

ROTTNEST ISLAND AUTHORITY

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003



CONTENTS

PART I

RESPONSIBILITY AND ACCESS	1
LETTER OF TRANSMITTAL	2
ABOUT THE ROTTNEST ISLAND AUTHORITY	3
THE YEAR'S HIGHLIGHTS AND ACHIEVEMENTS	6
CHAIRMAN'S STATEMENT	8
CORPORATE GOVERNANCE	10
Authority Membership	
Committees	
CHIEF EXECUTIVE OFFICER'S REPORT	17
ROTTNEST ISLAND MANAGEMENT PLAN 2003-2008	23
IMPLEMENTATION REPORT	
OPERATIONS REPORT 2002/2003	31
OUTPUT 1	
Provision of Services to Visitors	
OUTPUT 2	
Conservation of the Natural and Cultural Environment	
COMPLIANCE INFORMATION	44
Ministerial Directives	
Declarations of Interest	
Comments on Events Occurring after Reporting Date	
Changes in Written Law	
Freedom of Information	
Risk Management	
Equal Employment Opportunity	
Disability Services Plan Outcomes	
Plan for Young People	
Language Services	
Waste Paper Recycling	
Electoral Act 1907	
Staffing and Employee Relations	
Occupational Health and Safety	
Public Sector Standards	
Statement of Compliance with Relevant Written Law	
ADDITIONAL INFORMATION	52
ACKNOWLEDGEMENTS	53
ACKNOWLEDGEMENTS OF FINANCIAL SUPPORT	54
PART II	
KEY PERFORMANCE INDICATORS	55
FINANCIAL STATEMENTS	68

RESPONSIBILITY AND ACCESS

Responsible Minister

Minister for Tourism
Hon Bob Kucera APM JP MLA

Accountable Authority

Rottnest Island Authority

Access

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

Postal Address

Rottnest Island Authority
PO Box 693
FREMANTLE WA 6959

Contact

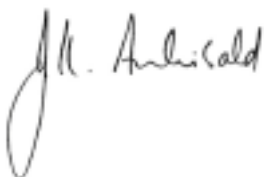
Phone: (08) 9432 9300
Facsimile: (08) 9432 9301
Website: www.rottnest.wa.gov.au

LETTER OF TRANSMITTAL

To the Hon Bob Kucera APM JP 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 2003.

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



Jenny Archibald
Chairman

28 August 2003



Laurie O'Meara
Deputy Chairman

28 August 2003

Enabling Act

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

ABOUT THE ROTTNEST ISLAND AUTHORITY

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 1900 hectares of terrestrial area containing 200 hectares of 'settlement' area and 200 hectares of salt lakes and swamps. The marine portion of the Reserve consists of approximately 3800 hectares of sea surrounding the Island and includes several smaller islands and exposed rocks adjacent to its coast.

The Island was declared an A-Class Reserve in 1917. The purpose of the Rottnest Island Reserve was amended in June 2003 under the *Land Administration Act 1997* from 'public recreation' to 'for the purposes of the *Rottnest Island Authority Act 1987*' in recognition of the conservation values of the natural environment and the rich heritage of Rottnest Island.

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:

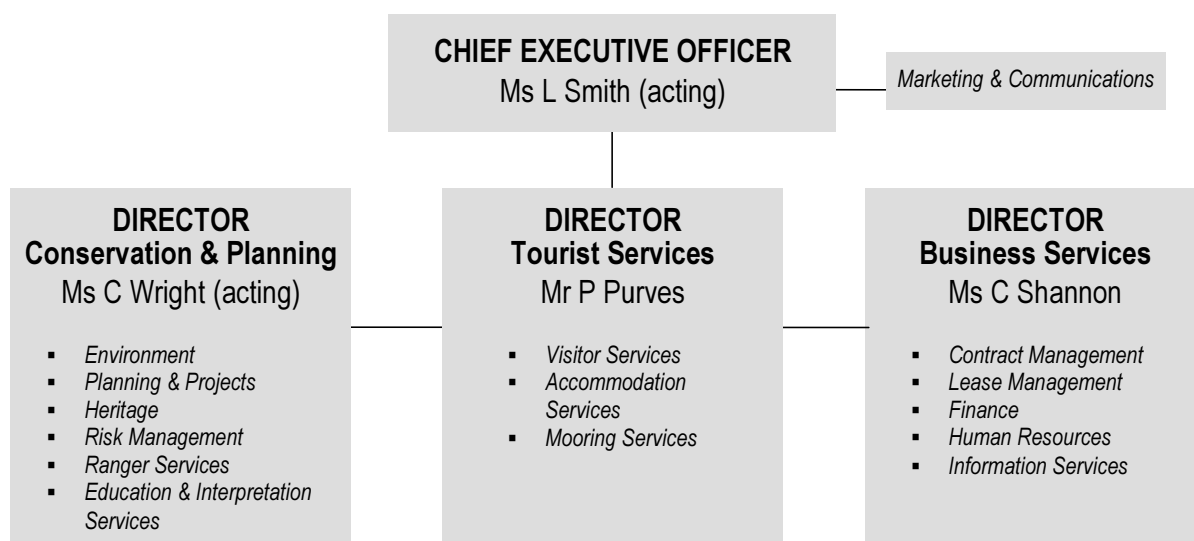
- To provide and operate recreational and holiday facilities on the Island;
- To protect the flora and fauna of the Island; and
- To maintain and protect the natural environment and the man-made resources of the Island and, to the extent that the Authority's resources allow, repair its natural environment.

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

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

Goals

The 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, "*Provision of accessible recreational and holiday facilities, appropriate to the Island environment, for the benefit of Western Australian families and other visitors, and the conservation of natural and cultural values*".

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 Authority provides and operates accessible recreational and holiday facilities on Rottnest Island with particular regard to the needs of people normally resident in Western Australia who visit or holiday on the Island as a family group.

Output Two - Conservation of the Natural and Cultural Environment

The Authority maintains, protects, restores and interprets the Island's natural and cultural environment.

Financial Overview

Following two years of declining financial performance, the 2002/2003 result reveals a steady state, providing the Authority with a firm platform from which performance will improve over the next five-year period.

	1999/00 (\$'000)	2000/01 (\$'000)	2001/02 (\$'000)	2002/03 (\$'000)
Total revenue from ordinary activities	15,875	19,348	20,307	20,620
Total expenses from ordinary activities	18,900	22,052	24,580	24,230
Profit/Loss from ordinary activities before grants and subsidies from Government	(3,025)	(2,704)	(4,273)	(3,610)

Cash flows were stronger during 2002/2003, supported by tight budgetary controls and increases in revenue from price reviews implemented during the year, primarily to transport services and holiday accommodation.

Note should be taken of the accounting treatment of significant works undertaken during the financial year in relation to the Asbestos Management Program. Expenditure of \$395,000, principally relating to the asbestos cement encapsulation program, has been expensed as part of *Other expenses from ordinary activities*. This part of the Asbestos Management Program, while an effective medium term solution, cannot be treated as a capital program and impacts directly on the Authority's expenses from ordinary activities.

Note should also be taken of the impact on the Statement of Financial Performance of the removal of grants and subsidies from the State Government, which reflect the requirements of Treasurer's Instruction 955. Reference can be made to the Statement of Financial Performance, where the grant funds are reflected as *Contributed Equity*.

Assets which have not previously been recognised by the Authority, including the main jetty and marine reserve are brought into the Statement of Financial Performance this financial year, pushing the Net(Loss)/Profit into positive.

THE YEAR'S HIGHLIGHTS AND ACHIEVEMENTS

- Release of the *Rottnest Island Management Plan 2003-2008* providing the management framework for Rottnest Island over the next five years and articulating a commitment to maintaining the environmental, social and economic values of Rottnest Island.
- Strong commitment to community involvement in decision-making with the establishment of advisory committees that have key stakeholder representation: the Rottnest Island Marine Issues Advisory Committee, the Rottnest Island Interpretation Facility Stakeholder Group and the Rottnest Island Marine Strategy Working Group.
- Successful trial and implementation of an on-line accommodation ballot application system, providing an alternative and convenient method for participating in the ballot.
- Launch of a new website, which is easy to use and hosts comprehensive information about the Island, including an 'availability checker' for Authority accommodation.
- Approval of one million dollars in funding from the Sustainable Energy Development Office for the construction of a wind turbine on Mt Herschel. It is expected to provide a saving of over \$330,000 per year on gas and diesel and a reduction of greenhouse gas emissions of more than 900 tonnes of carbon dioxide annually.
- Release of the Rottnest Island Hotel site redevelopment concept plan for community comment. The concept plan includes a separate new 100 room hotel, construction of a public bar and the restoration of the original Governor's Cottage building.
- Rottnest Island Ranger, Matt Verney, won the Sir David Brand Youth Medal at the 2002 Western Australian Tourism Awards recognising the contribution of Authority staff to the tourism industry for the third year in a row.
- Modernisation of the Rottnest Island Bike Hire fleet for the benefit of visitors, with the purchase of 420 new bicycles.
- The *Rottnest Island Amendment Regulations 2003* came into force to give effect to tighter controls on the collection of admission fees by ferry operators.
- Commencement of the rehabilitation of Lighthouse Swamp, with the assistance of members of the 13th Field Squadron of the Australian Army Reserve, that will see the gradual re-establishment of a freshwater habitat.

- Encapsulation of asbestos roofs was completed at Kingstown Barracks dormitory accommodation housing, Governors' Circle and staff housing in the Settlement at a cost of \$300,000. This work is part of the Authority's ongoing program to address the issue of asbestos on the Island.
- Introduction of an ongoing air-monitoring program, which samples air quality for asbestos fibres to determine if air quality meets acceptable criteria. Samples in all areas taken this year were below the detection limit of the method.
- Execution of a lease with the Rottnest Voluntary Guides Association (RVGA) to develop a site at the Department of Interior Defence (DID) Shed for the interpretation of military history on Rottnest Island.
- New signage has been erected in the Settlement to assist visitors in locating services and attractions.
- Kingstown Barracks was entered into the State Permanent Register of Heritage Places.
- Completion of works at Signal Ridge including the demolition of intrusive structures, the installation of interpretive signage, bike racks and tables and chairs to improve facilities for visitors to take in the cultural significance and natural beauty of the area with the financial support of The Rottnest Island Foundation.
- Further implementation of the Woodland Restoration Strategic Plan realised the linking of corridors of vegetation around Forbes Hill and between the Wadjemup Lighthouse and Armstrong Bay with the financial support of The Rottnest Island Foundation.

CHAIRMAN'S STATEMENT

This year has been a challenging and busy one for the Rottnest Island Authority, with the culmination of several major projects, and significant time dedicated to planning for the future management and financial sustainability, of Rottnest Island.

One of the most notable projects completed during 2002/2003 was the finalisation of the Rottnest Island Management Plan 2003-2008, which was launched by the then Minister for Tourism, the Hon Clive Brown MLA on 27 March 2003.

The release of the Management Plan followed a three month community consultation period, and at its conclusion more than 700 responses were received. These responses illustrated the Western Australian community's ongoing commitment to the Island and its future management, and also provided the Authority with invaluable guidance in finalising the Management Plan.

Key to the success of this Plan, and the future of Rottnest Island, is the ongoing review of revenue sources and their management. Operating costs for the Island, including the provision of services and utilities are high, and compounded by its remote location. All water and electricity is produced on the Island, and tasks such as waste management require careful planning so that the integrity of the natural environment is not compromised.

In addition, there is much needed building maintenance, land and marine rehabilitation and management of other Island assets that urgently require attention. In order to ensure sufficient revenue into the future to meet these needs, the Authority this year revised charges for accommodation, moorings and other services. The Authority will also endeavour to provide services as cost effectively as possible while retaining and improving the level of service sought by our visitors.

Also significant in our planning is the knowledge that the capital program for the next five to ten years will require substantial resources when major utility infrastructure requires replacement or significant maintenance. This infrastructure includes the diesel generators, desalination plant, waste water treatment plant, electricity and water reticulation systems. Much of this infrastructure is already close to the end of its useful life. However, in planning for its replacement, we will seek to use sustainable technologies wherever possible, such as that offered by the wind turbine to be installed in early 2004. The wind turbine is estimated to provide the Authority with a cost saving of approximately \$330,000 per year on diesel costs and will supply almost a third of the Island's electricity requirements.

Over the next five years, the Authority will carry out the much needed upgrade of Geordie, Longreach and Fay's bay cottages, the heritage cottages and replacement of the now obsolete Allison cabins. Other works proposed include further ground probing radar near the Aboriginal burial ground, rehabilitation of damaged wetlands, replacement of asbestos roofing, review of the golf course use and many other projects.

One project that generated considerable interest this year was the redevelopment of the Rottnest Island Hotel site. Following a community comment period, the Authority

proposes to carry out this work in two stages, initially with the redevelopment of the public bar, fondly known as the 'Quokka Arms'. It is expected that the new facility will be open for business in the summer of 2004/05. This will be followed by the construction of a new accommodation facility to the south of the former Governor's Cottage. This important heritage building, constructed in the 1860s, will be restored and a compatible use sought. The redevelopment of the Rottnest Hotel will be conducted by private operators, following a tender process. Again, involvement by the community of Western Australia will be instrumental in the outcome of the final plan.

Over the last year, we have seen many projects completed as a result of the dedication of many individuals and interest groups who volunteer their time to act as guides, tree planters, rubbish collectors, frog researchers, builders and much more. The task of managing and improving Rottnest Island would not be possible without these volunteers, and the Authority and Island visitors all see and appreciate their efforts.

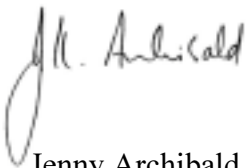
I also wish to recognise the input of Rottnest Island Authority staff and management who, during 2002/2003, worked often in difficult conditions to deliver services, often well beyond the call of duty.

In this, I also acknowledge the years of service of John Mitchell, who resigned as Chief Executive Officer in October 2002. John joined the Authority as acting CEO in March 1999, and was appointed CEO in August of that year. John carried out his work ensuring that staff and visitors enjoyed the Island, and he was instrumental in setting the planning framework and agenda for the development of the *Rottnest Island Management Plan 2003-2008*. This work will serve the Authority in good stead as the Management Plan is implemented.

In March 2003, Cathy Nance and Joe Merillo retired from the Rottnest Island Authority Board. Cathy joined as a Board member in October 2001 and Joe in October 1997. Both made significant contributions to the strategic development of the *Rottnest Island Management Plan 2003-2008*, and provided invaluable input into the decision making process during their respective period of service on the Board.

Our task in the forthcoming year and for the term of the Management Plan is considerable. We need to achieve a sound balance between contained cost, sufficient return, accessibility and ongoing sustainability from an environmental, social and economic perspective. Our forecast over the term of the Plan is to continue to improve our financial return from the disappointing low of 2001/2002 to be in a position to appropriately fund ongoing capital works and maintenance programs, as well as meet the Island's operating expenses.

With the support of Board members, staff and the community of Western Australia, the Authority is confident that we will continue to care for and enjoy Rottnest Island as the place of significance that it is.



Jenny Archibald
Chairman

CORPORATE GOVERNANCE

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

The Rottnest Island Authority (Board) meets monthly, or more often if necessary, to respond to specific needs. The Authority met 15 times during 2002/2003.

Authority Membership

Pursuant to the Act, six 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 Joe Merillo retired as a member and was succeeded by Mr Maurie Woodworth in May 2003.

Ms Cathy Nance retired as a member and was succeeded by Ms Mimi Secco in May 2003.

Member	Appointed	No of Board meetings during appointment (2002/03)	Meetings attended (2002/03)
Jenny Archibald	November 2001	15	15
Laurie O'Meara	June 2000	15	15
Angas Hopkins	May 2001	15	15
Rachael Roberts	May 2001	15	10
Mimi Secco	May 2003	2	2
Maurie Woodworth	May 2003	2	2
Retired during reporting year:			
Joe Merillo	October 1997	13	11
Cathy Nance	September 2001	13	7

Board Member Profiles

Jennifer (Jenny) Archibald (Chairman)

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 two companies specialising in the mining industry. 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 was appointed to the Authority in May 2001. This current term expires in May 2005.

**Laurence (Laurie) O'Meara
(Deputy Chairman)**

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 Chairman 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, as a person with sound commercial experience, and became Deputy Chairman in 2001. Mr O'Meara is appointed until May 2005.

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. He is a Member of the Rottnest Island Authority Finance and Audit Committee and was elected Chairman in May 2003. Mr Hopkins was appointed to the Authority in May 2001, as a person with practical knowledge of and experience in the preservation of buildings of historic value. Mr Hopkins is appointed until 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 in May 2001, as a person with practical knowledge of and experience in conserving the environment. Ms Roberts is appointed until March 2004.

Mimi Secco

Mimi Secco is a Chartered Accountant with a Bachelor of Commerce from the University of Western Australia. She has a financial background in both chartered accountancy and the commercial sector, most recently in the hospitality and gaming industry. She is currently a business owner of an Australasian importing and distribution company. Ms Secco was appointed in May 2003, as a person with sound commercial experience. She is also a member of the Rottnest Island Finance and Audit Committee. Ms Secco is appointed until April 2006.

Maurice (Maurie) Woodworth

Maurie Woodworth is the Managing Partner of a company specialising in strategic planning, negotiation and conflict management. Mr Woodworth has been a regular visitor to Rottnest Island since 1973 and is currently a reciprocal member of the Fremantle Sailing Club. He previously held the position of Rear Commodore Power at the Royal Freshwater Bay Yacht Club and was a former committee member of the Claremont Yacht Club. Mr Woodworth was appointed in May 2003, as a person who is a regular user of Rottnest Island for recreational purposes. He is also an alternate member of the Rottnest Island Finance and Audit Committee. Mr Woodworth is appointed until April 2006.

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. Ms Nance retired as a member of the Authority and Chair of the Rottnest Island Authority Audit Committee in April 2003.

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 in October 1997, as a person who is a regular user of Rottnest Island for recreational purposes. Mr Merillo retired from the Authority in April 2003.

Ministerial Directives

There were no Ministerial directives during the reporting year.

Declarations of Interest

There were no declarations of interest from Rottnest Island Authority Board members during the reporting year.

Mooring Discretionary Items

The Board considered one discretionary item during the year. At its July 2002 meeting, the Authority considered a request from a mooring licensee seeking approval for the exchange of mooring sites between two licensees within different mooring areas. The Authority resolved to decline the request as it was contrary to the *Rottnest Island Regulations 1988*.

Committees

Rottnest Island Authority Finance and Audit Committee

The Finance and 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 in discharging its responsibilities of overseeing responsible financial and related management, compliance, risk management and corporate governance.

Member	Organisation	No of meetings during appointment (2002/2003)	Meetings attended (2002/2003)
Angas Hopkins (Chairman)	Rottnest Island Authority Board	5	5
Paul Stafford	Independent Member	5	4
Mimi Secco	Rottnest Island Authority Board	0	0
Maurie Woodworth	Rottnest Island Authority Board	0	0
Lesley Smith	Rottnest Island Authority	4	4
Carol Shannon	Rottnest Island Authority	1	1
Retired during reporting year:			
Cathy Nance	Rottnest Island Authority Board	4	3

John Mitchell	Rottnest Island Authority	1	1
---------------	---------------------------	---	---

Boating and Moorings Committee

This committee, appointed by the Board, previously comprised of Authority Board members and senior Authority staff and was convened to address marine and recreational issues surrounding the Rottnest Island Marine Reserve. The Board resolved during the course of 2002/2003 to rename the committee and expand its membership in order to receive advice from the wider community and stakeholder groups. The Boating and Moorings Committee was dissolved in 2002/2003 and has been replaced by the Rottnest Island Marine Issues Advisory Committee.

Rottnest Island Marine Issues Advisory Committee

The Rottnest Island Marine Issues Advisory 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 the Rottnest Island Marine Reserve across a broad cross-section of user groups, including the wider boating community, recreational anglers and general recreational users of the Reserve.

Appointments were finalised in November 2002 and the Committee met twice in the latter half of the financial year.

Member	Organisation	No of meetings during appointment (2002/2003)	Meetings attended (2002/2003)
Laurie O'Meara (Chairman)	Rottnest Island Authority Board Member	2	2
Maurie Woodworth	Rottnest Island Authority Board Member	0	0
Peter Purves	Rottnest Island Authority	2	2
Claire Wright	Rottnest Island Authority	2	2
Petrina Raitt	Department for Planning and Infrastructure	2	2
Andrew Cribb	Department of Fisheries	2	1
Martin Box	Boating Industry Association	2	0
Meikle Meecham	Boating Western Australia	2	2
Ron Durell	community Representative	2	2
Sharon Brown	community Representative	2	2
Frits Steenhauer	community Representative	2	1
Ross Cusack	community Representative	2	2
Joe Merillo	community Representative	2	1

The Authority has sought and received advice on several key issues addressed in the *Rottnest Island Management Plan 2003-2008*, including:

- Appropriate development of the Authority's Waste Disposal from Vessels Strategy; and
- Implementation of the trial mooring and authorised user system for the 2003/2004 season.

Rottnest Island Environmental Advisory Committee

The Rottnest Island Environmental Advisory Committee is appointed by the Board 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 provide advice on

environmental issues, encourage research on Rottnest Island, liaise with research bodies and advise on statutory monitoring, compliance and reporting.

Member	Organisation/field of expertise	No of meetings during appointment (2002/2003)	Meetings attended (2002/2003)
Dr Mark Garkalis	Murdoch University/Zoological expertise	3	3
Dr Peta Sanderson	Notre Dame University representative	3	3
Dr Roger Passmore	Rockwater Pty Ltd/Hydrological expertise	3	3
Greg Keighery	Department of Conservation and Land Management/ Botanical expertise	3	1
Dr Pierre Horwitz	Edith Cowan University representative	3	3
Dr Pratap Pullammanappillil	Murdoch University/ Environmental Technology expertise, Organic Waste	3	2
Dr Paddy Berry (Chairman)	Western Australian Museum/ Marine Biological expertise	4	3
Dr Ian Eliot	University of Western Australia/Coastal Geomorphology expertise	4	3
Colin Murray	Department of Environmental Protection representative	4	4
Dr Chris Simpson	Department of Conservation and Land Management representative	4	3
Lesley Smith	Rottnest Island Authority (by invitation)	4	3
Colin Ingram	Rottnest Island Authority (by invitation)	2	2
Claire Wright	Rottnest Island Authority (ex officio)	4	3
Harriet Davie	Rottnest Island Authority (Executive Support)	4	4
Retired during reporting report:			
Norman Halse	Land management expertise	1	1
Dr Don Bradshaw	University of Western Australia/Zoological expertise	1	0
Neville Marchant	Department of Conservation and Land Management/ Botanical expertise	1	0
Dr Phillip Playford	Department of Industry and Resources/ Hydrological expertise/	1	0
John Mitchell	Rottnest Island Authority	1	1

The major ongoing issues addressed by the committee were:

- Monitoring of leachate from the landfill site at Forbes Hill;
- Hydrocarbon plume monitoring at Thomson Bay;
- The impacts of the discharge of sullage into the bays of Rottnest Island;
- Rehabilitation of Lighthouse Swamp;
- Review of the Woodland Restoration Strategic Plan;

- Developing a research program based on Island management needs; and
- Coastal erosion at Narrowneck.

Rottnest Island Interpretation Facility Stakeholder Group

This group met for the first time in May 2003. The primary objective of the group is to develop a conceptual model for a purpose built interpretation facility on Rottnest Island, in line with the Management Plan recommendation 100. This group has discussed strategies for interpreting the natural and cultural values of Rottnest Island.

Member	Organisation	No of meetings during appointment (2002/2003)	Meetings attended (2002/2003)
Angas Hopkins (Chairman)	Rottnest Island Authority Board	1	1
Lesley Smith	Rottnest Island Authority	1	1
Colin Ingram	Rottnest Island Authority	1	1
Jane McKenzie	Rottnest Island Authority	1	1
Myra Stanbury	Western Australian Maritime Museum	1	1
Steven Sikirich	Croatian History Group	1	1
Louise Arnold	Heritage Council of WA	1	1
Lloyd Smith	The Rottnest Island Foundation	1	1
Elizabeth Rippey	Rottnest Voluntary Guides Association	1	1
Dr Paddy Berry	Rottnest Island Environmental Advisory Committee	1	1
Tom Perrigo	National Trust of Australia (WA)	1	0
Sue Folks	The Rottnest Society	1	0
To be advised	Rottnest Island Deaths Group Aboriginal Corporation	1	0

Rottnest Island Marine Strategy Working Group

The *Rottnest Island Management Plan 2003-2008* recommended that a marine management strategy be developed and implemented that promotes equity of access and opportunity for a quality experience among recreational users of the Rottnest Island Marine Reserve while protecting its environmental values. The Working Group was established on 4 June 2003 in accordance with recommendation 12 of the *Rottnest Island Management Plan 2003-2008*.

Member	Organisation	No of meetings during appointment (2002/2003)	Meetings attended 2002/2003
Jenny Archibald (Chairman)	Rottnest Island Authority Board	1	1
Angas Hopkins	Rottnest Island Authority Board	1	1
Lesley Smith	Rottnest Island Authority	1	1
Colin Ingram	Rottnest Island Authority	1	1
Harriet Davie	Rottnest Island Authority (Executive Support)	1	1
Andrew Cribb	Department of Fisheries	1	1
Dr Jane Fromont	Western Australian Museum	1	1
Dr Chris Simpson	Department of Conservation and Land Management	1	1
Norman Halse	Recfish West	1	1

Dr Nick Dunlop	Conservation Council of Western Australia	1	1
Peter White	Outdoors WA	1	1
Barry Stubbs	Charter Boat Owners and Operators Association	1	1
Dr Lynnath Beckley	Murdoch University	1	1
Dr Russ Babcock	Commonwealth Scientific & Industrial Research Organisation	1	1
Dr Ian Eliot	Rottnest Island Environmental Advisory Committee	1	1
Ross Cusack	Rottnest Island Marine Issues Advisory Committee	1	1

Rottnest Island Railway Advisory Committee

Dissolution of the former Rottnest Island Railway Trust was completed during the year with finalisation and audit of the Railway Trust financials concluded in the latter half of the year, formally ending all activities of the Trust.

The Trust was replaced with an advisory body known as the Rottnest Island Railway Advisory Committee and appointments were made in June 2003.

The Authority received Department for Planning and Infrastructure (Office of Rail Safety) Accreditation in February 2003. For operational continuity and maintenance of expertise for the Authority, former members of the Railway Trust continued to provide the Authority with both advice and volunteer labour for track maintenance.

The inaugural meeting of this committee was held in June 2003, with the committee overseeing rail operations, track maintenance and routine safety audit and reporting on Rottnest Island's railway.

The construction and overview of the Authority's new railcar, now scheduled for delivery in September 2003, continues to remain a focus of the committee.

Member	Organisation	No of meetings during appointment (2002/2003)	Meetings attended (2002/2003)
Peter Purves (Chairman)	Rottnest Island Authority	1	1
Roxane Shadbolt	Rottnest Island Authority	1	1
Jock Henderson	Ex-member, Rottnest Island Railway Trust	1	1
Bruce Callow	Ex-member, Rottnest Island Railway Trust	1	1
Bill Larke	Ex-member, Rottnest Island Railway Trust	1	1
Rod Vermeulen	Ex-member, Rottnest Island Railway Trust	1	1
Joe Angelucci	Ex-member, Rottnest Island Railway Trust	1	0
Max Bird	Ex-member, Rottnest Island Railway Trust	1	0

CHIEF EXECUTIVE OFFICER'S REPORT

Rottnest Island continues to be a favourite destination for Western Australians, and the Authority and its many volunteers have worked to make the visitor experience unique and memorable. In a testing international and national holiday environment, Rottnest Island has experienced a slight growth in visitor numbers and many people have discovered the ambience and natural beauty of the Island in autumn and winter. Rottnest Island continues to receive very positive ratings for visitor satisfaction.

The recently released *Rottnest Island Management Plan 2003-2008* describes a range of continuing activities and new projects that will ensure that the Island's experiences and resources are available tomorrow and for future generations.

Visitor Experience

While the experience on the Island should be timeless, the process of booking a holiday has moved into the 21st Century. The Authority introduced an on-line ballot system following a successful trial for the September 2003 school holidays. The system operated for the January 2004 school holidays where it was extremely popular with over 75 percent of applications for the ballot made on-line. The on-line system continues to provide the equitable access to holiday accommodation during peak times. Accommodation bookings continue to be allocated through an automated independent random computer selection.

The Rottnest Island Hotel has been a focus for many holiday makers for decades. The fabric of the Hotel has become very run down, and this year the Authority completed community consultation on a concept for the redevelopment of the site and expects to commence work on the public bar facilities in 2003/2004.

I thank the organisers of the popular annual events on Rottnest Island including the Channel Swim, Swim-Thru and Rottnest Marathon. These events are important to Rottnest Island for their participant and spectator base. They are also consistent with the 'Rottnest ethos' being participation-based and sympathetic to the natural environment.

Cycling is one of the best ways to enjoy the Island and the development and maintenance of a modern bicycle fleet on the Island is key to visitor enjoyment. The Authority directly operates Rottnest Bike Hire and will modernise and add to the bicycle fleet. Island visitors will have noticed the replacement of old bikes with 420 new geared bikes and further fleet modernisation is planned for the future.

We welcome 500,000 visitors to Rottnest Island each year and to make the most out of their visit they need to quickly orientate themselves to the Island and be able to find services and attractions. New signage informing people of tours and activities has been erected around the Settlement area including on the Main Passenger Jetty, outside the Accommodation Office and Visitor and Information Centre, at the main bus stop and at Kingstown Barracks.

Rottnest Island is for all visitors and this year we have again improved services for people with mobility impairments. The shelter at the North Thomson Beach has been fitted with

a barbecue and drinking fountain. A path has been installed from the concourse to the shelter to provide access across the sand. In 2003/2004 the associated beach ramp will be upgraded.

In May 2003 holiday makers to the Island had a very different experience when gale force winds, large swell and heavy rainfall caused erosion and damage to roads, shelters and jetties. Since the storm the Authority has worked to restore visitor amenity and this work will continue into 2003/2004.

Rottnest Island is for all Western Australians and other visitors interested in its unique natural and cultural environment. For many years, the Authority has been challenged in trying to accommodate the conflicting needs of some groups of Island visitors. This occurs mainly during Leavers' Week and on New Year's Eve. These events, in their current forms, are inconsistent with the Authority's legislative responsibility to provide and operate recreational and holiday facilities for Western Australians travelling as family groups. During 2002/2003 the Authority reviewed these events with partner organisations and has reaffirmed its commitment to Western Australians travelling as family groups as the priority for the Authority. In 2003 accommodation for Leavers' Week will be provided at Geordie, Fay's, Longreach bays and the usual tolerant approach to these celebrations will apply in these areas. In view of previous experience with injuries associated with broken glass these areas will be glass-free. In the Thomson Bay Settlement area there will be zero-tolerance to street drinking and disturbance with increased Police and Ranger presence. Crowding, excessive alcohol consumption, underage drinking, violence and extensive littering have characterised New Year's Eve celebrations on Rottnest Island. For New Year's Eve 2003 the Authority will act to restrict the number of people visiting the Island for celebrations with reduced ferry operations and a ban on beach anchoring in front of the Rottnest Island Hotel. It will also be working with the Rottnest Island Police, Department of Racing, Gaming and Liquor and Rottnest Island businesses to address underage drinking, street drinking and littering.

Rottnest Island has a long and valued heritage as a family holiday destination and that tradition will be maintained into the future, putting families first.

Natural Environment

Staff of the Authority along with many volunteers have worked to conserve and interpret the Island's natural environment through many new initiatives. In early 2003, the 13th Field Squadron of the Australian Army Reserve assisted with the rehabilitation of Lighthouse Swamp. Lighthouse Swamp, situated at the base of Wadjemup Hill was mined for marl in the late 1970s. This interference altered the level of the original swamp changing it from an ephemeral fresh water swamp to a permanent saline body of water. The rehabilitation project re-contoured part of the swamp with the use of clean fill to increase the height of the swamp floor. Fresh water pools have re-established and early signs are very positive that the flora and fauna that originally inhabited the swamp will re-establish a natural balance.

The autumn rains on Rottnest Island have given the revegetation program a very good start this year. Each year additional areas are fenced and replanted. Again, volunteers played a large role in this important work.

Many coastal areas were hammered by the recent storms and damage to the dunes is apparent. Working with expert advice from the Rottnest Island Environmental Advisory Committee, the Authority has commenced the reparation of dune areas. This process has been incremental and sympathetic to environmental pressures; it has involved re-establishing the dunes from sand deposited on the beach and creating the environment for the further deposition of sand and the gradual restoration of the dunes. That no holiday units were lost during the recent storms is a result of years of work by the Authority and its volunteers in building up and maintaining the dune system.

Work has commenced with Island stakeholder groups on a Marine Management Strategy for the Rottnest Island Reserve. The strategy is expected to meet the conservation objectives of the Authority while recognising that many holiday makers enjoy activities in the marine portion of the Reserve.

Cultural Environment

Kingstown Barracks was entered into the State Permanent Register of Heritage Places in October 2002, pursuant to section 51 of the *Heritage of Western Australia Act 1990*. Kingston Barracks is a nationally significant military heritage area.

The Authority has entered into a lease with the Rottnest Voluntary Guides Association (RVGA) over the Department of Interior Defence (DID) Shed to develop a site for the interpretation of the military heritage of Rottnest Island. The building is situated on the road to Kingstown Barracks and next to the railway line. The RVGA has advised that it has been successful in gaining Lotterywest funding for emergency conservation works on the DID Shed. Work has commenced to transform it from its current worn state and will progress in 2003/2004.

In 2002/2003, with the financial assistance of The Rottnest Island Foundation, the Authority developed and implemented an interpretive plan for Signal Ridge. Signal Ridge on Wadjemup Hill is an important military heritage site, and intrusive buildings have now been demolished and signage and visitor facilities established. The Rottnest Island Foundation has also been successful in gaining Lotterywest funding for a conservation plan for the WRANS House at Signal Ridge to be completed in 2003/2004.

The Authority has commenced work on the development of concept plans for an interpretation facility on Rottnest Island with the assistance of a stakeholder group. The facility will bring important information to Island visitors and encourage them to discover the Island and its multifaceted environment. The Rottnest Island Foundation has offered to raise funds for the facility once the concept has been finalised.

Infrastructure

With financial support from the Sustainable Energy Development Office, through the Australian Greenhouse Office, work has commenced on the construction of a wind turbine at Mt Herschel. The wind turbine will reduce the reliance on diesel fuel and reduce the costs of providing power on the Island.

In 2002/2003 Transfield Services completed the fifth and final year of the first term of the Facilities Management Agreement. The Authority has exercised the option to extend the contract for a further three years for Transfield Services to continue to provide building

maintenance, cleaning, utilities services, waste collection, waste management and luggage delivery. Transfield's operations continue to support the Authority's core business areas.

Financial Situation

The financial situation of the Authority continues to receive much attention. A key requirement for the sustainability of Rottnest Island is economic viability and the work ahead to achieve this goal is considerable.

Employee wages and salaries have been maintained within budget in 2002/2003 and strategies are in place to contain wages and salaries in 2003/2004. Decisions taken this year will see an improvement in the 2003/2004 financial performance. The lack of both investment in infrastructure and pro-active maintenance has resulted in degraded infrastructure which will be costly to the Authority into the future and a continued challenge to economic viability.

In 2001/2002 the Authority made provision for the debt owed by the previous operators of Boat Torque. Through its solicitors the Authority has pursued recovery of these funds and this matter remains current.

The Authority returns any operating revenue raised through its activities back into the Island.

Public Interest

In previous years, the Authority has been qualified by the Office of the Auditor General on the control of the collection of admission fees by ferry operators as part of the ferry ticket price. More stringent controls were introduced on 24 April 2003 through amendment to the Regulations. These new controls will operate for a full year during the 2003/2004 financial year.

Like many structures of similar age, buildings on Rottnest Island have been constructed with asbestos-containing materials. The Authority has continued to implement its Asbestos Management Program with the encapsulation of the roofs of staff housing, and visitor accommodation at Kingstown Barracks and the replacement of asbestos roofs at public amenities. The air monitoring program conducted at buildings around the Island has delivered results below the detection limit of the method. The Authority will continue to implement its asbestos works program into the future. The risk presented by asbestos materials on the Island is not dissimilar to that of similar structures in Perth or coastal Western Australia.

In early 2003, Western Australians were shocked and disgusted by the killing of several quokkas. The Authority shared the concerns expressed by the community and vigorously pursued the matter through legal channels. The Authority will continue to act to protect Island wildlife.

Thanks to Staff and Volunteers

For the third successive year an Authority employee has been awarded the Sir David Brand Youth Medal as part of the WA Tourism Awards for their contribution to the

tourism industry. In 2002, the Authority congratulated Matt Verney for his commitment to Rottnest Island as a Ranger and his award of the Sir David Brand Youth Medal.

I take this opportunity to acknowledge the work and commitment of Authority management and staff and the many volunteers and ‘friends of the Island’ who work with us to keep Rottnest Island ‘Forever Magic’.

Planned Initiatives for 2003/04

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

- Progressive implementation of the *Rottnest Island Management Plan 2003-2008*;
- Construction of a wind turbine at Mt Herschel;
- Refurbishment of heritage cottages;
- Implementation of a trial mooring system;
- Commencement of the construction of the new Rottnest Island Hotel public bar facilities;
- Completion of storm damage repairs;
- Construction of new road at Narrow Neck;
- Commencement of the demolition and replacement of the Allison Cabins;
- Construction of new public ablutions at Parker Point;
- Delivery of the new train;
- Establishment of a heritage trail at Oliver Hill;
- Development of a concept plan for the Rottnest Island Interpretation Facility;
- Investigation of certification under national tourism accreditation schemes;
- Further development of on-line ballot and booking services;
- Implementation of mechanisms for efficient and effective operation of the Main Passenger Jetty;
- Development and implementation of a marketing strategy to increase day visitors in February, March and April;
- Development of a Marine Management Strategy;
- Purchase of 800 new bikes to modernise the bike hire fleet;
- Provision of improved disabled access to the beach at North Thomson;
- Continued implementation of the Asbestos Management Program;
- Establishment of a Cultural Heritage Advisory Committee;
- Introduction of new management arrangements for Leavers’ Week 2003;
- Introduction of new management arrangements for New Year’s Eve 2003;
- Completion of a conservation plan for the WRANS House at Signal Ridge with the support of the Rottnest Foundation and Lotterywest;

- Completion of conservation plans for the DID Shed and associated quarters with the support of the RVGA and Lotterywest;
- Completion of essential works with the support of the RVGA and Lotterywest to establish the DID Shed as a site for the interpretation of the military heritage of Rottnest Island;
- Development of a research framework by the Rottnest Island Environmental Advisory Committee to guide increased research into aspects of environmental management of the Island;
- Development of a Strategic Waste and Resource Management Plan;
- Review of the Woodland Restoration Strategic Plan;
- Completion of recontouring of Lighthouse Swamp; and
- Further progress on the revegetation program.



Lesley Smith
A/Chief Executive Officer

ROTTNEST ISLAND MANAGEMENT PLAN 2003-2008

IMPLEMENTATION REPORT

The Rottnest Island Management Plan 2003–2008, was launched by the former Minister for Tourism on 27 March 2003. The Management Plan is the culmination of considerable planning, research and community consultation.

Phase one of the community consultation involved a review of the *Rottnest Island Management Plan 1997-2002*. This included both an internal review of that Plan and a community comment process.

Based on key input from community consultation, a review of the previous Management Plan, and a review of the Authority's operations and functions, a *Draft Rottnest Island Management Plan* was prepared and released for a second round of community consultation for a period of three months, commencing 27 June 2002.

Five public meetings were organised and more than 700 submissions received from both public and private organisations and individuals during this round of consultation.

The final Management Plan includes 249 recommendations to be implemented over the five-year life of the Plan. At 30 June 2003 the Management Plan had been in operation for three months. The following table outlines the status of progress of the recommendations timetabled for implementation to commence in 2003.

Rottnest Island Management Plan 2003-2008 Implementation Report

Rec No	Year One Recommendations - for commencement in 2003	Statement of Progress as at 30 June 2003	Status as at 30 June 2003
	Sustainability		
1	Develop Rottnest Island as a model of sustainability.		Not commenced
3	Promote, demonstrate and integrate environmental technologies where they meet the social and cultural requirements of the Island and are economically viable and relevant.	Use of biodiesel trialled. Planning under way for construction of wind turbine.	Commenced
	Reserve Zoning and Settlement Planning Scheme		
6	Incorporate Swan Locations 12523, 12524, 12525, 12526, 12667, 10613, 10750 and 10614 into the Rottnest Island Reserve.	Swan Locations transferred into Reserve 16713.	Implemented
14	Develop the Arrival and Departure Precinct to provide for a visitor-friendly experience.	New signage introduced.	Commenced
15	Investigate and implement methods to improve the orientation of arriving visitors to their required first point of contact and other points around the Island.		Not commenced
20	Maintain the Commercial Precinct to provide commercial services to enhance visitor experience, and to improve access for people with disabilities.		Ongoing

Rec No	Year One Recommendations - for commencement in 2003	Statement of Progress as at 30 June 2003	Status as at 30 June 2003
25	Manage the Bathurst Visitor Accommodation Precinct to provide visitor accommodation.		Ongoing
27	Maintain and preserve the Bathurst Lighthouse and Lighthouse Keeper's cottage without additional development.	No additional development planned.	Ongoing
28	Manage the North Thomson Visitor Accommodation Precinct to provide visitor accommodation.		Ongoing
31	Manage the existing accommodation stock in the South Thomson Visitor Accommodation Precinct.		Ongoing
32	Continue to provide access to the beach via purpose-built designated access ways and stairs in the South Thomson Visitor Accommodation Precinct.		Ongoing
34	Manage the Geordie, Longreach and Fays Bay Visitor Accommodation Precinct to provide visitor accommodation.		Ongoing
42	Control noise, odour and visual impact around the Service and Operation Precinct.	Statutory requirements and operational policies guide ongoing sound management.	Ongoing
47	Restrict vehicle numbers, size and type to the minimum required to carry out necessary operations and actively encourage alternatively powered vehicles, as replacements are required.		Ongoing
48	Implement an approved range of landscape materials for Rottnest Island.		Not commenced
50	Retain existing Settlement vegetation including trees, ground cover and shrubs.	Arbor specialist has reviewed significant trees in settlement.	Ongoing
51	Maintain existing canopy lines within the Settlement Zone, particularly along the ocean frontage where they are a key element of the vista.		Ongoing
Terrestrial Environment			
59	Monitor water and salinity levels within swamps and freshwater seeps on Rottnest Island.	Monitored monthly and reported to Department of Environment annually.	Ongoing
60	Rehabilitate Lighthouse Swamp.	Rehabilitation and monitoring of swamp commenced.	Commenced
64	Develop and implement a Plan to interpret the rehabilitation of Rottnest Island swamps.	Interpretive display in Salt Store when works were in progress. Signage on site, information on website, briefing provided to Coach Captains and RVGA ¹ .	Commenced
65	Manage the nutrient plume from Rottnest Island's landfill to ensure minimal impact to the water quality and other values of Lake Herschel.	Monitored quarterly under advice from RIEAC ² and Department of Environment.	Ongoing
68	Develop and implement strategies to	Greenhouse Challenge	Commenced

¹ Rottnest Voluntary Guides Association

² Rottnest Island Environmental Advisory Committee

Rec No	Year One Recommendations - for commencement in 2003	Statement of Progress as at 30 June 2003	Status as at 30 June 2003
	reduce greenhouse emissions on Rottnest Island in accordance with the National Greenhouse Challenge actions.	Agreement and action plan under development.	
69	Eliminate wood fires in Authority accommodation and replace them with an alternative environmentally sensitive and cost-effective source of accommodation heating.		Not commenced
70	Investigate options to reduce the impact of aircraft noise.		Not commenced
71	Review and implement the Woodland Restoration Strategy in the context of a vegetation management strategy.	Review commenced.	Commenced
72	Assess and manage all developments on the Island to minimise possible threats to the habitats, flora and fauna of Rottnest Island.	Environmental impacts are being considered as part of project development for wind turbine.	Commenced
75	Implement an effective weed management program for Rottnest Island, based on existing procedures.	Year 3 of Weed Management Plan: Arum Lily, Sea Spurge and Castor Oil bush targeted.	Ongoing
76	Implement an effective feral animal eradication program, based on existing procedures.	Feral cats eradicated November 2002. Several feral beehives removed.	Ongoing
Marine Environment			
79	Implement the Rottnest Island policy on waste discharge from vessels.	Information for boat owners in 'Marine and Boating' Guide.	Ongoing
80	Develop and implement a water quality monitoring program for Rottnest Island bays, to test for bacteria and nutrients.	Marine waters tested for bacterial loads in eleven popular locations.	Commenced
81	Manage Island infrastructure to minimise land-based discharge of nutrients and debris into the marine environment.		Not commenced
85	Maintain the use of moorings in designated Rottnest Island bays as an environmental management tool.		Ongoing
92	Implement an annual program to collect litter in Rottnest Island bays.	Community service program undertaken by school groups and volunteers.	Ongoing
Cultural Heritage			
100	Establish a Cultural Heritage Advisory Committee reporting to the Rottnest Island Authority to provide expert advice on heritage issues.		Not commenced
103	Develop and implement a strategy to increase the profile of Rottnest Island for heritage-focussed conferences, seminars and training events.		Not commenced
104	Maintain and enhance opportunities for free of charge, self-directed heritage interpretation on Rottnest Island.	Signal Ridge interpretation completed; guided history tour continues.	Ongoing

108	Maintain and enhance relationships with Aboriginal people to further interpret the Aboriginal heritage of Rottnest Island.	Continued meetings and liaison with Rottnest Island Deaths Group Aboriginal Corporation.	Ongoing
	<i>Holiday and Recreation Facilities</i>		
113	Annually adjust the individual Admission Fee commencing 1 July 2003.	Amendment Regulations gazetted for 2003 adjustment of the adult admission fee.	Commenced
117	Manage activities on the Island commensurate with optimum visitor numbers.	Planning for new management arrangements for New Year's Eve has commenced.	Commenced
118	Assess business opportunities on a case by case basis, giving priority to the requirements to maintain control over the Reserve, preserve the ethos, equity and access, and sustain the Island's environmental and social issues.		Not commenced
119	Retain the existing range of accommodation on Rottnest Island.		Ongoing
124	Improve and enhance the universal access features of accommodation and visitor facilities on Rottnest Island.	Completion of disabled access to Thomson Bay beach shelter and Geordie Bay shopping area.	Commenced
126	Except as otherwise specified, limit construction of accommodation on Rottnest Island to the replacement of existing accommodation as necessary.		Not commenced
128	Investigate the feasibility of introducing on-line accommodation booking facilities.	Online accommodation booking available for ballot periods.	Commenced
129	Investigate alternative methods to allocate accommodation during peak periods.		Not commenced
130	Implement the schedule of accommodation charges for bookings taken from 1 January 2003 as described in Table 5 – Accommodation Charges.	Implemented effective 1 January 2003.	Implemented
131	Charge accommodation booked for off peak periods, which is not part of a discount package, at a 20 percent discount rate.	Implemented effective June 2003.	Implemented
132	Annually revise accommodation costs and operations.	Revised in 2002/2003	Ongoing
133	Conduct a community consultation exercise to inform the future development of the Rottnest Island Hotel site.	Consultation of hotel site concept plans implemented in June 2003.	Implemented
135	Continue to provide education and interpretation activities on Rottnest Island.		Ongoing
137	Provide a range of visitor services and attractions on Rottnest Island that are available on a self-directed, free-of-charge basis.	Self-directed free activities include walking tours, heritage trails and marine and terrestrial recreation activities.	Ongoing
138	Maintain and enhance the services provided by businesses operating on Rottnest Island.		Ongoing
139	Provide and enhance language services to non-English speaking visitors.		Ongoing

141	Develop and implement a Rottnest Island Merchandising Plan.	New merchandising logo introduced with a range of new merchandise in Visitor Centre.	Commenced
142	Increase the number of bicycle racks on Rottnest Island.	New bike racks installed at Signal Ridge.	Commenced
143	Develop and implement a telecommunications plan.	Plan under development.	Commenced
145	Undertake a review of charges for the full range of tours and visitor services.	Implemented effective December 2002.	Implemented
149	Annually review and amend bus service fees and charges.	Reviewed 2002/2003	Ongoing
150	Work with the Rottnest Island Police to enforce the requirement for cyclists to wear helmets on Rottnest Island.		Not commenced
151	Work with the Rottnest Island Police to enforce the requirement for cyclists to use a light when cycling at night.		Not commenced
153	Implement the Rottnest Island Authority Disability Services Plan.	North Thomson Beach shelter commenced. Geordie Bay shopping centre path renewed.	Commenced
154	Refurbish the ramp to North Thomson Beach to provide beach and water access.	Tender for repairs to ramp in progress.	Commenced
159	Develop and introduce a new range of Rottnest Island Authority staff uniforms.	New corporate and workwear uniforms introduced.	Implemented
162	Work with Rottnest Island businesses and ferry operators to improve the compatibility of marketing campaigns with Rottnest Island objectives.	Radio advertising campaign undertaken from March-June 2003 coordinated by the Authority, working with businesses and ferry operators.	Ongoing
163	Determine a policy on the scale and type of function and event appropriate for Rottnest Island based on considerations of social, economic and environmental benefits and impacts.	Event audit commenced.	Commenced
164	Undertake a range of Rottnest Island Authority-hosted programs to enhance the visitor experience.	Planning under way for new activities and events in 2004.	Commenced
Marine Recreation and Facilities			
168	Increase the boating annual payment in lieu of Admission Fee from 1 September 2003 to the following GST inclusive prices: vessels up to 8 metres: \$121; vessels greater than 8 metres but less than 10 metres: \$137.50; vessels 10 metres or greater but less than 15 metres: \$165; vessels 15 metres or greater: \$275.	Amendment Regulations gazetted.	Commenced
169	Annually review the boating annual payment in lieu of Admission Fee.	Reviewed 2002/2003	Ongoing
171	Maintain the current total number of licensed recreational moorings in the Rottnest Island Marine Reserve.		Ongoing

174	Undertake a trial of a mooring system as detailed in Table 6 – Summary of Recreational Mooring Trial System of the Management Plan, in consultation with major stakeholders, commencing September 2003 with a view to ongoing implementation.	Planning for trial of new mooring system under way.	Commenced
176	Revise annual recreational mooring site licence fees effective 1 September 2003 to \$66 per metre of length of licensed vessels or \$660, whichever is the greater amount, for the duration of the recreational mooring trial and permanently thereafter should the trial system be implemented substantively.	Amendment Regulations gazetted.	Commenced
177	Introduce an Annual Authorised User Fee of \$33 per metre as at 1 September 2003.	Amendment Regulations gazetted.	Commenced
178	Maintain the Annual Administration Fee for Authorised Users of \$33 per vessel.	Maintained.	Ongoing
179	Review all mooring fees annually.	Reviewed 2002/2003	Ongoing
181	Revise mooring renewal procedures to make the presentation of a hull identification number a prerequisite for a mooring site licence renewal by 1 September 2004.		Not commenced
183	Eliminate the maximum rental period limit for rental moorings for the off-peak season of May to November.		Not commenced
184	Introduce a maximum limit for rental moorings during the accommodation ballot periods, consistent with maximum ballot booking periods, from 1 July 2003.	Planning underway for implementation 1 July 2003	Commenced
185	Increase rental swing mooring fees to \$33 per night, from 1 July 2003.	Planning underway for implementation 1 July 2003	Commenced
186	Increase Bathurst Beach mooring fees to \$16.50 per night, from 1 July 2003.	Planning underway for implementation 1 July 2003	Commenced
187	Annually review rental mooring prices.		Not commenced
190	Eliminate the maximum rental period limit for rental pens for the off-peak season of May to November.	Planning underway for implementation 1 July 2003	Not commenced
191	Introduce a maximum limit for rental pens during the accommodation ballot periods, consistent with maximum ballot booking periods, from 1 July 2003.	Planning underway for implementation 1 July 2003	Commenced
192	Increase charges for rental pens to \$33 per night for large pens at the Fuel Jetty, and \$22 per night for small pens at the Fuel, Hotel and Stark Jetties, effective 1 July 2003.	Planning underway for implementation 1 July 2003	Commenced
193	Annually review rental pen prices.		Not commenced
194	Provide information to boat owners on appropriate methods of beach anchoring.		Not commenced
196	Implement mechanisms to ensure efficient and effective operation and management of the Main Passenger Jetty.	Operating standards and improved passenger and baggage flows under investigation.	Commenced
199	Work with commercial ferry companies to encourage affordable pricing strategies for Rottne Island ferry tickets, accepting that		Not commenced

	the ferry fare includes the individual Admission Fee to the Island.		
200	Adjust the annual payment to the Authority in lieu of Admission Fees for Charter Boat operators to: \$22 multiplied by the vessel's capacity for vessels making 14 or less entries to the Reserve; \$44 multiplied by the vessel's capacity for vessels making more than 14 but less than 31 entries into the Reserve; \$66 multiplied by the vessel's capacity for vessels making more than 30 and less than 45 entries into the Reserve; and \$88 multiplied by the vessel's capacity for vessels making 45 or more entries to the Reserve.	Amendment Regulations gazetted.	Commenced
Community Involvement and Relations			
205	Encourage and support volunteer groups to carry out conservation and interpretive activities on the Island.	Voluntary groups involved in conservation and interpretation include Army Reserve, Winnits, Carine Probus, Rottnest Voluntary Guides Association, Scouting Association, and The Rottnest Society.	Ongoing
206	Maintain the use of advisory committees to provide advice and guidance to the Authority on specific issues and subjects.	The following advisory committees are in place: Rottnest Island Environmental Advisory Committee, Rottnest Island Marine Issues Advisory Committee, Rottnest Island Railway Advisory Committee.	Ongoing
207	Operate a complaint handling process that is visible, accessible and fair.	Process developed and implementation commenced.	Ongoing
Visitor Support Services			
209	Maintain and promote a Ranger profile based on guidance, interpretation and high level of public contact with all user groups.	Increased patrols (including joint patrols with police) to ensure compliance.	Ongoing
210	Replace the Ranger 1 Marine Vessel.	Construction of new ranger vessel commenced; design based on improved safety and operation in emergencies.	Commenced
211	Continue to support the Honorary Ranger Program.	26 Honorary Rangers graduated in 2003.	Ongoing
213	Maintain and enhance relations with Rottnest Island Police	Patrols with Rangers trialed. Regular meetings held including joint participation on Local Emergency Management Committee. Inter-agency coordination of large events.	Ongoing
214	Maintain and enhance relations between the Nursing Post, as part of the Fremantle Hospital and Health Service, and the Authority.		Ongoing
215	Review the Authority's Risk Management Program.	Strategic risks identified and procedures to manage these risks being progressively implemented.	Commenced

218	Maintain participation in and support of the Local Emergency Management Committee.	Four Authority staff attend the monthly committee meetings. Budget and secretarial support provided.	Ongoing
220	Progressively upgrade all buildings so that they meet the current Buildings Code of Australia requirements in regard to fire ratings.	Program of fire alarm installation to all accommodation units reaching completion.	Commenced
Utilities and Infrastructure			
221	Operate the desalination plants as the primary source of potable water.	In 2002/2003, 70 percent of potable water produced by the desalination plants.	Ongoing
227	Continue to install water-saving devices in accommodation units.		Ongoing
231	Develop and implement an awareness campaign to discourage visitors from bringing non-recyclable and excessively packaged products to Rottnest Island.		Not commenced
232	Work with the business community to reduce the proportion of products supplied which are excessively packaged.		Not commenced
233	Develop a waste management plan for Rottnest Island.	Waste management strategy under review.	Commenced
235	Construct a wind turbine on Mt Herschel and monitor its impact and efficiency.	Funding secured. Project group established. Tenders prepared to engage consultants.	Commenced
237	Use solar panels as a source of alternative power on Rottnest Island, where possible and practicable.	Some solar water heating and lighting in place.	Ongoing
238	Investigate the benefits of biodiesel for Rottnest Island, with a view to its introduction as an alternative fuel on the Island.	Trial in progress.	Commenced
241	Employ appropriate passive energy and other energy-efficient technologies in all new accommodation and other buildings constructed on Rottnest Island.	No construction in 2002/2003.	Not commenced
Implementation			
244	Annually review and amend as appropriate the Rottnest Island Regulations 1988.	2003 legislation program implemented.	Ongoing
247	Implement arrangements to ensure maintenance of intellectual property in relation to Rottnest Island research projects.		Not commenced
248	Continue to seek funding from external sources, including special grants and sponsorships, to supplement income.	Financial support received from The Rottnest Island Foundation. Funding applications for heritage conservation, interpretation, and erosion submitted.	Ongoing
249	Annually report to the public on progress on the implementation of the <i>Rottnest Island Management Plan 2003–2008</i> .	<i>Rottnest Island Authority Annual Report 2002/2003</i> is the first progress report.	Commenced

OPERATIONS REPORT 2002/2003

Output 1: Provision of Services to Visitors

The Authority provides and operates accessible recreational and holiday facilities on Rottnest Island with particular regard for the needs of people normally resident in Western Australia who visit or holiday on the Island as a family group.

Our Visitors

The visitor profile suggests that Rottnest Island is attracting a lot of families with younger children, particularly among accommodated guests, from Perth and regional Western Australia¹. The majority of visitors to Rottnest Island are from families with children living at home and these visitors are significantly more likely to be staying overnight or longer than visitors from other life stages.¹

The popularity of Rottnest Island as a desirable destination remains evident.

Number of Visitors Arriving by Commercial Ferry or Air Services

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Total	312,097	338,106	332,695	348,498	347,045	351,292	353,750

Despite global events this year resulting in many holiday destinations experiencing a downturn, Rottnest Island maintained its visitor numbers. This can be attributed to the nature of the Island's strong domestic market, largely made up of Western Australian families and their friends and relatives. Almost three-quarters of visitors to Rottnest Island are from the Perth metropolitan area¹.

The total number of visitors for the year was approximately 504,000. This includes a significant and growing number of international visitors, approximately 140,000 who tend to visit the Island on a day trip basis rather than on an extended stay.

Almost one third of visitors (30 percent) travelled to Rottnest Island in a family group with young children and 11 percent as a family with teenagers. A further 26 percent travelled as a group of adults (not a sporting club), 22 percent with a friend or partner, 3 percent as a group of adults with children under 18 years and 3 percent of visitors travelled by themselves¹.

Rottnest Island Authority Holiday Accommodation

The Authority provides a diverse range of accommodation styles and options to cater to a wide range of tastes and incomes, including camping sites, a youth hostel, camping cabins, self-contained units, villas and heritage cottages.

Average Accommodation Occupancy

1999/00	2000/01	2001/02	2002/03
75%	75%	80%	76%

¹ Statistics provided from Market Equity report entitled *Customer Satisfaction with the Rottnest Island Experience*, July 2003.

The occupancy figures for 2002/2003 include Caroline Thomson cabins for the first time. Figures for previous years detail occupancy for Thomson Bay, Geordie Bay, Longreach and Fay's bay units only. Please note that these figures do not include the occupancy figures from Kingstown Barracks or Allison cabins and camping, which are shown separately. Due to their condition and state of repair Allison camping cabins were removed from sale during the reporting period.

Average Occupancy by Accommodation Category 2002/03

Allison (camping and cabins)	Kingstown Barracks	Caroline Thomson Cabins	Geordie Bay/ Longreach/ Fay's Bay Cabins	Thomson Bay Cabins
38%	55%	68%	75%	79%

Although Island visits continue to show a strong seasonal trend, peaking in summer, the Authority continues to offer incentives to encourage visitors throughout the year by offering a 20 percent winter discount to all visitors. Pensioner discounts during the off-peak season also remain popular, with many repeat visits from this market segment who prefer to visit during the quieter times of the year.

To ensure that demand for accommodation is managed equitably at peak times, access to accommodation where demand exceeds supply is managed through a ballot process. In March 2003, the Authority's customers were able to lodge applications on-line for the first time, eliminating the need to fill out and send in a form. This improvement has been well received and has resulted in efficiency savings for the Authority. Access records indicated that over 80 percent of applications were made on-line. All future ballot periods will utilise this method of access for ballot bookings.

From September 2003, reservations for the September school holidays can be made in accordance with normal booking practices. As demand for accommodation during this time does not exceed supply, a ballot will no longer be in place.

Camping sites

Numbered sites were introduced into the Allison camping area to enhance the holiday experience through better management of individually marked sites. The new system reduces confusion and facilitates better management of the camping area.

Other services

Modern self-operating lockers have been installed outside several key visitor buildings, improving access to secure short-term storage facilities for day-trip visitors.

The 2002/2003 Customer Satisfaction Survey (the Survey) found that significant determinants for overall satisfaction for accommodation users included satisfaction with the presentation and standard of accommodation, access to bus services, speed and efficiency of luggage delivery and satisfaction with cleanliness and presentation of public areas.

The Survey also found that visitors from families with children living at home are more likely to be staying overnight or longer (58 percent of total visitors, and 67 percent of visitors using accommodation).¹

¹ Statistics provided from Market Equity report entitled *Customer Satisfaction with the Rottneest Island Experience*, July 2003.

2002 Western Australian Tourism Awards

The Authority entered three categories for the 2002 State Tourism Awards and was a finalist in the categories of Major Attraction and Heritage and Cultural Tourism.

Rottnest Island Ranger, Matt Verney, won the Sir David Brand Youth Medal for his outstanding contribution to the Island's Ranger Service, voluntary involvement in sea rescues and commitment to educating visitors about the importance of protecting the Rottnest Island environment.

Rottnest Island Website

In December 2002, the Authority launched a new improved website with a range of features catering to the broad needs of all Island visitors.

The redevelopment of the site included visual improvements to ensure compatibility with the Island's overall corporate image, and functional improvements to assist visitors with navigation and sourcing information. In addition, new features now allow visitors to check accommodation availability over the internet and download a range of forms.

In its first six months of operation, the new site has proven to be very popular with visitors who have provided positive feedback about its increased functionality and new features.

Customer Contact Centre Improvements

Due to the ability of prospective visitors being able to check and monitor accommodation availability on line, phone congestion at peak times has been greatly reduced, improving customer service levels through the Customer Contact Centre. There has also been a significant reduction in the total volume of calls to the Customer Contact Centre during the year. This is attributed to the launch of the on-line availability checker, greater usage of the 'fastpay' on-line payment system and the establishment of waitlist 'queues' for accommodation services through peak times.

Visitor Services and Transport Operations

A wide range of services and facilities are made available to enhance visitors' experience of the Island's unique natural and cultural heritage.

Visitors continue to enjoy the two-hour coach tour that is very popular with first-time and day-trip visitors, in particular those from interstate and overseas.

Two Hour Tour Passenger Numbers 2002/03

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2,201	3,153	4,737	5,730	4,401	3,987	4,442	3,400	3,893	3,531	2,629	1,667

The Bayseeker bus service, which provides transport around the Island, continues to be popular, providing easy access for visitors to enjoy the beauty of the outer bays without the need for bike riding or walking great distances.

Bayseeker Passenger Numbers 2002/03

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2,089	2,004	3,121	4,327	4,553	9,691	14,659	8,448	9,912	8,823	4,406	2,009

The free Shuttle bus service also remains a popular service, transporting visitors between the accommodation areas, the main settlement, Kingstown Barracks and Geordie, Fay's and Longreach bays.

Train tours offer a novel and enjoyable way to visit the Oliver Hill precinct and the opportunity to appreciate Rottnest Island's extensive military heritage. The RIVG provide guided tours of the Island's 9.2 inch gun emplacement and associated tunnel infrastructure.

Railway Passenger Numbers 2002/03

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
760	649	714	872	840	663	1236	379	361	431	247	146

Train passenger numbers have been significantly reduced in the latter half of the year due to the unavailability of spare parts for the Island's 'vintage' locomotives. The new train is due to be commissioned in September 2003.

The Authority works closely with the Rottnest Voluntary Guides Association (RVGA) who provide many free of charge guided tours and also staff interpretive displays to provide a varied daily interpretive and activities program.

During the year the RVGA conducted daily Settlement History Tours, tours of Lomas Cottage and exhibitions, the Boatshed, the Salt Store, the Pilot Boat House and the Oliver Hill Guns and Tunnels Tour. Some 33,000 visitors took advantage of these tours. The contribution made by the Guides is recognised and greatly appreciated by the Authority.

RVGA Tours 2002/03

Tour	Visitor numbers
Daily History Tours	3,600
Lomas Cottage/Boat Shed	5,000
Salt Store Tour	14,000
Oliver Hill Gun Tour	10,400
Special Request Tours	265 groups

The revised Aboriginal History Walk, Reefs Wrecks and Daring Sailors Walk and the Quokka Walk are new daily interpretive activities that have been successfully introduced this year. The Rottnest Island Museum continues to provide an educational and interpretive facility for visitors.

Bike Hire

The Authority has managed the Rottnest Island Bike Hire business since February 2002. This business now forms an integral component of the Authority's core suite of visitor services.

Several initiatives have been implemented resulting in improved management efficiencies. Over 400 new adult and children's bikes purchased this year are now being enjoyed by Island visitors and a further acquisition and upgrade program is planned for 2003/2004.

A comprehensive business plan is also being developed for 2003/2004 and will include recommendations for further stock purchases, streamlining procedures and linking Bike Hire with other Authority business units (such as packaging of accommodation and bicycles which will offer a more comprehensive service for Island visitors).

Moorings

Significant issues and associated recommendations for the moorings management system were outlined in the *Rottnest Island Management Plan 2003-2008*.

To assist with implementing the recommendations, the Authority established a Rottnest Island Marine Issues Advisory Committee in late 2002. This committee will provide advice and assistance to the Authority on matters relating to the sustainable management and recreational use of the marine portion of the Rottnest Island Reserve. The primary recommendation considered this financial year was to develop a new recreational mooring trial system designed to better address the issue of equitable access to the licenced recreational moorings in the Rottnest Island Reserve.

It is intended that the trial system will be implemented from 1 September 2003 and will be evaluated in early 2004.

Salt Store Gallery and Art Exhibitions

The Salt Store Gallery and Exhibition Space continued to be a popular attraction for Island visitors. During 2002/2003 a number of displays were held, ranging from the 'resident' interpretive display explaining the building's original function as a saltworks to art exhibitions illustrating the Island's scenic beauty. In addition, community information displays on the proposed redevelopment for the Rottnest Island Hotel, and the rehabilitation of Lighthouse Swamp were held in the Salt Store for public viewing.

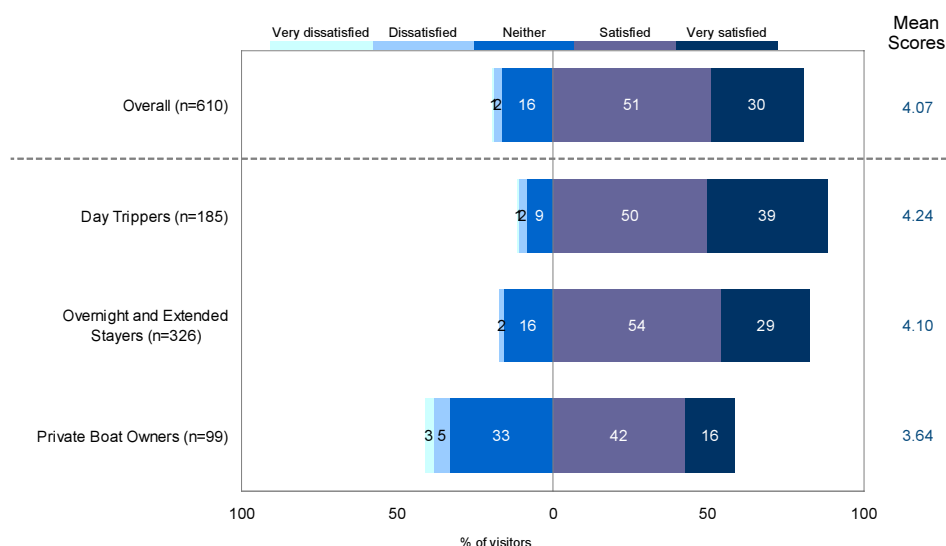
Rottnest Island 'Artworks' was held in August 2002 and involved participants being able to take part in a selection of workshops including photography, water colours and gouache. The results of this program were exhibited in the Salt Store in November and received positive feedback from visitors. Another exhibition, by artists Aurelie Yeo, Bernice Wright and Jillian Brown, was held in the Salt Store in March 2003, with the theme 'Rottnest Reviewed'.

Visitor Satisfaction

Overall, 81 percent of visitors report being satisfied (51 percent) or very satisfied (30 percent) with the recreational and holiday services on Rottnest Island.¹ Only 3 percent of visitors reported being dissatisfied overall.¹

Overall Satisfaction with Rottnest Island

Q: How satisfied are you overall with the recreational and holiday services and facilities on Rottnest Island?



Business Community

While the Rottnest 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;
- Rottnest Hotel, providing accommodation and hospitality services;
- The Rottnest Bakery;
- The Dome 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 fast 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 also a member. The Authority works closely with these business operators to ensure visitors have available services and activities to make their holiday enjoyable.

¹ Statistics provided from Market Equity report entitled *Customer Satisfaction with the Rottnest Island Experience*, July 2003.

Other Activities

Seasonal attractions are provided for visitors each year through summer business concessions, which include:

- The ‘Underwater Explorer’, providing glass-bottom boat experience of bay, reef and marine wrecks;
- Joy flights operated by the Rottnest Air Taxi Service;
- Star gazing astronomy tours conducted at night by Astro Tours;
- Capricorn Sea Kayak Tours, offering a guided kayak experience of the Island’s coastline and sea-life;
- Time Out Watercraft Hire, which provide small, glass-bottom boats operating in Geordie Bay;
- Recently released movies are shown at the Picture Hall;
- Cold Rock Ice Cream

Island Events

During 2002/2003, Rottnest Island hosted a number of exciting events ranging from low-key activities, providing entertainment for visitors, through to high profile sporting events, such as the ever popular Rottnest Channel Swim and the Swim-Thru.

The Rottnest Marathon and Fun Run together with the State Open Surf Masters remained highlights on the annual event calendar, with event organisers working closely with Authority staff to ensure they were both successful as events, and also remained consistent with the Island’s ethos.

Channel Nine’s Peter Holland once again returned to the Island in December to host the Carols on the Common in the scenic surrounds of Heritage Common.

The Peters ‘Trumpet Twilight’ season continued its success with seven concerts held in January and February. These concerts were very well attended and received positive feedback from visitors.

The Channel Swim was again considered a major sporting success, however inclement weather conditions on the day meant that fewer competitors were able to complete the gruelling 20 kilometre open ocean race.

All events held on the Island were supported by the Rottnest Island Authority and many are sponsored by the Rottnest Island Business Community. Highlights included:

July	Rottnest Island Winter Wonders school holiday program
August	Artworks
October	Rottnest Island Marathon and Fun Run Rottnest Island Spring Splendour school holiday program
November	Coca-Cola Surf Assault

December	Rottnest Swim Thru Carols On The Common Rottnest Volunteers Breakfast
January	Rottnest Island Summer Fun Spectacular school holiday program Peters Trumpet Twilight Concert Series
February	GIO Channel Nine Rottnest Channel Swim
March	Seaweed Teachers Expo
April	Easter Bunny Visit Rottnest Island Autumn Colours school holiday program Rottnest Island Anzac Day Dawn Service
May	Emu Bitter State Open Surf Masters Series

Performance Measures for Output 1

Measure	2002/03 target	2002/03 actual	2003/04 target	Reasons for significant variations between estimated and actual
Quantity Number of services provided	632,000	625,462	632,000	1% variation on target due to reduced train sales.
Quality Customer satisfaction with recreational and holiday services and facilities on Rottnest Island	N/A	81%	85%	No targets set for 2002/03 as new performance measures were introduced.
Rottnest holiday is value for money	N/A	71%	75%	
Timeliness Services to customers every day of the year	100%	100%	100%	
Mooring renewal notifications sent out in time	100%	100%	100%	
Cost Weighted average cost per visitor service provided	\$38.00	\$35.84	\$36.00	Greater efficiency in provision of services achieved

Output 2: Conservation Of The Natural And Cultural Environment

The Authority manages the Island's natural and cultural environment to conserve its value for future generations. This occurs through visitor education, interpretation, compliance with Regulations, research, monitoring and appropriate management strategies.

The Rottnest Island Environmental Advisory Committee advises the Authority on projects and management strategies to assist with the environmental management of the Island.

Environment

Conservation of the Island's environment is based on programs aimed at the rehabilitation and sustainable management of terrestrial, coastal and marine sites and other well supported strategies.

The implementation of a Woodland Restoration Strategic Plan continues with a significant cumulative effect now being realised. Planting efforts are now developing corridors of vegetation within the natural area of the Reserve. This program is a significant undertaking with more than 53,000 native seedlings planted in 2002/2003. The erection of protective fencing and planting is carried out with the assistance of volunteer groups including the Western Australian Scouting Association and The Rottnest Society. The Woodland Restoration Strategic Plan is currently being reviewed and is also the subject of a PhD research project. In 2003 the Authority received a grant of \$20,000 from The Rottnest Island Foundation to assist in the implementation of this program. A Weed Management Strategy is also being implemented, which complements the Woodland Restoration Strategic Plan.

Biodiversity surveys to determine the effects of terrestrial habitat protection have been undertaken in 2003. This includes identification of the diversity of bird, reptile, frog and mammal species. It is being conducted by Authority staff and volunteer groups such as Birds Australia. Fifteen reptiles, three frog species, eighty-two bird species and five mammals were found on Rottnest Island. Of the three introduced mammals (rats, mice and cats), the feral cat was eradicated from the Island, with the last one removed in November 2002. The black rat has not been sighted or caught in traps in this program demonstrating the effectiveness of the Authority's pest management program.

Rehabilitation of Lighthouse Swamp commenced in 2002/2003 with assistance of members of the 13th Field Squadron of the Australian Army Reserve. This project aims to return the swamp, situated at the base of Wadjemup Hill, to a predominantly freshwater state re-establishing a previously degraded habitat for Island fauna. The swamp habitat was altered by the extraction of its clay base (used for road base) in the 1970's causing the swamp to become saline. Ongoing research and monitoring of the site will occur during its rehabilitation and recovery.

The coastal environment of the Island is subject to considerable erosive forces from both natural pressures and human impact. The installation of formalised paths and beach access assists in reducing these impacts. The 13th Field Squadron also installed a staircase at Longreach Bay to protect the dune system from erosion and provide a formalised access to the beach. Erosion control methods were applied at Strickland Bay and as a safety precaution the staircase at Narrowneck was removed.

The contract to review the Strategic Waste and Resource Management Plan was awarded this year to A Prince Consulting. This contract will result in the development of a strategy for minimising waste through reuse, recycling and applying appropriate disposal methods.

Maintenance of marine water quality is critical for the protection of environmental health, human health and the amenity of the Island. A marine water quality-monitoring program is in place to determine bacterial loads. Samples are taken fortnightly in the summer and monthly in winter with targeted sampling in busy periods such as Christmas, New Years Eve and Easter. The Authority has expended considerable effort in an education campaign to increase the boating community's awareness of this issue.

Heritage

Rottnest Island has a significant proportion of heritage assets including an intact colonial settlement, two lighthouses, military installations, areas of Aboriginal significance and recreational heritage. Assets are heritage listed at both a State and National level. An assessment of all State heritage-listed buildings in Thomson Bay was undertaken during the year to determine their state of repair and priorities for further conservation. In the future, it is proposed that further heritage items, which have been identified in the Authority's Heritage Asset Register, will also be annually assessed.

The significance of Rottnest Island's military heritage has been recognised with grant funding from the Lotterywest. A grant of \$22,345 has been allocated to the Rottnest Island Foundation to commission a Conservation Plan for Signal Ridge. Funding of \$20,000 has been allocated to the Rottnest Voluntary Guides Association to assist with urgent repairs to the Department of Interior and Defence (DID) Shed at Kingstown, in preparation for its adaptation as a military heritage interpretation site.

A structural condition report of the H2 Gun and Magazine at Oliver Hill was also undertaken this year. The H1 Gun at Oliver Hill has been conserved in recent years and is open to the public. These two guns are the only 9.2inch diameter guns remaining in-situ anywhere in Australia, highlighting their national significance.

Interpretation

Interpretation is the informal education of visitors, as opposed to formal programs in place for education groups. It includes guided and self-guided tours, interpretive signage, walk trails, brochures and website information. Interpretation programs add to visitors' knowledge and enjoyment of the Island and help them make appropriate choices about how they interact with natural environment and heritage assets.

An interpretation plan has been prepared for the Island's military heritage, and outlines strategies for the interpretation of Kingstown Barracks (including the DID Shed and Bickley Battery), Oliver Hill and Signal Ridge. The use of the railway line in linking these sites and the Settlement is also described.

Signal Ridge, was the official name given to Wadjemup Hill by the Army when it was used as a strategic location for Western Australia's coastal defence during World War II. This historic precinct was greatly enhanced this year with a \$25,000 grant from the Rottnest Island Foundation. This helped finance the installation of a hard standing area around the historic Signal Station, the demolition of intrusive buildings on the site and the introduction of new bike racks and picnic tables around the WRANS' House. The

interpretation of the site has also been improved with the installation of new interpretive signage at key locations, new information on the Rottnest Island website and the production of an interpretive brochure and postcard. Assistance was received from ex-service personnel stationed on the Island during World War II, who provided information about their experiences at Signal Ridge.

The recent environmental rehabilitation works at the Lighthouse Swamp were interpreted to the public with signage on location, information on bus tours and from the Rottnest voluntary guides. This was complemented by a display at the Salt Store and information on the Authority's website.

The Museum had some minor upgrade work completed such as improving signage and relief maps.

Education

The Rottnest Island Education Services are responsible for the production of a range of innovative formal education programs. These programs increase understanding of Rottnest Island's environment and its management, and encourage appropriate visitor behaviour.

The Environmental Education Program offers a range of informative activities, developed in accordance with the Department of Education's Curriculum Framework, aimed at primary and secondary school students. Over 27,600 students (face to face contact) from 174 schools participated in the program this year.

The Environmental Awareness Course is a comprehensive two-day course, which is designed for teachers, community leaders and members of the public. Six courses were conducted during the year with over 100 participants.

The School Holiday program operates in all four school holidays and offers environmentally based education activities suitable for a wide age range of children. This year, 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 3,500 students involved. All of the activities undertaken by various groups, (such as dune brushing, beach litter surveys and seed collecting), contribute to the conservation and enhancement of the natural and cultural environment of the Island. The Beach Monitoring program, an initiative developed in 2001/2002, as part of the Community Service Program, is progressing well. This program involves the monitoring of the beach width along South Thomson Bay, which is required due to the impact of dune erosion.

As part of the National Seaweed Program the Authority organises and hosts the Seaweed Teachers Expo. It is the State's premier event to acknowledge Seaweed and in 2003 it was made possible with funding assistance from Fishcare WA. The Expo involved participation from the Department of Fisheries, the Department for Planning and Infrastructure, Surf Life Saving WA, Coastcare, AQWA, Perth Zoo, the CSIRO's Science Education Centre and the WA Museum and WA Maritime Museum. Targeted at teachers and educators with a particular interest in marine issues, the participants spent the day taking part in one of three workshops on offer, including activities such as sea kayaking, fishing workshops, snorkelling around reefs and shipwrecks and taking part in

a touch pool. Rottnest Island provides the perfect setting for this event with its diverse natural environment, relaxed ethos and strong conservation values.

The Rottnest Island Discovery Centre, a core venue in which many of the Environmental Education Program activities are conducted, has been improved. The centre is multi-functional with educational exhibits, art facilities, and a laboratory containing microscopes and other investigative equipment. Improvements relate to the presentation of specimens for interpreting the Island's natural environment.

Rangers

The Rangers are the primary point of contact in regard to compliance issues for visitors to the Island and those using the marine environment.

Three main areas are seen as priorities for ensuring compliance with Rottnest Island legislation:

- protection of Rottnest Island's environmental values;
- control of visitor activity and antisocial behaviour; and
- control and management of vessels, moorings, pens, and beach anchoring.

Education and guidance are the Rangers' first choice in ensuring compliance, with enforcement utilised as necessary.

In 2002, the Rangers initiated a works program for the designation of fixed sites in the camping area, which has achieved dual objectives. One is the removal of sites from likely culturally sensitive areas and the other is to enable tenants to have distinct responsibility for a designated area. This has greatly assisted in controlling anti-social behaviour in the camping ground.

Initiatives to better manage anti-social behaviour on the Island were trialed successfully during the year. This included a joint patrol with Rottnest Island Police Officers in the evenings during the Easter school holidays, and patrolling the mall area at lunch times during busy periods.

The construction of a replacement for the Ranger patrol vessel has begun. The vessel should be operational by the 2003/2004 summer holidays. The new vessel will have enhanced navigation and sea handling capabilities, which will greatly assist in rescue and medical emergency incidents.

Prior to the summer period in 2002/2003, 28 new Honorary Rangers were trained in the objectives and techniques of the Rangers' work. This provides greater resources to assist in the awareness of the environmental and wildlife values of Rottnest Island.

Performance Measures for Output 2

Measure	2002/03 target	2002/03 actual	2003/04 target	Reasons for significant variations between estimated and actual
Quantity Heritage assets that have been improved in condition (percentage of State Heritage registered assets)	nil	nil	2%	Funding was not available for heritage assets during the year
Number of seedlings planted	55,000	53,030	55,000	Reduced volunteer numbers due to inclement weather.
Quality Island properties listed on the State heritage register assessed to be in fair or good condition	N/A	88%	90%	No target set for 2002/03 as new performance measures were introduced
Number of hectares planted	8	7.5	8	Reduced volunteer numbers due to inclement weather.
Timeliness Completion of heritage conservation works prior to summer season	N/A	N/A	100%	N/A (no works undertaken)
Completion of planting before end of winter rains	100%	100%	100%	
Cost Total operating expenses as a percentage of conservation assets	4.0%	3.2%	4.0%	

COMPLIANCE INFORMATION

Ministerial Directives

There were no Ministerial directives during 2002/2003.

Declarations of Interest

There were no declarations of interest made by Board Members during 2002/2003.

Comment on Events Occurring after Reporting Date

No events occurred after 30 June 2003 to the signing of this report to adversely affect the operations of the Rottnest Island Authority.

Changes in Written Law

The *Rottnest Island Amendment Regulations 2003* (Amendment Regulations) were passed in the reporting period.

In 2001 and 2002 the financial statements of Authority annual reports were qualified by the Office of the Auditor General on the control of the collection of admission fees by ferry operators as part of the ferry fare. More stringent controls on the collection of admission fees by ferry operators were introduced on 24 April 2003 as the *Rottnest Island Amendment Regulations 2003*. Ferry operators are now required to report and remit admission fees to the Authority on a weekly basis rather than monthly and relevant accounts will be subject to an annual independent audit.

The Amendment Regulations also adjusted the child age from 6 to 11 years to 4 to 12 years old inclusive. This aligns the age with that applied by the ferry industry.

The *Rottnest Island Authority Act 1987* was not amended in 2002/2003.

Freedom of Information

For the year ended 30 June 2003, two applications were received in accordance with the *Freedom of Information Act 1992* (FOI Act).

In accordance with Part 5 section 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

Good organisational risk management requires a culture, processes, and structures directed towards the effective management of potential opportunities and adverse effects.

Responsibility for risk management rests with the Finance and Audit Committee of the Board of the Authority. 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 2002/2003 the Authority developed its register of strategic risks and implemented processes for assessing and managing these risks. Audits and risk treatment plans, for each risk identified, are provided to the Finance and Audit Committee in accordance with an approved timeframe. Additionally, significant incidents and litigation matters are reported to each Board meeting.

Equal Employment Opportunity

The Authority continued to exceed the Government's equity index target, of 59, for the improved distribution of women at all levels of the workforce with an equity index of 120. Women comprise 56 percent of the workforce.

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

The Authority is well represented by women at the SES level (66 percent) and in the first three tiers of management with eight of ten line management positions held by women.

Disability Services Plan Outcomes

The Rottnest Island Authority continued to develop facilities in accordance with its Disability Service Plan 2002-2007.

To complement the water access ramp in the North Thomson area, which is being upgraded, the nearby shelter has been fitted with a barbecue and drinking fountain suitable for use by people in wheelchairs. A path has been installed from the concourse behind the Accommodation Office, to the shelter for easier access. The floor of the shelter has been widened and reinforced to allow greater movement around the site.

A commitment to renew the path from the Geordie Bay shopping precinct to the roadway was brought forward and completed this year.

Push wheelchairs were made available free-of-charge from the Accommodation Office this year and significant usage has been reported. To assist passengers with limited mobility, the Bayseeker buses have been fitted with an extra step.

Plan for Young People

Rottnest Island is a significant recreational destination for young people. The Authority provides programs designed in accordance with the *State Government Plan for Young People 2002-2003* to encourage an appreciation of the Island and to ensure a safe environment when participating in celebrations on the Island.

During the annual Leavers' Week celebration, with the assistance of Healthway, young people were offered a range of free live entertainment and other activities such as volleyball and cricket.

The environmental education program run by the Authority's education services is linked to the Department of Education's Curriculum Framework. The Authority's courses were well attended and will continue to be developed in accordance with the needs of the students.

This was the final year of a training program offered through the Public Service Aboriginal and Torres Strait Islander Cadetship program. The Cadet successfully completed a Bachelor of Law with the University of Western Australia while gaining work place experience with the Authority.

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 is also produced in multiple languages.

Waste Paper Recycling

Approximately 2.4 tonnes of waste paper is collected from the Rottnest Island Authority Fremantle offices during the year by Western Recycling Pty Ltd.

In addition 13.7 tonnes of waste paper from Authority Island Offices was transported to the mainland office for collection.

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 2002 to 30 June 2003 on the following:

Advertising Agencies 303 Advertising	Amount \$189,776.83*
Total	\$189,776.83*
Market Research Agencies Patterson Market Research Market Equity	Amount \$15,301.02 \$15,983.00
Total	\$31,284.02
Polling Organisations	Amount Nil
Direct Mail Organisations	Amount Nil
Media Advertising Organisations Marketforce Productions	Amount \$46,203.81
Total	\$46,203.81

* Includes expenditure on printing and sign infrastructure.

Staffing and Employee Relations

Staffing

During the year the Authority had an average FTE level of 108. The detail of actual and average staffing levels is outlined below.

Actual staffing level as at 30 June 2003	102 FTE
Actual staffing level as at 30 June 2002	109 FTE
Average staffing level for 2002/03	108 FTE
Average staffing level for 2001/02	99 FTE

The increase in the average staffing level for 2002/03 is due to:

- The full year effect of the Authority's decision to resume direct management of the Bike Hire operation in January 2002: approximately 6 FTE
- The Authority's effort to manage its leave liability by replacing staff on leave approximately 1 FTE
- Growth in the permanent ongoing employment level: 2 FTE. Those positions being;

Senior Environmental Officer
Assistant Moorings Officer

The average FTE level is calculated by averaging the actual FTE level at the end of each quarter; September, December, March and June.

The effect of the Authority resuming the management of the Bike Hire operation on 14 January 2002 and employing 17 FTE was reflected in the March and June 2002 quarters. The FTE level for Bike Hire was reduced during those 6 months as the Authority reviewed and restructured the Bike Hire operation. As the additional FTE were employed for only six months of the 2001/02 financial year the effect on the average for 2001/02 is only half the actual FTE employed. The full effect on the average FTE level is therefore not evident until the end of the 2002/03 financial year.

The average FTE level is also affected by vacant positions, seasonal employment and aggregate hours worked, excluding overtime.

Full-Time Equivalent Staff Positions (FTE)

Category	2001/02	2002/03
Full-time Permanent	79.00	82.00
Part-time Permanent	5.50	5.30
Full-time Contract of Service	13.00	15.00
Full-time Secondment	1.00	0.5
Part-time Contract of Service	1.40	5.2
Total	99.90	108.00

Workplace Agreements

The Enterprise Agreement for the Authority's Coach Captains expired on 30 June 2003. Negotiations commenced with the Australian Municipal Administrative and Clerical Services Union on a new enterprise agreement.

The Authority's Australian Workplace Agreement covering four Coach Captain's expired during the year. In accordance with Federal legislation the terms of that Agreement continue until a new Enterprise Agreement is registered.

The Authority entered into an Agency Specific Agreement with Civil Service Association in February 2003. That Agreement covers the majority of Rottnest Island Authority employees and continues some of the initiatives from the previous enterprise agreement.

Occupational Health and Safety

In accordance with the Authority's focus on providing 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 who are in need of support may contact Occupational Services or may be referred by the Authority.

Workers Compensation and Rehabilitation

Category	2001/02	2002/03
Number of injuries causing lost-time	5	9
Number of workers' compensation claims	12	12
Total days lost	226	426
Average duration (days)	45	47
Rehabilitation success rate	100%	0%

Note: Rehabilitation success rate: Two employees are currently on rehabilitation programs with registered rehabilitation providers. Until that rehabilitation is completed the success rate will appear as 0 percent. This has also impacted on total days lost.

Public Sector Standards

The 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 was one breach of standard application lodged in 2002/2003.

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

- Number lodged – one
- 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:

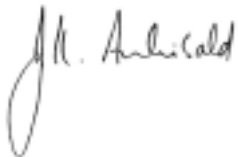
Western Australian Legislation:

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 2002
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
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 Records Act 2000
State Superannuation Act 2000
State Supply Commission Act 1991
Statutory Corporations (Liability of Directors) Act 1996

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:

A New Tax System (Goods and Services Tax) Act 1999
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
Chairman



Lesley Smith
A/Chief Executive Officer

28 August 2003

ADDITIONAL INFORMATION

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 Guide to Safe Boating

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

Others

Rottnest Island Strategic Plan
Rottnest Island Management Plan 2003-2008

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

ACKNOWLEDGEMENTS

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 Island Railway Advisory Committee
Rottnest Voluntary Guides Association
The Rottnest Society
Western Australian Scouting Association
Winnit Club
Military Heritage Advisory Group

Government Agencies

13th Field Squadron of the Australian Army Reserve
Department of Indigenous Affairs
Coastcare
Crown Solicitor's Office
CSIRO Science Education Centre
Department of Environment
Department for Planning and Infrastructure
Department of Consumer and Employment Protection
Department of Fisheries
Department of Health
Fire and Emergency Services Authority of Western Australia
Heritage Council of Western Australia
Lotterywest
Main Roads WA
Ministry of Justice
Parliamentary Counsel's Office
Perth Zoo
RiskCover
Water Corporation
Western Australia Police Service
Western Australian Museum

Other Organisations

Australian Association for Environmental Education
The Aquarium of Western Australia
The Australian Trust for Conservation Volunteers
National Trust of Australia (WA)
Surf Life Saving Western Australia

ACKNOWLEDGEMENTS OF FINANCIAL SUPPORT

The Rottnest Island Authority would like to acknowledge the following organisations for their financial support during the year:

- The Rottnest Island Foundation
 - \$25,000 Interpretation of Signal Ridge
 - \$20,000 support to woodland revegetation program
- Rottnest Island Business Community
 - \$5,000 School Holiday Program
- Department of Fisheries
 - \$3,000 Fishcare grant

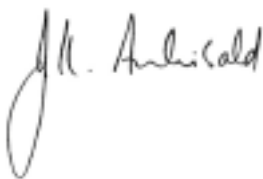
Donations in support of Authority programs and activities may be made to:

The Rottnest Island Foundation
PO Box 137
MOSMAN PARK WA 6012

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2003

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 2003.





**Jenny Archibald
Chairman**



**Laurie O'Meara
Deputy Chairman**

28 August 2003

 AUDITOR GENERAL
INDEPENDENT AUDIT OPINION
To the Parliament of Western Australia
ROTTNEST ISLAND AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003
Audit Opinion In my opinion, the key effectiveness and efficiency performance indicators of the Rottnest Island Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2003.
Scope <i>The Board's Role</i> The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.
The performance indicators consist of key indicators of effectiveness and efficiency.
Summary of my Role As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.
An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.
 D.D.R. PEARSON AUDITOR GENERAL October 31, 2003
<small>4th Floor, Durston House, 2 Haystack Street, West Perth 6005, Western Australia. Tel: 08-0022 7588 Fax: 08-9331 5064</small>

KEY PERFORMANCE INDICATORS

The Rottnest Island Authority has one outcome for Government:

Provision of accessible recreational and holiday facilities, appropriate to the Island environment, for the benefit of Western Australian families and other visitors, and conservation of the natural and cultural values.

To achieve this, the Authority has two outputs:

Provision of services to visitors. The Rottnest Island Authority provides and operates accessible recreational and holiday facilities with particular regard to the needs of people normally resident in Western Australia who visit or holiday on the Island as a family group.

Conservation of the natural and cultural environment. The Rottnest Island Authority maintains, protects, restores and interprets the Island's natural and cultural environment.

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*.

In 2002/2003 the Authority reviewed its key performance indicators and is reporting against revised indicators and targets this year. Comparisons with previous years have been provided where appropriate.

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.

Effectiveness is measured, in part, by a telephone-based customer satisfaction survey of visitors to Rottnest Island during the reporting year. In line with the revision of the key performance indicators the questions asked have been altered and the sample from which visitors were selected expanded. As a consequence the customer satisfaction results reported are not comparable with those of previous years.

The survey methodology is designed to provide a high degree of confidence in the data generated and will be used in coming years to ensure consistency from year to year.

An independent research organisation is contracted to survey a random sample of visitors (326 accommodation users, 185 day trippers and 100 private boat owners) to provide customer ratings on satisfaction with recreational and holiday facilities and services. The sample comprised 611 interviews from an estimated population of 504,000 visitors. This provides a confidence level of 95 percent on estimates of 50 percent with a sampling error of +/- 4.0 percent. The overall response rate was 91 percent.

Some 73 percent of visitors surveyed were from the Perth metropolitan area, 11 percent from elsewhere in Western Australia with the remainder from interstate (12 percent) or overseas (four percent). This year the survey was conducted in two stages in the last 3 months of the year. In future years it will be conducted in three stages throughout the year.

Respondents were asked to rate facilities and services on Rottnest Island in two key areas:

- accommodation (used by visitors who stay overnight); and
- recreation (available to visitors who come for the day, who stay overnight and boat owners).

Following the revision of the visitor satisfaction survey new targets have been set for levels of satisfaction with recreational and holiday facilities and services.

Monitoring is also undertaken to ensure that the facilities and services provided are appropriate to the environment. Appropriateness of facilities and services requires, amongst other strategies, management and monitoring of visitor impact on the Island's environment.

Appropriateness of services and facilities to the Rottnest Island environment is measured through:

- water consumption; and
- marine water quality.

Conservation of the natural and built environment is assessed in three key areas:

- fauna biodiversity;
- revegetation; and
- built heritage.

1.1 Visitor Satisfaction With Recreational and Holiday Facilities and Services Provided on Rottnest Island

Visitors were asked to rate their satisfaction with various aspects of the recreational facilities and services provided on Rottnest Island. They were then asked to rate their satisfaction overall.

Visitor satisfaction with recreational facilities and services

Customer rating	2002/03
Net satisfied	84%
Very satisfied	31%
Satisfied	53%
Neither	13%
Dissatisfied	2%
Very dissatisfied	1%
Net dissatisfied	3%
	100%

Source: independent survey conducted by Market Equity

(sampling error +/- 4.0 percent; error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

The majority of visitors (84 percent) said that they were satisfied or very satisfied overall with the facilities and services provided on Rottnest Island. The highest ratings of satisfaction were given for bus services and visitor information services.

A target of 85 percent net satisfied has been set for 2003/2004.

Visitors, who stayed overnight in Authority accommodation, were asked to rate various aspects of their accommodation. A composite measure was calculated as a weighted average of ratings given for each aspect of accommodation measured.

Visitor satisfaction with Rottnest Island Authority accommodation

Customer rating	2002/03
Net satisfied	56%
Very satisfied	21%
Satisfied	35%
Neither	27%
Dissatisfied	11%
Very dissatisfied	6%
Net dissatisfied	18%
	100%

Source: independent survey conducted by Market Equity

(sampling error +/- 5.4 percent; error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

Accommodation elements that received the highest ratings were efficiency of luggage delivery and maintenance services. The lowest satisfaction ratings were given for furniture and fittings and linen and bedding.

A target of 60 percent net satisfied has been set for 2003/04.

Towards the end of the telephone survey visitors were asked to rate their overall satisfaction with the recreational and holiday services and facilities on Rottnest Island. This has been reported as a percentage of visitors who gave a satisfied rating of 4 or 5 out of 5.

**Overall visitor satisfaction with recreational and holiday services and facilities
on Rottnest Island**

Customer rating	2002/03
Net satisfied	81%
Very satisfied	30%
Satisfied	51%
Neither	16%
Dissatisfied	2%
Very dissatisfied	1%
Net dissatisfied	3%
	100%

Source: independent survey conducted by Market Equity

(sampling error +/- 4.0 percent; error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

Overall, 81 percent of visitors reported being satisfied or very satisfied with the recreational and holiday services on Rottnest Island. Only three percent of visitors reported being dissatisfied overall. This resulted in a mean overall satisfaction rating of 4.07.

A target of 85 percent net satisfied has been set for 2003/04.

1.2 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.

This year a new measure has been introduced to reflect the range of accommodation offered on the Island in comparison to the amount West Australians spend on overnight accommodation while travelling within Western Australia. It is a measure of the amount that Western Australians have chosen to spend on accommodation, based on the standard of holiday they are seeking and their budget.

The comparison is made with data obtained from the *National Visitor Survey 2002* (NVS) conducted by the Bureau of Tourism Research (BTR). The BTR interviewed West Australians on their return from their trip away during 2002 and obtained a range of information, including the amount that was spent on accommodation. They calculate that on average in 2002 West Australians, who paid for their overnight accommodation while away from home for holiday/leisure purposes, spent \$59.67 per person per night.

This is compared to the cost per bed for the range of accommodation offered by the Rottnest Island Authority. As the accommodation price per night decreases with the number of nights booked comparison is provided with four nights of accommodation as this is the average length of time that accommodation was booked in 2002/2003. As there was a price increase for Authority accommodation from 1 January 2003, the most recent peak rate prices have been quoted. It should be noted that a 20 percent discount operates in the winter months with a further 20 percent discount offered to pensioners during this period. The price range of accommodation offered by the Authority was \$6.00 to \$45.94 per bed per night.

Accessibility of Rottnest Island accommodation

	2001/02	2002/03	Target
Percent of Authority accommodation cheaper than average paid by West Australians holidaying in Western Australia	100%	100%	80%
Price range of Authority accommodation (cost/bed/night) – 4 nights accommodation	\$6.00 - \$37.60	\$6.00 - \$45.94*	-
Average spent by West Australians (BTR National Visitor Survey)	\$64.12 (2001)	\$59.64 (2002)	-

*From 1 January 2003

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

Accessibility of Rottnest Island Tours

	1999/00	2000/01	2001/02	2002/03	Target
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)	75%	69%	66%	71%	<75%

1.3 Water Consumption

Rottnest Island receives less rainfall, on average, than the Perth metropolitan area. Water for human consumption is sourced from rainwater collected in the catchment area, groundwater bores and a desalination plant.

Abstraction of groundwater may have subsequent impacts on the water quality and habitat value for fauna communities. Two shallow unconfined aquifers (known as Oliver Hill and Wadjemup mounds) are present on Rottnest Island. These aquifers may feed

some freshwater seepages along swamps and lake edges. There are a number of salt lakes, swamps, and ephemeral freshwater pools located on the eastern side of the Island. The Island's wetlands provide habitat and a water source for a range of flora and fauna. The lakes and swamps of Rottnest Island are measured for conductivity (an indicator of salinity) on a monthly basis. Peizometers have been installed at most lakes and swamps to measure the conductivity of the freshwater seeps. Because of its relatively undisturbed state, Barker Swamp is representative of pre-disturbance swamp conditions. It is also located on the edge of the Wadjemup mound and may be affected by water abstraction from bores although the relationship is not well understood.

The Authority records the production rates of the three sources of potable water supply.

Source of water abstraction

Source	2000/01	2001/02	2002/03
Bores	58.22%	32.02%	21.44%
Desalination plants	34.58%	56.12%	70.15%
Water catchment	7.20%	11.86%	8.41%
Total water consumed (kl)	144,557	123,281	122,923

Both water catchment and groundwater abstraction from the bore field over the Wadjemup mound are rainfall dependent water sources. In 2000/2001 groundwater was the main source of potable water. In 2002/2003, desalination was the main source of potable water and will continue to be so in the future.

1.4 Water Quality Within the Island's Marine Environment

A key indicator of success in managing the impact of visitors on the Island's natural environment is compliance with swimming water health standards.

The Rottnest Island Authority uses the ANZECC (Australian and New Zealand Environment Conservation Council) guidelines for primary contact to determine the quality of the marine environment around Rottnest Island with respect to bacterial loads. The Authority coordinates a program of water sampling from 11 locations. As well as sampling for Thermotolerant coliforms and Enterococci, details of boating numbers, boat types, swimmers, weather conditions, and environmental factors are recorded at the time of sampling.

During 2002/2003 the marine monitoring program was reviewed and revised with assistance from the Department of Health. An increase in the frequency of sampling was undertaken during high swimmer and boating activity periods (Christmas and New Year, Easter, Anzac Day and other public holidays) to determine the marine water quality at times of heavy usage. During 2002/2003 there were 23 sampling events which provided a total of 241 samples.

Safe swimming water – Proportion of samples that met ANZECC guidelines

Indicator	2000/01	2001/02	2002/03	Target
Thermotolerant coliforms	97.65%	98.61%	99.17%	100%
Enterococci	92.86%	89.58%	92.53%	100%

Six samples collected in April and May 2003 from bay waters provided high levels of Enterococci. These samples were taken a few days after rain and storm events. The most likely explanation for non compliance for these samples is that the heavy rainfall may have added to the bacterial loading of marine waters sampled, due to storm water run off from the terrestrial environment. This would be considered to be a natural occurrence. Other days of non-compliance occurred in December, January, and April (Easter). These are periods of high water-based activity.

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 is implementing a 20-year Woodland Restoration Strategy. 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 survey was conducted in 2002/2003. The target is to achieve the return of 66 percent of 368 hectares outside the Settlement area to woodland by 2017/2018. The survey will be repeated in 2007/2008.

Percentage of Island revegetated

1997/98	2002/03	2017/18 Target
16%	25%	66%

The Authority planned to plant 55,000 seedlings in 2002/2003 and succeeded in planting 53,030. The shortfall of 1,970 trees can be attributed to a reduction in the number of volunteers due to inclement weather during the 2003 planting season. Approximately 7.5ha was planted. Planting will however continue during the remainder of the 2003 winter. The target set for 2003/2004 is 55 000 seedlings.

1.6 Biodiversity of Terrestrial Vertebrate Fauna

Biodiversity is the variety of life forms, the genes they contain and the ecosystems they form. It is a measure of the resilience of the environment to recover and cope with stress caused by stressors such as drought and human induced habitat change. Measurement of biodiversity demonstrates the success of the Authority's management strategies in ameliorating threatening agents such as fire, pests, weeds, human activity and disease, which can impact on the functioning of native ecosystems.

A simple measure of biodiversity is to count the number of species present, with the higher the number, the greater the biodiversity. 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 target is to ensure that there is no loss of local, native vertebrate fauna species from Rottnest Island.

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 faunal biodiversity was measured between 1998 and 2003 through a variety of surveys conducted by the Rottnest Island Authority, Birds Australia, researchers and volunteers. The surveys recorded 3 frog species, 15 reptile species, 82 bird species, and 5 terrestrial mammal species. These results are similar to those from the 1997/98 fauna surveys except that 5 more species of reptile and 11 more species of bird were found.

Additional reptile species were found in 2002/2003 as the surveys were more intensive, sampled more sites and undertaken at times of high reptile activity. These species had been previously recorded on Rottnest Island and their sighting in the 2002/2003 surveys has reconfirmed their presence.

Rottnest Island has approximately 49 species of resident or regular migrant terrestrial birds. Other bird species are classed as occasional vagrants as they do not spend a regular period of time on the island and do not rely on Rottnest Island for food or breeding. Therefore, recorded vagrant species can vary considerably from year to year and 7 species were seen only in 1997/98 while 18 other species were seen only in the surveys undertaken for 2002/03. All 49 resident and regular migrant birds were observed in both surveys, with the differences in vagrant birds being part of the normal migration and movement patterns. One significant difference is the Rainbow Lorikeet, an introduced bird to Western Australia, which was seen in 1997/98 but was not present in the 2002/03 surveys.

Five bird and three mammal species were found that are not native to Rottnest Island. Of the introduced mammals, the Feral Cat was eradicated from the Island (with the last one removed in November 2002) and the Black Rat was not recorded in the fauna surveys undertaken. The House Mouse is the only non-native mammal present in substantial numbers.

Two of the non-native bird species present on the island, the Ring-necked Pheasant and the Peafowl, were introduced deliberately and remain on the island as they form part of the cultural heritage. Peafowl numbers are stable, however the number of Pheasant has increased in recent years and they are now seen in and around the settlement. Spotted and Laughing Turtle-doves were deliberately introduced to Western Australia around 1898 and arrived on Rottnest Island in the 1930's.

Number of species 1997/98 and 2002/03

	1997/98	2002/03
Amphibians	3	3
Reptiles	10	15
Birds	71	82
Mammals	5	5

Biodiversity of terrestrial vertebrate fauna 1998 - 2003

Frogs	Brown Goshawk*	Horsfield's Bronze-cuckoo*
Western Green Tree or Motorbike Frog	Nankeen Kestrel	Southern Boobook*
Moaning Frog	Australian Hobby*	Barn Owl
Sandplain Froglet	Buff-banded Rail*	Fork-tailed Swift*
	Painted Button Quail*	Sacred Kingfisher
Reptiles	Bar-tailed Godwit	Rainbow Bee-eater
Marbled Gecko	Whimbrel	White-browed Scrub Wren
South-western Spiny-tailed Gecko*	Common Greenshank	Western Gerygone
South-western Sandplain Worm Lizard*	Common Sandpiper	Singing Honeyeater
Burton's Legless Lizard	Grey Tailed Tattler	White-fronted Chat
South-western Cool Skink*	Terek Sandpiper*	Red-capped Robin
West Coast Ctenotus	Ruddy Turnstone	Golden Whistler
King's Skink	Great Knot**	Magpie-lark
Two-toed Earless Skink	Sanderling	Black-faced Cuckoo Shrike
Perth Lined Lerista*	Red-necked Stint	Australian Raven
Western Worm Lerista	Sharp-tailed Sandpiper*	Richard's Pipit
Common Dwarf Skink*	Pectoral Sandpiper*	Welcome Swallow
Western Pale-flecked Morethia	Curlew Sandpiper	Tree Martin
Bobtail	Red-necked Phalarope	Silvereye
Southern Blind Snake	Pied Oystercatcher	
Dugite	Black-winged Stilt	
	Banded Stilt	Mammals
	Red-necked Avocet	House Mouse+
Birds	Pacific Golden Plover*	Black Rat + #
Ring-necked Pheasant+	Grey Plover	Quokka
Indian Peafowl+	Red-capped Plover	White-striped Mastiff Bat
Australian Wood Duck*	Mongolian Plover	Feral Cat + ##
Australian Shelduck	Large Sand Plover	
Pacific Black Duck	Banded Lapwing	
Grey Teal	Pacific Gull	
Hoary-headed Grebe	Silver Gull	
Wedge-tailed Shearwater	Caspian Tern	
Yellow-nosed Albatross*	Crested Tern	
Red-tailed Tropicbird*	Roseate Tern	
Australasian Gannet	Fairy Tern	
Little Pied Cormorant	Bridled Tern	
Pied Cormorant	Rock Dove+*	
Australian Pelican	Laughing Turtle-dove+	
White-faced Heron	Spotted Turtle-dove+	
Eastern Reef Heron	Galah	
Osprey	Purple-crowned Lorikeet*	
Black-shouldered Kite	Rock Parrot	
Little Eagle*	Fan-tailed Cuckoo	
White-breasted Sea Eagle		

* species not recorded in 1997/98 report
+ introduced species
not recorded in survey
no longer present as at Nov 2002

The target is no decrease in the number of fauna species native to Rottnest Island.

1.7 Conservation of Cultural Heritage

Rottneest Island has been identified 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) 1999*.

The indicator for cultural heritage has been revised to reflect the condition of all 59 Rottneest Island sites listed on the Heritage Council of Western Australia's Register of Heritage Places. A heritage maintenance checklist has been developed, based on a framework provided by the HCWA, to fully assess the condition of each heritage asset. Each heritage asset is inspected and assessed by a suitably qualified RIA staff member, and then given overall rating of 'good', 'fair' or 'poor' (as defined by the HCWA). The assets are described as 'buildings' or 'other'.

A conservation plan determines the cultural significance of a heritage place and consequently develops guidelines/policies for how the place should be conserved, maintained and developed. Generally conservation plans should be reviewed at least every ten years.

Condition of State Heritage registered buildings on Rottneest Island

Condition	2002/03	Target
Good	33%	Heritage buildings in fair or good condition: 90%
Fair	55%	
Poor	12%	

Condition of other* State Heritage registered structures and sites on Rottneest Island

Condition	2002/03	Target
Good	25%	Other structures and sites in fair or good condition: 88%
Fair	63%	
Poor	12%	

* 'Other' is intended to cover a miscellany of structures and sites, including ruins, walls, monuments, and military installations that could not be described as buildings.

State Heritage registered assets with conservation plans

Status of conservation plan	2002/03	Target
In place	61%	Percent of heritage buildings, and other sites and buildings with conservation plans: 64%
In place but out-dated	0%	
No plan	39%	

Minor maintenance has been undertaken on heritage buildings as part of the general maintenance program. The RIA Heritage Asset Register was reviewed in 2002/2003 and further heritage assets identified. It is yet to be determined if these assets are to be included on the Heritage Council of Western Australia's Register of Heritage Places and are therefore not included in the above assessment.

2. Efficiency Indicators

Output One: Provision of Services to Visitors

2.1 Weighted Average Cost Per Visitor Service Provided

The efficiency indicator for output one 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 one 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.

Weighted average cost per visitor service provided

	1999/00 Actual	2000/01 Actual	2001/02 Actual	2002/03 Actual
Cost per service	\$29.34	\$36.29	\$37.62	\$35.84
Cost per service (adjusted for CPI)		\$35.42	\$35.41	\$32.62

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 has decreased in 2002/2003 indicating greater efficiencies in providing services to visitors.

Output Two: Conservation of the Natural and Cultural Environment

2.2 Comparison of Total Operating Expenses as a Percentage of Conservation Assets

This is a measure of the Authority's efficiency in managing the heritage and conservation assets. Total operating costs are expressed as a percentage of the value of Rottnest Island's conservation assets as at 30 June 2003.

In 2002/2003 the Department of Land Administration provided a valuation of the land and building values, including the surrounding seabed of the Reserve. The marine portion of the Reserve was not valued in previous years. Both values are reported to provide a suitable comparison with prior years.

Total operating expenses as a percentage of conservation assets

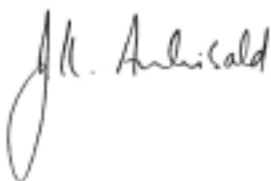
	2000/01 Actual	2001/02 Actual	2002/03 Actual
Total operating expenses as a percentage of conservation assets	3.1%	4.0%	3.2%
Total operating expenses as a percentage of conservation assets (including the marine portion of the Reserve)	N/A	N/A	3.0%

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

The accompanying financial statements of the Rottneest 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 2003 and the financial position as at 30 June 2003.

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
Chairman

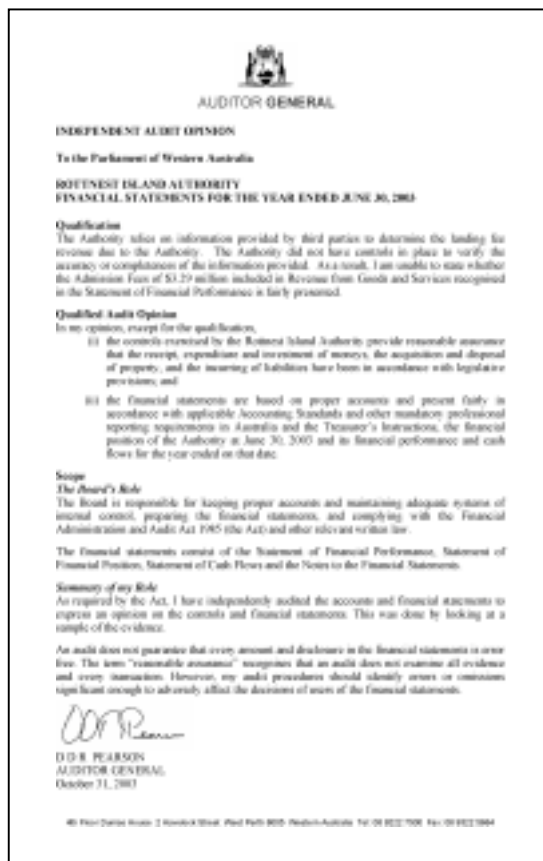


Laurie O'Meara
Deputy Chairman



M Colyer
Principal Accounting Officer

28 August 2003



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ROTTNEEST ISLAND AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

Qualification

The Authority relies on information provided by third parties to determine the liability 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 Admission Fees of \$3.29 million included in Revenue from Grants and Services recognised in the Statement of Financial Performance is fairly presented.

Qualified Audit Opinion

In my opinion, except for the qualifications,

(i) the controls exercised by the Rottneest Island Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(ii) 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, 2003 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every account and disclosure in the financial statements is correct. The term "reasonable assurance" recognizes that an audit does not examine all evidence and every transaction. However, any audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D. R. Pearson

D. R. PEARSON
AUDITOR GENERAL
October 31, 2003

40 Flinders Street, 2nd Floor, Perth WA 6000, Western Australia Tel: 08 9221 7000 Fax: 08 9221 1884

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2003

	Note	2002/2003 \$	2001/2002 \$
REVENUE			
Revenue from ordinary activities			
<i>Revenue from operating activities</i>			
Trading Profit	2	2,385,002	2,577,454
Goods and services	3	17,811,773	17,169,209
Commonwealth grants and contributions	4	12,500	0
<i>Revenue from non-operating activities</i>			
Interest revenue		26,097	41,722
Other revenues from ordinary activities	6	384,606	518,667
Total revenues from ordinary activities		20,619,978	20,307,052
EXPENSES			
Expenses from ordinary activities			
Employee expenses	7	6,749,292	6,415,476
Supplies and services	8	11,866,072	11,585,317
Depreciation expense	9	3,169,754	3,447,568
Borrowing costs expense	10	409,404	465,562
Administration expenses	11	966,523	988,888
Accommodation expenses	12	142,331	135,403
Other expenses from ordinary activities	13	926,602	1,541,400
Total expenses from ordinary activities		24,229,978	24,579,614
Loss from ordinary activities before grants and subsidies from State Government		(3,610,000)	(4,272,562)
Grants and subsidies from State Government	14	3,000	1,727,753
Initial recognition of assets not previously recognised	15	5,731,320	0
NET PROFIT/(LOSS)		2,124,320	(2,544,809)
Net increase in asset revaluation reserve		3,492,665	500,000
Total revenues, expenses and valuation adjustments recognised directly in equity		3,492,665	500,000
Total changes in equity other than those resulting from transactions with WA State Government as owners		5,616,985	(2,044,809)

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

STATEMENT OF FINANCIAL POSITION

As At 30 June 2003

	Note	2002/2003 \$	2001/2002 \$
Current Assets			
Cash assets	27(a)	1,693,197	1,517,940
Restricted cash assets	27(a)	10,000	13,744
Inventories	16	235,352	228,283
Receivables	17	1,152,331	962,779
Other assets	18	232,436	173,743
Total Current Assets		3,323,316	2,896,489
Non-Current Assets			
Property, plant, equipment & vehicles	19	95,234,958	89,962,678
Infrastructure	20	18,369,759	16,751,314
Works of art	21	23,095	23,095
Total Non-Current Assets		113,627,812	106,737,087
Total Assets		116,951,128	109,633,576
Current Liabilities			
Payables	22	565,491	1,107,757
Interest-bearing liabilities	23	0	295,631
Provisions	24	811,849	880,134
Other liabilities	25	6,139,507	5,254,184
Total Current Liabilities		7,516,847	7,537,706
Non-Current Liabilities			
Interest-bearing liabilities	23	4,690,568	4,690,568
Provisions	24	672,249	677,823
Total Non-Current Liabilities		5,362,817	5,368,391
Total Liabilities		12,879,664	12,906,097
NET ASSETS		104,071,464	96,727,479
Equity			
Contributed Equity	26	1,727,000	0
Reserves		89,009,445	85,516,780
Retained Profits		13,335,019	11,210,699
TOTAL EQUITY		104,071,464	96,727,479

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

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2003

	Note	2002/2003	2001/2002
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		2,384,235	2,607,777
Goods and services		17,658,329	16,785,760
Commonwealth grants and contributions		12,500	0
Interest Received		26,394	43,034
GST receipts on sales		2,248,570	1,984,289
Other receipts		321,924	292,239
Payments			
Employee costs		(6,865,523)	(5,907,443)
Supplies & services		(12,573,805)	(12,608,072)
Borrowing costs		(420,017)	(491,966)
GST payments on purchases		(1,438,502)	(1,504,379)
GST payments to taxation authority		(809,716)	(661,751)
Other payments		(922,916)	(748,743)
Net cash provided by/(used in) operating activities	27(b)	(378,527)	(209,255)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(884,329)	(1,330,283)
Net cash provided by/(used in) investing activities		(884,329)	(1,330,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Borrowings		(295,631)	(652,020)
Net cash provided by (used in) financing activities		(295,631)	(652,020)
CASH FLOWS FROM STATE GOVERNMENT			
Grants & Subsidies		3,000	1,727,753
Equity contribution		1,727,000	0
Net cash provided by State Government		1,730,000	1,727,753
NET increase/(decrease) in cash held		171,513	(463,805)
Cash assets at the beginning of the financial year		1,531,684	1,995,489
Cash assets at the end of the financial year	27(b)	1,703,197	1,531,684

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2003

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 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 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.

Basis of Accounting

The financial 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 fair value.

(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 estimated useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is calculated on the straight line basis, using rates which are reviewed annually. Depreciation rates used are as follows:

Buildings.....	4%
Computers & Electronic Equipment.....	33.33%
Furniture.....	20%
Plant & Vehicles.....	From 0-25%
Leasehold Improvements.....	20%
Infrastructure.....	From 1-11%

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 Plant and Vehicles class, has been determined to have similar characteristics to the Authority's works of art with respect to useful life and service potential.

The Railway, which was formerly depreciated on a reducing value basis over the estimated useful life of the asset, is now depreciated on the same straight line basis as all other assets.

(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 net of outstanding bank overdrafts. 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*

Receivables are recognised as the amounts receivable as they are 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. Payables 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 benefits*

Annual Leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and accuracy that match, as closely as possible, the estimated future cash outflows.

Time in Lieu Provision

The flexible working hours provisions of the Authority's enterprise bargaining agreements 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 6.10 of AASB 1028 (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.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

See notes 7 and 24.

(m) Accrued Salaries

Accrued salaries (refer note 25) 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.

At a General Meeting held on 23 May 2002 the Trustees determined that the Trust be dissolved. The financial transactions and affairs of the Trust were concluded on 31 March 2003 when the remaining cash at bank balance of \$8,735 and the liability of \$3,950 were transferred to 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.

	2002/03 \$	2001/02 \$
2. Trading Profit		
Sales	3,938,724	4,181,297
Cost of Sales:		
Opening Inventory	(222,291)	(253,066)
Purchases	(1,566,783)	(1,573,068)
	(1,789,074)	(1,826,134)
Closing Inventory	235,352	222,291
Cost of Goods Sold	(1,553,722)	(1,603,843)
Trading Profit	2,385,002	2,577,454
3. Goods and Services		
Accommodation Charges	8,563,077	8,579,214
Lease & Licence Revenue	1,555,604	1,922,554
Admission Fees	3,290,608	3,272,094
Facilities & Tours	2,931,261	2,033,069
Utility Charges	833,337	803,420
Housing Rentals	301,813	299,196
Commissions	336,073	259,662
	17,811,773	17,169,209
4. Commonwealth grants and contributions		
Coastcare Grants Program	12,500	0
	12,500	0

	2002/03 \$	2001/02 \$
5. Net profit/(loss) on disposal of non-current assets		
<u>Loss on Disposal of Non-Current Assets</u>		
Plant	(2,626)	(3,816)
Buildings	(44,873)	(4,495)
Net profit/(loss)	(47,499)	(8,311)
6. Other revenues from ordinary activities		
Services received free of charge	37,836	213,418
Contribution to Works	283,364	209,813
Donations	226	505
Miscellaneous	63,180	94,931
	384,606	518,667
7. Employee expenses		
Wages and salaries	4,894,223	4,409,470
Superannuation	450,035	453,436
Long service leave	194,898	135,517
Annual leave	322,109	407,435
Other related expenses (i)	888,027	1,009,618
	6,749,292	6,415,476
(i) These employee expenses include superannuation, payroll tax, workers compensation insurance 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 benefit liabilities at Note 24.		
8. Supplies and Services		
Consultants and contractors	10,815,430	10,441,282
Materials	110,473	95,379
Repairs and maintenance	370,939	483,152
Other	569,230	565,504
	11,866,072	11,585,317
9. Depreciation expense		
Buildings	1,101,653	1,473,606
Computers & Electronic	54,831	70,114
Furniture	97,201	203,425
Plant & Vehicles	270,982	141,425
Leasehold Improvements	15,498	36,261
Infrastructure	1,629,589	1,522,737
	3,169,754	3,447,568
10. Borrowing cost expense		
Interest Paid	399,727	455,118
Fees	9,677	10,444
	409,404	465,562

	2002/03 \$	2001/02 \$
11. Administration expenses		
Communication	200,358	263,689
Consumables	180,896	234,844
Other	585,269	490,355
	966,523	988,888
12. Accommodation expenses		
Lease rentals	97,369	99,150
Repairs & maintenance	10,540	3,687
Cleaning	18,497	16,633
Other	15,925	15,933
	142,331	135,403
13. Other expenses from ordinary activities		
Doubtful debts expense	158	783,007
Furniture, fittings & equipment replacement	179,917	150,110
Minor Works	676,331	561,265
Carrying amount of non-current assets disposed of	47,499	8,311
Other	22,697	38,707
	926,602	1,541,400
14. Grants and subsidies from Government		
Department of Fisheries	3,000	0
Upgrade Program	0	1,717,000
Loan Subsidies	0	10,753
	3,000	1,727,753
15. Initial recognition of assets not previously recognised		
Marine Reserve	3,800,000	0
Main Jetty and Breakwater	1,931,320	0
	5,731,320	0
On 29 July 2002 the Department for Planning and Infrastructure granted the Authority a licence to use and maintain the jetty for five years.		
16. Inventories		
Inventories held for resale		
Hotel Food & Beverage Stock	134,801	121,212
Visitors Centre Stock	75,014	72,455
Post Office	17,249	17,803
Golf Stock	2,056	6,517
Kingstown Stock	1,764	2,535
Bike Hire Beverage Stock	4,468	1,768
	235,352	222,290

	2002/03 \$	2001/02 \$
Inventories not held for resale:		
E-Shed Stock	0	5,993
Total Inventories	235,352	228,283

Stationery and incidental stock at E-Shed have been expensed during the year.

17. Receivables

Current		
Trade Debtors	1,788,931	1,697,101
GST Receivable	320,238	222,342
Provision for Doubtful Debts	(956,838)	(956,664)
	1,152,331	962,779

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 \$846,482, with respect to admission fees and other monies collected by one ferry operator, Banwell Pty Ltd, trading as Boat Torque Cruises.

The Crown Solicitor, acting on the Authority's behalf, has taken action to seek to recover the unremitted admission fees.

	2002/03 \$	2001/02 \$
18. Other assets		
Current		
Prepayments	40,171	49,907
Other Debtors	190,378	121,652
Accrued Interest Receivable	1,887	2,184
	232,436	173,743

19. Property, plant, equipment and vehicles

Land		
At fair value (1)	66,400,000	60,000,000
Buildings		
At cost	260,564	11,367,047
Accumulated depreciation	(41,817)	(1,661,731)
At fair value (1)	27,318,962	24,439,001
Accumulated depreciation	(1,126,137)	(4,886,600)
	26,411,572	29,257,717

	2002/03 \$	2001/02 \$
Computers & Electronic Equipment		
At cost	0	442,692
Accumulated depreciation	0	(399,638)
At fair value (1)	172,862	57,250
Accumulated depreciation	(54,831)	(57,245)
	118,031	43,059
Furniture		
At cost	1,070,419	1,084,751
Accumulated depreciation	(936,033)	(850,059)
	134,386	234,692
Plant & Vehicles		
At cost	684,344	797,495
Accumulated depreciation	(447,946)	(490,003)
At fair value (1)	1,753,068	152,882
Accumulated depreciation	(180,786)	(114,660)
	1,808,680	345,714
Leasehold Improvements		
At cost	233,407	233,407
Accumulated depreciation	(195,952)	(180,454)
	37,455	52,953
Work Under Construction		
At cost	324,834	28,543
	95,234,958	89,962,678

- (1) The revaluation of land, buildings, computers and electronic equipment, and plant and vehicles was performed as at 1 July 2002 in accordance with an independent valuation by the Valuer General's Office. The primary valuation method to determine fair value was market comparison, supplemented by the depreciated replacement cost method where there was insufficient market data or equipment is of a specialised nature.

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current financial year are set out below.

2002/03	Land	Buildings	Computers / Electronic	Furniture	Plant / Vehicles	Leasehold Imprmt	Works in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at start of year	60,000,000	29,257,717	43,059	234,692	345,714	52,953	28,543	89,962,678
Additions	3,800,000	103,806	98,363		250,392			4,252,561
Transfers		(69,947)		(3,105)	1,545,803		296,291	1,769,042
Disposals		(44,873)			(2,626)			(47,499)
Revaluation	2,600,000	(1,733,478)	31,440		(59,621)			838,341
Increments								
Depreciation expense		(1,101,653)	(54,831)	(97,201)	(270,982)	(15,498)		(1,540,165)
Carrying amount at end of year	66,400,000	26,411,572	118,031	134,386	1,808,680	37,455	324,834	95,234,958

The Railway and Guns sub-classes of assets were transferred during the year from the Infrastructure class to the Plant and Vehicles class.

	2002/03 \$	2001/02 \$
20. Infrastructure		
At cost	3,255,030	5,217,692
Accumulated depreciation	(1,975,703)	(1,932,410)
At fair value (1)	18,675,496	16,663,273
Accumulated depreciation	(1,606,567)	(3,261,312)
Under construction	21,503	64,071
	<u>18,369,759</u>	<u>16,751,314</u>

(1) The revaluation was performed as at 1 July 2002 in accordance with an independent valuation by the Valuer General's Office. The primary valuation method to determine fair value was market comparison, supplemented by the depreciated replacement cost method where there was insufficient market data or equipment is of a specialised nature.

	2002/03 \$	
Reconciliations		
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	16,751,314	
Additions	2,066,461	
Transfers	(1,472,751)	
Revaluation increments	2,654,324	
Depreciation expense	(1,629,589)	
Carrying amount at end of year	<u>18,369,759</u>	
	2002/03 \$	2001/02 \$

21. Works of art

At fair value	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 AASB 1041 (para. 8.10).

	2002/03 \$	2001/02 \$
22. Payables		
Trade payables	565,491	1,107,757
	565,491	1,107,757
23. Interest-bearing liabilities		
Current		
Western Australian Treasury Corporation Loans	0	295,631
Non-current		
Western Australian Treasury Corporation Loans	4,690,568	4,690,568
Debt repayment has been suspended for the year 2003/04.		
24. Provisions		
Current		
Annual leave	396,034	437,869
Long service leave	215,612	205,727
Time in lieu	52,297	80,573
Superannuation (ii)	40,097	40,097
Leave purchase	1,279	0
Employment on-costs (i)	106,530	115,868
	811,849	880,134
Non-current		
Long service leave	228,364	129,172
Superannuation (ii)	407,347	527,984
Employment on-costs (i)	36,538	20,667
	672,249	677,823

(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 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 benefits approximates the net fair value.

	2002/03 \$	2001/02 \$
Employee Benefit Liabilities		
The aggregate employee benefit liability recognised and included in the financial statement is as follows:		
Provision for employee benefits:		
Current	811,849	880,134
Non-current	672,249	677,823
	1,484,098	1,557,957

25. Other liabilities

Current		
Refundable deposits and bonds	3,667,735	3,600,729
Accrued expenses	2,190,068	1,321,932
Accrued salaries	154,050	125,465
Accrued interest	95,074	105,687
Lessee rent reduction	0	83,333
Unclaimed money	32,580	17,038
	6,139,507	5,254,184

26. Equity

Contributed Equity		
Opening balance		
Contribution by State Government (i)	1,727,000	0
Closing balance	1,727,000	0

- (i) From 1 July 2002 the capital appropriation has been designated as a Contribution by Owners in accordance with TI 955

Reserves		
Asset Revaluation Reserve (i)		
Opening balance	85,516,780	85,016,780
Land	2,600,000	500,000
Buildings	(1,733,478)	0
Computers & Electronic Equipment	31,440	0
Plant & Vehicles	(59,621)	0
Infrastructure	2,654,324	0
Closing balance	89,009,445	85,516,780

- (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).

Retained profits		
Opening balance	11,210,699	13,755,508
Net (loss)/profit	2,124,320	(2,544,809)
Closing balance	13,335,019	11,210,699

	2002/03 \$	2001/02 \$
27. Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	1,693,197	1,517,940
Restricted cash assets	10,000	13,744
	<u>1,703,197</u>	<u>1,531,684</u>
Bank accounts are maintained at BankWest and the Commonwealth Bank and cash floats are carried within the business centres.		
Two term deposits of \$5,000 each held as guarantees in relation to the TAB facility at the Hotel are considered to be restricted cash assets.		
(b) Reconciliation of profit/(loss) from ordinary activities to net cash flows provided by/(used) in operating activities:		
Profit/(Loss) from ordinary activities	2,124,320	(2,544,809)
Non-cash items:		
Depreciation expense	3,169,754	3,447,568
(Profit)/loss on sale of property, plant & equipment	47,499	8,311
Doubtful debts expense	158	783,007
Grants and subsidies from Government	(3,000)	(1,727,753)
Initial recognition of assets not previously recognised	(5,731,320)	0
(Increase)/decrease in assets:		
Receivables	(91,830)	(566,009)
Inventories	(7,069)	32,198
Other assets	(58,693)	(60,020)
Increase/(decrease) in assets:		
Payables	(542,266)	257,095
Provisions	(73,859)	290,021
Other Liabilities	885,323	(77,115)
Net GST receipts/(payments) (i)	352	(181,841)
Change in GST receivables/payables (ii)	(97,896)	130,092
Net cash provided by/(used in) operating activities	(378,527)	(209,255)

- (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.

	2002/03 \$	2001/02 \$
28. Services received free of charge		
Services were provided to the Authority free of charge by the following State Government agencies:		
Main Roads Department		
- Maintenance of roads	0	180,000
Health Department		
- Health surveillance	25,000	25,000
Crown Solicitor's Office		
- Legal services charges	12,836	8,418
	37,836	213,418

29. Commitments for expenditure

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	158,000	215,000
---------------	---------	---------

The capital commitments include amounts for:

Buildings	53,000	0
Computers & Electronic	36,000	0
Plant & Vehicles	35,000	0
Infrastructure	34,000	215,000
	158,000	215,000

(b) Lease Commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	351,650	408,033
Later than 1 year and not later than 5 years	361,212	663,511
	712,862	1,071,544

Representing:

Non-cancellable operating leases	712,862	1,071,544
----------------------------------	---------	-----------

Office accommodation is sublet from the Government Property Office and rent is payable monthly in advance. An option to renew the lease for five years, after an initial five year term, has been taken up. The rental is subject to review on predetermined dates, based on CPI adjustment.

Office equipment is leased over four year terms with charges payable either quarterly or monthly in advance. Options exist to continue leasing beyond the expiry date or to purchase at residual value.

30. Contingent Liabilities and Contingent Assets

Contingent Liabilities

In addition to the liabilities incorporated in the financial statements, the Authority has the following contingent liabilities:

(a) Litigation in progress

The Authority is currently defending a Supreme Court Action, for which there is no formally quantified claim. A claim against the Authority for some \$100,000 is the subject of a District Court action with the same counter-party.

The Authority is currently defending an unquantified District Court Action from a former lessee.

(b) Native Title Claims

Native title claims have been made on Authority land but as yet no claims have been determined by the National Native Title Tribunal. It is not practicable to estimate the potential financial effect of these claims at this point in time.

(c) Treatment of asbestos materials

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.

(d) Treatment of contaminated sites

The RIA is monitoring the remediation of two known contaminated sites and will continue to develop management strategies to address this issue.

Contingent Assets

In addition to the assets incorporated in the financial statements, the Authority has the following contingent assets.

(a) Litigation in progress

Consent orders have been filed with the District Court in an action against a former lessee in relation to lease and other financial obligations.

Proofs of debt in the order of \$750,000 have been lodged with the Boat Torque Group of Companies Administrator in relation to unremitted Island admission fees and outstanding trading accounts.

31. Events Occurring After Reporting Date

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

32. 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.

	2002/03 \$	2001/02 \$	Variance \$
Trading profit	2,385,002	2,577,454	192,452
Goods and services	17,811,773	17,169,209	642,564
Other revenues from ordinary activities	384,606	518,667	(134,061)
Employee expenses	6,749,292	6,415,476	333,816
Supplies and services	11,866,072	11,585,317	280,755
Depreciation expense	3,169,754	3,447,568	(277,814)
Other expenses from ordinary activities	926,602	1,541,400	(614,798)
Grants & subsidies	3,000	1,727,753	(1,724,753)
Initial recognition of assets not previously recognised	5,731,320	0	5,731,320

Trading profit

The variance reflects a reduction in profit from beverage sales at the Hotel.

Goods and services

The variance reflects additional revenue from bus tours and the inclusion of the Bike Hire operation as part of the Authority's activities for a full year.

Other revenues from ordinary activities

The variance reflects the reduced level of works performed by other agencies on the Authority's behalf.

Employee expenses

The variance reflects 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.

Depreciation expense

The variance reflects the effect of the revaluation of a significant proportion of the Authority's assets as at 1 July 2002.

Other expenses from ordinary activities

The variance reflects the significant doubtful debts expense in 2001/02.

Grants & subsidies

The variance reflects the change in accounting policy to recognise the State government assistance towards the Authority's capital works program as Contributed equity.

Initial recognition of assets not previously recognised

The variance relates to the Main Jetty and Breakwater and the Marine Reserve.

(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.

	2002/03 Estimates \$	2002/03 Actual \$	Variance \$
Trading profit	2,789,850	2,385,002	404,848
Other revenues from ordinary activities	246,780	384,606	(137,826)
Employee expenses	6,617,790	6,749,292	(131,502)
Depreciation expense	3,500,000	3,169,754	330,246
Administration expenses	1,157,480	966,523	190,957
Other expenses from ordinary activities	324,080	926,602	(602,522)
Grants & subsidies	1,727,000	3,000	1,724,000
Initial recognition of assets not previously recognised	0	5,731,320	(5,731,320)

Trading profit

The variance reflects a poorer than anticipated return from the Hotel operation.

Other revenues from ordinary activities

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

Employee expenses

The variance reflects a significant workers compensation insurance premium adjustment.

Depreciation expense

The variance reflects the effect of the revaluation of a significant proportion of the Authority's assets as at 1 July 2002, which had been estimated to have an expense neutral effect.

Administration expenses

The variance relates to insurance and communication costs.

Other expenses from ordinary activities

The variance relates to necessary minor works expenditure, particularly related to the treatment of asbestos materials.

Grants and subsidies

The variance reflects the change in accounting policy to recognise the State government assistance towards the Authority's capital works program as Contributed equity.

Initial recognition of assets not previously recognised

The variance relates to the Main Jetty and Breakwater and the Marine Reserve.

33. Financial Instruments**(a) Interest Rate Risk Exposure**

The following table details the Authority's exposure to interest rate risk as at the reporting date:

	Weighted average effective interest rate	Variable Interest rate	Fixed interest rate maturities			Non interest bearing	Total
	%	\$'000	Less than 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	\$'000	\$'000
30 June 2003							
Financial Assets							
Cash Floats & Operating Account						1,156	1,156
11am Account	3.00	547					547
Receivables						1,789	1,789
Other assets						2	2
		547				2,947	3,494
Liabilities							
Payables						565	565
Accrued Interest						95	95
Borrowings from WATC	7.96		1,875	2,164	651		4,690
			1,875	2,164	651	660	5,350
30 June 2002							
Financial assets	3.96	638				2,593	3,231
Financial liabilities	8.62		1,964	1,836	1,186	1,214	6,200

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.

	2002/03 \$	2001/02 \$
34. Remuneration of Members of the Accountable Authority and Senior Officers		
Remuneration of Members of the Accountable Authority		
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:	28,912	31,522
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.		
Remuneration of Senior Officers		
The number of Senior Officers other than senior officers reported as 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	0	1
10,001 – 20,000	1	0
30,001 – 40,000	1	1
70,001 – 80,000	0	1
90,001 – 100,000	0	2
100,001 – 110,000	2	1
130,001 – 140,000	1	0
140,001 – 150,000	1	0
160,001 – 170,000	0	1
The total remuneration of senior officers is:	502,452	586,555

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority.

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

35. Related Body

The Authority's relationship with the Rottnest Island Railway Trust facilitated the operation of the Oliver Hill Railway for the period ended 31 March 2003, at which time the financial transactions and affairs of the Trust concluded.

The achievement of the objectives of this relationship and the replacement of the Trust by an advisory body to the Authority's Board, 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.

	2002/03 \$	2001/02 \$
36. Remuneration of Auditor		
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	53,000	36,000
	53,000	36,000
37. Supplementary Information		
Write-Offs approved by the Board		
Bad Debts	83	267
Stock Write Off	2,272	166
Bikes Write Off	2,626	3,816
Hotel Equipment Write Off	0	4,495
	4,981	8,744
Cash Variances		
Net cash (surplus)/shortage	1,415	8,872

38. 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 Cultural 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	
	2002/03 \$	2001/02 \$	2002/03 \$	2001/02 \$	2002/03 \$	2001/02 \$
REVENUE						
Revenue from ordinary activities						
Trading profit	2,385,002	2,577,454			2,385,002	2,577,454
Goods and services	17,752,248	17,108,079	59,525	61,130	17,811,773	17,169,209
Commonwealth grants and contributions			12,500		12,500	
Interest revenue	26,097	41,722			26,097	41,722
Other revenues from ordinary activities	371,387	484,339	13,219	34,328	384,606	518,667
Total revenues from ordinary activities	20,534,734	20,211,594	85,244	95,458	20,619,978	20,307,052
EXPENSES						
Expenses from ordinary activities						
Employee expenses	5,675,110	5,068,120	1,074,182	1,347,356	6,749,292	6,415,476
Supplies & services	11,290,680	11,050,434	575,392	534,883	11,866,072	11,585,317
Depreciation expense	3,043,050	3,265,160	126,704	182,408	3,169,754	3,447,568
Borrowing costs expense	377,007	414,553	32,397	51,009	409,404	465,562
Administration expenses	827,440	814,118	139,083	174,770	966,523	988,888
Accommodation expenses	138,565	127,021	3,766	8,382	142,331	135,403
Other expenses from ordinary activities	856,241	1,417,524	70,361	123,876	926,602	1,541,400
Total expenses from ordinary Activities	22,208,093	22,156,930	2,021,885	2,422,684	24,229,978	24,579,614
Profit from ordinary activities before grants and subsidies from Government	(1,673,359)	(1,945,336)	(1,936,641)	(2,327,226)	(3,610,000)	(4,272,562)
Grants and subsidies from Government		1,647,984	3,000	79,769	3,000	1,727,753
Initial recognition of assets not previously recognised	1,931,320		3,800,000		5,731,320	0
Net Profit/(Loss)	257,961	(297,408)	1,866,359	(2,247,457)	2,124,320	(2,544,809)
Segment Assets	27,529,075	29,971,820	66,503,515	60,079,045	94,032,590	90,050,865
Unallocated assets					22,918,538	19,582,711
Total assets					116,951,128	109,633,576
Segment Liabilities	5,160,050	4,914,507	315,628	167,834	5,475,678	5,082,341
Unallocated liabilities					7,403,986	7,823,756
Total liabilities					12,879,664	12,906,097
Acquisition of property, plant, equipment and other non-current assets	353,416	797,942	76,279		429,695	797,942
Unallocated acquisitions					454,634	532,341
Total acquisitions					884,329	1,330,283
Non-cash expenses other than Depreciation	(24,110)	1,200,349	(11,755)	86,097	(35,865)	1,286,446

APPENDIX A - FINANCIAL ESTIMATES 2003/04

As required under Treasurer's Instructions (TI 953) following are the annual estimates for the Authority for the 2003/2004 financial year:

ROTTNEST ISLAND AUTHORITY

FINANCIAL ESTIMATES FOR 2003/2004

REVENUE

Revenues from ordinary activities

Revenue from operating activities

Trading Profit	218,250
Goods and services	19,198,745
Commonwealth grants and contributions	1,000,000

Revenue from non-operating activities

Interest revenue	24,000
Other revenues from ordinary activities	43,840
Total revenues from ordinary activities	20,484,835

EXPENSES

Expenses from ordinary activities

Employee expenses	6,703,030
Supplies and services	8,888,515
Depreciation expense	3,100,000
Borrowing costs expense	390,000
Administration expenses	1,334,990
Accommodation expenses	155,900
Other expenses from ordinary expenses	1,294,400
Total expenses from ordinary activities	21,866,835

Loss from ordinary activities before grants and subsidies from Government	(1,382,000)
--	--------------------

Grants and subsidies from Government	0
--------------------------------------	---

NET PROFIT	(1,382,000)
-------------------	--------------------
