schedule 1 has been updated to reflect the most common offences and the change in address for the payment of penalties.

The *Rottnest Island Authority Act 1987* was not amended in 2001/2002.

## **Freedom of Information**

For the year ended 30 June 2002, five applications were received in accordance with the Freedom of Information Act 1992 (FOI Act).

In accordance with Part 5 s.94 of the FOI Act the Authority has an Information Statement available for inspection or purchase by the public.

All inquiries can be made to the Freedom of Information Officer at Rottnest Island Authority, Level 1, E Shed, Victoria Quay, Fremantle or PO Box 693, Fremantle 6959 or by phone (08) 9432 9300.

## **Risk Management**

Effective risk management is now recognized as being essential in any private or public sector organization. Like many other public agencies the RIA is experiencing an increasing number of public liability claims resulting from visitor injury.

Responsibility for risk management rests with the Audit Committee of the Board of the Authority. It receives action reports at its meetings on all identified risks. The Authority has put in place policies and procedures in keeping with AS/NZS 4360:1999, to manage the diverse risks associated with management of the Authority, including visitor risk management.



In 2001/2002 the RIA commenced a review of its strategic and operational management of risk.

### **Equal Employment Opportunity (EEO)**

The Rottnest Island Authority continues to exceed the Government's target of 59, for the improved distribution of women at all levels of the workforce, with an equity index of 95. Women comprise 56% of the workforce.

An equity index of 100 shows group members are equitably distributed across the salary levels.

The Authority has good representation of women in SES level positions with 50% of these positions being held by women. In the first three tiers of management 9 of the 14 positions are held by women.

### **Disability Services Plan Outcomes**

This year automated doors have been installed in the Authority's Visitor and Information Centre and Accommodation Office, two areas of high public use.

Site inspections, consultations and plans have been completed with the aim to further enhance an equitable recreational experience for people with disabilities. Access to the beach and water in some of the Island's most popular swimming areas will be provided based on the principles of universal design. Work on the North Thomson Bay site will be completed in the forthcoming year.

Other initiatives outlined in the Plan are ongoing and will be addressed progressively.

### **Plan for Young People**

In accordance with the *State Government Plan for Young People 2000-2003*, the Authority has continued to provide a range of programs targeted at young people aged 12 to 25 years.

Since 2000, the Authority has provided a range of activities for school leavers to take part in during their annual Leavers' Week celebrations on the Island in November. Activities have included free live entertainment such as popular bands and DJs, as well as beach activities such as volleyball and cricket. Sponsorship was obtained for these activities through Healthway, promoting the *100% Control* health message, and Coca-Cola. The aim of the initiatives was to encourage students to celebrate safely in a supportive environment.

To encourage employment opportunities for young people, the Authority employed a student as part of an Office Administration Traineeship through South Metro Youth Link, as well as hosting several other students in work experience placements throughout the year.

The Authority's education services continue to be well attended and provide students with an environmental awareness which would not be possible in the normal course of studies. The programs offered are in accordance with the Curriculum Framework aimed at primary and secondary students.

A position offered under the Public Service Aboriginal and Torres Strait Islander Cadetship program has been undertaken by a law student since 1999. The Cadet is in his final year of study during the reporting period and has been equipped with a range of practical workplace skills which would not have been possible without this program.

The Authority again worked with Green Corp participants during the reporting year. Participants join the program as part of gaining work experience in a Commonwealth Government traineeship. Their work on Rottnest Island involves activities in relation to the Island's Woodlands Restoration Program such as fencing, planting and mapping of weed

areas. The trainees gain land care skills and an appreciation of a safe working environment during their time on Rottnest.

### Language Services

Signs on the Island display international symbols and bilingual staff provide language services to visitors. To assist visitors of non-English speaking background, staff name badges now signify any second languages spoken. An information brochure on safety on the Island has also been produced in multiple languages.

### Waste Paper Recycling

Approximately 160 kilograms per month of waste paper is collected from the Rottnest Island Authority Fremantle offices by Western Recycling, a subcontractor to Amcor Ltd, an approved supplier.

The recycling company collects approximately 1173 kilograms per month of waste paper from Rottnest Island.

### Electoral Act 1907

In accordance with the disclosure requirements of Section 175ZE of the *Electoral Act 1907*, the Rottnest Island Authority incurred expenditure during the period 1 July 2001 to 30 June 2002 on the following:

|   |   |
|---|---|
| <b>Advertising Agencies</b><br>303 Advertising<br>Gatecrasher Advertising<br>Total            | <b>Amount</b><br>\$123,124.52<br>\$8,025.03<br>\$131,149.55 |
| <b>Market Research Agencies</b><br>Patterson Market Research<br>Total                         | <b>Amount</b><br>\$20,377.01<br>\$20,377.01                 |
| <b>Polling Organisations</b>  | <b>Amount</b><br>Nil  |
| <b>Direct Mail Organisations</b>  | <b>Amount</b><br>Nil  |
| <b>Media Advertising Organisations</b><br>Marketforce Productions<br>Media Decisions<br>Total | <b>Amount</b><br>\$43,185.17<br>\$23,954.33<br>\$67,139.50  |

\* Includes expenditure on printing and sign infrastructure.

### Public Sector Standards

The Rottnest Island Authority has complied with the Public Sector Standards in Human Resources Management, the Western Australian Public Sector Code of Ethics and the Authority's Code of Conduct. There were no breach of standard applications lodged in 2001/2002.

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

- Number lodged – nil
- Number of breaches found – nil
- Number still under review – nil

## **Statement of Compliance with Relevant Written Law**

### **Enabling Legislation and Administration**

The Rottnest Island Authority was established by the *Rottnest Island Authority Act (1987)* to control and manage Rottnest Island in accordance with the Act and the Rottnest Island Regulations 1988.

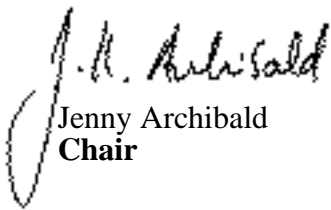
### **Legislation Impacting on Rottnest Island Authority Activities**

Rottnest Island Authority is required to comply with the following relevant written laws:

#### *Western Australian Legislation:*

Aboriginal Heritage Act 1972  
Aboriginal Heritage Regulations 1974  
Anti Corruption Commission Act 1988  
Bush Fires Act 1954  
Bush Fires Regulations 1954  
Business Names Act 1962  
Commercial Tenancy (Retail Shops) Agreement Act 1985  
Commercial Tenancy (Retail Shops) Agreement Regulations 1985  
Competition Policy Reform (WA) Act 1996  
Conservation and Land Management Act 1984  
Debits Tax Act 1990  
Disability Services Act 1993  
Electoral Act 1907  
Electricity Act 1945 ('supply Authority')  
Equal Opportunity Act 1984  
Explosive and Dangerous Goods Act 1961  
Fair Trading Act 1987  
Financial Administration and Audit Act 1985  
Financial Institutions Duty Act 1983  
Fish Resources Management Act 1994  
Freedom of Information Act 1992  
Government Employees Superannuation Act 1987  
Health (Rottnest Island) By-laws 1989  
Heritage of Western Australia Act 1990  
Industrial Relations Act 1979  
Interpretation Act 1984  
Jetties Act 1926  
Library Board of Western Australia Act 1951  
Liquor Licensing Act 1988  
Marine and Harbours Act 1981  
Minimum Conditions of Employment Act 1993  
Navigable Waters Regulations 1958  
Occupational Health and Safety Act 1984  
Occupier's Liability Act 1985  
Parks and Reserves Act 1895  
Parliamentary Commissioner Act 1971

Public Sector Management Act 1994  
Public and Bank Holidays Act 1974  
Rottnest Island Authority Act 1987  
Rottnest Island Regulations 1988  
Salaries and Allowances Act 1975  
Shipping and Pilotage Act 1967  
Stamp Act 1921  
State Supply Commission Act 1991  
Statutory Corporations (Liability of Directors) Act 1996  
Superannuation and Family Benefits Act 1938  
Treasurer's Advance Authorisation Act 1996  
Water and Rivers Commission Act 1995  
Water Services Coordination Act 1995  
Western Australian Marine Act 1982  
Wildlife Conservation Act 1950  
Workers' Compensation & Rehabilitation Act 1981  
Workplace Agreements Act 1993  
*Commonwealth Legislation:*  
Copyright Act 1968  
Disability Discrimination Act 1992  
Fringe Benefits Tax Act 1986  
Historic Shipwrecks Act 1976  
Income Tax Assessment Act 1936  
Income Tax Assessment Act 1997  
Racial Discrimination Act 1975  
Sales Tax (Exemptions and Classifications) Act 1992  
Trade Practices Act 1974  
Workplace Relations Act 1996



Jenny Archibald  
**Chair**

23 August 2002



John Mitchell  
**Chief Executive Officer**

23 August 2002

## **ADDITIONAL INFORMATION**

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### **Regular Publications**

Rottnest Island Authority Annual Report  
Rottnest Newspaper

### **Brochures**

Rottnest Island Visitor Information  
Safety Information for Visitors  
Marine and Boating Guide  
Rottnest Island Guide  
Rottnest Island Environmental Education  
Bus timetables  
Island Passports (Accommodation Information)

A wide range of informative brochures are available to the public including a compendium of information available to accommodation guests.

### **Others**

Rottnest Island Strategic Plan  
Rottnest Island Management Plan 1997 – 2002  
Draft Rottnest Island Management Plan 2002 – 2007

Publications can be obtained from the Administration Office of the Rottnest Island Authority, Level 1, E Shed, Victoria Quay, Fremantle, WA.

# ACKNOWLEDGEMENTS

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The Rottnest Island Authority acknowledges the support and assistance of the following organisations.

## **Rottnest Island Voluntary Groups**

Carine Probus

## **Fremantle Sea Rescue**

Military Heritage Working Group

Rottnest Fire and Emergency Services

Rottnest Island Foundation

## **Rottnest Island Railway Trust**

Rottnest Voluntary Guides Association

The Rottnest Society

Western Australian Scouting Association

Winnit Club

Military Heritage Advisory Group

## **Government Agencies**

Department of Indigenous Affairs

Crown Solicitor's Office

Department of Industry and Technology

## **Department of Environmental Protection**

Department for Planning and Infrastructure

Department of Land Administration

Department of Consumer and Employment Protection

Fire and Emergency Services Authority of Western Australia

Department of Fisheries

Department of Health

Heritage Council of Western Australia

Lotteries Commission of Western Australia

Main Roads WA

Ministry of Justice

RiskCover

Water Corporation

Western Australia Police Service

## **Other Organisations**

The Australian Trust for Conservation Volunteers

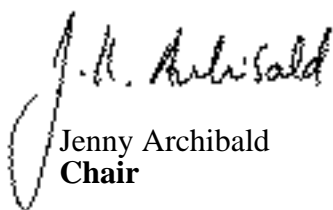
National Trust of Australia (WA)

# CERTIFICATION OF PERFORMANCE INDICATORS

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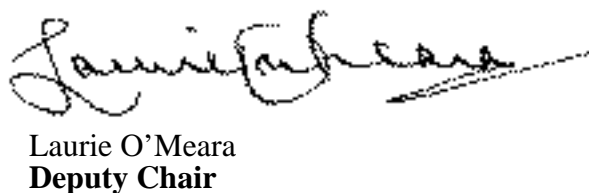
**For the year ended 30 June 2002**

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Rottnest Island Authority's performance, and fairly represent the performance of the Rottnest Island Authority for the financial year ended 30 June 2002.



Jenny Archibald  
**Chair**

23 August 2002



Laurie O'Meara  
**Deputy Chair**

23 August 2002

|  |
|--|
| <br><b>AUDITOR GENERAL</b>  |
| <b>To the Parliament of Western Australia</b>  |
| <b>ROTTNEST ISLAND AUTHORITY</b><br><b>PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002</b>   |
| <b>Scope</b><br>I have audited the key effectiveness and efficiency performance indicators of the Rottnest Island Authority for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.  |
| The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.   |
| My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators to assisting users to assess the Authority's performance. Those procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance. |
| The audit opinion expressed below has been formed on the above basis.  |
| <b>Audit Opinion</b><br>In my opinion, the key effectiveness and efficiency performance indicators of the Rottnest Island Authority are relevant and appropriate for assisting users to assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2002.  |
| <br>D.D.R. PEARSON<br>AUDITOR GENERAL<br>November 15, 2002  |

## Key Performance Indicators

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The Rottnest Island Authority has one outcome for Government:

*To provide excellent and affordable recreational and holiday facilities for the benefit of Western Australian families and other visitors, while protecting the flora and fauna and conserving the natural and built environment of the Island.*

To achieve this, the Authority has two outputs:

*Provision of services to visitors.* The Rottnest Island Authority provides recreation and holiday services to visitors and ensures that the Island is accessible and affordable.

*Conservation of the natural and built environment.* The Rottnest Island Authority manages the natural and built environment to conserve its value for future generations.

The Authority's single outcome and two outputs are derived from the functions of the Authority as established by the *Rottnest Island Authority Act 1987*.

Outputs one and two are fundamentally the same as in 2000/2001 to facilitate long-term comparison in performance. Last year a third output was used to reflect the role of the Authority in the provision of utilities and services on the Island. However, it is considered that the two original outputs more appropriately reflect, and have greater relevance to, the Authority's outcome and will be used into the future.

*Effectiveness* is measured, in part, by a telephone-based customer satisfaction survey of Western Australian residents who stayed on Rottnest Island during the reporting year. An independent research organisation is contracted each year to survey a random sample of 400 metropolitan residents and 100 country residents to provide customer ratings on 'affordability and enjoyment'. The 'conservation of the natural and built environment' performance is assessed in four key areas:

- fauna biodiversity;
- revegetation;
- marine water quality; and
- built heritage.

The Authority has amended its efficiency indicators to:

- Output One: weighted average cost per visitor service provided
- Output Two: comparison of total operating expenses as a percentage of conservation assets

The Authority has commenced a review of its key performance indicators and will report on revised indicators in 2002/2003.



## 1. EFFECTIVENESS INDICATORS

Customers' perceptions of their holiday experience on Rottnest Island and the way in which the Authority manages the Island's natural and built environment are accurate indicators of the effectiveness of the Authority's efforts to achieve its outcome for Government. Visitors should feel that they have had an enjoyable holiday, received quality service, value for money and that a holiday is affordable for ordinary Western Australians.

The annual customer satisfaction survey is a key tool in measuring the Authority's success in delivering its outcome for government. The survey methodology is designed to ensure consistency from year to year and a high degree of confidence in the data generated.

The sample comprised 402 metropolitan and 100 country interviews from a population of 21 506 accommodation bookings. This provides a confidence level of 95% with a sampling error of +/- 4.3%. The overall response rate was 47%.

Respondents were asked to rate a holiday on Rottnest Island in two key areas:

- being an enjoyable place to visit; and
- being an affordable place to visit.

While the data is indicative of favourable attitudes towards Rottnest Island, in 2001/2002 there was a deterioration in visitors' perceptions. The causes of the deterioration are not known and these important indicators will continue to be monitored by the Authority.

### 1.1 Customers' Rating on Enjoyment

Table 1: Enjoyment

| Customer Rating | 1998/99     | 1999/00     | 2000/01     | 2001/02     |
|-----------------|-------------|-------------|-------------|-------------|
| <b>Net Good</b> | <b>99%</b>  | <b>98%</b>  | <b>99%</b>  | <b>95%</b>  |
| Very Good       | 79%         | 75%         | 77%         | 69%         |
| Good            | 14%         | 19%         | 19%         | 21%         |
| Quite Good      | 6%          | 4%          | 3%          | 5%          |
| Neither/Nor     | 1%          | 2%          | <1%         | 2%          |
| Quite Poor      | -           | -           | -           | 1%          |
| Poor            | -           | -           | <1%         | 1%          |
| Very Poor       | -           | -           | <1%         | 1%          |
| <b>Net Poor</b> | <b>0%</b>   | <b>0%</b>   | <b>1%</b>   | <b>3%</b>   |
|                 | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

Source: independent survey conducted by Patterson Market Research  
(sampling error +/- 4.3%; 95% confidence). Note: % results allow for rounding

A target of 78% 'very good' rating on *enjoyment* was set for 2001/2002. The result achieved is 69%, a decrease in comparison to the previous year. The Authority is committed to attaining a target of 78% 'very good' for this rating in 2002/2003.

## 1.2. Customers' Rating of Affordability

Table 2: Affordability

| Customer Rating | 1998/99    | 1999/00    | 2000/01    | 2001/02    |
|-----------------|------------|------------|------------|------------|
| <b>Net Good</b> | <b>77%</b> | <b>75%</b> | <b>74%</b> | <b>63%</b> |
| Very Good       | 23%        | 23%        | 20%        | 18%        |
| Good            | 35%        | 30%        | 28%        | 26%        |
| Quite Good      | 19%        | 22%        | 26%        | 18%        |
| Neither/Nor     | 11%        | 15%        | 15%        | 18%        |
| Quite Poor      | 4%         | 4%         | 6%         | 9%         |
| Poor            | 6%         | 5%         | 3%         | 6%         |
| Very Poor       | 2%         | 1%         | 1%         | 3%         |
| <b>Net Poor</b> | <b>12%</b> | <b>10%</b> | <b>11%</b> | <b>19%</b> |
|                 | 100%       | 100%       | 100%       | 100%       |

*Source: independent survey conducted by Patterson Market Research (sampling error +/- 4.3%; 95% confidence). Note: % results allow for rounding*

The target for customers' rating is 22% 'very good'. A result of 18% 'very good' has been achieved.

There has been a deterioration in the perception that the Island is an affordable place to visit in that the 'net good' assessment has fallen from 74% to 63%.

## 1.3 Access for Western Australian Families

The Island is a favoured holiday and recreation destination for Western Australians. The Government is committed to ensuring it remains easily accessible, particularly to family groups and other residents of the State. The Authority works to ensure accessibility by offering a range of accommodation types with rates suited to most holiday budgets.

The Authority's accommodation has been well priced for numerous years and continues to compare well with a range of accommodation options in the State's South-West. The comparison is made with three holiday destinations that have been identified as offering accommodation collectively comparable to the range offered by the Authority. This year's result (50%) is similar to the previous year's comparison (51%). The Authority did not implement any rate increases during the reporting year.

There are a variety of operators offering full day tours to Rottnest Island. In comparing *affordability and accessibility* several different packaged destinations with similar components have been chosen on the mainland and compared to full day tours of the Island.

The number of bookings is monitored from ten popular metropolitan postcodes to gain an indication of accessibility trends. A range of postcodes of origin would demonstrate good access to Western Australians holiday-makers. Bookings from the monitored postcodes indicate that the origin of visitors is similar to previous years.

Table 3: Affordability and accessibility

|   | 1998/99 | 1999/00 | 2000/01 | 2001/02 | Target |
|---|---------|---------|---------|---------|--------|
| Cost of family holiday on Rottnest Island as a percentage of the cost of other holiday destinations in South-West*  | 40%     | 50%     | 51%     | 50%     | <75%   |
| Cost of day trip tour packages to the Island as a percentage of the cost of other day tour packages from Perth (Cost of Rottnest Island packages as a proportion of average of South-West Packages) | 66%     | 75%     | 69%     | 66%     | <75%   |
| Visitors who stayed overnight (in Authority accommodation) in the 10 main postcodes   | 30%     | 29%     | 28%     | 29%     | <27%   |

*\*This measure has been calculated on a one-week holiday for a family of two adults and two children across a range of accommodation options.*

## 1.4 Biodiversity of Terrestrial Fauna

Biodiversity is a measure of effectiveness in managing the terrestrial environment of Rottnest Island. A simple surrogate measure of the biodiversity of an area is the number of vertebrate fauna species present. Areas of high biodiversity have many species while areas of low diversity have few species. This measure of biodiversity is affected by a range of stressors, including drought, introduced pests and weeds, disease and human induced habitat change.

The Authority conducts a survey of the Island's vertebrate fauna every five years to measure biodiversity. The data generated are used to determine trends and to guide planning for responsible environmental management. Five years is the minimum time frame over which to make meaningful measurements of biodiversity.

The first survey was carried out in 1997/1998 and revealed the presence on the Island of 81 species of vertebrate fauna native to Rottnest Island. The next survey is due in 2002/2003. The target is to ensure that there is no loss of local, native vertebrate fauna species from Rottnest Island.

## 1.5 Proportion of Rottnest Island Revegetated

Since European contact, clearing, cutting of trees for timber and firewood, grazing and frequent fires have resulted in the loss of most of Rottnest Island's woodlands. To address this degradation, the Authority has implemented a 20-year *Woodland Restoration Program*. Good establishment of planted seedlings of the major species *Callitris preissii* and *Melaleuca lanceolata* is evident using high planting densities. Regeneration of the Island's woodland cover is an inherently lengthy process influenced by factors such as climate, fire, and grazing by native fauna.

Every five years the Authority undertakes a major vegetation survey involving aerial photography and ground truthing to assess the extent of vegetation groups and change. The last survey was conducted in 1997/98. The target is to achieve the return of 66% of 368 hectares outside the Settlement area to woodland by 2017. The next survey is due in 2002/2003.

Table 4: Percentage of Island revegetated

| Island revegetated in 5 years previous to |         | Target    |
|---|---------|-----------|
| Year aerial survey conducted              | 1997/98 | 2017/2018 |
| Percentage of Island revegetated          | 16%     | 66%       |

The Authority planned to plant 55 000 seedlings in 2001/2002 and succeeded in planting 67 500. Weather delayed some planting programs with the major planting period occurring over July/August 2001 and June 2002. This year's program involved 6 major planting weekends undertaken by Scouts Australia and Rottnest Island Society members. Approximately 6.7ha was planted. The target set for 2002/2003 is 55 000 seedlings and areas will include Geordie Bay, Garden Lake, the workshop area and some woodlands.

## 1.6 Water Quality within the Island's Marine Environment

A key indicator of success in conserving the Island's natural environment is compliance with swimming water health standards. Consequently, the Authority monitors water quality in nine popular locations around the Island to ensure that swimming water safety standards are met. During 2001/2002 there were 16 sampling events which provided a total of 144 samples. Each sample was tested for Thermotolerant coliforms and Enterococci.

Table 5: Safe swimming water – Proportion of samples that met ANZECC\* Guidelines

| Indicator                | 2000/01 | 2001/02 | Target |
|--------------------------|---------|---------|--------|
| Thermotolerant coliforms | 97.65%  | 98.61%  | 100%   |
| Enterococci              | 92.86%  | 89.58%  | 100%   |

\* Australian and New Zealand Environment Conservation Council

Five samples collected in June 2002, from bay waters located in the settlement areas, provided high levels of Enterococci. The most likely explanation for the non-compliances during June may be attributed to the fact that heavy rainfall occurred on and just prior to the sampling occasions. This may have the effect of adding to the bacterial loading (Enterococci) of the marine waters sampled due to storm water runoff from the terrestrial environment. This would be considered to be a natural occurrence. Other days with samples not complying with ANZECC Guidelines may be related to boating activity, or natural occurrences but no direct correlations can be made.

## 1.7 Conservation of Built Heritage

Rottnest Island has been defined as one of the most important heritage places in Australia. The relative intactness of its buildings, sites and cultural landscape create a unique archive of early settlement. The Heritage Council of Western Australia (HCWA) defines conservation as all the processes of looking after a place to retain its cultural significance. This includes maintenance and may, according to circumstances, include preservation, restoration, reconstruction and adaptation. The Authority works closely with the HCWA to ensure that buildings are appropriately conserved in accordance with the *Australian ICOMOS Charter (The Burra Charter) 1988*.

The Authority has set a target of 75% of settlement precinct buildings conserved by 2004/05. Due to the limited funds available this financial year the conservation works planned were not undertaken. However the Authority is well progressed towards its target. Minor maintenance was undertaken on heritage buildings as part of the general maintenance program. A project commenced to identify all heritage sites on the Island.

Table 6: Proportion of Rottnest Island Settlement heritage places conserved

|  | 1998/99 | 1999/00 | 2000/01 | 2001/02 | Target  |
|--|---------|---------|---------|---------|---|
| Proportion of Island Settlement heritage places conserved  | 7%      | 14%     | 7%      | 0%      | 75% of Settlement buildings conserved by 2004/2005. |
| Cumulative balance of Settlement heritage places conserved | 43%     | 57%     | 64%     | 64%     |   |

## 2. EFFICIENCY INDICATORS

### Output One: Provision of Services to Visitors

#### 2.1 Weighted average cost per visitor service provided

The new efficiency indicator for Output 1 relates outputs (number of services provided by the Authority) to the level of input resources required (cost).

The services provided to visitors by the Authority vary in type, volume, and consumed resources. Therefore, a weighted average cost methodology was used to determine the cost per service provided to visitors. The weighted averages used to calculate efficiency are derived from activity based costing undertaken by the Authority in 1999/2000. Activity based costing examines the activities undertaken within an organisation, and how they contribute to an output. The activities that contribute to an output are defined, and then all relevant costs of those activities are determined. Costs are then allocated to outputs. To obtain the weightings for this indicator, activities were reviewed to determine those which were direct services to visitors.

Three significant services were identified: number of nights of accommodation sold, number of train and bus tickets sold, and number of moorings.

Costs for Output 1 were allocated to the three selected services based on the ratio of costs allocated through the activity based costing exercise. Weights were then determined for each service and this was used to calculate the cost per service in the base year and ensuing years. The weightings will be reviewed every 5 years.

Table 7: Weighted average cost per visitor service provided

|                                     | <b>1999/00<br/>Actual</b> | <b>2000/01<br/>Actual</b> | <b>2001/02<br/>Actual</b> |
|-------------------------------------|---------------------------|---------------------------|---------------------------|
| Cost per service                    | <b>\$29.34</b>            | <b>\$36.29</b>            | <b>\$37.62</b>            |
| Cost per service (adjusted for CPI) |                           | <b>\$35.42</b>            | <b>\$35.41</b>            |

Note: Using the Perth CPI and 1999/00 as the base year. The cost per service does not include the costs associated with the management of the Rottnest Hotel.

The cost per service remained constant in comparison to 2000/2001. However, the number of services provided increased some 40 000 to 632 945. This indicates that the Authority has increased the number of services but at a similar cost per service to the previous year.

## Output Two: Conservation of the Natural and Built Environment

### 2.2 Comparison of total operating expenses as a percentage of conservation assets

Table 8: Total operating expenses as a percentage of conservation assets

|   | <b>2000/01<br/>Actual</b> | <b>2001/02<br/>Actual</b> |
|---|---------------------------|---------------------------|
| Total operating expenses as a percentage of conservation assets | 3.1%                      | 4.0%                      |

This is a measure of the Authority's efficiency. Total operating costs are expressed as a percentage of the value of Rottnest Island's conservation assets as at 30 June 2002.

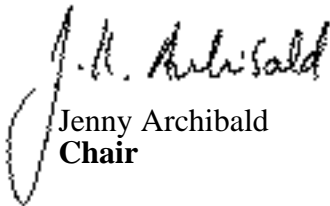
This year the funds expended were similar to 2000/01. Funds were allocated to the natural environment and protection of the heritage environment, including preparatory work for future years. Funds were not allocated for significant heritage conservation works.

# CERTIFICATION OF FINANCIAL STATEMENTS

**For the year ended 30 June 2002**

The accompanying financial statements of the Rottnest Island Authority have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2002 and the financial position as at 30 June 2002.


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.

  
Jenny Archibald  
Chair

  
Laurie O'Meara  
Deputy Chairman

Mike Colyer  
Principal Accounting  
Officer

Dated: 23 August 2002

  
**AUDITOR GENERAL**

To the Parliament of Western Australia

**ROTTNEST ISLAND AUTHORITY  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

**Scope**  
I have audited the accounts and financial statements of the Rottnest Island Authority for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.


The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities lies with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the vouchers, vouchers by the Authority to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material aspects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions as to present a view which is consistent with my understanding of the Authority's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

**Qualification**  
The Authority relies on information provided by third parties to determine the timing for revenue due to the Authority. The Authority did not have controls in place to verify the accuracy or completeness of the information provided. As a result, I am unable to state whether the Submission Fund of \$3.3 million included in Revenue from Goods and Services recognised in the Statement of Financial Performance is fairly presented.

**Qualified Audit Opinion**  
In my opinion, except for the effects of the matter referred to in the qualification paragraph,  
(i) the controls exercised by the Rottnest Island Authority provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and  
(ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2002 and its financial performance and its cash flows for the year then ended.

  
DOR PEARSON  
AUDITOR GENERAL  
November 15, 2002

4th Floor Queens House 2 Havelock Street Perth 6000 Western Australia Tel: 08 9332 7100 Fax: 08 9332 7044



# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2002

|  | Note | 2001/02<br>\$      | 2000/01<br>\$      |
|--|------|--------------------|--------------------|
| <b>REVENUE</b>   |      |                    |                    |
| <b>Revenue from ordinary activities</b>  |      |                    |                    |
| <i>Revenue from operating activities</i>   |      |                    |                    |
| Trading Profit   | 2    | 2,578,157          | 2,521,843          |
| Goods and services   | 3    | 17,169,209         | 16,314,374         |
| Commonwealth grants and contributions  | 4    | 0                  | 17,275             |
| <i>Revenue from non-operating activities</i>   |      |                    |                    |
| Interest revenue   |      | 41,722             | 16,365             |
| Net profit on disposal of non-current assets   |      | 0                  | 603                |
| Other revenues from ordinary activities  | 6    | 518,667            | 477,837            |
| <b>Total revenues from ordinary activities</b>   |      | <b>20,307,755</b>  | <b>19,348,297</b>  |
| <b>EXPENSES</b>  |      |                    |                    |
| <b>Expenses from ordinary activities</b>   |      |                    |                    |
| Employee expenses  | 7    | 6,415,476          | 4,812,507          |
| Supplies and services  | 8    | 11,666,122         | 11,199,836         |
| Depreciation expense   | 9    | 3,447,568          | 3,440,691          |
| Borrowing costs expense  | 10   | 465,562            | 614,940            |
| Administration expenses  | 11   | 902,945            | 801,788            |
| Accommodation expenses   | 12   | 135,403            | 123,039            |
| Grants & subsidies   |      | 700                | 1,250              |
| Net loss on disposal of non-current assets   | 5    | 8,311              | 0                  |
| Other expenses from ordinary activities  | 13   | 1,538,230          | 1,058,719          |
| <b>Total expenses from ordinary activities</b>   |      | <b>24,580,317</b>  | <b>22,052,770</b>  |
| <b>Profit from ordinary activities before grants and subsidies from Government</b>                             |      |                    |                    |
|  |      | <b>(4,272,562)</b> | <b>(2,704,473)</b> |
| Grants and subsidies from Government   | 14   | 1,727,753          | 2,067,836          |
| <b>NET (LOSS)/PROFIT</b>   |      | <b>(2,544,809)</b> | <b>(636,637)</b>   |
| Net increase in asset revaluation reserve  |      |                    |                    |
|  |      | 500,000            | 2,726,398          |
| <b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>                        |      | <b>500,000</b>     | <b>2,726,398</b>   |
| <b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b> |      |                    |                    |
|  |      | (2,044,809)        | 2,089,761          |

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

## STATEMENT OF FINANCIAL POSITION

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**As at 30 June 2002**

|                                       | Note  | 2001/02<br>\$      | 2000/01<br>\$      |
|---------------------------------------|-------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                 |       |                    |                    |
| Cash assets                           | 26(a) | 1,517,940          | 1,949,918          |
| Restricted cash assets                | 26(a) | 13,744             | 45,571             |
| Inventories                           | 15    | 228,283            | 260,481            |
| Receivables                           | 16    | 962,779            | 1,129,772          |
| Other assets                          | 17    | 173,743            | 113,723            |
| <b>Total Current Assets</b>           |       | <b>2,896,489</b>   | <b>3,499,465</b>   |
| <b>NON-CURRENT ASSETS</b>             |       |                    |                    |
| Property, plant, equipment & vehicles | 18    | 90,026,749         | 90,844,118         |
| Infrastructure                        | 19    | 16,687,243         | 17,493,726         |
| Works of art                          | 20    | 23,095             | 23,095             |
| <b>Total Non-Current Assets</b>       |       | <b>106,737,087</b> | <b>108,360,939</b> |
| <b>Total Assets</b>                   |       | <b>109,633,576</b> | <b>111,860,404</b> |
| <b>CURRENT LIABILITIES</b>            |       |                    |                    |
| Payables                              | 21    | 1,107,757          | 850,662            |
| Interest-bearing liabilities          | 22    | 295,631            | 652,021            |
| Provisions                            | 23    | 880,134            | 669,908            |
| Other liabilities                     | 24    | 5,254,184          | 5,247,966          |
| <b>Total Current Liabilities</b>      |       | <b>7,537,706</b>   | <b>7,420,557</b>   |
| <b>NON-CURRENT LIABILITIES</b>        |       |                    |                    |
| Interest-bearing liabilities          | 22    | 4,690,568          | 4,986,198          |
| Provisions                            | 23    | 677,823            | 598,028            |
| Other Liabilities                     | 24    | 0                  | 83,333             |
| <b>Total Non-Current Liabilities</b>  |       | <b>5,368,391</b>   | <b>5,667,559</b>   |
| <b>Total Liabilities</b>              |       | <b>12,906,097</b>  | <b>13,088,116</b>  |
| <b>NET ASSETS</b>                     |       | <b>96,727,479</b>  | <b>98,772,288</b>  |
| <b>EQUITY</b>                         |       |                    |                    |
|                                       | 25    |                    |                    |
| Reserves                              |       | 85,516,780         | 85,016,780         |
| Retained Profits                      |       | 11,210,699         | 13,755,508         |
| <b>TOTAL EQUITY</b>                   |       | <b>96,727,479</b>  | <b>98,772,288</b>  |

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

# STATEMENT OF CASH FLOWS

**For the year ended 30 June 2002**

|  | Note  | 2001/02<br>\$      | 2000/01<br>\$      |
|--|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                    |                    |
| <b>Receipts</b>  |       |                    |                    |
| Sale of goods and services                                 |       | 2,607,777          | 2,398,739          |
| Goods and services   |       | 16,785,760         | 16,678,359         |
| Commonwealth grants and contributions                      |       | 0                  | 17,275             |
| Interest Received  |       | 43,034             | 16,306             |
| GST receipts on sales                                      |       | 1,984,289          | 1,938,295          |
| Other receipts   |       | 292,239            | 478,554            |
| <b>Payments</b>  |       |                    |                    |
| Employee costs   |       | (5,907,443)        | (4,699,106)        |
| Supplies & services  |       | (12,608,072)       | (11,204,091)       |
| Borrowing costs  |       | (491,966)          | (620,414)          |
| GST payments on purchases                                  |       | (1,504,379)        | (1,344,773)        |
| GST payments to taxation authority                         |       | (661,751)          | (550,649)          |
| Other payments   |       | (748,743)          | (1,139,561)        |
| <b>Net cash provided by/(used in) operating activities</b> | 26(b) | <b>(209,255)</b>   | <b>1,968,934</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |       |                    |                    |
| Proceeds from sale of non-current physical assets          |       | 0                  | 3,687              |
| Purchase of non-current physical assets                    |       | (1,330,283)        | (2,665,209)        |
| <b>Net cash (used in) investing activities</b>             |       | <b>(1,330,283)</b> | <b>(2,661,522)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                    |                    |
| Repayments of Borrowings                                   |       | (652,020)          | (1,014,546)        |
| <b>Net cash (used in) financing activities</b>             |       | <b>(652,020)</b>   | <b>(1,014,546)</b> |
| <b>CASH FLOWS FROM GOVERNMENT</b>                          |       |                    |                    |
| Grants & Subsidies   |       | 1,727,753          | 2,067,836          |
| <b>Net cash provided by Government</b>                     |       | <b>1,727,753</b>   | <b>2,067,836</b>   |
| <b>NET increase/(decrease) in cash held</b>                |       | <b>(463,805)</b>   | <b>360,702</b>     |
| Cash assets at the beginning of the financial year         | 26(a) | 1,995,489          | 1,634,787          |
| <b>Cash assets at the end of the financial year</b>        | 26(a) | <b>1,531,684</b>   | <b>1,995,489</b>   |

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

# NOTES TO THE FINANCIAL STATEMENTS

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**For the year ended 30 June 2002**

## **1. Significant accounting policies**

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

### **General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at valuation.

#### *(a) Grants and other Contributions Revenue*

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Authority obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

#### *(b) Revenue Recognition*

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Authority has passed control of the goods or other assets or delivery of the service to the customer.

#### *(c) Acquisition of assets*

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

(d) *Depreciation of non-current assets*

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

Depreciation is provided for on the straight line basis, other than for the Railway category, which forms part of the Infrastructure class, where the reducing balance basis is utilised. Depreciation rates are reviewed annually. Depreciation rates used are as follows:

|                                       |            |
|---------------------------------------|------------|
| Buildings.....                        | 4%         |
| Computers & Electronic Equipment..... | 33.33%     |
| Furniture .....                       | 20%        |
| Plant & Vehicles .....                | 25%        |
| Leasehold Improvements.....           | 20%        |
| Infrastructure.....                   | From 1-11% |

The Railway is depreciated on a reducing value basis over the estimated useful live of the asset.

Works of art controlled by the agency are classified as heritage assets. They are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of them.

The Oliver Hill Battery, which forms part of the Infrastructure class, has been determined to have similar characteristics to the Authority's works of art with respect to useful life and service potential.

(e) *Revaluation of Land, Buildings and Infrastructure*

The Authority has a policy of revaluing land, buildings and infrastructure at fair value. The annual revaluation of the Authority's land undertaken by the Valuer General's Office is recognised in the financial statements. Building and infrastructure assets are being progressively revalued to fair value under the transitional provisions in AASB 1041 (8.12)(b).

(f) *Leases*

The Authority has entered into a number of operating lease agreements for buildings, motor vehicles, office and other equipment, where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the statement of financial performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(g) *Cash*

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(h) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Costs are assigned based on a first in first out method.

(i) *Receivables*

Accounts receivable are recognised as the amounts receivable and due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(j) *Payables*

Payables, including accruals not yet billed, are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. Accounts Payable are generally settled within 30 days.

(k) *Interest-bearing liabilities*

Loans from the Western Australian Treasury Corporation are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

(l) *Employee entitlements*

*Annual Leave*

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date with respect to employees' service up to that date.

*Long Service Leave*

Leave entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an employee's leave is more than 70% accumulated. An assessment performed by the Authority in 2000 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements."

*Time in Lieu Provision*

The flexible working hours provisions of the Authority's Collective Workplace Agreement (effective October 1996), Enterprise Bargaining Agreement (effective January 1997) and Enterprise Agreement 1998 - CSA (effective April 1999), introduced the concept of annualised hours. At the end of the settlement period, when actual hours worked exceed the Average Aggregate Ordinary Hours, the employee will be paid for the excess hours, or the employee will take time in lieu at a mutually agreed time. In each case the amount due will be calculated at ordinary times rates.

*Superannuation*

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The Pension Scheme and the pre-transfer benefit for employees who transferred to the Gold State Superannuation Scheme are unfunded and the liability for future payments is provided for at reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(m) *Accrued Salaries*

Accrued salaries (refer note 24) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Authority considers the carrying amount approximates net fair value.

(n) *Resources Received Free of Charge or for Nominal Value*

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(o) *Segment Information*

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the segment reporting Accounting Standard AASB 1005 Segment Reporting.

Segment revenues, expenses, assets and liabilities are allocated on the basis of direct attribution and reasonable estimates of usage.

Segment information has been disclosed by output.

(p) *Related Body*

The financial statements incorporate the assets and liabilities, and revenue and expenditure of the Rottnest Island Railway Trust ("the Trust"). This treatment follows the Treasurer's determination of 24 September 1998, that the Trust is a related body of the Authority. The Rottnest Island Authority and the Trust are referred to in this financial report as the Authority.

(q) *Comparative Figures*

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

|                          | 2001/02<br>\$ | 2000/01<br>\$ |
|--------------------------|---------------|---------------|
| <b>2. Trading Profit</b> |               |               |
| Sales                    | 4,181,297     | 4,059,511     |
| Cost of Sales:           |               |               |
| Opening Inventory        | (253,066)     | (104,593)     |
| Purchases                | (1,572,365)   | (1,686,141)   |
|                          | (1,825,431)   | (1,790,734)   |
| Closing Inventory        | 222,291       | 253,066       |
| Cost of Goods Sold       | (1,603,140)   | (1,537,668)   |
| Trading Profit           | 2,578,157     | 2,521,843     |

|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>3. Goods and Services</b>                                |               |               |
| Accommodation Charges                                       | 8,581,917     | 7,938,111     |
| Lease & Licence Revenue                                     | 1,909,694     | 2,377,490     |
| Admission Fees  | 3,272,094     | 3,210,087     |
| Facilities & Tours  | 2,046,622     | 1,224,572     |
| Utility Charges   | 803,420       | 784,418       |
| Housing Rentals   | 299,196       | 440,349       |
| Commissions   | 256,266       | 339,347       |
|   | 17,169,209    | 16,314,374    |
| <b>4. Commonwealth Grants &amp; Contributions</b>           |               |               |
| Coastwest/Coastcare Grants Program                          | 0             | 17,275        |
|   | 0             | 17,275        |
| <b>5. Net profit/(losses) on sale of non-current assets</b> |               |               |
| <b>Profit on Sale of Non-Current Assets</b>                 |               |               |
| Vehicles  | 0             | 2,319         |
| Gross proceeds on disposal of asset                         | 0             | 3,686         |
| <b>Loss on Sale of Non-Current Assets</b>                   |               |               |
| Plant   | (3,816)       | (1,716)       |
| Gross proceeds on disposal of asset                         | 0             | 0             |
| Buildings   | (4,495)       | 0             |
| Gross proceeds on disposal of asset                         | 0             | 0             |
| Net loss  | (8,311)       | 603           |
| <b>6. Other revenues from ordinary activities</b>           |               |               |
| Services received free of charge                            | 213,418       | 28,604        |
| Contribution to Works                                       | 209,813       | 360,567       |
| Donations   | 505           | 29,170        |
| Miscellaneous   | 94,931        | 59,496        |
|   | 518,667       | 477,837       |
| <b>7. Employee expenses</b>                                 |               |               |
| Wages and salaries  | 4,413,311     | 3,408,771     |
| Superannuation  | 453,436       | 372,524       |
| Long service leave  | 114,334       | 70,828        |
| Annual leave  | 386,786       | 214,446       |
| Other related expenses (i)                                  | 1,047,609     | 745,938       |
|   | 6,415,476     | 4,812,507     |

(i) These employee expenses include superannuation, payroll tax, workers compensation insurance premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlements at Note 23.



|  | 2001/02<br>\$ | 2000/01<br>\$ |
|--|---------------|---------------|
| <b>8. Supplies and Services</b>  |               |               |
| Consultants and contractors  | 10,441,282    | 10,311,404    |
| Materials  | 120,898       | 102,044       |
| Repairs and maintenance  | 452,819       | 284,761       |
| Other  | 651,123       | 501,627       |
|  | 11,666,122    | 11,199,836    |
| <b>9. Depreciation expense</b>   |               |               |
| Buildings  | 1,473,606     | 1,503,612     |
| Computers and Electronic Equipment   | 70,114        | 80,104        |
| Furniture  | 203,425       | 206,912       |
| Plant and Vehicles   | 141,425       | 155,186       |
| Leasehold Improvements   | 36,261        | 46,606        |
| Infrastructure   | 1,522,737     | 1,448,271     |
|  | 3,447,568     | 3,440,691     |
| <b>10. Borrowing cost expense</b>  |               |               |
| Interest paid  | 455,118       | 602,652       |
| Fees   | 10,444        | 12,288        |
|  | 465,562       | 614,940       |
| <b>11. Administration expenses</b>   |               |               |
| Communication  | 177,746       | 180,157       |
| Consumables  | 234,844       | 173,631       |
| Other  | 490,355       | 448,000       |
|  | 902,945       | 801,788       |
| <b>12. Accommodation expenses</b>  |               |               |
| Lease rentals  | 99,150        | 83,303        |
| Repairs & maintenance  | 3,687         | 7,491         |
| Cleaning   | 16,633        | 18,372        |
| Other  | 15,933        | 13,873        |
|  | 135,403       | 123,039       |
| <i>Accommodation expenses relate to the E shed administration offices.</i> |               |               |
| <b>13. Other expenses from ordinary activities</b>                         |               |               |
| Doubtful debts expense   | 783,007       | 2,110         |
| Hotel Capital Works Payment  | 0             | 275,656       |
| Furniture, fittings & equipment replacement                                | 150,110       | 204,206       |
| Minor Works  | 561,265       | 481,841       |
| Other  | 43,848        | 94,906        |
|  | 1,538,230     | 1,058,719     |

|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>14. Grants and subsidies from Government</b> |               |               |
| Upgrade Program                                 | 1,717,000     | 2,000,000     |
| Loan Subsidies                                  | 10,753        | 66,661        |
| Other Grants                                    | 0             | 1,175         |
|   | 1,727,753     | 2,067,836     |
| <b>15. Inventories</b>                          |               |               |
| <b>Inventories held for resale</b>              |               |               |
| Hotel Food & Beverage Stock (at cost)           | 121,212       | 129,390       |
| Visitors Centre Stock (at cost)                 | 72,455        | 98,149        |
| Post Office (at cost)                           | 17,803        | 15,697        |
| Country Club Stock (at cost)                    | 6,517         | 7,790         |
| Kingstown Stock (at cost)                       | 2,535         | 2,040         |
| Bike Hire Beverage Stock (at cost)              | 1,768         | 0             |
|   | 222,290       | 253,066       |
| <b>Inventories not held for resale:</b>         |               |               |
| E-Shed Stock (at cost)                          | 5,993         | 7,415         |
| Total Inventories                               | 228,283       | 260,481       |
| <b>16. Receivables</b>                          |               |               |
| Current   |               |               |
| Trade Debtors                                   | 1,697,101     | 1,131,092     |
| GST Receivable                                  | 222,342       | 92,250        |
| Provision for Doubtful Debts                    | (956,664)     | (93,570)      |
|   | 962,779       | 1,129,772     |

Admission fees payable by the public are collected by ferry, plane and charter operators and subsequently recovered from them by the Authority.

The Authority's Provision for Doubtful Debts includes a sum of \$846,308, with respect to admission fees and other monies collected by one ferry operator, Banwell Pty Ltd, trading as Boat Torque Cruises.

A Receiver and Manager has been appointed over the assets and undertakings of the abovenamed company. The Crown Solicitor, acting on the Authority's behalf, has taken action to seek to recover the unremitted admission fees.

|  | 2001/02<br>\$ | 2000/01<br>\$ |
|--|---------------|---------------|
| <b>17. Other assets</b>                            |               |               |
| Current  |               |               |
| Prepayments  | 49,907        | 22,233        |
| Other Debtors                                      | 121,652       | 87,494        |
| Accrued Interest Receivable                        | 2,184         | 3,496         |
| Hotel – Bonds/TAB Guarantee                        | 0             | 500           |
|  | 173,743       | 113,723       |
| <b>18. Property, plant, equipment and vehicles</b> |               |               |
| <b>Land</b>  |               |               |
| At Valuation (1)                                   | 60,000,000    | 59,500,000    |
| <b>Buildings</b>                                   |               |               |
| At Cost  | 11,367,047    | 10,756,012    |
| Accumulated Depreciation                           | (1,661,731)   | (1,161,191)   |
| At Valuation (2)                                   | 24,439,001    | 24,439,001    |
| Accumulated Depreciation                           | (4,886,600)   | (3,909,040)   |
|  | 29,257,717    | 30,124,782    |
| <b>Computers &amp; Electronic Equipment</b>        |               |               |
| At Cost  | 442,692       | 432,882       |
| Accumulated Depreciation                           | (399,638)     | (348,178)     |
| At Valuation (2)                                   | 57,250        | 57,250        |
| Accumulated Depreciation                           | (57,245)      | (38,590)      |
|  | 43,059        | 103,364       |
| <b>Furniture</b>                                   |               |               |
| At Cost  | 1,084,751     | 1,003,595     |
| Accumulated Depreciation                           | (850,059)     | (646,634)     |
|  | 234,692       | 356,961       |
| <b>Plant &amp; Vehicles</b>                        |               |               |
| At Cost  | 797,495       | 620,220       |
| Accumulated Depreciation                           | (490,003)     | (387,893)     |
| At Valuation (2)                                   | 152,882       | 155,819       |
| Accumulated Depreciation                           | (114,660)     | (77,909)      |
|  | 345,714       | 310,237       |
| <b>Leasehold Improvements</b>                      |               |               |
| At Cost  | 233,407       | 233,407       |
| Accumulated Depreciation                           | (180,454)     | (144,193)     |
|  | 52,953        | 89,214        |

|                          | 2001/02<br>\$ | 2000/01<br>\$ |
|--------------------------|---------------|---------------|
| <b>Works in Progress</b> |               |               |
| At Fair Value            | 92,614        | 359,560       |
|                          | 92,614        | 359,560       |
|                          | 90,026,749    | 90,844,118    |

- (1) The 1 July 2001 valuation of Rottnest Island land was an independent valuation conducted by the Valuer General's Office. The valuation was performed on a current use basis.
- (2) Pre 2001/02 revaluations conducted prior to the beginning of the current progressive revaluation period. The valuations were made on a basis consistent with fair value.

|                           | 2001/02<br>\$ | 2000/01<br>\$ |
|---------------------------|---------------|---------------|
| <b>19. Infrastructure</b> |               |               |
| At Cost                   | 5,217,692     | 4,501,428     |
| Accumulated Depreciation  | (1,932,410)   | (1,475,100)   |
| At Valuation (1)          | 16,663,273    | 16,663,273    |
| Accumulated Depreciation  | (3,261,312)   | (2,195,875)   |
|                           | 16,687,243    | 17,493,726    |

The Infrastructure class includes the Rottnest Island roadworks, railway and Oliver Hill Battery, as well as the general infrastructure.

- (1) Pre 2001/02 revaluations conducted prior to the beginning of the current progressive revaluation period. The valuations were made on a basis consistent with fair value.

|   | 2001/02<br>\$ |
|---|---------------|
| <b>Reconciliations</b>  |               |
| Reconciliations of the carrying amounts of infrastructure at the beginning and end of the current financial year are set out below: |               |
| Carrying amount at start of year  | 17,493,726    |
| Additions   | 716,254       |
| Depreciation expense  | (1,522,737)   |
| Carrying amount at end of year  | 16,687,243    |

|                         | 2001/02<br>\$ | 2000/01<br>\$ |
|-------------------------|---------------|---------------|
| <b>20. Works of art</b> |               |               |
| At valuation            | 23,095        | 23,095        |

The 2 October 1998 valuation of the Rottnest Island artworks was an independent valuation conducted by Phillips, Fine Art Valuers. The valuation was performed on a market value basis.

The Authority has determined to report its works of art at fair value in accordance with the option under AAS 38 (para. 10.7).

|  | 2001/02<br>\$ | 2000/01<br>\$ |
|--|---------------|---------------|
| <b>21. Payables</b>  |               |               |
| Trade payables   | 1,107,757     | 850,662       |
|  | 1,107,757     | 850,662       |
| <b>22. Interest bearing liabilities</b>  |               |               |
| Current  |               |               |
| Western Australian Treasury Corporation Loans  | 295,631       | 652,021       |
| Non-current  |               |               |
| Western Australian Treasury Corporation Loans  | 4,690,568     | 4,986,198     |
| <b>23. Provisions</b>  |               |               |
| <b>Current</b>   |               |               |
| Annual leave   | 437,869       | 329,406       |
| Long service leave   | 205,727       | 143,331       |
| Time in lieu   | 80,573        | 75,977        |
| Superannuation (ii)  | 40,097        | 38,886        |
| Employment on-costs (i)  | 115,868       | 82,308        |
|  | 880,134       | 669,908       |
| <b>Non-current</b>   |               |               |
| Long service leave   | 129,172       | 72,675        |
| Superannuation (ii)  | 527,984       | 514,452       |
| Employment on-costs (i)  | 20,667        | 10,901        |
|  | 677,823       | 598,028       |
| <b>Employee Entitlements</b>   |               |               |
| The aggregate employee entitlement liability recognised and included in the financial statement is as follows: |               |               |
| Provision for employee entitlements:   |               |               |
| Current  | 880,134       | 669,908       |
| Non-current  | 677,823       | 598,028       |
|  | 1,557,957     | 1,267,936     |

- (i) The settlement of annual, long service leave and time in lieu liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation insurance premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses) at Note 7.
- (ii) The superannuation liability has been established from data supplied by the Government Employees Superannuation Board.

The Authority considers the carrying amount of employee entitlements approximates their net fair value.

|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>24. Other liabilities</b>  |               |               |
| Current   |               |               |
| Refundable deposits and bonds   | 3,600,729     | 3,325,913     |
| Accrued expenses  | 1,321,932     | 1,637,825     |
| Accrued salaries  | 125,465       | 57,657        |
| Accrued interest  | 105,687       | 132,093       |
| Lessee rent reduction   | 83,333        | 83,333        |
| Unclaimed money   | 17,038        | 11,145        |
|   | 5,254,184     | 5,247,966     |
| Non-current   |               |               |
| Lessee rent reduction   | 0             | 83,333        |
| <b>25. Equity</b>   |               |               |
| Reserves  |               |               |
| Asset Revaluation Reserve (i)   |               |               |
| Opening balance   | 85,016,780    | 82,290,382    |
| Land  | 500,000       | 2,000,000     |
| Buildings   | 0             | 726,398       |
| Closing balance   | 85,516,780    | 85,016,780    |
| Retained profits  |               |               |
| Opening balance   | 13,755,508    | 14,392,145    |
| Net (loss)/profit   | (2,544,809)   | (636,637)     |
| Closing balance   | 11,210,699    | 13,755,508    |
| (i) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1 (e). |               |               |
| <b>26. Notes to the Statement of Cash Flows</b>   |               |               |
| <b>(a) Reconciliation of cash</b>   |               |               |
| Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:   |               |               |
| Cash assets   | 1,517,940     | 1,949,918     |
| Restricted cash assets  | 13,744        | 45,571        |
|   | 1,531,684     | 1,995,489     |

Bank accounts are maintained at BankWest and the Commonwealth Bank and cash floats are carried within the business centres. A bank account is maintained at BankWest to be used solely in connection with the operation of the Rottne Island railway. It is therefore considered to be a restricted cash asset.

|   | 2001/02<br>\$    | 2000/01<br>\$    |
|---|------------------|------------------|
| <b>(b) Reconciliation of profit/(loss) from ordinary activities to net cash flows provided by/(used) in operating activities:</b> |                  |                  |
| (Loss)/Profit from ordinary activities  | (2,544,809)      | (636,637)        |
| Non-cash items:   |                  |                  |
| Depreciation expense  | 3,447,568        | 3,440,691        |
| (Profit)/loss on sale of property, plant & equipment  | 8,311            | (603)            |
| Doubtful debts expense  | 783,007          | 2,110            |
| Grants and subsidies from Government  | (1,727,753)      | (2,067,836)      |
| (Increase)/decrease in assets:  |                  |                  |
| Receivables (iii)   | (566,009)        | (585,343)        |
| Inventories   | 32,198           | (153,021)        |
| Other assets  | (60,020)         | 596,138          |
| (Increase)/decrease in liabilities:   |                  |                  |
| Payables (iii)  | 257,095          | 631,168          |
| Provisions  | 290,021          | 95,149           |
| Other Liabilities   | (77,115)         | 511,995          |
| Net GST receipts/(payments) (i)   | (181,841)        | 42,873           |
| Change in GST receivables/payables (ii)   | 130,092          | 92,250           |
| <b>Net cash provided by/(used in) operating activities</b>  | <b>(209,255)</b> | <b>1,968,934</b> |

(i) This is the net GST paid/received, ie cash transactions

(ii) This reverses out the GST in accounts receivable and payable

(iii) Note that ATO receivable/payable in respect of GST and receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they are not reconciling items.

## 27. Services received free of charge

Services were provided to the Authority free of charge by the following State Government agencies:

|                                       | 2001/02<br>\$ | 2000/01<br>\$ |
|---------------------------------------|---------------|---------------|
| Main Roads Department                 |               |               |
| - Maintenance of roads                | 180,000       | 0             |
| Health Department                     |               |               |
| - Health surveillance                 | 25,000        | 4,360         |
| Crown Solicitor's Office              |               |               |
| - Legal services charges              | 8,418         | 12,076        |
| Fire & Emergency Services             |               |               |
| - Donated fire truck                  | 0             | 9,800         |
| Dept. of Land Administration          |               |               |
| - Survey integration & other services | 0             | 2,368         |
|                                       | 213,418       | 28,604        |



|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>28. Commitments for expenditure</b>  |               |               |
| <b>(a) Capital expenditure commitments</b><br>Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows: |               |               |
| Within 1 year   | 215,000       | 15,000        |
| The capital commitments include amounts for:  |               |               |
| Infrastructure  | 215,000       | 2,000         |
| Buildings   | 0             | 13,000        |
|   | 215,000       | 15,000        |
| <b>(b) Lease commitments</b><br>Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:  |               |               |
| Within 1 year   | 378,198       | 308,758       |
| Later than 1 year and not later than 5 years  | 893,018       | 544,628       |
|   | 1,271,216     | 853,386       |

The Rottnest Island Authority sublets accommodation for the Fremantle Office from the Government Property Office. Included in the lease commitments for 2001/02 is a provision for rent payable to the Government Property Office during the next year.

## 29. Contingent Liability

- (a) The Authority is currently defending a Supreme Court Action, for which there is no formally quantified claim. A claim against the Authority for some \$144,000 is the subject of a District Court action with the same counter-party.
- (b) The Commonwealth Native Title Act 1993 creates a potential liability for the State for any compensation in regard to prior extinguishment or impairment of native title rights and interests and any future Act activity.

One claim with respect to the Island was accepted in June 1999 and provides the right to negotiate over land for which native title exists. Advice received indicates that native title has been extinguished in the settlement area, whilst further advice is awaited in connection with the rest of the Island.

- (c) The RIA has been successful in an action against a former lessee in relation to lease and other financial obligations, subject to enforcement of the judgement being delayed until the determination of a counterclaim, for which damages claimed have not yet been clearly quantified.
- (d) The RIA has an ongoing management plan and in relation to the treatment of asbestos materials on the Island, has recognised the necessity to continue to address this issue.

### 30. Events Occurring After Reporting Date

There are no events in particular that occurred after reporting date which would materially affect the financial statements.

### 31. Explanatory Statement

#### (i) Significant variations between actual revenues and expenditures for the financial year and revenue and expenditure for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are generally considered to be those greater than 10% or \$100,000.

|   | 2001/02<br>\$ | 2000/01<br>\$ | Variance<br>\$ |
|---|---------------|---------------|----------------|
| Goods and services                      | 17,169,209    | 16,314,374    | 854,835        |
| Employee expenses                       | 6,415,476     | 4,812,507     | 1,602,969      |
| Supplies and services                   | 11,666,122    | 11,199,836    | 466,286        |
| Borrowing costs expense                 | 465,562       | 614,940       | (149,378)      |
| Administration expenses                 | 902,945       | 801,788       | 101,157        |
| Other expenses from ordinary activities | 1,538,230     | 1,058,719     | 479,511        |
| Grants & subsidies                      | 1,727,753     | 2,067,836     | (340,083)      |

#### **Goods and services**

The variance reflects additional revenue from accommodation facilities and the Bike Hire operation included as part of the Authority's activities from January 2002.

#### **Employee expenses**

The variance is due to the replacement of externally contracted labour with employees, the employment of staff in the Bike Hire operation, other staffing increases and reclassifications of existing positions, and additional costs following industrial agreement increases.

#### **Supplies and services**

The variance reflects additional costs of the Facilities Management Agreement in providing for the maintenance of facilities and provision of utility services.

#### **Borrowing costs expense**

The variance reflects reduced debt charges to WA Treasury Corporation following the repayment during the year of one of the two loans held by the Authority.

#### **Administration expenses**

The variance reflects additional printing and insurance costs.

#### **Other expenses from ordinary activities**

The variance reflects the significant doubtful debts expense.

#### **Grants & subsidies**

The variance reflects lower State Government assistance.

#### (ii) Significant variations between estimates and actual revenues for the financial year

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are generally considered to be those greater than 10% or \$100,000.

|   | <b>2001/02<br/>Estimates<br/>\$</b> | <b>2001/02<br/>Actual<br/>\$</b> | <b>Variance<br/>\$</b> |
|---|-------------------------------------|----------------------------------|------------------------|
| Trading profit                          | 2,462,421                           | 2,578,157                        | (115,736)              |
| Goods and services                      | 16,363,674                          | 17,169,209                       | (805,535)              |
| Other revenues from ordinary activities | 281,122                             | 518,667                          | (237,545)              |
| Employee expenses                       | 5,232,718                           | 6,415,476                        | (1,182,758)            |
| Supplies and services                   | 9,893,744                           | 11,666,122                       | (1,772,378)            |
| Other expenses from ordinary activities | 826,618                             | 1,538,230                        | (711,612)              |

#### **Trading profit**

The variance reflects additional profit from food and beverage sales at the Hotel.

#### **Goods and services**

The variance reflects additional revenue from accommodation, tours and facility use.

#### **Other revenues from ordinary activities**

The variance reflects the Main Roads Department contribution to road maintenance.

#### **Employee expenses**

The variance is due to the replacement of contract labour formerly supporting the RIA's workforce with permanent employees, and additional staffing associated with the Bike Hire operation.

#### **Supplies and services**

The variance reflects costs of the Facilities Management Agreement in providing for the maintenance of facilities and provision of utility services, to a level deemed necessary for business continuity.

#### **Other expenses from ordinary activities**

The variance reflects the significant doubtful debts expense.

## 32. Financial Instruments

|                                    | Weighted<br>average<br>effective<br>interest rate | Variable<br>interest rate | Fixed interest rate maturities |                           |                           | Non<br>interest<br>bearing | Total  |
|------------------------------------|---|---------------------------|--------------------------------|---------------------------|---------------------------|----------------------------|--------|
|                                    |   |                           | 1 year<br>or less<br>\$'000    | 1 to 5<br>years<br>\$'000 | Over 5<br>years<br>\$'000 |                            |        |
|                                    | %   | \$'000                    |                                |                           |                           | \$'000                     | \$'000 |
| <b>30 June 2002</b>                |   |                           |                                |                           |                           |                            |        |
| Financial Assets                   |   |                           |                                |                           |                           |                            |        |
| Cash Floats<br>& Operating Account |   |                           |                                |                           |                           | 894                        | 894    |
| 11am Account                       | 3.96  | 638                       |                                |                           |                           |                            | 638    |
| Receivables                        |   |                           |                                |                           |                           | 1,697                      | 1,697  |
| Other assets                       |   |                           |                                |                           |                           | 2                          | 2      |
|                                    |   | 638                       |                                |                           |                           | 2,593                      | 3,231  |
| Liabilities                        |   |                           |                                |                           |                           |                            |        |
| Payables                           |   |                           |                                |                           |                           | 1,289                      | 1,289  |
| Accrued Interest                   |   |                           |                                |                           |                           | 106                        | 106    |
| Borrowings from<br>WATC            | 8.62  |                           | 1,964                          | 1,836                     | 1,186                     |                            | 4,986  |
|                                    |   |                           | 1,964                          | 1,836                     | 1,186                     | 1,395                      | 6,381  |
| <b>30 June 2001</b>                |   |                           |                                |                           |                           |                            |        |
| Financial assets                   | 5.28  | 865                       |                                |                           |                           | 2,266                      | 3,131  |
| Financial liabilities              | 9.17  |                           | 2,416                          | 1,866                     | 1,356                     | 983                        | 6,621  |

### Credit risk exposure

All financial assets are unsecured.

Amounts owing by other government agencies are guaranteed and therefore no credit risk exists in respect of those amounts. In respect of other financial assets the carrying amounts represent the Authority's maximum exposure to credit risk in relation to those assets.

|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>33. Remuneration of Members of the Accountable Authority and Senior Officers</b>   |               |               |
| <b>Remuneration of Members of the Accountable Authority</b>   |               |               |
| The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are: |               |               |
| \$  |               |               |
| 0 – 9,999   | 7             | 7             |
| The total remuneration of the members of the Accountable Authority is:  | 31,522        | 32,997        |
| The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.                              |               |               |
| No members of the Accountable Authority are members of the Pension Scheme.  |               |               |
| <b>Remuneration of Senior Officers</b>  |               |               |
| The number of Senior Officers, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:                      |               |               |
| \$  |               |               |
| 0 – 10,000  | 1             | 1             |
| 30,001 – 40,000   | 1             | 1             |
| 50,001 – 60,000   | 0             | 1             |
| 70,001 – 80,000   | 1             | 1             |
| 80,001 – 90,000   | 0             | 2             |
| 90,001 – 100,000  | 2             | 0             |
| 100,001 – 110,000   | 1             | 0             |
| 160,001 – 170,000   | 1             | 1             |
| The total remuneration of senior officers is:   | 586,555       | 510,904       |

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

One former Senior Officer is a member of the Pension Scheme.

**34. Related Body**

The Authority's relationship with the Rottnest Island Railway Trust facilitates the operation of the Oliver Hill Railway.

The achievement of the objectives of this relationship is outlined in the Report on Operations elsewhere in this report.

The Authority collects income from rail tours and meets operational expenses, as well as providing administrative and secretarial support with respect to all aspects of the railway service.

The revenues and expenses, and the assets and liabilities of the related body have been included in the financial statements as part of the consolidated entity.

|   | 2001/02<br>\$ | 2000/01<br>\$ |
|---|---------------|---------------|
| <b>35. Remuneration of Auditor</b>  |               |               |
| The total of fees paid or payable to the Auditor General or any other Auditor for the financial year is as follows: |               |               |
| Auditor General - fees for audit  | 39,000        | 25,000        |
|   | 39,000        | 25,000        |
| <b>36. Supplementary Information</b>  |               |               |
| <b>Write-Offs approved by the Board</b>   |               |               |
| Bad Debts   | 267           | 2,109         |
| Stock Write Off   | 166           | 489           |
| Bikes Write Off   | 3,816         | 1,716         |
| Hotel Equipment Write Off   | 4,495         |               |
|   | 8,744         | 4,314         |
| <b>Cash Variances</b>   |               |               |
| Net cash (surplus)/shortage   | 8,872         | (903)         |

**37. Segment (Output) Information**

Segment information has been disclosed by output. The two outputs of the Authority are:

**Output 1: Provision of Services to Visitors**

This output relates to the provision and operation of affordable recreational and holiday facilities with particular regard for the needs of persons usually resident in the State, and who wish to visit or stay on the Island as a family group.

**Output 2: Conservation of the Natural and Built Environment**

This output relates to the maintenance and protection of the Island's natural and built environment.

The Authority operates within one geographical segment (the Western Australian public sector).

|  | Services to Visitors |                   | Conservation of Environment |                    | Consolidated       |                    |
|--|----------------------|-------------------|-----------------------------|--------------------|--------------------|--------------------|
|  | 2001/02<br>\$        | 2000/01<br>\$     | 2001/02<br>\$               | 2000/01<br>\$      | 2001/02<br>\$      | 2000/01<br>\$      |
| <b>REVENUE</b>   |                      |                   |                             |                    |                    |                    |
| <b>Revenue from ordinary activities</b>  |                      |                   |                             |                    |                    |                    |
| Trading profit   | 2,578,157            | 2,521,843         |                             |                    | 2,578,157          | 2,521,843          |
| Goods and services   | 17,108,079           | 16,228,776        | 61,130                      | 85,598             | 17,169,209         | 16,314,374         |
| Commonwealth grants and contributions  |                      |                   |                             | 17,275             |                    | 17,275             |
| Interest revenue   | 41,722               | 16,365            |                             |                    | 41,722             | 16,365             |
| Other revenues from ordinary activities  | 484,339              | 458,317           | 34,328                      | 19,520             | 518,667            | 477,837            |
| <b>Total revenues from ordinary activities</b>                                     | <b>20,212,297</b>    | <b>19,225,301</b> | <b>95,458</b>               | <b>122,393</b>     | <b>20,307,755</b>  | <b>19,347,694</b>  |
| <b>EXPENSES</b>  |                      |                   |                             |                    |                    |                    |
| <b>Expenses from ordinary activities</b>   |                      |                   |                             |                    |                    |                    |
| Employee expenses  | 5,068,120            | 3,875,385         | 1,347,356                   | 937,122            | 6,415,476          | 4,812,507          |
| Supplies & services  | 11,127,131           | 10,758,896        | 538,991                     | 440,940            | 11,666,122         | 11,199,836         |
| Depreciation expense   | 3,266,489            | 3,264,105         | 181,079                     | 176,586            | 3,447,568          | 3,440,691          |
| Borrowing costs expense  | 415,193              | 555,221           | 50,369                      | 59,719             | 465,562            | 614,940            |
| Administration expenses  | 743,364              | 698,864           | 159,581                     | 102,924            | 902,945            | 801,788            |
| Accommodation expenses   | 127,021              | 116,021           | 8,382                       | 7,018              | 135,403            | 123,039            |
| Grants & subsidies   | 700                  | 50                |                             | 1,200              | 700                | 1,250              |
| Net loss on disposal of non-current assets   | 8,311                | (603)             |                             |                    | 8,311              | (603)              |
| Other expenses from ordinary activities  | 1,415,880            | 910,118           | 122,350                     | 148,601            | 1,538,230          | 1,058,719          |
| <b>Total expenses from ordinary activities</b>                                     | <b>22,172,209</b>    | <b>20,178,057</b> | <b>2,408,108</b>            | <b>1,874,110</b>   | <b>24,580,317</b>  | <b>22,052,167</b>  |
| <b>Profit from ordinary activities before grants and subsidies from Government</b> | <b>(1,959,912)</b>   | <b>(952,756)</b>  | <b>(2,312,650)</b>          | <b>(1,751,717)</b> | <b>(4,272,562)</b> | <b>(2,704,473)</b> |
| Grants and subsidies from Government   | 1,647,928            | 2,054,756         | 79,825                      | 13,080             | 1,727,753          | 2,067,836          |
| <b>Net Loss</b>  | <b>(311,984)</b>     | <b>1,102,000</b>  | <b>(2,232,825)</b>          | <b>(1,738,637)</b> | <b>(2,544,809)</b> | <b>(636,637)</b>   |
| Segment Assets   | 29,971,820           | 30,656,940        | 60,079,045                  | 59,627,527         | 90,050,865         | 90,284,467         |
| Unallocated assets   |                      |                   |                             |                    | 19,658,030         | 21,575,937         |
| <b>Total assets</b>  |                      |                   |                             |                    | <b>109,708,895</b> | <b>111,860,404</b> |
| Segment Liabilities  | 4,914,507            | 4,786,015         | 167,834                     | 221,910            | 5,082,341          | 5,007,925          |
| Unallocated liabilities  |                      |                   |                             |                    | 7,899,075          | 8,080,191          |
| <b>Total liabilities</b>   |                      |                   |                             |                    | <b>12,981,416</b>  | <b>13,088,116</b>  |
| Acquisition of property, plant, equipment and other non-current assets             | 797,942              | 2,236,078         |                             |                    | 797,942            | 2,236,078          |
| Unallocated acquisitions   |                      |                   |                             |                    | 532,341            | 429,131            |
| <b>Total acquisitions</b>  |                      |                   |                             |                    | <b>1,330,283</b>   | <b>2,665,209</b>   |
| Non-cash expenses other than depreciation  | 1,200,349            | 93,632            | 86,097                      | 32,231             | 1,286,446          | 125,863            |

## Appendix A - Financial Estimates 2002/03

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As required under Treasurer's Instructions (TI 953) following are the annual estimates for the Authority for the 2002/2003 financial year:

### ROTTNEST ISLAND AUTHORITY

#### FINANCIAL ESTIMATES FOR 2002/2003

|  |                    |
|--|--------------------|
| <b>REVENUE</b>   |                    |
| <b>Revenues from ordinary activities</b>   |                    |
| Trading Profit   | 2,789,850          |
| Goods and services   | 17,714,440         |
| Net profit on disposal of non-current assets                                     | 1,500              |
| Interest revenue   | 35,000             |
| Other revenues from ordinary activities  | 246,780            |
| <b>Total revenues from ordinary activities</b>                                   | <b>20,787,570</b>  |
| <b>EXPENSES</b>  |                    |
| <b>Expenses from ordinary activities</b>   |                    |
| Employee expenses  | 6,617,790          |
| Supplies and services  | 11,926,260         |
| Depreciation expense   | 3,500,000          |
| Borrowing costs expense  | 416,350            |
| Administration expenses  | 1,157,480          |
| Accommodation expenses   | 153,750            |
| Other expenses from ordinary expenses  | 324,080            |
| <b>Total expenses from ordinary activities</b>                                   | <b>24,095,710</b>  |
| <b>Loss from ordinary activities before grants and subsidies from Government</b> | <b>(3,308,140)</b> |
| Grants and subsidies from Government   | 1,727,000          |
| <b>NET PROFIT</b>  | <b>(1,581,140)</b> |