



Rottnest Island Authority



ROTTNEST ISLAND  
WESTERN AUSTRALIA

Annual Report 2004-2005

The Hon Mark McGowan 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 2005.

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



Laurie O'Meara  
Chairman

**26 August 2005**

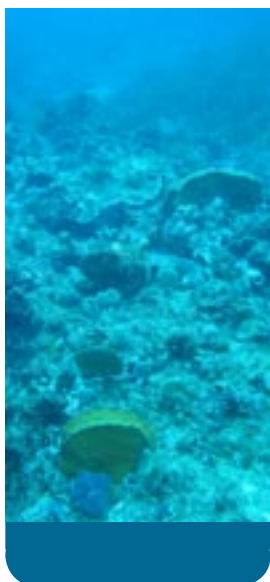
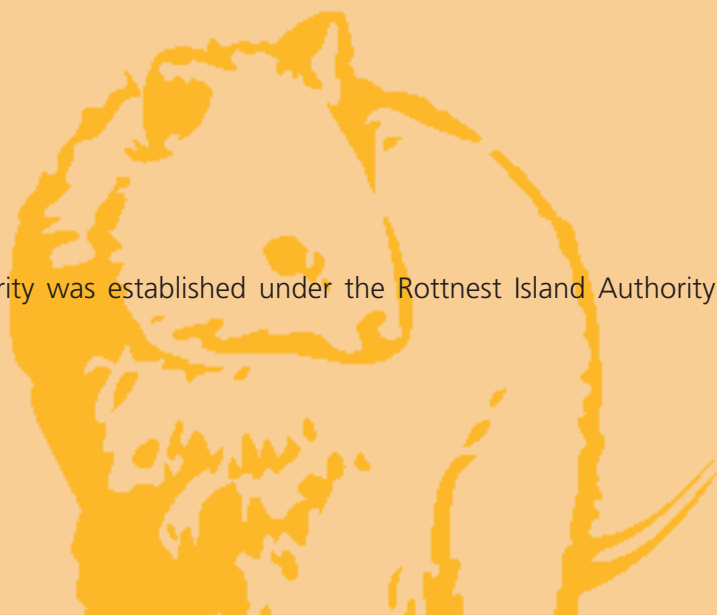


Maurie Woodworth  
Deputy Chairman

**26 August 2005**

### **Enabling Act**

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

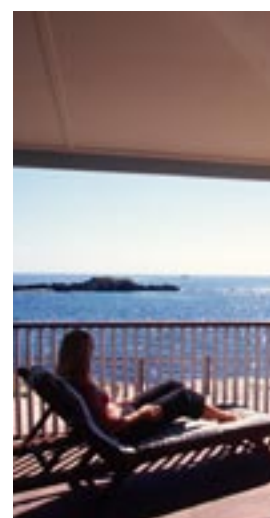


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Rottnest Island Authority  
Level 1, E Shed, Victoria Quay  
Fremantle WA 6160  
PO Box 693  
Fremantle WA 6959  
Phone: 08 9432 9300  
Fax: 08 9432 9301  
Website: [www.rottnestisland.com](http://www.rottnestisland.com)





## Our Organisation's Profile

### Our Purpose

The Rottnest Island Authority is a statutory authority, created by the *Rottnest Island Authority Act 1987*. The Authority's functions under the Act are:

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

### Our Philosophy

Rottnest will be a sustainable tourism destination for Western Australia, promoting exemplary service, unique features and environmentally responsible management.

eastern end of the Island, with the vast majority of the Island undeveloped. Private vehicles are not permitted on the Island, resulting in a unique visitor experience of relaxation and discovery.

### Our Customers

Around half a million people visit Rottnest Island every year. Approximately 70 percent of visitors are from Western Australia and 30 percent are from interstate or overseas. During 2004/2005, 319,167 visitors arrived by commercial ferry services and an estimated 150,000 travelled by private or charter vessel.

These figures place Rottnest Island as a more popular holiday site than Fraser Island in Queensland, Cradle Mountain in Tasmania and Kakadu National Park in the Northern Territory.

### Our Vision

Relax, Conserve, Discover.

### Our Operating Environment

Rottnest Island is a special place for Western Australians and a popular destination for interstate and international visitors. The Island is an A-class reserve situated 18 kilometres from the Port of Fremantle, the largest such reserve in the Indian Ocean. It is renowned for its sixty-three beaches, its unique flora and fauna and its rich cultural heritage.

Settlement of the Island is confined to the



## Our Product

Rottnest Island offers visitors a range of products and services, including:

### Accommodation

310 holiday units 1598 beds, 18 rooms at the Quokka Arms, 31 camping sites and 214 beds at Kingstown Barracks and YHA, 81 rooms at the Rottnest Lodge.

### Boating facilities

862 licensed moorings, 109 rental moorings and pens and fuel jetty

### Food & Beverage

10 restaurants and take-away outlets and 3 bars

### Retail

11 retail outlets including gift shop, general stores and beauty salon

### Conference facilities

Range of facilities for different needs

### Recreational

Boating, family activities, golf course, biking, scuba diving, wildflower and heritage tours and picture theatre

### Bike Hire

1700 bikes for hire

### Airport

Accessible by individual planes and charters

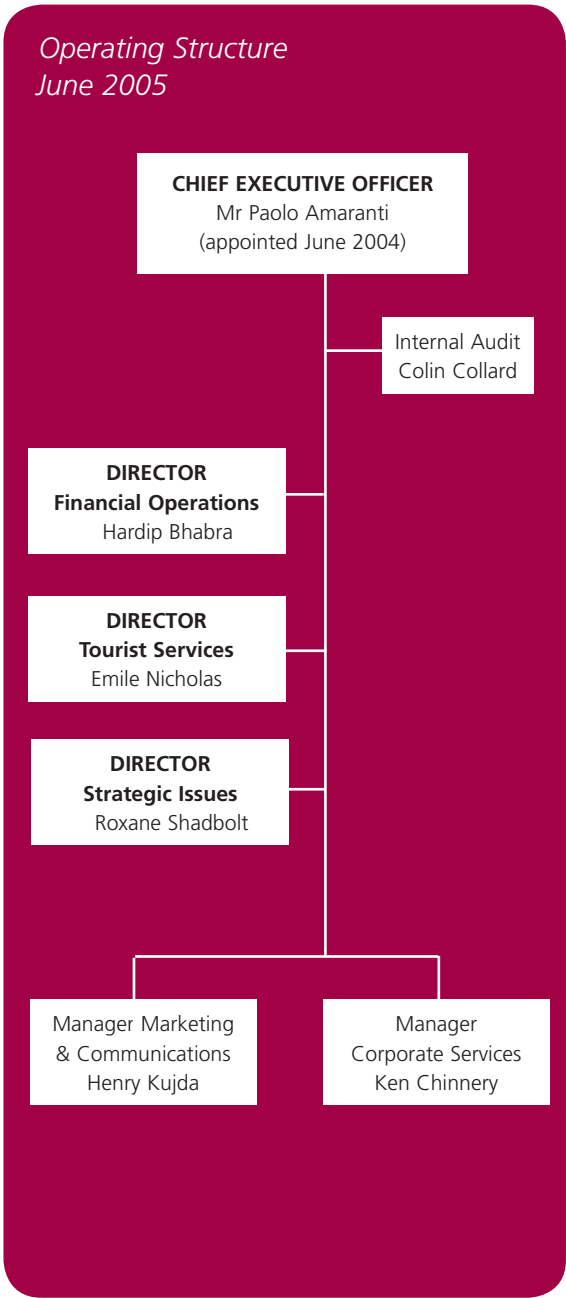


## Our Organisational Structure

The Minister for Tourism is the responsible Minister for the Rottnest Island Authority. The Board of the Authority consists of a Chair and five other members. The Chairman is appointed by the Governor, on the nomination of the Minister for Tourism.

The daily operations of the Rottnest Island Authority are overseen by the Chief Executive Officer, supported by an approved staff level of 104 FTE.

The operations of the organisation are managed by a six member executive team, as outlined in the organisational chart.







## Chairman's Statement

### The Year in Review

This year has been the foundation year for a "revitalised approach" to conserving and developing Rottnest Island.

It has been the first year of implementation of recommendations from The Rottnest Island Taskforce Report, Open for Business, and the Western Australian public have already enjoyed some of the benefits of this vision.

The Taskforce Report, together with the Rottnest Island Management Plan 2003-2008 and the Auditor General's 2003 report into the business sustainability of the Authority, provides a blueprint for the future of Rottnest Island. The State Government's injection of \$20.1 million into the Island over six years has made that future vision possible.

While these funds are essential for capital and infrastructure upgrades, we are also aware that the ongoing financial viability of Rottnest Island depends upon taking a more commercial approach to the Island's management. A number of significant changes have been made in financial management to bring our processes more in line with the management expected of high-class tourism destinations across Australia. This more industry-focused and commercially sound approach is reflected in this year's Annual Report, which provides information both on the Authority's accountability and performance and on the services and product offered by the Authority.

### Addressing Challenges, Providing Solutions

In the midst of change, we have been mindful of the need to build on the Island's traditional strengths and retain its values, history and ethos. The community of Western Australia feels a strong ownership of the Island. They want to continue to offer their children the relaxing holidays they experienced but they also rightly expect the Island's facilities to be upgraded and new products and services made available that keep pace with similar destinations.

Steering a path between the challenges of sustainable development and the preservation of traditional values and heritage is one of the many challenges that the Rottnest Island Authority Board and CEO are addressing.

Open for Business contains 101 recommendations to be implemented over a period of six years. This in itself is a huge workload for a small organisation. I am happy to say, however, that many of the Rottnest Island Authority staff have risen to the occasion with professionalism and energy. During the year over \$7 million was approved toward commencing and completing a range of infrastructure projects.



## Strategic Developments

The Rottnest Island Authority is committed to planning the future of the Island in a coherent and strategic way. Using the Government's Strategic Planning Framework as the basis, the Authority endorsed a Strategic Business Plan in May 2005 to coincide with the life of the current Rottnest Island Management Plan 2003-2008. This Plan also incorporates the recommendations from Open for Business, and the Auditor-General's Report Turning the Tide, which have been produced since the Management Plan was published. This will ensure that the Authority takes a coordinated and accountable approach to implementing change. The Authority's services continue to meet the Government's goals of enhancing the community and effective environmental management.

## Looking Ahead

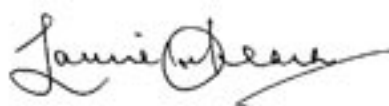
I believe that the future for Rottnest Island is bright thanks to the previous Minister for Tourism, the Hon Bob Kucera, who secured the funding which will ensure the infrastructure improvements, recommended by the Taskforce, are achieved.

This funding has seen important foundation stones laid during the year for the ongoing

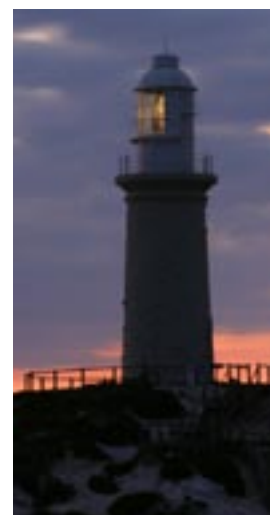
viability of the Authority. Our task over the next few years is to build upon these foundations to maintain the Island's iconic status as one of Western Australia's most treasured holiday destinations.

The success of our move to sustainability is greatly enhanced by the selfless contribution made consistently by the many people who volunteer their time and talent to the Island. I record my gratitude to them and to the staff of the Authority who are working through the change process.

I also thank the Hon Mark McGowan, Minister for Tourism and my fellow members of the Board for their dedication and support and the Authority's Chief Executive Officer, Mr Paolo Amaranti, for the commitment and energy he brings to our partnership in creating the future for Rottnest Island.



Laurie O'Meara  
Chairman





## The Year's Highlights

### Strategic directions

- » The year 2004/2005 represents Paolo Amaranti's first full year as Rottnest Island Authority CEO. During this time he and the Board have undertaken a significant restructuring of the organisation.
- » Over \$7 million of Taskforce funding approved for projects during the year.
- » The Authority completed 38 recommendations from the Open for Business Taskforce Report. A further 39 recommendations are ongoing or in progress, with 21 recommendations remaining for action.

### Building value

- » Major accommodation refurbishments, including the removal of asbestos, was undertaken to 52 units in Longreach and Fay Bays.
- » The Authority restructured its financial management systems and employed staff with relevant private sector experience to commence a major transformation of the Authority's financial management to a commercial standard appropriate for a major tourist site.
- » An upgrade of information and communications technology commenced to enhance business efficiency. This includes replacing outdated systems with more appropriate and up-to-date systems to manage the hospitality and tourism operations of the Rottnest Island Authority.

- » Significant upgrade and conservation work occurred on heritage Cottages E, J & H, the Museum and the Sea Wall.

### Financial outcomes

- » An achievement of a reduced net loss against forecast. A net loss from ordinary activities (before government grants and subsidies) of \$3.2 million being \$700,000 less than the 2004/2005 forecast of \$3.9 million.
- » Total revenue (from ordinary activities) of \$23 million is \$1.2 million below 2004/2005 forecast due to decline in visitor numbers resulting in lower trading revenues.
- » Savings of \$1.9 million in total expenses from ordinary activities contributed to the lower than estimated loss.
- » Total addition to fixed assets of \$8.6 million is attributable to Taskforce projects that included refurbishment of 52 accommodation units and construction of a wind turbine.

### Sustainable development

- » A fully automatic wind turbine was installed, with a capacity of 600kw and the ability to generate around one-third of the Island's power needs when fully operational.
- » Over 70 percent of the Island's drinkable water was produced through a desalination process on the Island.





- » The implementation of a comprehensive Waste Management Strategy commenced.
- » Over 44,300 trees planted on the Island as part of the ongoing woodland restoration with the assistance of volunteers.

## Industry and community affiliation

- » This year saw the creation of the Rottnest Island Community Consultative Committee to ensure the Island community has a greater input into decision-making.
- » Rottnest Island was showcased to 60 international media outlets and 1700 tourism operators from around Australia at the Australian Tourism Exchange, a major tradeshow event for 600 of the world's top tourism buyers from 40 countries.
- » The Rottnest Island Holiday Programs offering environmental activities were attended by 937 people.
- » A coordinated School Leavers management program including provision of entertainment, inexpensive food, a chill out tent and patrols of Rangers, Police and Security staff resulted in Leavers being able to enjoy themselves in a safe environment without impacting negatively on other visitors to the Island. The Authority was recognised by the WA Police for the proactive and successful approach taken.

## Creating memories

- » Rottnest Island continued to be a popular place for community events, with several new events coming to the Island this year, including the Men's Open Water Paddle and the Open Water Classic.
- » A record 2,343 competitors crossed the finishing line in the Rottnest Channel Swim.

## Capacity to improve

- » The services available to Island visitors will continue to improve. This year the Authority retained management of the Quokka Arms, appointing new staff, undertaking landscaping and some refurbishing of the Hotel and offering new food and beverage facilities.
- » The Island visitor and accommodation centres were amalgamated and refurbished creating two high quality one-stop shops for clients - the Central Reservations and the Quayside Visitors Centre, both now open seven days a week.
- » 86% of visitors surveyed by an independent research organisation are satisfied with Rottnest Island's recreational and holiday services and facilities.





# Chief Executive Officer's Report

## Introduction

As CEO of the Rottnest Island Authority, I am very aware that Rottnest Island has a special place in the hearts of many Western Australians. It represents unspoilt childhood holidays, a destination near to home and yet completely different from daily life, a place of relaxation, pleasure and discovery, a place where children are safe and adults at ease. For others, however, Rottnest Island is still largely unknown, and they have yet to be convinced of its interest and value for money as a tourism destination.

Quite rightly, these different views and strong interest in the Island is reflected in an enhanced scrutiny of the operations of the Rottnest Island Authority and our staff. Over the past twelve months, the Authority has undergone major change as the management of Rottnest Island has been revised and invigorated. While the difficult challenges are not over, the last year has seen us make significant progress on a range of fronts, as I outline in this Report.

Perhaps most important for the future of the Island is our move towards a more commercially sustainable operation. As one of this State's largest tourism destinations – in numbers of visitors and in infrastructure – Rottnest needs to be managed on a sound financial basis. This, however, must be held in balance with the need to protect the Island and the experience of visitors, from any inappropriate activities.

Unlike the operators of most other tourism destinations in the State, the Rottnest Island Authority does more than just operate a tourism facility with accommodation and other normal tourism services. The Authority must also manage power generation, waste disposal, water generation and a significant number of business contracts, as well as the conservation and reparation of the marine and land environment, heritage conservation and the management of recreational activities. The Authority also makes a contribution to the State's economic, social and environmental sustainability. Our task this year has been to maintain all of these activities whilst also making major changes to the way we do things and upgrading our facilities and services.

## Building Momentum

The year in review might best be described as a year of building momentum and investing in change. During my first full year as CEO, I have put in place a new management framework for the Rottnest Island Authority and started to drive significant changes in staffing structures, organisational culture and products and services. Most importantly, my executive team now comprises individuals with a much broader range of skills and a higher level of relevant industry experience.

A major focus of our work has been implementing the recommendations from three significant blueprints: the Rottnest Island Taskforce Report Open for Business, the Auditor-General's Turning the Tide Report, and the Rottnest Island Management Plan.



In implementing the first year of the Taskforce Report's recommendations, the Government has approved expenditure of over \$7 million of the promised \$20.1 million. Implementation is on track with 76 percent of the recommendations either completed or underway.

## Investing in Change

Turning around the financial problems that have beset the Island over the past decades will not be achieved within twelve months. However, I believe we have taken some important steps along the way to improved financial management and accountability.

A significant challenge for the Authority this year has been the results of past financial management strategies which have not allowed the Island to become commercially sustainable. We have uncovered out-dated practices and issues, which are now being changed. With the direction of the Board, I have taken strong steps to redress this issue, including changing our financial management and accounts strategies, hiring new and highly skilled staff with relevant industry experience in the finance area and instituting benchmarking against relevant commercial tourism ventures to help track the Authority's progress.

This year, the Authority has worked with the Office of Auditor General to improve our accountability and controls over our business cycles and to ensure our accounting functions are managed more rigorously. These initiatives will improve the overall integrity of our systems. We have made a number of commitments to the Office of Auditor General to improve these control issues.

We have reviewed our lease arrangements with Rottnest Island businesses to bring them into line with normal commercial tenancy agreements. This will result in improved outcomes for the Authority in the coming years.

Also on track are upgrades to our information and communications technology, which was out-dated and limiting business efficiency. As well as upgrading our PCs and telephone exchanges, this year we have made initial progress to improve the speed of our internal data communication links, resulting in faster outcomes for visitor requests. This will be significantly improved during 2005/2006. By implementing a new Visitor Management System in the coming year we will be able to incorporate improved accommodation booking and improved management and reporting of visitor data.

The actual net loss for the 2004/2005 financial year was \$3.2 million, an improvement of the forecasted deficit of close to \$4 million. However, this compares unfavourably with the result for last year due to the large amount of minor works incurred to redress prior year issues and those works arising from the first full year of Taskforce implementation. As recognised in the forecast these works began in earnest during 2004/2005 and impacted considerably on the costs of the Authority.

The Government allocated \$20.1 million over a six-year period in response to the Open for Business Taskforce Report. This significant investment in change, together with the changes we are now implementing in our management of the Island, are likely to result in financial stability over time.

<i>Summary of Financial Performance</i>	<b>2005 (\$'000)</b>	2004 (\$'000)	2003 (\$'000)	2002 (\$'000)
Total revenue from ordinary activities	<b>23,019</b>	20,231	20,620	20,307
Total expenses from ordinary activities	<b>26,310</b>	22,946	24,230	24,580
Loss from ordinary activities before grants and subsidies from Government	<b>(3,291)</b>	(2,715)	(3,610)	(4,273)



## Engaging Products and Services

One focus for Authority staff during this year has been to enhance the quality of products and services we offer to our visitors. Major achievements include upgrading accommodation, improving visitor access to information and bookings, working in partnership with industry and community groups to offer new events and experiences on the Island, introducing new services and marketing the Island more effectively.

Most visitors travel to the Island by ferry and during the year ferry operators carried 319,167 visitors to Rottnest Island, a drop of around 7 percent on the previous year.

A comparison of visitor arrival statistics over the past five years suggests that visitation has either reached a plateau or started to decline. This is consistent with trends and visitor data on domestic, international and national tourism activity, which has been affected by global events and economic factors.

Although numbers of visitors arriving by commercial services have decreased slightly, the revenue from visitors overall has not decreased, nor have occupancy rates.

While Rottnest Island has many regular visitors, there are many more Western Australians, overseas and interstate visitors to Perth who have yet to visit the Island. Recent research shows us that many people are unaware of the current range of services on the Island and also that potential customers are looking for new services and products. We are actively responding to these issues.

Firstly, we are promoting more proactively the experiences available on Rottnest Island.

Secondly, we are seeking to enhance and rejuvenate the product we offer. Thirdly, we have placed developing excellent customer service skills high on our priority list for staff. Authority employees play a key role in ensuring our visitors have an enjoyable experience and we continue to encourage them to develop their potential through training and development opportunities.

## Environmental and Social Stewardship

The Authority aims to manage Rottnest Island for the long term. We want to preserve the natural and cultural heritage of the Island for generations to come. This involves restoring, maintaining and monitoring the environment, promoting its cultural heritage and managing the utilities, waste and facilities to cause as little damage and impact as possible.

In consultation with Aboriginal representatives the Authority is strongly pursuing recognition and reconciliation through a number of activities. In consultation, ground probing radar of the surrounding area of the current Aboriginal cemetery was undertaken. Surveys will continue to determine the extent of the gravesite area. Plans for an Aboriginal memorial burial ground were drafted incorporating expansion of the present site and alterations to infrastructure such as roads in the area.

Major achievements for this year include further woodland restoration, enhanced marine water quality monitoring, sand dune rehabilitation, commencing the implementation of the Waste Management Strategy, conservation works on heritage cottages and the sea wall, development of new signage and heritage trails and delivery



### Revenue and Occupancy

	2005	2004
Unit Accommodation Revenue	\$7,686,162	\$7,573,705
Average Rate per Unit Sold	\$92.77	\$94.28
Average Occupancy	77.3%	75.6%

Note: Figures based on all accommodation excluding tent sites and Kingstown dwellings.



of educational and interpretative services to schools, teachers and the wider community. These activities have been supported in many important ways by contributions from volunteer individuals and groups.

Behind the scenes, significant work has been undertaken on power generation, waste management, and wastewater treatment. This year also saw the construction of a fully automatic wind turbine, with a capacity of 600kw and the ability to generate around one-third of the Island's power needs. Over 70 percent of the Island's drinkable water is now produced through the desalination plant on the Island. There are now 118 recycling stations on the Island. Within the Authority, we actively embrace the Government State Sustainability Strategy through our agency Sustainability Action Plan. This has resulted in sustainability awareness training being provided for all staff, establishing a Sustainability Working Group and implementing initiatives such as the use of energy-wise lighting, transport, plumbing and appliances.

## Creating Foundations for Sustainable Growth

During this year, we have tried to create the foundations for sustainable growth. Rottnest Island should be accessible, eco-sensitive and commercially viable. It should offer visitors from Western Australia and elsewhere a

holiday experience that allows them to – Relax, Conserve, Discover.

I would like to acknowledge the hard work and commitment of the Rottnest Island Authority staff and the many volunteers and stakeholders who support the Island year after year. Since becoming CEO, I have taken the step of meeting regularly with our key stakeholders such as The Rottnest Island Foundation, Rottnest Island Society, the Winnit Club, the Rottnest Island Voluntary Guides, the Rottnest Island Business Community, Boating Western Australia and others. This reflects the value that I place on our partnerships with such organisations and the importance of their role in relation to Rottnest Island.

Although much has been accomplished in the past year, there is still a lot more to be done. The Rottnest Island Authority is committed to creating a sustainable and exciting world-class tourism destination. We look forward to continuing to work with the community, government and industry to shape the future of our Island.

*Paolo Amaranti*

Paolo Amaranti  
Chief Executive Officer







## Corporate Governance

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

The Rottnest Island Authority meets monthly or more often if it is necessary to respond to specific issues. The Authority met 15 times during 2004/2005.

### Authority Membership

The six members of the Authority 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
- » a person who is a regular user of the Island for recreational purposes

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

### Board Member Profiles

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

Laurie O'Meara was appointed to the Authority in June 2000 and became Deputy Chairman a year later. He was appointed Chairman in June 2005, after a year as Acting Chairman. Laurie has a background in local government and a long association with the tourism industry in Western Australia. He is Deputy Chairman of

the Western Australian Tourism Commission, Board member of the Perth International Arts Festival, Inaugural President of the Australian Tourism Accreditation Association, Past Director, Best Western Australia, and Chair of the Tourism Western Australia Strategic Marketing Committee.

#### **Maurie Woodworth Deputy Chairman**

Maurie Woodworth was appointed to the Authority in May 2003 and made Deputy Chairman in June 2005. He was the Managing Partner of a company specialising in strategic planning, negotiation and conflict management and has been a regular visitor to Rottnest Island since 1973.

#### **Mimi Secco**

Mimi Secco is a Chartered Accountant, appointed to the Authority in May 2003. She has a financial background in both Chartered Accountancy and the commercial sector, including the hospitality and gaming sector. She is currently a business owner in the importing and wholesale industry.

#### **Rob McDonald**

Rob McDonald was appointed to the Authority in August 2004. He has completed a Bachelor of Business and has worked across various fields including Finance, Human Resources, Policy Development and Information Technology.

#### **Bill Gillson**

Bill Gillson, appointed to the Authority in August 2004, has completed a Bachelor



of Laws (Honours) and Bachelor of Arts (Psychology). He is a lawyer who has worked in the legal profession for a number of years and is currently self-employed, as well as having a strong affiliation with the principles of conservation.

### Susan Murphy

Sue Murphy has completed a Bachelor of Engineering (Honours) at the University of Western Australia and has worked as an engineer in the private sector for a number of years. She was appointed to the Authority in August 2004. Sue was awarded Telstra Business Women of the year in the private sector category in 2000.

Member	Apptd	No. mtngs in period of appt	No. mtngs attnd
Laurie O'Meara	June 2000	15	15
Maurie Woodworth	May 2003	15	15
Mimi Secco	May 2003	15	15
Rob McDonald	August 2004	14	14
Bill Gillson	August 2004	14	10
Sue Murphy	August 2004	14	9

#### *Retired during reporting year*

Angas Hopkins	May 2001	1	1
Rachael Roberts	May 2001	1	1

## Ministerial Directives

There were no Ministerial Directives during the year.

## Declarations of Interest

There was one declaration of interest from Authority Board members during the year.

## Committees

During the year, the Board has sought advice from the following Committees.

- » Rottnest Island Finance and Audit Committee
- » Rottnest Island Marine Issues Advisory Committee
- » Rottnest Island Environmental Advisory Committee
- » Rottnest Island Marine Strategy Working Group
- » Rottnest Island Cultural Heritage Advisory Committee

Many community members and business owners offered their time to attend committee meetings. The Authority gratefully acknowledges the efforts of all committee members and the many volunteers who contributed to the Island throughout the year.





## Progress Report on Rottnest Island Management Plan 2003/2008

In 2003 the Rottnest Island Authority produced the Rottnest Island Management Plan 2003-2008 (RIMP). The plan contained 249 recommendations to be completed over the period of the RIMP. The plan detailed the implementation schedule for the recommendations, including areas of responsibility.

Over the last 12 months, the Authority has maintained a sustained effort to manage and implement the specific recommendations of the RIMP. This has included such actions as development of the:


- » Sustainability Action Plan;
- » Guided tours at the Wadjemup Lighthouse; and
- » Strategic Waste and Resource Management Plan.

The Authority has also been ensuring that the ongoing recommendations of the RIMP are maintained and adhered to during normal operations. Examples of such actions include:

- » Manage the Bathurst visitor accommodation precinct;
- » Monitor Beach erosion in the South Thomson visitor accommodation precinct; and
- » Control noise, odour and visual impact around the service and operation precinct.

The RIMP, when examined in combination with the Rottnest Island Taskforce Report "Open for Business: A Sustainable Future for Rottnest" continues to provide the Authority with a consistent and structured path leading to a brighter future.

The table below details the status of RIMP recommendations as of 30 June 2005.



Recommendation Status	Quantity
Completed as at 30 June 2005	27
Commenced as at 30 June 2005	162
Not commenced as at 30 June 2005	51
Superseded by Taskforce	9
<b>Total</b>	<b>249</b>



## Progress on Rottnest Island Taskforce Report *Open for Business: A Sustainable Future for Rottnest*

In May 2004, the Rottnest Island Taskforce (Taskforce) completed their report “Open for Business: A Sustainable Future for Rottnest”. The report contained recommendations for the ongoing management and improvement of Rottnest Island and the Rottnest Island Authority. Of the 103 recommendations contained in the report, Cabinet endorsed 101 supported by a financial commitment of \$20.142 million over six years to fund works.

During the year the State Government approved over \$7 million in funding for 13 infrastructure related recommendations to be commenced in 2004/2005. The most significant projects included \$2.6 million for a Wind Turbine power generation system and supporting architecture. This allowed the Authority to reduce reliance on diesel fuel for power generation, enabling significant cost savings.

The Authority also received approval for funding of \$2.86 million for refurbishment of 52 units in Geordie Bay and Longreach. The refurbishment improved the level of accommodation in these areas, and formed the first stage in an ongoing mission to raise the standard of Rottnest accommodation.

In addition, \$688,250 in funding was provided for development of a waste management strategy. This strategy commenced implementation and promises to provide dynamic and environmentally sustainable solutions to waste management on Rottnest.

Projects involving water storage tanks, asset management plans, and heritage works were also provided with funding.

The challenge of developing and implementing the above capital works began a new and exciting chapter in the Authority’s management of Rottnest Island. The process was made significantly easier thanks to the able assistance provided by the Department of Treasury and Finance.

The support from government agencies throughout this process has assisted the Authority greatly, and the steady completion of the Taskforce recommendations allows Rottnest Island and the Authority to reach toward a financially and environmentally sustainable future, and allow the beauty of Rottnest to be enjoyed for generations to come.

The Table below details the status of Taskforce Recommendations as at 30 June 2005.

Overall Recommendation Status	Quantity
Recommendations completed as at 30 June 2005	38
Recommendations commenced as at 30 June 2005	39
Recommendations with start date after 30 June 2005	21
Recommendations deferred awaiting resources or circumstances	3
<b>Total</b>	<b>101</b>







## Operations Report 2004/2005

"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", is the Rottnest Island Authority's agency level desired outcome. This outcome is aligned with the State Government's goals for better planning and services. Two services reflect and measure the core activities of the Authority.

### Enhancing the Rottnest Experience

Around half a million people visit Rottnest Island every year. Many of these visitors are repeat visitors who return regularly to the Island for relaxation and recreation with their families. The majority of visitors arrive by ferry and an estimated 150,000 visitors arrive by private boats.

Recent sampling shows that family groups based on a structure where children are in the household continue to be the main type of group visiting the Island. The majority of visitors are residents in Western Australia.

#### Service 1

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



Overall visitor satisfaction with the recreational and holiday services on the Island has remained high (86 percent) and consistent with last year's survey results.

Figures available and historical trends suggest that visitation has either reached a plateau or started to decline. Anecdotally, some retail outlets have reported a significant decline in sales of 10-12 percent, and yet other businesses have reported an improved level of commerce, similar to those in 2002/2003 when the Island reported its largest annual number of visitors, by ferry and air services, of 353,949.

Rottnest's visitor figures, with this year showing that 319,167 people travelled to Rottnest by ferry, have been consistent with trends and visitor data on domestic and international tourism activity. Tourism activity has been impacted on an ongoing basis by economic conditions and by a number of factors relating to global events.

The visitor number trend and Rottnest's long history in the marketplace may suggest that the product has reached either stable or decaying maturity in the product life. In these stages, marketing modification is required to find new consumers, new market segments, increased usage and repositioning of the product in the market place.

Residence <sup>1</sup>	2005
Perth	57%
Elsewhere in Western Australia	15%
Interstate/overseas	28%

<sup>1</sup> Evaluating the Rottnest Island Experience 2004/2005 Final Results, Market Equity



## Promoting the Island

### Showcasing Rottnest Island

This year has seen the implementation of new key marketing and communications strategies to raise the level of awareness of Rottnest Island and its new developments and to increase visitor numbers and extend visitor stays.

The Authority produces a number of guides and publications for distribution to visitors and, in collaboration with the Rottnest Island Business Community, implemented an advertising campaign on events and activities on the Island. The Authority also facilitated a joint promotion with three Island ferry operators and the Rottnest Lodge at the Australian Tourism Exchange, a major tradeshow event for 600 of the world's top tourism buyers from 40 countries and 60 international media outlets.

### Website

The Rottnest Island Authority website - recently rebranded as [www.rottnestisland.com](http://www.rottnestisland.com) - continued to grow in popularity during 2004/2005, averaging more than 17,000 unique visitors per month over the summer. ('Unique visitors' represent actual individual visits not total hits to the site.) The website is now a focal point for all advertising and promotion, and a key component of the marketing and communication strategies, with the ability to adapt to the changing needs of visitors and the communication needs of the organisation.

The website features an availability checker for accommodation, virtual tours of accommodation, details about all aspects of the visitor experience on the Island including activities and tours, and educational, historical and environmental information, an events calendar, weather information and more. The site is frequented by a diverse audience, mostly based in Australia, but also attracting many UK and Asian visitors. Local visitors include universities and schools, as well as referrals from ferry companies, and those seeking information about lighthouses, nature and tourism.

Many publications are available on the site including the Visitor Guide, Boating Guide, maps to all areas of the Island including moorings and accommodation maps, application forms for moorings users and educational groups, annual reports and media releases. The site is augmented by high-quality images featuring all aspects of Island life.

**Future Snapshot:** Research commissioned by the Authority on the community's views about Rottnest Island as a holiday destination has provided the Authority with key information to guide future marketing activities. The Authority has started implementing a Strategic Marketing Plan for 2005-2008, focusing on the following three priorities:

- » Increase overall visitor numbers;
- » Maximise utilisation of Rottnest Island's facilities (including accommodation, activities, attractions, amenities, and access) and enhance the visitors' experience; and
- » Improve Rottnest's standing and reputation, including developing positive public relations and improving client service.

These marketing strategies will be undertaken as the significant product improvements continue to come on line.

### Welcoming our Visitors

In December 2004, the then Visitor Centre and Accommodation Service were amalgamated and located at the main jetty to create a check-in and information service readily available on arrival. The Quayside Visitors Centre at E-Shed was also refurbished and check-in services are now available in Fremantle.

Accommodation reservations can now be made seven days per week. Between 4,000 and 11,000 calls are handled per month by Central Reservations. Over 10,700 calls per month are received for three months of the year.

Visitors making accommodation bookings can now check availability and enter ballots online. During 2004/2005, 25,053 accommodation bookings were handled (for stays during the same financial year.) Central Reservations also successfully managed the notification of



over 1,000 tenants indirectly affected by the winter 2005 refurbishment program. The Easter 2005 online ballot used new software and was successfully completed. The Winter Breaks campaign was also successful, with approximately 100 packages being sold within the first ten days of the launch.

A project has also commenced to implement a major upgrade to the Authority's information technology and communications infrastructure. This will increase the capacity and speed of the data-communication links between Fremantle and Rottnest resulting in a significant improvement in the speed of network services. Telephones and computer hardware and software will also be upgraded at both sites. These changes will result in significantly improved customer service in the coming year.

## Providing Access to the Island

### Bike Hire

The Rottnest Bike Hire has 1,700 bikes available for hire on the Island, which bring in significant revenue to the Authority. In spite of the downturn in visitor numbers, Rottnest Bike Hire has continued to perform strongly. Feedback from visitors showed positive comments on the high standards of customer service and product provided.

Preparations are under way to call tenders for the provision of approximately 500 new mountain bikes. Additions to the fleet will be in service in time for the summer peak season. A new record was set on 30 December when 823 customers were fitted for their hire bike in one day.

In February the Authority took possession of a new vehicle designed to carry bikes. In that month, Bike Hire staff responded to a total 143 call outs (an average of just over 5 per day) for roadside assistance. Rottnest Bike Hire provides the only breakdown service on the Island, although other hire operators hire out bikes on the ferries. Call out and recovery fees are levied against the ferry operators for services involving their rental bikes. The roadside assist service has also been enhanced following connection

to the two-way radio system. Bike Hire has developed a close working relationship with Coach Captains, ensuring a coordinated response to help riders with mechanical or other problems around the Island.

A number of older bikes awaiting disposal were donated to the 2005 Tsunami appeal through an aid agency (ADRA) and sent to Sri Lanka. Other bikes were donated to remote Aboriginal communities through the same aid agency.

### Rail and Bus Tours

While on Rottnest, visitors can ride on the historic railway or take a bus tour or volunteered walking tour. The rail system on Rottnest Island is an important part of the Island's heritage. It commenced in the 1930s and was then re-introduced in 1994 for visitor use. The self-propelled diesel powered railcar, 'Captain Hussey' attracts many visitors, and passenger numbers are showing growth.

Use of the Island's Bus Tours and Bayseeker services has dropped slightly since last year, reflecting the lower visitor numbers and the drop in day-trippers (who tend to use the bus tours more than extended stay visitors) as a proportion of total visitors. The Authority is currently exploring options for its bus fleet to better meet the requirements of the Island.

Passenger Numbers	2005	2004	2003
Tours	37,772	39,376	43,771
Bayseeker	63,964	69,497	74,042
Railway	11,864	9,054	7,298

This year, a selection of 'Rotto Cards' was introduced for the summer season as a pilot for a proposed Rotto Smart Card but had a conservative response. The Day Tripper Card, incorporating a bus tour and lunch, was the most popular card on offer. Further consideration is being given to Smart Card systems in a collaborative basis with other tourism destinations.



The Authority is also developing opportunities for generating further revenue through its heritage assets, including guided internal tours of the lighthouse at Wadjemup Hill.

The building works and preparation of interpretive material and tour content is progressing well for a completion date of September 2005.

### Volunteer-run Tours

Tours and activities offered by the Rottnest Voluntary Guides Association promote awareness of the Island's historical and environmental significance and provide an enjoyable and educational experience. Many of the tours are free. There are approximately 175 voluntary guides. During the year, around 25,500 visitors and over 200 groups joined one of these tours. In addition, close to 2,000 people joined one of the Guides school holiday activities.

#### Tours offered

Daily History Tour

Lomas Cottage

Quokka Walk

Oliver Hill Gun Tour

#### School Holiday Programs offered

West End and Lighthouse Trip

Ghost, Mysteries and Legends

Stargazing

Treasure Hunt

## Upgrading Accommodation

A wide range of accommodation is available on Rottnest Island, including camping sites, 310 holiday units making up 1598 beds, 18 rooms at the Quokka Arms Hotel, 214 beds at Kingstown Barracks and 170 beds available through the Lodge (which is not managed by the Authority).

During 2004/2005, some major accommodation upgrades were undertaken. This included the refurbishment of 52 holiday units in Longreach and Fays Bays, involving new kitchens and bathrooms, new flooring, complete repaint, repairs to the concrete balconies, replacement of all asbestos roofs, paving to yards, flyscreens and gas log fires.

Also refurbished were Heritage Cottages E, J and H, to achieve high quality holiday accommodation in a prime location while conserving very significant heritage buildings. This involved new kitchens and bathrooms, new flooring, complete internal repaint, lime-washing of exterior, paving to yards, flyscreens and gas log fire.

**Future Snapshot:** By summer 2005/2006, around one-third of the Island's total accommodation units will have been upgraded to three and half star standard. Half of all asbestos roofs will have been replaced, with the other half to be replaced next winter.

Accommodation demand is somewhat seasonal at Rottnest, with a summer occupancy rate of 95.6 percent and a year-round average occupancy rate of 75.7 percent. In line with upgrades and the review of overall usage, the Authority is now pro-actively addressing 'off-season' demand with a range of products that more appropriately address the requirements of short-term stays. This will be attractive to interstate and inbound markets and can be stand alone or attractively packaged so as to maximise other products such as tours.

### Mooring Management System

The Mooring Trial instigated in 2003/2004 was evaluated and was considered to be successful. The evaluation of the trial system raised some issues that still require further fine-tuning. A new position of Maritime Facilities Project Officer has been created to undertake this work in consultation with identified stakeholders.



## Quokka Arms

In April 2004, the Authority assumed direct operational management of the Quokka Arms Hotel and undertook significant refurbishment of the building to address health and safety issues and to improve the run-down appearance. This year the Authority developed new accounting practices and a new management structure. New services are being developed, including a pizzeria in the main bar and the creation of a sports bar.

**Future Snapshot:** The Quokka Arms Hotel is undergoing significant changes that will enhance the guest experience on the Island. A casual Pizza, Pasta, Bar and Grill concept replaces the Hampton's public bar and poolroom. Captain Jack's Bar will be a hotel sports bar complete with large plasma screens and pool table. The main restaurant will specialise in value for money buffet dining and set menus, which can be served in a comfortable dining room environment or al fresco.

The Open Water Classic from Port Beach, Fremantle – are now formally lodged onto the annual event calendar. The Triathlon returned to the Island this year in its new configuration of an inaugural short course event proving a winner with old supporters, while attracting new starters to this style of sporting challenge.

The highlight on the Island's event calendar, the annual Rottnest Channel Swim in February, continues to attract local Western Australians and an increasing number of international and interstate participants. Competitors in this event swim from Cottesloe Beach to Rottnest Island. A record 2,343 participants crossed the finish line to join their supporters for celebrations of the 2005 event.

The Salt Store Gallery and Exhibition Centre hosted an attractive and successful schedule of interpretative displays and exhibitions by recognised groups and artists, many of whom provided their work for exhibiting during the celebrations of the Tourism Minister's official reopening and renaming of the Quokka Arms Hotel.

## Creating Memories

The Authority, together with the Rottnest Island Business Community, organised and hosted a comprehensive calendar of events in 2004/2005. Successful events included the popular Summer Twilight Concert Series, Carols on the Common, ANZAC Day Dawn Service, the West Australian Boating Industry Association Safety Convoys and entertainment during school holiday periods and festive events.

Celebrating its eleventh anniversary, The West Australian Marathon Club's Rottnest Marathon and Fun Run held in October each year continued its popularity with the serious runners, while the less earnest joined with family and friends to enjoy the Spring ambience of a leisurely run/walk on the Island.

New events - such as the Men's Health Open Water Paddle from Hillarys Boat Harbour and

## Providing for Daily Living Needs

### Food, Retail and Recreational Services

Visitors to Rottnest Island can sample from 10 restaurants and take-away outlets and a range of other retail and recreational outlets. Leases held by businesses on the Island are issued and managed by the Authority to provide appropriate services for Island visitors.

The Authority is currently in the process of renegotiating a number of the leases in conjunction with proposed refurbishment plans. During the year the Authority has been reviewing the leases in line with Open for Business Taskforce Recommendations stating that the Authority develop standardised commercial leases. With appropriate advice, a revised standard commercial lease document has been developed. All future and renegotiated leases will now use this format.





The Authority is in the process of offering some additional retail opportunities on the Island. An Expression of Interest process will determine the successful proponents of all such business opportunities offered, as identified by the Authority as meeting customer expectations.

To complement the services provided by the Business Community and meet the needs of the high volume of visitors during the summer, seasonal attractions are also provided via a licence. The Authority issues licenses to businesses where infrastructure needs are low and specialist operators can bring appropriate services to the Island. Licence opportunities on the Island are offered through the Expressions of Interest process. The last offer was in late 2004.

Activities available during 2004/2005 under a licence arrangement included glass bottom boat experience of bay, reef and marine wrecks, snorkelling tours, scenic flights, movies shown at the Picture Hall, mobile serving of drinks and ice creams to the outer bays, self service public e-mail and internet access terminals and a trial period of a pedicab service to visitors.

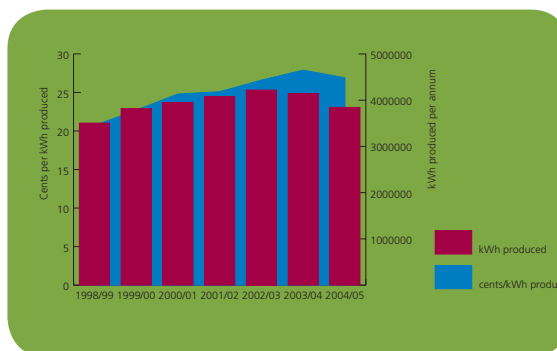
### Power, Water and Facilities Management

Rottneest Island is in the unique position of having to produce and manage its own power, water and waste services. The cost of providing utilities is higher than similar services on the mainland, however, several improvements, commenced during the year, will lower costs and improve our environmental sustainability. This includes the Rottneest Island Wind Turbine which has attracted national interest.

#### Power

Construction of a wind turbine generator on Mount Herschel was completed in December 2004 in partnership with the Sustainable Energy Development Office and the Australian Greenhouse Office with funding from the Commonwealth Government's Renewable Remote Power Generation Program. In addition to providing a new point of interest for Island visitors, the turbine energy replaces power previously produced by diesel/gas generators. When two new low load diesel

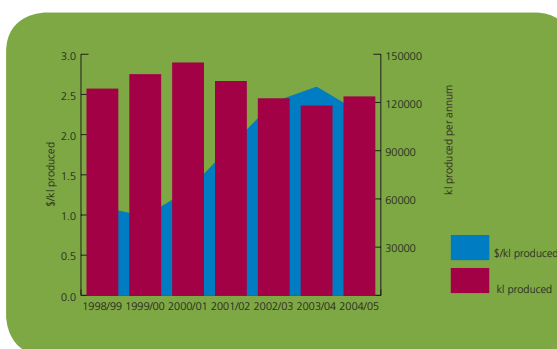
generators and improved control systems are introduced in 2006, it is expected that fuel requirements will be reduced by over 25 percent.



The above table does not include the energy produced by the wind turbine which actually produced 480,000 kWh of power this year leading to a decrease in the volume of power production from the Island diesel and gas power station as shown above.

#### Water

Rottneest Island has pioneered the introduction of a reverse osmosis desalination plant for producing drinking water. This technology attracted considerable interest across Australia during the year, with Rottneest Island's plant featuring in several television programs. The desalination process is energy intensive however this is offset by the use of renewable energy.



In recent years, Rottneest's drinking water has been produced from the desalination plant (about 70 percent), ground water aquifer (about 20 percent) and rainwater catchment (about 10 percent). In keeping with the general improvement of facilities on the Island, water supply is being improved by





relocation of the saltwater bores feeding the desalination plant, fine tuning of the reverse osmosis production lines and refurbishment of water storage tanks.

Many of the day-to-day operations of Rottnest Island (such as baggage handling, maintenance jobs, cleaning accommodation units, waste collection) are undertaken by Transfield Services under a Facilities Management contract now in its 7th year.

### Staff Working Arrangements

This year the Authority has introduced a new vehicle pooling system and parking policy to reduce the visibility of vehicles and interaction between road users (vehicles, pedestrians and bikes). The Authority is committed to ensuring vehicle usage on Rottnest Island is kept to a minimum.

The Authority has also introduced a new Staff ID Card policy whereby all staff who work on the Island, including Authority staff, Island businesses staff and visitors to the Island in a working capacity, must wear personal identification cards. The system is also used in the issuing of drivers' licences on the Island. This helps control and track the number of staff residing on the Island.

The Authority has appointed a Project Officer to consider the feasibility of building new accommodation for Island staff. The Project Officer is exploring establishing a premise suitable for between 50 and 200 people, in a combination of self-contained single persons quarters and hostel style accommodation. In addition, the Project Officer is reviewing the overall quality of all staff housing on the Island and the availability of suitable accommodation for families. Some existing staff housing is undergoing refurbishment and options are being explored for improved management of staff housing.

The Authority does not intend to increase the number of residents on the Island, but rather to shift current ideas as to how staff housing is managed, and to provide a higher standard of accommodation to Island staff who do not require family housing. This project will allow more flexibility in times of higher demand for staff housing, and enable the Authority to

relocate all single person accommodation to a site that is much less visible to the public eye. It is proposed that the complex be managed with a check-in/check-out system, with the intention of creating accommodation available on a nightly basis, thereby reducing the number of full time residents on the Island.

In partnership with Transfield, facilities audits have been conducted through all areas of visitor services to identify issues in the working environment. It is recognised that a management plan and resources will need to be developed to address health and safety issues.

**Future Snapshot:** The next year will see consideration of an innovative development for staff accommodation on the Island. It is proposed that a Build, Own, Operate, Transfer (BOOT) procurement method is utilised, meaning that a private investor would bear the up-front and running costs in return for revenue raised through managing the complex themselves.



## Conserving our Environment

During the year in review, the Authority undertook some major activities to conserve the environment, as noted in Table 1. A number of these projects were possible only due to the assistance of volunteers.

Table 1

Woodland Restoration
Marine Water Quality Program
Coastcare Projects
Contaminated Sites Management
Waste Management
Research Program
Ranger Services

Authority staff were assisted by three advisory committees, as noted in Table 2.

Table 2

Committee	Key Outcomes	No. meetings
Rottnest Island Environmental Advisory Committee	Provided advice on range of issues eg snorkel trail, Rainbow Lorikeet Action Plan, research permits, woodland restoration.	4
Rottnest Island Marine Management Strategy Working Group	Developed draft Marine Management Strategy.	4
Rottnest Island Contaminated Sites Project Group	Provided advice on management plan for contaminated sites. Provided input on evaluation of consultancy bids.	2*

\*includes evaluation panel meeting

## Woodland Restoration

The aim of the Woodland Restoration program is to return the woodland habitat, as much as possible, to a state similar to that found by the first European settlers. This year, 44,300 trees (*Melaleuca lanceolata* and *Callitris preisei*) were planted by volunteers. Trees are propagated by inmates in the Bunbury Prison from seed collected by school children on Rottnest Island. This maintains the genetic provenance of the Island woodland species. Due to water scarcity the seedlings are not irrigated; planting occurs in the winter months when the ground is well watered.

**Future Snapshot:** In August 2005, the 500,000th tree will be planted as part of the Authority's reforestation program.

Volunteers also took part in the Weeding Program targeting Sea Spurge, Lesser Cape Lily and Arum Lily. This is the 6th year that Arum Lily has been targeted with dramatically reduced weed numbers being located around the Island. Sea Spurge continues to invade from sea borne seed, whilst Lesser Cape Lily was recorded on the Island for the first time.

This year, the Review of the Woodland Restoration Strategy was completed and considered by the Rottnest Island Environmental Advisory Committee. A complete inventory was undertaken of all woodland restoration sites planted since 1960. The inventory lists location, species planted and planting strategy implemented, and is an important document for future evaluation and management.

## Marine Water Quality Program

Maintaining marine water quality is critical for the conservation of the marine environment, human health and recreational facilities. A Nutrient Water Quality Program was designed in conjunction with the Department of Environment in 2004 and a pilot program commenced in early 2005. This Pilot Program measured the nutrient levels of marine water at five sites within Thomson Bay and one control site in Bickley Bay.

## Service 2

The Rottnest Island 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.



Samples were taken using a small inflatable boat donated by Zodiac. Boat safety equipment was sourced through industry donations and discounts. The results of this pilot will be used to formulate a program in 2005/2006 to test for nutrients for the whole Island.

Regular testing for bacteria in marine waters took place every two weeks over the summer period, with additional testing at peak usage times such as public holidays and major event days. The results were made available to the public through the Rottnest Island Authority's website. Any results exceeding the ANZECC guidelines prompted repeat testing and required one beach closure for two days. An Action Plan was formulated to achieve effective beach closures in the event of poor readings.

### Coastcare Projects

A successful grant application in 2004 to Coastcare/Coastwest resulted in funding of \$24,100 for the Fays Bay dune rehabilitation project. Stage 1 of the project remodelled the severely eroded dunes in front of Fays Bay cottages. Earthworks are complete and the area has been fenced and brushed. Stage 2 of the project will involve construction of lookouts and a walk trail to provide beach access.

Several other coastal conservation projects funded by Coastcare/Coastwest in previous years were continued in 2004/2005 with assistance from community groups, including Conservation Volunteers Australia and the Winnits.

### Contaminated Sites Management

Known contaminated sites on the Island are monitored regularly for public health and environment risks. This year, consultants were appointed to further investigate the Nutrient Plume at Forbes Hill and to provide remediation recommendations. Investigation is now underway. Quarterly monitoring of the hydrocarbon plume at Thomson Bay demonstrates no movement of the plume and negligible risk. This year also saw the appointment of Contaminated Site Auditors, as required under the Contaminated Sites

Act 2003, to assess all reports generated on the management of contaminated sites on the Island. This will allow the implementation of risk based management plans for the remediation of contaminated sites.

### Waste Management

Managing Rottnest Island, unlike managing most other tourist sites, requires specific management of waste produced on the Island. The Strategic Waste and Resource Management Plan (endorsed in February 2004 and funded by the Government) outlines the key strategies for management of waste on the Island. This year saw the appointment of a Waste Management Coordinator and the establishment of the Waste Management Strategic Committee, as well as the creation of a Waste Management Working Group to assist with implementation of the Strategy.

The Authority was successful in receiving a grant for \$161,500 from the Department of Environment to fund the 'Away From Home Recycling Initiative', which will develop a State model for public place recycling. Major contracts were also signed with commercial firms to receive recyclables, general waste, biosolids and cardboard for processing. A Transfer Station design was completed and a construction tender issued. The Plastic Bag Reduction initiative was commenced with support from Island businesses, and a Waste Management Education campaign is currently under development. The Inaugural Underwater Clean-Up Event in Thomson Bay by Scuba2 and UWA dive clubs took place on Mothers Day, with 317kgs of rubbish being collected.

**Future Snapshot:** Implementation of the Rottnest Island Strategic Waste and Resource Management Plan will result in approximately 85% of the Island's waste being diverted from landfill.



## Research Program

The Inaugural Rottnest Island Research Seminar Day was held in September 2004 with 20 scientists presenting information on Rottnest Island based research projects. Abstracts from the Seminar were posted on the Rottnest Island Authority's website.

Close liaison by Authority staff with research institutions (eg CSIRO, UWA) has led to major marine research projects incorporating the Rottnest Island Marine Reserve with the aim of providing data to assist in management of the marine environment. The Authority has also been able to gain benefits from tertiary student groups doing field trips and presenting reports on environmental management issues. It is hoped in the future to post results of completed studies on the website.

The flora and fauna of Rottnest Island are monitored by a range of groups. Research into the species diversity of reptiles on Rottnest Island led this year to the re-discovery of a species previously thought to be extinct (*Egernia napoleonis*). Birds Australia continue with their twice-yearly bird counts, and a new twice-yearly fish count and coral health survey program has been commenced by a community SCUBA diving group. Daily fish counts of target species and iconic marine life is undertaken by the Underwater Explorer Island based semi-submersible viewing vessel throughout the summer season. During 2004/2005, 25 research permits were issued, demonstrating that Rottnest Island continues to be a fertile place for research and that Authority staff maintain an important liaison role with key researchers.

## Ranger Services

Rottnest Rangers are one of the public faces of the Authority. A major aspect of their work involves ensuring visitors comply with the Rottnest Island Regulations 1988, which aim to protect and conserve the Island. While Rangers primarily take an educative approach, they can also take enforcement action when unlawful actions take place.

Rangers were significantly involved in a coordinated Leavers management program. The systems in place ensured that Leavers could enjoy themselves in a safe environment without impacting negatively on other visitors to the Island. The strategy to isolate school leavers to Geordie/Longreach has had a good outcome. Programs included provision of entertainment, inexpensive and easy access to take away food, a chill out tent and patrols of Rangers, Police and Security staff. The Authority was recognised by the WA Police Service and School Chaplaincy Australia for the proactive and successful approach taken.

A new intake of Honorary Bay Rangers were trained prior to the 2004/2005 summer boating season, increasing the total number to 23. Honorary Bay Rangers provide information to the boating community about the moorings system on the Island and provide valuable feedback on marine management issues. A records database allowing the tracking of vessel notices, infringements and Section 30 (eviction) notices has been developed and implemented. This allows staff to follow up on notices and gain information on trends and any problem issues.

## Protecting our Heritage

Rottnest Island has a significant proportion of State Registered heritage assets, including Colonial settlement buildings, two lighthouses, military installations, areas of Aboriginal significance and areas of recreational heritage. Vincent Way is the oldest intact streetscape in Australia. A key challenge in conserving heritage places is researching their cultural significance and deciding on what work is appropriate. Authority staff were assisted in this work by the Cultural Heritage Advisory Committee.

Sourcing authentic materials and skilled craftspeople can also be difficult. This not only affects the time taken to complete projects but also the standard to which they are completed. However, within these constraints, a number of major achievements occurred in 2004/2005.





## » **Museum Exhibits**

This year saw the preparation of new exhibits and interpretive material for the Museum, illustrating building construction, recreational history, ferry transport, the boys' reformatory and internment on the Island.

## » **Conservation and Refurbishment of Cottages E, J & H**

Upgrade and conservation work was completed to these significant heritage cottages, including work to the exteriors and interiors. As well as making the cottages more comfortable for visitors, the building fabric has been conserved using traditional materials. The architect has nominated this project for a Conservation Award.

**Future Snapshot:** Western Australia's first stone built lighthouse, on Wadjemup Hill Rottnest Island, will be open for public tours.

## » **Conservation of Sea Wall**

Thick layers of acrylic paint were causing damage to the underlying limestone wall. Where peeling and flaking, the paint was removed and if necessary the wall repaired using lime mortars. The whole wall has been repainted with lime paint. This is having a beneficial effect on the conservation of the structure as well as improving a key vista on the approach to the Island.

## » **Conservation Plan for Oliver Hill Battery**

Oliver Hill Battery is a nationally significant heritage site and receives numerous visitors each year to H1 gun and tunnels. In order to inform the conservation and interpretation of the whole site, a Conservation Plan was commissioned and a draft plan completed. The document will provide guidance on conservation work, maintenance issues and interpretation opportunities.

## Informing our Visitors

Visitors to Rottnest are provided with a range of information to help them discover and enjoy the environmental and cultural heritage of the Island. Informal education is provided through Interpretation Services and formal education provided to school groups and teachers through Education Services and the Rottnest Voluntary Guides Association.

### **Interpretation**

The role of interpretation on Rottnest Island is to develop awareness, appreciation and understanding of the Island's natural and cultural heritage. The aim is to ensure its protection in the future and enhance the visitor experience. Until December 2004 this role was allocated as part of the Heritage Officer's duties. In early 2005 a dedicated position was funded allowing a greater emphasis to be placed on this important role. This year's achievements include:

### » **Oliver Hill Heritage Trail**

A new walk trail at Oliver Hill was established involving the design, development, production and installation of interpretive signage. Oliver Hill is a very significant military history location on the Island and the cleaning up of this area and installation of interpretive signs will ensure that visitors have the opportunity to appreciate and enjoy this heritage site. The project was partially funded by a Lotterywest grant, which was successfully sought by the Rottnest Voluntary Guides Association.

### » **Environmental Signage**

The Rottnest Island Authority, Western Bay Boating Community and Conservation Volunteers Australia, along with funding assistance from Coastcare/Coastwest, have implemented a coastal awareness project. This is to protect the fragile ecosystems of Strickland Bay and Narrow Neck, focusing on erosion control, re-vegetation, walk trail establishment and protection of the flora and fauna. A series of interpretive signs have been developed and installed to alert visitors to the fragility of the coastline, with mobile signage to alert





visitors to protect important bird nesting sites in these areas.

### » **International Museum Day**

To celebrate International Museum Day on 18 May and the sixtieth anniversary of the end of World War II, an exhibition was mounted on 'World War II Italian Civilian Internees & Prisoner of War on Rottnest Island' in the Salt Store. The project provided information for visitors based on Fremantle Prison's exhibition in 1995 titled 'In the Interests of the Defence of the Commonwealth,' and promoted the research of Rottnest Voluntary Guide Association member Maria Rinaldi and the Rottnest Island museum permanent display on this topic. The exhibition extended the Island's historic record collection, and demonstrated shared links in the Island's history of Italian internment with Fremantle Prison and the Shire of Harvey, who hold the Fremantle Prison's static display.

## **Education**

Rottnest Island Education Services offer a diverse range of programs, suitable for primary and secondary school students, teachers, community groups and members of the public. These programs, offered throughout the year, increase understanding of the Island's environment, its sustainable management, and encourage appropriate visitor behaviour.

### » **Environmental Education Program**

The Authority runs an Environmental Education Program, which is developed in accordance with the Department of Education and Training's Curriculum Framework.

The program encourages active student involvement and hands-on learning. Rottnest Island's outdoor environment provides an ideal location for many of these activities, while others are conducted in the Rottnest Island Discovery Centre.

A new activity for secondary students called 'The Sustainability Challenge' focuses on the sustainable management of Rottnest

Island and has proven to be a popular activity for older students.

### » **Environmental Awareness Course**

These two-day courses cover environmental conservation and sustainable management of the Island, and provides professional development and an overview of educational opportunities on the Island, assisting group leaders to plan and implement their own effective education programs. Incentives of discounted accommodation are offered to teachers to promote return visits and provide environmental benefits to the Island.

Interestingly, a course is run each year with a group of exchange students from Murdoch University and graduating teachers from Central Michigan University. These courses are always well attended and have been in place for over five years and ten years respectively.

### » **School Holiday Program**

Fun and interactive environmental activities suitable for children of various ages are offered by Authority staff and the Rottnest Island Volunteer Guides as part of the School Holiday Program. Some activities are suitable for the whole family. This program operates in all four school holidays and incorporates Winter Wonders, Spring Splendour, Summer Fun Spectacular, and Autumn Colours. All activities aim to promote conservation of the Rottnest environment through hands on exploration and investigation.

### » **Community Service Program**

Community Service is a program offering a wide range of activities that contribute to the sustainable management of the Island and conservation of the fragile environment. Examples of activities include beach monitoring, beach litter sweeps and roadside weeding.



## » Seaweed Teachers Expo

This year saw the fifth annual Seaweed Teachers Expo in March as part of Seaweed – an ongoing public education campaign organised by the Marine Education Society of Australasia. Teachers and community members explored the theme of Save our Sharks. The Authority was joined by eight other participating organisations including the Department of Fisheries, Department for Planning and Infrastructure, Surf Life Saving Western Australia, High Tide Marine Education, Capricorn Kayak Tours, Rottnest Island Underwater Explorer, The Aquarium of Western Australia and the Western Australian Museum. The Expo also furthers the links between environmental and marine educators within Western Australia.

**Future Snapshot:** Rottnest Island Education Services will produce a Business Plan for the operation in response to Taskforce Recommendation 77. The Plan will outline strategies for diversifying the current market profile to include customers capable of increasing revenue, whilst continuing to value add to the school, tertiary and community education market.

Education Program	No. of schools	No. of individuals
Environmental Education Program	132	17,151
Environmental Awareness Course		85
School Holiday Program		937
Community Service Program	61	2,051





## Other Corporate Information

### Comments on events occurring after reporting date

No events occurred after 30 June 2005 to the signing of this report to adversely affect the operations of the Rottnest Island Authority.

### Changes in Written Law

The Rottnest Island Regulations 1988 (the Regulations) were amended to adjust the individual adult admission fee from \$11.00 to \$11.50 and the admission fee for a child from 55 cents to \$1.00 from 1 July 2004. The admission fees had been adjusted in accordance with the RIMP that recommended the annual adjustment of the individual admission fee commencing 1 July 2003. The increase in the child admission fee was the first increase in the fee for over 15 years apart from the adjustment for GST in 2000.

Schedule 5 to the Regulations was amended to adjust the annual payment by fishing or diving charter operators for admission to Rottnest Island from 1 July 2004 to include a CPI increase.

Aerodrome usage fees and the annual payment in lieu of usage fees for aircraft landing on the Island were increased from 1 July 2004. The annual payment in lieu of admission fees for aircraft was adjusted from \$110.00 to \$121.00. The aerodrome usage fee had not been raised since 1994 apart from the adjustment for the provision of Goods and Services Tax (GST) in 2000. This had resulted in the fee being out of line with other Rottnest Island admission fees.

The Regulations were also amended to introduce a schedule of berthing fees applicable to vessels that berth at the Main Ferry Jetty at Rottnest Island. This reflected the transfer of control and management of the Jetty from Department for Planning and Infrastructure to the Authority.

The application fee for a mooring site licence as contained in schedule 7 to the Regulations was CPI adjusted, rounded up to the nearest rational unit price from \$33 to \$35.

### Information Services

The State Records Act 2000 came into effect on 1 December 2001. The Authority is subject to the principles and standards contained within the Act. The Authority's Recordkeeping Plan (RKP), has been approved by the State Records Commission. The Authority's Information Services Induction Training program addresses employees' roles and responsibilities to ensure compliance with the Authority's RKP.

### Freedom of Information

For the year ended 30 June 2005, 12 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 Coordinator at Rottnest Island



Authority, PO Box 693, Fremantle 6959 or Level 1, E Shed, Victoria Quay, Fremantle or by phone (08) 9432 9300.

## Risk Management

The Rottne Island Taskforce highlighted the need for the Authority to review the existing risk management system to address concerns that:

- » the risk register provides for an assessment of controls rather than providing details of the controls;
- » risk management staff are required to audit the controls assessed (this should be done independently);
- » inherent risks are currently only reviewed every 5 years; and
- » risks relating to legal compliance, completeness of revenue and human resources do not appear to be considered.

After consideration by the Finance and Audit Committee, which functions as the Authority's risk management committee, RiskCover (Insurance Commission of WA) was approached to undertake an independent review.

This year, risk management plans have been undertaken for major events within the Rottne Reserve including a visitor risk site assessment when required. Also members of the Winnits Club assisted with a survey of the coastal risk signs. This information has been incorporated into a database, including the GPS location of each sign.

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. An updated risk management program and also an implementation plan were reviewed by the Finance and Audit Committee.

## Equal Employment Opportunity

The Authority continued to exceed the Government's equity index target of 65 with an index of 68. An equity index of 100 shows women are equitably distributed across the salary levels.

The Authority is well represented by women in the second and third tiers of management, with 4 of the 11 line management positions. This consists of 20 percent at the second tier with a Government target of 41 percent; and 50 percent at the third tier with a Government target of 45 percent.

## Disability Services Plan Outcomes

The Rottne Island Authority is committed to providing services and facilities in accordance with the principles of universal access.

As part of this year's Longreach holiday accommodation refurbishment, the existing disabled unit was refurbished and an additional two units were converted and refurbished to provide suitable facilities.

The conversion was to a higher standard than previously in that kitchen cupboards and bedroom furniture were also modified and doors and gates were widened.

An additional sliding door for easier access was installed at the Visitor Centre, which also underwent refurbishment.

## Plan for Young People

The Authority's education services run an environmental education program which is developed in accordance with the Department of Education and Training's Curriculum Framework. The needs of the participating students are met through the provision of activities, which encourage active involvement and hands on learning.

Leavers' week celebrations are planned for and closely managed by the Authority to ensure the young people participating in the event are safe and well supervised. The event is supported by a range of initiatives, such as the no glass policy,





to meet the needs of the leavers and minimise impact on the Island. Volunteers and staff are available throughout the event to provide advice on an array of issues.

## Languages Services

The Authority has continued to enhance its existing services to non-English speaking visitors. In addition to the use of international symbols and the identification of bilingual staff, the Authority has tour information sheets and maps in a range of languages which detail the very popular two-hour tour around the Island. These can also be used for those visitors heading around the Island on bike and regular passenger service around the Island.

## Marketing Expenditure (Electoral Act 1907)

In accordance with the disclosure requirements of Section 175ZE of the Electoral Act 1907, it is reported that the Rottnest Island Authority incurred expenditure in advertising, market research, and media advertising during the period 1 July 2004 to 30 June 2005 of \$323,560. Expenditure was incurred in the following areas:

<b>Advertising Agencies</b>	<b>Amount (\$)</b>
303 Advertising Pty Ltd	223,790
Braincells Pty Ltd	16,593
Total	\$240,383
<b>Market Research Agencies</b>	<b>Amount</b>
Market Equity Pty Ltd	32,383
Total	32,383
<b>Polling Organisations</b>	<b>Amount</b>
	Nil
<b>Direct Mail Organisations</b>	<b>Amount</b>
	Nil
<b>Media Advertising Organisations</b>	<b>Amount</b>
Marketforce Productions	35,800
Media Decisions	14,994
Total	50,794

## Waste Paper Recycling

The Rottnest Island Authority has continued to recycle its waste paper and staff are encouraged to minimise paper use and produce double-sided documents when printing.

## Employee Relations

### Redeployment/Termination

One employee was redeployed during the year and one had their employment terminated.

### Discipline

It was not necessary to apply any disciplinary procedures during 2004/2005.

### Industrial Relations

There were no industrial issues during the year. All industrial agreements provide comprehensive dispute resolution processes.

### Staffing Level

The Authority met its obligation to maintain an operational staffing level of 104.25 full time equivalent employees (FTE) comprising full-time, part-time and casual employees. Driven by seasonal factors and visitor demand the actual FTE level varies over the year. As required by government it is recorded and reported on at the end of each quarter.

The Quokka Arms recorded a significant reduction in FTE to 30 June 2005 in comparison to the previous year due to reduced services being offered by the hotel and some closure due to refurbishment.

Actual Staffing Level (FTE) as at June 2005		
	30 June 2004	30 June 2005
Ongoing operations	91	91
Quokka Arms	23	9
Total	114	100



Annual Average Staffing Levels	September	December	March	June
<b>2003/2004</b>				
Ongoing operations	103	108	101	91
Quokka Arms	N/A	N/A	N/A	23
<b>2004/2005</b>				
Ongoing operations	91	106	106	91
Quokka Arms	21	25	26	9

### Occupational Health and Safety

The Authority offers a confidential counselling service via an Employee Assistance Program to assist staff resolve personal or work related issues.

### Workers Compensation and Rehabilitation

Factor	2003/04	2004/05
Number of injuries causing lost time		3
Number of workers compensation claims	5	10
Total days lost	20	27
Average duration (days)	20	9
Rehabilitation success rate	0%	0%

Note: Until rehabilitation is completed the success rate will appear as 0%.

### Public Sector Standards

There were no breach of standard claims lodged during 2004/2005.

### Public Interest Disclosures

To meet its obligations under the Public Interest Disclosure Act 2003 the Authority:

- » has the position of Corporate Services Manager as the person responsible for disclosures of public interest information;
- » Maintained procedures for public disclosures; and
- » Ensured that information on how to lodge a public interest disclosure is maintained on the Authority's website.

There were no public interest disclosures made during 2004/2005.

### Indemnifying Members of the Board

An insurance premium has been taken out to indemnify members of the Board against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium paid for the 2004/2005 year was \$28,185.

### Corruption Prevention

The Authority identified the issues of gifts, use of resources and conflicts of interest as areas requiring further management activity in the prevention of corruption and misconduct. To address this, the Code of Conduct is being rewritten to specifically address those issues.

### Statement of Compliance with Relevant Written Law

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:

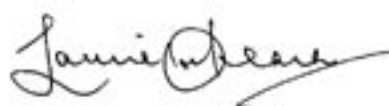
### *Western Australian Legislation:*

Aboriginal Heritage Act 1972  
Aboriginal Heritage Regulations 1974  
Animal Welfare Act 2002  
Bush Fires Act 1954  
Bush Fires Regulations 1954  
Business Names Act 1962  
Civil Liability Act 2002  
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  
Construction Contracts Act 2004  
Contaminated Sites Act 2003  
Dangerous Goods Safety Act 2004  
Debits Tax Act 1990  
Disability Services Act 1993  
Disability Services Regulations 1995  
Electoral Act 1907  
Electricity Act 1945 ('supply Authority')  
Electricity Corporation Act 1994  
Electronic Transactions Act 2003  
Energy Operators (Powers) Act 1979  
Environmental Protection Act 1986  
Equal Opportunity Act 1984  
Evidence Act 1906  
Explosive and Dangerous Goods Act 1961  
Fair Trading Act 1987  
Financial Administration and Audit Act 1985  
Fines Penalties and Infringement Notices Act 1994  
Fish Resources Management Act 1994  
Freedom of Information Act 1992  
Freedom of Information Regulations 1993  
Gas Standards Act 1972  
Government Employees Housing Act 1964  
Government Employees Superannuation Act 1987  
Health (Rottnest Island) By-laws 1989  
Heritage of Western Australia Act 1990  
Industrial Relations Act 1979  
Interpretation Act 1984  
Jetties Act 1926  
Labour Relations Reform Act 2002  
Land Administration Act 1997  
Library Board of Western Australia Act 1951  
Limitation Act 1935  
Liquor Licensing Act 1988  
Long Service Leave Act 1958  
Marine and Harbours Act 1981  
Metropolitan Water Supply, Sewerage and Drainage Act 1909  
Minimum Conditions of Employment Act 1993  
Navigable Waters Regulations 1958  
Occupational Health and Safety Act 1984  
Occupier's Liability Act 1985  
Parliamentary Commissioner Act 1971  
Public Interest Disclosure Act 2003  
Public Sector Management Act 1994  
Public and Bank Holidays Act 1974

Reserves (National parks, Conservation Parks, Nature Reserves and Other Reserves) Act 2004  
Rottnest Island Authority Act 1987  
Rottnest Island Regulations 1988  
Salaries and Allowances Act 1975  
Shipping and Pilotage Act 1967  
Soil and Land Conservation Act 1945  
Stamp Act 1921  
State Records Act 2000  
State Records (Consequential Provisions) Act 2000  
State Supply Commission Act 1991  
State Superannuation Act 2000  
Statutory Corporations (Liability of Directors) Act 1996  
Superannuation and Family Benefits Act 1938  
Treasurer's Advance Authorisation Act 1996  
Volunteers (Protection from Liability) Act 2002  
Water and Rivers Commission Act 1995  
Water Corporation Act 1995  
Water Services Coordination Act 1995  
Western Australian Marine Act 1982  
Western Australian Tourism Commission Act 1983  
Wildlife Conservation Act 1950  
Workers' Compensation & Rehabilitation Act 1981  
Workplace Agreements Act 1993

### *Commonwealth Legislation:*

A New Tax System (Pay as you go) Act 1999  
A New Tax System (Goods and Services Tax) Regulations 1999  
Australian Heritage Commission Act 1975  
Copyright Act 1968  
Disability Discrimination Act 1992  
Electronic Transactions Act 1999  
Environmental Protection and Biodiversity Conservation Act 1999  
Fringe Benefits Tax Act 1986  
Historic Shipwrecks Act 1976  
Income Tax Assessment Act 1936  
Income Tax Assessment Act 1997  
Lighthouses Act 1911  
Native Title Act 1993  
Privacy Act 1988  
Racial Discrimination Act 1975  
Sales Tax (Exemptions and Classifications) Act 1992  
Sex Discrimination Act 1984  
Trade Practices Act 1974  
Workplace Relations Act 1996



Laurie O'Meara  
Chairman



Paolo Amaranti  
Chief Executive Officer



## Additional Information

Publications can be obtained from the Office of the Rottnest Island Authority, Level 1, E Shed, Victoria Quay, Fremantle, WA. Those noted \* are also available from [www.rottnestisland.com](http://www.rottnestisland.com).

### Regular Publications

Rottnest Island Authority Annual Report\*  
 Rottnest News\*1  
 Current RIA Brochures  
 Discovery Guide 2003/2004\*  
 Marine & Boating Guide 2003/2004\*  
 Leavers Week 2004: Crucial Knowledge  
 Environmental Education and Accommodation flyer  
 Seaweed Teachers Expo 2005 flyer  
 Maps & Information Summer 2004/2005  
 Maps & Information Winter 2005\*  
 Salt Store Gallery and Exhibition Centre brochure  
 Postcards

### Other RIA Publications

Rottnest Island Management Plan 2003 – 2008\*  
 Safety Information for Visitors  
 Coastal Hazards  
 A Guide to Safe Boating  
 Wedding and Function Guide\*  
 The Quokka  
 A Guide to the Historic Buildings of the Thomson Bay Settlement  
 Signal Ridge, Wadjemup Hill

### Older RIA Interpretative Publications still in distribution<sup>2</sup>

Rottnest Island Salt Lakes  
 Rottnest Island Fishes  
 Rottnest Island Cape Vlamingh Heritage Trail  
 Rottnest Island Oliver Hill Battery  
 The Rottnest Wrecks Heritage Trail  
 Rottnest Island Shells  
 Rottnest Island Oliver Hill Battery Heritage Trail  
 Rottnest Island Vlamingh Memorial Heritage Trail  
 Rottnest Island Vincent Way Heritage Trail  
 Rottnest Island Lighthouses  
 Rottnest Island Seagrasses  
 Rottnest Island Crustaceans



<sup>2</sup> These publications available from the RIA Visitors Centre, Cnr Henderson Ave and Colebatch Ave, Rottnest Island, WA.



## Acknowledgements

The Rottnest Island Authority acknowledges the support and assistance received during the year from the following organisations.

### **Rottnest Island Voluntary Groups**

Fremantle Sea Rescue  
Rottnest Island Sea Rescue  
Honorary Rangers  
Honorary Bay Rangers  
Military Heritage Advisory Group  
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  
Offshore Boardriders Club  
Volunteer Fisheries Liaison Officers

### **Government Agencies**

Central TAFE  
Coastwest  
CSIRO Science Education Centre  
City of Fremantle  
City of Cockburn  
Department of Agriculture  
Department of Conservation and Land Management  
Department of Consumer and Employment Protection  
Department of Environment  
Department of the Environment and Heritage  
Department of Fisheries  
Department of Health  
Department of Indigenous Affairs  
Department for Planning and Infrastructure

Department of Premier and Cabinet  
Department of Treasury and Finance  
Fire and Emergency Services Authority of Western Australia  
Heritage Council of Western Australia  
Lotterywest  
Main Roads WA  
Ministry of Justice  
Office of E-Government  
Parliamentary Counsel's Office  
Perth Zoo  
RiskCover  
Small Business Development Corporation  
State Solicitor's Office  
Sustainable Energy Development Office  
Tourism Western Australia  
Transperth  
Water Corporation  
Western Australian Museum  
Western Australia Police Service

### **Other Organisations**

Australian Association for Environmental Education  
Perth Regional Tourism Association  
The Aquarium of Western Australia  
The Australian Trust for Conservation Volunteers  
National Trust of Australia (WA)  
Rottnest Island Business Community  
Surf Life Saving Western Australia  
University of Western Australia  
Murdoch University  
Fremantle Chamber of Commerce  
Birds Australia  
FACET  
Zodiac Australia





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### ROTTNEST ISLAND AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### **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 30 June 2005.

#### **Scope**

##### *The Board's Role*

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.

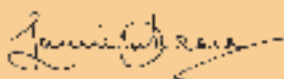
A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
31 October 2005

## Certification of Performance Indicators

*For the year ended 30 June 2005*

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 2005.



Laurie O'Meara  
Chairman



M Secco  
Member

26 August 2005





## Key Performance Indicators

The Rottnest Island Authority has one agency level Government desired outcome:

*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 services:

*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 and restores the Island's natural and cultural environment.

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

The Rottnest Island Authority is mindful that the reporting year has seen new Government directives through the *Outcome Based Management* guidelines which will need to be integrated into the development of future key performance indicators for the Authority.

The Authority has achieved an initial review of its strategic direction to coincide with the life

of the current *Rottnest Island Management Plan 2003-2008* and which also incorporates the recommendations of Rottnest Island Taskforce report and the Auditor General's performance examination. The review developed 'agency level government desired outcomes' and services which will be the basis for the reassessment of the Authority's key performance indicators.

### 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 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. This is the third year in which an expanded sample of visitors has been used and a revised survey methodology used. The Authority is now able to ensure a trend is captured for comparative purposes.

An independent research organisation is contracted to survey a random sample of visitors (388 accommodation users, 203 day visitors and 100 private boat owners) to provide customer ratings on satisfaction with recreational and holiday facilities and services. The sample comprised 691 interviews from an estimated population of 500,000 visitors. This provides a confidence level of 95 percent on estimates of 50 percent with a sampling



error of +/- 3.7 percent. The overall response rate was 76 percent, marginally higher than 2003/2004.

Some 57 percent of visitors surveyed were from the Perth metropolitan area, 15 percent from elsewhere in Western Australia with the remainder from interstate (27 percent) or overseas (one percent). This represents a 13 percent increase in interstate visitors compared with last year. This year the survey was conducted in three stages throughout the year. Respondents were asked to rate facilities and services on Rottnest Island in three key areas:

- » accommodation (used by visitors who stay overnight);
- » recreation (available to visitors who come for the day, who stay overnight and boat owners); and
- » overall satisfaction with recreational and holiday facilities and services.

Targets have been set for levels of visitor 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**

During the telephone survey visitors were asked a series of questions including:

- » Satisfaction with recreational facilities and services;

- » Satisfaction with Rottnest Island Authority accommodation; and
- » Overall satisfaction with recreational and holiday services and facilities.

To ensure that the visitor interviewed understood what comprised recreational facilities and services and accommodation the questionnaire required ratings on a number of aspects of each area prior to asking visitors to rate their satisfaction overall for recreational facilities and accommodation.

*Visitor satisfaction with recreational facilities and services*

Customer rating	2004/05	2003/04
Target net satisfied	90%	85%
Net Satisfied	88	86
Very satisfied	36%	37%
Satisfied	52%	49%
Neither	10%	10%
Dissatisfied	2%	3%
Very dissatisfied	0%	1%
Net dissatisfied	2%	4%
	100%	100%

Source: independent survey conducted by Market Equity<sup>3</sup> (Sampling error +/- 3.7 percent. Error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

The majority of visitors (88 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. Overall satisfaction with the facilities and services is steady in comparison with last year. Several aspects were rated more highly this year, eg, visitor information services, waste management, cleanliness of public areas, the museum/library and water supply and quality.

The target for visitor satisfaction with recreational facilities and services in 2003/2004 was 85 percent net satisfied. This target was revised to 90 percent net satisfied for 2004/2005, as

<sup>3</sup> Market Equity *Customer satisfaction with the Rottnest Island Experience* July 2005

the Authority is working to improve services and facilities for visitors. The achievement for 2004/2005 was 88 percent net satisfied.

The target for 2005/2006 remains at 90%.

*Visitor satisfaction with Rottnest Island Authority accommodation*

Customer rating	2004/05	2003/04
Target net satisfied	85%	85%
Net satisfied	65%	65%
Very satisfied	33%	27%
Satisfied	32%	38%
Neither	19%	18%
Dissatisfied	10%	12%
Very dissatisfied	6%	5%
Net dissatisfied	16%	17%
	100%	100%

Source: independent survey conducted by Market Equity (Sampling error +/-4.9 percent. Error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

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 all aspects of accommodation has increased in comparison to last year except maintenance services and cutlery and crockery. The target for visitor satisfaction with Rottnest Island accommodation is 85 percent. In 2004/2005 the Authority commenced a major refurbishment program that will continue in 2005/2006 and is expected to result in a significantly higher satisfaction rate in 2005/2006.

The target for 2005/2006 remains at 90%.

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

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

Customer rating	2004/05	2003/04
Target net satisfied	90%	85%
Net satisfied	86%	88%
Very satisfied	40%	40%
Satisfied	46%	48%
Neither	11%	8%
Dissatisfied	2%	3%
Very dissatisfied	1%	1%
Net dissatisfied	3%	4%
	100%	100%

Source: independent survey conducted by Market Equity (Sampling error +/-3.7 percent. Error rate at 95 percent confidence level on estimates of 50 percent). Note: percentage results allow for rounding

a satisfied rating of 4 or 5 out of 5.

Overall, 86 percent of visitors reported being satisfied or very satisfied with the recreational and holiday services on Rottnest Island. Some three percent of visitors reported being dissatisfied overall. This resulted in a mean overall satisfaction rating of 4.22 out of 5, marginally less than the 4.23 out of 5 recorded in 2003/2004. This decrease is statistically insignificant compared to 2003/2004.

The target for overall visitor satisfaction with recreational and holiday services and facilities was revised to 90 percent net satisfied for 2004/2005, in line with the Authority's continual review and improvement program for visitor services and facilities.

The target for 2005/2006 remains at 90%.

## 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 as

*Accessibility of Rottnest Island accommodation*

	2004/05	2003/04	2002/03	Target
Percent of Authority accommodation cheaper than average paid by West Australians holidaying in Western Australia	100%	100%	100%	80%
Price range of Authority accommodation (cost/bed/night) – 4 nights accommodation	\$8.00 - \$48.44	\$8.00 - \$48.44**	\$6.00 - \$45.94*	-
Average spent by West Australians (BTR National Visitor Survey)	\$59.79 (2004)	\$59.93 (2003)	\$59.64 (2002)	-

\*From 1 January 2003

\*\* From 1 January 2004

well as those visitors experiencing a day trip or tour on Rottnest Island.

### Accessibility of Rottnest Island Accommodation

This indicator compares 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 2004 (NVS) conducted by the Bureau of Tourism Research (BTR). The BTR interviewed West Australians on their return from their trip away during 2004 and obtained a range of information, including the amount that was spent on accommodation. They calculate that on average in 2004 West Australians, who paid for their overnight accommodation while away from home for holiday/leisure purposes, spent on average \$59.79 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 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 (base year).

There was no change in Authority accommodation pricing during 2004/2005. 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 \$8.00 (tent site) to \$48.44 (four bed refurbished cottage with view) per bed per night.

The target remains at 80% for 2005/2006.

### Accessibility of Rottnest Island tours

This measure compares the cost of an Island day trip tour package to full day tours offered on the mainland featuring similar components. This measure is expressed as a percentage of the cost of the Island tour over the cost of a mainland tour.

A target of 75 percent was set for this year. However, due to cost increases by Rottnest

*Accessibility of Rottnest Island tours*

	2004/05	2003/04	2002/03	2001/02	2000/01	Target
Cost of day trip tour packages to the Island as a percentage of the cost of other day tour packages from Perth .	81% *	74%	71%	66%	69%	<75%

\*percentage allows for rounding

Island operators in comparison to mainland operators, whose prices remained static, this was exceeded. At 81 percent, the cost of Rottnest Island packages as a portion of an average of mainland tours is still considered competitive value for visitors to Rottnest Island.

The target for 2005/2006 remains at <75%.

### 1.3 Water Consumption

Potable water is sourced from a desalination plant, a rainwater catchment area and groundwater bores.

Until 2000/2001 groundwater was the major source of potable water. Desalination is now the main source of potable water for the Island and will continue to be so in the future.

The change in the major source of potable water to desalination is significant as the continued 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. Piezometers 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 water for human consumption.

The target for 2005/2006 is to remain at >70%.

### 1.4 Water Quality within the Marine Environment

A key indicator when managing the impact of visitors on the Island's natural environment is achieving compliance with recreational water quality standards.

The Rottnest Island Authority coordinates an annual program of microbiological water sampling from 11 popular bathing and boating locations around the Island. Sampling is carried out from October to June with samples collected fortnightly and more intensively over summer. During 2004/2005 there were 25 sampling events which provided a total of 236 samples.

Testing is carried out to determine presence of *Thermotolerant coliforms* and *Enterococci*. These organisms are indicators of faecal contamination. Details of boating numbers, boat types, swimmers, weather conditions, and environmental factors are also recorded at the time of sampling.

The Authority uses the ANZECC (Australian and New Zealand Environment Conservation Council) guidelines for primary water contact

#### Source of water abstraction

Source	2004/05	2003/04	2002/03	2001/02
Bores	16.62%	20.16%	21.44%	32.02%
Desalination plants	72.77%	71.21%	70.15%	56.12%
Water catchment	10.61%	8.63%	8.41%	11.86%
Total water consumed (kl)	116,305	114,001	122,923	123,281

Target: Water abstraction from desalination plant to remain above 70%<sup>4</sup>

<sup>4</sup> This target was developed in the 2004/05 year.



*Safe swimming water – Proportion of samples that met ANZECC guidelines*

Indicator	2004/05	2003/04	2002/03	2001/02	Target
Thermotolerant coliforms	93.65%	100.00%	99.17%	98.61%	100%
Enterococci	89.83%	96.84%	92.53%	89.58%	100%

to assess results of water quality of the Island's marine environment.

Whilst results showed a high level of compliance there were some exceedences that required follow up sampling until safe bacteria levels were obtained. The Authority consulted the Department of Health whenever results showed a significantly high level of contamination.

During sampling in April 2005 an unusually high level of *Enterococci* was reported at Geordie Bay and as a result, the Bay was closed for two days until further sampling confirmed levels were safe to re-open the bathing area.

There were also some high readings of both *Enterococci* and *Thermotolerant coliforms* recorded on 9, 10 and 11 May 2005. The sites affected were Fuel Jetty, Hotel Jetty, Army Jetty, Stark Jetty, and Vlamingh Way (all located within Thomson Bay), and Geordie Bay. The swimming area in front of the hotel was closed and Rangers policed the area to answer any questions from the public with regard to the beach closure. The weather and poor swimming conditions fortunately kept swimmers away from the water.

There had been a significant rain event around this time and the high readings were likely to be caused from contaminants being washed into marine waters. Increased bacterial loading of water bodies after significant rain events is not uncommon.

The Authority will continue to liaise with the Department of Health in reviewing results and effectiveness of the program.

The target remains at 100% for both thermotolerant and enterococci indicators for 2005/2006.

### 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. The Woodland Restoration Strategy was reviewed in 2003.

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 and will be repeated in 2007/2008. Due to current trends, the 2007/2008 target has been revised to 33 percent. All targets are to be reviewed in 2005/2006.

*Percentage of Island revegetated*

2002/03	1997/98	2007/08 Target
25%	16%	33%

The Authority planned to plant 48,000 seedlings in 2004/2005 and succeeded in planting 44,300. Approximately 12ha of new areas were planted. Planting will continue during the remainder of the 2005 winter.

The target set for 2005/2006 is 45,000 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 ability of the environment to recover and cope with pressure 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 higher numbers representing greater 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. The fauna biodiversity was measured through a variety of surveys undertaken between 1998 and 2003.

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

The survey is scheduled to be undertaken again in 2007/2008.

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

## 1.7 Conservation of Cultural Heritage

Rottnest Island has been identified as one of the most important heritage places in Australia.

The relative integrity of its buildings, sites and cultural landscape creates a unique archive of early settlement.

### Number of species 2002/03 and 1997/98

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

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 60<sup>5</sup> Rottnest 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 Rottnest Island Authority 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. One plan passed the ten-year mark in 2004/2005 and thus became outdated.

<sup>5</sup> In 2004/2005 the Holding Cell has been evaluated separately from Boat House. In prior years they were evaluated together.

*Condition of State heritage registered buildings on Rottneest Island*

Condition	2004/05	2003/04	2002/03
Poor	11%	9%	12%
Fair	57%	56%	55%
Good	32%	35%	33%
% Fair or Good	89%	91%	88%
Target Fair or Good	90%	90%	90%

The condition of state heritage registered buildings indicator fell marginally short of its 2004/2005 target of 90 percent in fair or good condition. A number of restoration projects have been carried forward to 2005/2006, which when completed will put these key performance indicators back on track.

The target for 2005/2006 has been increased to 93%.

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

Condition	2004/05	2003/04	2002/03
Poor	19%	12%	12%
Fair	57%	63%	63%
Good	31%	25%	25%
% Fair or Good	81%	88%	88%
Target Fair or Good	88%	88%	88%

\* '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.

The condition of other State heritage registered structures and sites indicator did not achieve its 2004/2005 target of 88 percent of being in fair or good condition. A number of restoration projects have been carried forward to 2005/2006.

The target for 2005/2006 remains at 88%.

*State heritage registered assets with conservation plans*

Status of conservation plan	2004/05	2003/04	2002/03
No plan	35%	36%	39%
In place and less than 10 years old	42%	64%	61%
In place but over 10 years old	23%	0%	0%
% in place	65%	64%	61%
Target in place	65%	64%	64%

The State heritage registered assets with conservation plans indicator achieved its target of 65 percent. The significant increase in the percentage of plans over ten years old is caused by the Thomson Bay Settlement Conservation Plan passing the ten-year mark and requiring review. This plan covers 23 percent of the State registered heritage assets on Rottneest Island.

The target for 2005/2006 has been increased to 73%.

## 2. Efficiency Indicators

### Service One: Provision of Services to Visitors

#### 2.1 Weighted Average Cost per Visitor Service Provided

The efficiency indicator for Service 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 a service. The activities that contribute to an output are defined, and then all the 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 Service 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 6 years.

The average cost per service for 2004/2005 has risen 4 percent on the cost per service in 2003/2004 (adjusted for CPI). This elevation can be attributed to increases in facilities and management charges as well as the rising cost of fuel. There were a large number of minor capital works implemented this year, many arising from implementation of Taskforce recommendations.

The target for 2005/2006 remains at <\$35.00.

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

	2004/05 Actual	2003/04 Actual	2002/03 Actual	2001/02 Actual	2000/01 Actual	1999/00 Actual
Cost per service	\$35.36	\$32.18	\$35.84	\$37.62	\$36.29	\$29.34
Cost per service (adjusted for CPI)	\$29.97	\$28.68	\$32.62	\$35.41	\$35.42	
Target Cost per service (adj. CPI)	<\$35.00 <sup>6</sup>					

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. These costs have been included since 1 April 2004 only.

<sup>6</sup> This target was developed in the 2004/2005 year.



## Service 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 2005.

Significant maintenance was carried out on a number of heritage sites in 2004/2005. In addition investigative works to determine future management strategies for contaminated sites on the Island were also undertaken, resulting in a higher expenditure on Service Two than in 2003/2004.

Target for 2005/2006 remains at 4.9%.

#### *Total operating expenses as a percentage of conservation assets*

	2004/05 Actual	2003/04 Actual	2002/03 Actual	2001/02 Actual	2000/01 Actual
Total operating expenses as a percentage of conservation assets	6.0%	4.3%	3.2%	4.0%	3.1%
Total operating expenses as a percentage of conservation assets (including the marine portion of the Reserve)	5.7%	4.0%	3.0%	N/A	N/A
Target: Total operating expenses as percentage of conservation assets	4.9% <sup>7</sup>				

<sup>7</sup> This target was developed in the 2004/2005 year.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### ROTTNEST ISLAND AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### Qualification

The Authority relies on information provided by third parties to determine the landing fee revenue due to the Authority. The Authority did not have controls in place to verify the accuracy or completeness of information provided.

The absence of these controls did not have a material effect on the Authority's financial statements.

#### Qualified Audit Opinion

In my opinion,

- (i) except for the qualification, the controls exercised by the Rottnest Island Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, 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 30 June 2005 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 amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not 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 financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
31 October 2005

## CERTIFICATION OF FINANCIAL STATEMENTS

*For the year ended 30 June 2005*

The accompanying financial statements of the Rottnest Island Authority (the "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 2005 and the financial position as at 30 June 2005.

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.



L O'Meara  
Chairman



M Secco  
Member



H Bhabra  
Principal Accounting Officer

26 August 2005



# Statement of Financial Performance

For the year ended 30 June 2005

	Note	2004/2005 \$	2003/2004 \$
<b>REVENUE</b>			
<b>Revenues from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Trading Profit	2	2,228,401	502,467
Goods and services	3	19,058,198	18,518,473
Commonwealth grants and contributions	4	1,375,000	7,270
<i>Revenue from non-operating activities</i>			
Interest revenue		225,742	81,140
Other revenues from ordinary activities	6	103,116	673,325
<b>Total revenues from ordinary activities</b>		<b>22,990,457</b>	<b>19,782,675</b>
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	7	8,619,296	7,042,412
Supplies and services	8	10,913,617	10,099,532
Depreciation expense	9	3,347,478	3,392,739
Borrowing costs expense	10	332,808	367,159
Administration expenses	11	1,229,521	999,254
Accommodation expenses	12	138,839	140,734
Costs of disposal of non-current assets	5	0	34,028
Other expenses from ordinary activities	13	1,728,830	870,187
<b>Total expenses from ordinary activities</b>		<b>26,310,389</b>	<b>22,946,045</b>
Loss from ordinary activities before grants and subsidies from State Government		(3,319,932)	(3,163,370)
Grants and subsidies from State Government	14	44,300	19,500
Services received free of charge	15	29,000	448,058
<b>NET PROFIT/(LOSS)</b>		<b>(3,246,632)</b>	<b>(2,695,812)</b>
Net increase in asset revaluation reserve		0	513,816
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>0</b>	<b>513,816</b>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		<b>(3,246,632)</b>	<b>(2,181,996)</b>

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



# Statement of Financial Position

*As at 30 June 2005*

	Note	2004/2005 \$	2003/2004 \$
<b>Current Assets</b>			
Cash assets	26(a)	5,876,968	3,164,333
Restricted cash assets	26(a)	5,000	5,000
Inventories	16	256,846	176,308
Receivables	17	740,239	825,823
Other assets	18	140,345	231,487
<b>Total Current Assets</b>		<b>7,019,398</b>	<b>4,402,951</b>
<b>Non-Current Assets</b>			
Property, plant, equipment & vehicles	19	100,323,804	94,026,754
Infrastructure	20	16,491,122	17,673,075
<b>Total Non-Current Assets</b>		<b>116,814,926</b>	<b>111,699,829</b>
<b>Total Assets</b>		<b>123,834,324</b>	<b>116,102,780</b>
<b>Current Liabilities</b>			
Payables	21	675,204	300,316
Provisions	23	1,154,626	1,049,068
Other liabilities	24	4,821,241	4,887,054
<b>Total Current Liabilities</b>		<b>6,651,071</b>	<b>6,236,438</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities	22	4,690,568	4,690,568
Provisions	23	523,849	524,306
<b>Total Non-Current Liabilities</b>		<b>5,214,417</b>	<b>5,214,874</b>
<b>Total Liabilities</b>		<b>11,865,488</b>	<b>11,451,312</b>
<b>NET ASSETS</b>		<b>111,968,836</b>	<b>104,651,468</b>
<b>Equity</b>			
Contributed Equity	25(a)	15,053,000	4,489,000
Reserves	25(b)	89,523,261	89,523,261
Retained Profits	25(c)	7,392,575	10,639,207
<b>TOTAL EQUITY</b>		<b>111,968,836</b>	<b>104,651,468</b>

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

# Statement of Cash Flows

For the year ended 30 June 2005

	Note	2004/2005	2003/2004
			\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		2,228,401	502,467
Goods and services		19,386,150	18,592,135
Commonwealth grants and contributions		1,375,000	7,270
Interest Received		209,951	80,818
GST receipts on sales		2,515,265	2,369,188
Other receipts		147,035	263,560
<b>Payments</b>			
Employee costs		(8,517,306)	(7,211,347)
Supplies & services		(12,223,290)	(11,016,071)
Borrowing costs		(343,132)	(370,182)
GST payments on purchases		(2,482,532)	(1,594,562)
GST payments to taxation authority		(50,038)	(1,092,071)
Other payments		(1,678,594)	(863,192)
<b>Net cash provided by/(used in) operating activities</b>	26(b)	<b>566,910</b>	<b>(331,987)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(8,462,575)	(983,377)
<b>Net cash used in investing activities</b>		<b>(8,462,575)</b>	<b>(983,377)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of Borrowings		0	0
<b>Net cash provided by financing activities</b>		<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Operating Grants & Subsidies		44,300	19,500
Equity contribution		10,564,000	2,762,000
<b>Net cash provided by State Government</b>		<b>10,608,300</b>	<b>2,781,500</b>
<b>NET increase in cash held</b>		<b>2,712,635</b>	<b>1,466,136</b>
Cash assets at the beginning of the financial year		3,169,333	1,703,197
<b>Cash assets at the end of the financial year</b>	26(a)	<b>5,881,968</b>	<b>3,169,333</b>

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 2005*

### 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 preceding 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.

Interest revenues are recognised as they are accrued.

##### (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.

Assets costing less than \$5,000 are expensed in the year of acquisition (other than where they form part of a group of similar items that are significant in total).

*(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 that 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.

Similarly, the Oliver Hill Battery, that is included in the Plant and Vehicles class of assets, has an indeterminate useful life, and therefore no depreciation has been applied to this asset.

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

The Authority has a policy of revaluing land, buildings and infrastructure at fair value at regular intervals. The last revaluation undertaken by the Department of Land Information (Valuation Services) in July 2002 is recognised in the financial statements. 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 assets.

*(g) Cash*

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets excluding 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.

Inventories not held for resale are valued at cost unless they are no longer required in which case they are valued at net realisable value.

*(i) Receivables*

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

Collectability of receivables is reviewed on an ongoing basis. Debts that 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 payable 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 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.

*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*. The Government Employees Superannuation Board (GESB) administers all of these schemes.

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 on the 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 liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

See notes 7 and 23.

(m) *Accrued Salaries*

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

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

Resources received free of charge or for nominal value that 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 service.

(p) *Comparative Figures*

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

(q) *Rounding of amounts*

Amounts in the financial statements have been rounded to the nearest dollar.

	2004/05 \$	2003/04 \$
<b>2. Trading Profit</b>		
Sales	3,659,170	1,018,310
Cost of Sales:		
Opening Inventory	(176,308)	(235,352)
Purchases	(1,511,307)	(456,799)
	(1,687,615)	(692,151)
Closing Inventory	256,846	176,308
Cost of Goods Sold	(1,430,769)	(515,843)
Trading Profit	2,228,401	502,467
<b>3. Goods and Services</b>		
Accommodation Charges	9,329,644	8,549,011
Lease & Licence Revenue	2,043,312	2,159,302
Admission Fees (i)	3,308,293	3,349,024
Facilities & Tours	2,960,970	3,021,070
Utility Charges	752,592	877,045
Housing Rentals	400,800	314,235
Commissions	262,587	248,786
	19,058,198	18,518,473
<b>4. Commonwealth grants and contributions</b>		
Sustainable Energy Development Office funding for Wind Turbine Project	1,375,000	0
Coastcare/Coast Watch Management	0	7,270
	1,375,000	7,270
<b>5. Net profit/(loss) on disposal of non-current assets</b>		
Loss on Disposal of Non-Current Assets		
Plant	0	(22,438)
Buildings	0	(11,590)
Net profit/(loss)	0	(34,028)
<b>6. Other revenues from ordinary activities</b>		
Insurance recoveries	474	333,646
Contribution to works	3,262	261,437
Miscellaneous	98,010	55,676
Assets received free of charge	0	22,205
Donations	1,370	361
	103,116	673,325

	2004/05 \$	2003/04 \$
<b>7. Employee expenses</b>		
Wages and salaries	6,745,249	5,186,174
Superannuation	492,812	517,501
Long service leave	199,552	121,064
Annual leave	112,756	337,571
Other related expenses (i)	1,068,927	880,102
	8,619,296	7,042,412
(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 23.		
<b>8. Supplies and Services</b>		
Consultants and contractors	9,880,761	8,579,411
Repairs and maintenance	429,260	898,109
Vehicle leasing	279,251	247,268
IT system development	52,113	76,190
Materials	12,316	107,039
Other	259,916	191,515
	10,913,617	10,099,532
<b>9. Depreciation expense</b>		
Buildings	1,209,480	1,256,014
Computers & Electronic	95,361	87,523
Furniture	56,475	58,398
Plant & Vehicles	274,591	314,045
Leasehold Improvements	21,227	15,498
Infrastructure	1,690,344	1,661,261
	3,347,478	3,392,739
<b>10. Borrowing cost expense</b>		
Interest Paid	323,427	357,750
Fees	9,381	9,409
	332,808	367,159
<b>11. Administration expenses</b>		
Communication	307,846	235,964
Consumables	229,746	192,114
Insurance	413,590	327,752
Other	278,339	243,424
	1,229,521	999,254
<b>12. Accommodation expenses</b>		
Lease rentals	108,832	105,090
Cleaning	10,554	20,219
Repairs & maintenance	8,509	1,748
Other	10,944	13,677
	138,839	140,734



	2004/05 \$	2003/04 \$
<b>13. Other expenses from ordinary activities</b>		
Minor Works	1,318,622	608,534
Furniture, fittings & equipment replacement	209,267	150,006
Doubtful debts expense	50,236	6,995
Other	150,705	104,652
	<b>1,728,830</b>	<b>870,187</b>
<b>14. Grants and subsidies from State Government</b>		
Coast West – Fay's Bay	12,050	0
Waste Management and Recycling	32,250	0
Fire and Emergency Services	0	16,500
Department of Fisheries	0	3,000
	<b>44,300</b>	<b>19,500</b>
<b>15. Services received free of charge</b>		
Health Department - health surveillance	29,000	28,500
Main Roads Department - road maintenance	0	387,849
Crown Solicitor's Office - legal services	0	31,709
	<b>29,000</b>	<b>448,058</b>
<b>16. Inventories</b>		
<b>Inventories held for resale</b>		
Hotel Food & Beverage Stock	124,098	102,246
Visitors Centre Stock	75,776	69,466
Bike Hire Stock	4,430	4,596
Post Office	10,193	0
	<b>214,497</b>	<b>176,308</b>
<b>Inventory not for resale</b>		
Bike Hire Stock	42,349	0
	<b>42,349</b>	<b>0</b>
Total Inventories	<b>256,846</b>	<b>176,308</b>
<b>17. Receivables</b>		
Current		
Trade Debtors	1,506,818	1,512,534
GST Receivable	176,394	263,572
Provision for Doubtful Debts	(942,973)	(950,283)
	<b>740,239</b>	<b>825,823</b>

The Authority's Provision for Doubtful Debts includes a sum of \$868,791, with respect to admission fees and other monies collected by one ferry operator, Banwell Pty Ltd, trading as Boat Torque Cruises. The State Solicitor, acting on the Authority's behalf, has taken action to seek to recover the unremitted admission fees.

	2004/05 \$	2003/04 \$
<b>18. Other assets</b>		
Current		
Prepayments	34,461	78,380
Other Debtors	87,884	150,898
Accrued Interest Receivable	18,000	2,209
	140,345	231,487
<b>19. Property, plant, equipment and vehicles</b>		
<b>Land</b>		
At fair value (1)	66,400,000	66,400,000
<b>Buildings</b>		
At fair value (1)	32,361,510	27,542,589
Accumulated depreciation	(3,400,129)	(2,190,650)
	28,961,381	25,351,939
<b>Computers &amp; Electronic Equipment</b>		
At cost	47,771	0
Accumulated depreciation	(7,134)	0
At fair value (1)	264,889	264,889
Accumulated depreciation	(230,581)	(142,354)
	74,945	122,535
<b>Furniture</b>		
At cost	494,337	377,892
Accumulated depreciation	(358,379)	(301,904)
	135,958	75,988
<b>Plant &amp; Vehicles</b>		
At cost	659,854	492,894
Accumulated depreciation	(461,699)	(402,423)
At fair value (1)	2,139,144	2,139,144
Accumulated depreciation	(523,695)	(308,381)
<b>Works of Art</b>		
At fair value (2)	23,095	23,095
	1,836,699	1,944,329
<b>Leasehold Improvements</b>		
At cost	123,236	77,493
Accumulated depreciation	(76,763)	(55,536)
	46,473	21,957
<b>Work Under Construction</b>		
At cost	2,868,348	110,006
	100,323,804	94,026,754

- (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 Department of Land Information (Valuation Services). 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.
- (2) The 2 October 1998 valuation of the Rottneest 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).

## 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.

2004/05	Land	Buildings	Computers / Electronic	Furniture	Plant / Vehicles	Leasehold Improvements	Works in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at start of year	66,400,000	25,351,939	122,535	75,988	1,944,329	21,957	110,006	94,026,754
Additions		4,710,186	47,771	116,445	166,961	45,743	2,868,348	7,955,454
Transfers		108,736					(108,736)	0
Disposals								
Write off							(1,270)	(1,270)
Recoverable Amount								
Write-Downs								
Revaluation Increments								
Depreciation expense		(1,209,480)	(95,361)	(56,475)	(274,591)	(21,227)		(1,657,134)
Carrying amount at end of year	66,400,000	28,961,381	74,945	135,958	1,836,699	46,473	2,868,348	100,323,804

	2004/05 \$	2003/04 \$
<b>20. Infrastructure</b>		
At cost	4,082,661	3,422,760
Accumulated depreciation	(2,681,618)	(2,314,637)
At fair value (1)	18,926,689	18,926,689
Accumulated depreciation	(3,836,610)	(2,513,248)
Under construction	0	151,511
	16,491,122	17,673,075

- (1) The revaluation was performed as at 1 July 2002 in accordance with an independent valuation by the Department of Land Information (Valuation Services). 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.

	2004/05 \$
<b>Reconciliations</b>	
Reconciliations of the carrying amounts of infrastructure at the beginning and end of the current financial year are set out below:	
Carrying amount at start of year	17,673,075
Additions	656,694
Transfers	(148,304)
Revaluation increments	0
Depreciation expense	(1,690,343)
Carrying amount at end of year	16,491,122

	2004/05 \$	2003/04 \$
<b>21. Payables</b>		
Trade payables	675,204	300,316
	675,204	300,316
<b>22. Interest-bearing liabilities</b>		
Non-current		
Western Australian Treasury Corporation Loans	4,690,568	4,690,568
<b>23. Provisions</b>		
<b>Current</b>		
Annual leave	497,608	451,207
Long service leave	430,808	388,715
Time in lieu	26,917	26,917
Superannuation (ii)	42,202	42,202
Leave purchase	4,238	1,332
Employment on-costs (i)	152,853	138,695
	1,154,626	1,049,068
<b>Non-current</b>		
Long service leave	217,397	173,655
Superannuation (ii)	271,668	322,866
Employment on-costs (i)	34,784	27,785
	523,849	524,306

- (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 their net fair value.

	2004/05 \$	2003/04 \$
<b>Employee Benefit Liabilities</b>		
Provision for employee benefits:		
Current	1,154,626	1,049,068
Non-current	523,849	524,306
	1,678,475	1,573,374
<b>24. Other liabilities</b>		
Current		
Refundable deposits and bonds	3,791,386	3,419,274
Accrued expenses	781,918	1,234,177
Accrued salaries	0	109,966
Accrued interest	81,727	92,051
Unclaimed money	35,335	31,586
Fringe Benefits Tax	18,750	0
Other Accruals	112,125	0
	4,821,241	4,887,054
<b>25. Equity</b>		
<b>(a) Contributed Equity</b>		
Opening balance	4,489,000	1,727,000
Contribution by State Government	10,564,000	2,762,000
Closing balance	15,053,000	4,489,000
<b>(b) Reserves</b>		
Asset Revaluation Reserve (i)		
Opening balance	89,523,261	89,009,445
Net revaluation increments:		
Land	0	0
Buildings	0	(9,947)
Computers & Electronic Equipment	0	0
Plant & Vehicles	0	0
Infrastructure	0	523,763
Closing balance	89,523,261	89,523,261
(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).		



	2004/05 \$	2003/04 \$
<b>(c) Retained profits</b>		
Opening balance	10,639,207	13,335,019
Net profit/(loss)	(3,246,632)	(2,695,812)
Closing balance	7,392,575	10,639,207
<b>25. Notes to the Statement of Cash Flows</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash assets	5,876,968	3,164,333
Restricted cash assets	5,000	5,000
	5,881,968	3,169,333

Bank accounts are maintained at BankWest and the Commonwealth Bank and cash floats are carried within the business centres.

One term deposit of \$5,000 held as a guarantee in relation to the TAB facility at the Hotel is considered to be a restricted cash asset.

	2004/05 \$	2003/04 \$
<b>(b) Reconciliation of profit/(loss) from ordinary activities to net cash flows provided by/(used) in operating activities:</b>		
Profit/(Loss) from ordinary activities	(3,246,632)	(2,695,812)
Non-cash items:		
Depreciation expense	3,347,478	3,392,739
(Profit)/loss on sale of property, plant & equipment	0	34,028
Doubtful debts expense	(7,310)	6,995
Grants and subsidies from State Government	(44,300)	(19,500)
Increase/(decrease) in assets:		
Receivables (iii)	23,021	276,397
Inventories	(80,538)	59,044
Other assets	91,142	952
(Increase)/decrease in liabilities:		
Payables (iii)	374,888	(265,175)
Provisions	105,101	89,276
Other Liabilities	(65,813)	(1,252,452)
Net GST receipts/(payments) (i)	(17,305)	(317,445)
Change in GST receivables/payables (ii)	87,178	358,966
<b>Net cash provided by/(used in) operating activities</b>	<b>566,910</b>	<b>(331,987)</b>
(i) This is the net GST paid/received, ie cash transactions		
(ii) This reverses out the GST in receivables and payables		
(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		

	2004/05 \$	2003/04 \$
<b>27. Commitments for expenditure</b>		
<b>(a) Capital expenditure commitments</b>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	2,560,000	2,618,000
The capital commitments include amounts for:		
Buildings	2,560,000	2,618,000
	2,560,000	2,618,000
<b>(b) Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within 1 year	308,814	239,230
Later than 1 year and not later than 5 years	582,000	241,738
	890,814	480,968
Representing		
Non-cancellable operating leases	890,814	480,968

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.

## 28. 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*

As of 30 June 2005, the Authority was defending two Supreme Court actions, one of which has been settled at a net cost to the Authority of \$23,300.

The second action is in relation to a writ taken out against the Authority alleging a lease was granted to operate the Rottnest Island Hotel. The Authority is defending the claim. A reliable estimate of the quantum of the claim is yet to be determined.

#### *(b) Native Title Claims*

Until recently Rottnest Island was subject to one unregistered claim under the *Native Title Act 1993 (NTA)*. Rottnest was previously covered by the Combined Metropolitan Working Group claim, which was registered. However that claim was combined into the Single Noongar Claim in 2003.

In late 2004 the Native Title Tribunal ruled that the Single Noongar Claim had failed the registration test therefore there is no currently registered native title claim over Rottnest Island. The Native Title Tribunal recently ruled that Corrie Bodney could resubmit his native title claim, which includes Rottnest Island. This has not yet occurred.

State Solicitors Office (SSO) has advised that as the Rottnest Reserve was vested in the Rottnest Board of Control in 1942 under Section 33 *Land Act 1933* any native title that may have existed in the area of the vested reserve has been extinguished. It follows that the 'future act' provisions of the NTA have no application to the area of the vested reserve.

The Authority is seeking clarification and confirmation of this advice particularly in the light of recent Native Title Tribunal decisions.

Native title may still apply on those areas of the reserve that have been added since 13 February 1942. Certainty on this point may require a court determination.

(c) *Treatment of asbestos materials*

The Authority 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 Authority has an ongoing management plan to remediate contaminated sites as they are identified.

*Contingent Assets*

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

(a) *Litigation in progress*

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

## 29. Events Occurring After Reporting Date

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

## 30. 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.

	2004/05 \$	2003/04 \$	Variance \$
Trading profit	2,228,401	502,467	1,725,934
Commonwealth grants and contributions	1,375,000	7,270	1,367,730
Interest revenue	225,742	81,140	144,602
Other revenues from ordinary activities	103,116	673,325	(570,209)
Employee expenses	8,619,296	7,042,412	1,576,884
Supplies and services	10,913,617	10,099,532	814,085
Administration expenses	1,229,521	999,254	230,267
Other expenses from ordinary activities	1,729,830	870,187	858,943
Net increase in asset revaluation reserve	0	513,816	(513,816)

*Trading profit*

The variance represents the Hotel's full year trading as opposed to three months in the prior year.

*Commonwealth grants and contributions*

The variance reflects funding of \$1.375m from the Sustainable Energy Development Office for the Wind Turbine Project.

*Interest revenue*

The variance reflects a higher level of bank deposits resulting from Government grants banked and retained and utilised at later dates for capital and project work.

*Other revenues from ordinary activities*

The variance reflects reduced insurance recoveries received.

*Supplies and Services*

Increase in Facilities and Management charges and higher incidence of repairs and renewals were responsible for higher expenditure than last year.

*Employee and Administration expenses*

This variance relates to the Hotel's operating expenditure for a full twelve months as opposed to three months in the prior year.

*Other expenses from ordinary activities*

This variance relates to necessary minor works expenditure under the task force program and the Hotel's full year trading.

*Net increase in asset revaluation reserve*

No assets were revalued during the year.

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

Details and reasons for significant variations between estimates and actual results are detailed below.

Significant variations are generally considered to be those greater than 10% or \$100,000.

	<b>2004/05 Estimates \$</b>	<b>2004/05 Actual \$</b>	<b>Variance \$</b>
Trading profit	2,595,000	2,228,401	366,599
Interest revenue	75,000	225,742	(150,742)
Other revenues from ordinary activities	575,000	103,116	471,884
Administration expenses	1,395,000	1,229,521	165,479
Other expenses from ordinary activities	1,994,000	1,728,830	265,170
Grants and Subsidies from Government	2,946,000	44,300	2,901,700

*Trading profit*

Lower than budget food and beverage sales were responsible for the decline in trading profit.

*Interest revenue*

The variance reflects a higher level of bank deposits resulting from Government grants banked and retained and utilised at later dates for capital and project work.

*Other revenues from ordinary activities*

The variance reflects reduced insurance recoveries received.

*Administration expenses*

Lower insurance costs and bank fees contributed to savings in administration expenses.

*Other expenses from ordinary activities*

This variance relates to necessary minor works expenditure under the task force program.

*Grants and subsidies from Government*

Funds received from State Government for task force and capital works were recorded as contributed equity rather than operating income as assumed in the estimates.

**31. 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
			1 year or less	1 to 5 years	Over 5 years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2005</b>							
Financial Assets							
Cash Floats & Operating Account						1,069	1,069
11am Account	5.27	4,813					4,813
Receivables						1,507	1,507
Other assets						140	140
		4,813				2,716	7,529
Liabilities							
Payables						675	675
Accrued Interest						82	82
Borrowing from WATC	5.73			4,690			4,690
				4,690		757	5,447
<b>30 June 2004</b>							
Financial assets	4.47	572				4,111	4,683
Financial liabilities	7.40		1,875	2,055	760	392	5,082

*(b) 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.



	2004/05 \$	2003/04 \$
<b>32. Remuneration of Members of the Accountable Authority and Senior Officers</b>		
<b>Remuneration of Members of the Accountable Authority</b>		
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:		
\$		
0 – 10,000	4	5
10,001 – 20,000	1	0
The total remuneration of the members of the Accountable Authority is:	28,694	28,912
The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.		
No members of the Accountable Authority are members of the Pension Scheme.		
<b>Remuneration of Senior Officers</b>		
The number of Senior Officers, 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:		
\$		
30,001 – 40,000	1	2
40,001 – 50,000	2	1
60,001 – 70,000	0	1
90,001 – 100,000	1	0
100,001 – 110,000	0	0
110,001 – 120,000	1	2
130,001 – 140,000	*1	0
150,001 – 160,000	0	1
170,001 – 180,000	1	0
190,001 – 200,000	*1	0
The total remuneration of senior officers is:	847,803	552,314
* includes payments of entitlements on resignation		
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.		
There was an overlap of positions during the year associated with an organisational restructure to implement the recommendations of the Rottnest Island Taskforce.		
One former Senior Officer is a member of the Pension Scheme.		

<b>33. Remuneration of Auditor</b> Remuneration to the Auditor General for the financial year is follows:  Auditing the accounts, financial statements and performance indicators	62,000	60,000
<b>34. Supplementary Information</b> <b>Write-Offs approved by the Board</b> Bad Debts Stock Write Off Bikes Write Off  <b>Cash Variances</b> Net cash (surplus)/shortage	0 0 0 0  8,797	12,807 2,894 14,914 30,615  4,337

### 35. Segment (Service) Information

Segment information has been disclosed by service. The two services of the Authority are:

#### *Service 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.

#### *Service 2: Conservation of the Natural and Built Environment*

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

The Authority operates within one geographical segment (the Western Australian Public Sector).

	Services to Visitors		Conservation of Environment		Consolidated	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
<b>Revenue from ordinary activities</b>						
Trading profit	2,228,401	502,467			2,228,401	502,467
Goods and services	19,003,747	18,459,997	54,451	58,476	19,058,198	18,518,473
Commonwealth grants and contributions			1,375,000	7,270	1,375,000	7,270
Interest revenue	225,742	81,140			225,742	81,140
Other revenues from ordinary activities	82,693	563,728	20,423	109,597	103,116	673,325
<b>Total revenues from ordinary activities</b>	<b>21,540,583</b>	<b>19,607,332</b>	<b>1,449,874</b>	<b>175,343</b>	<b>22,990,457</b>	<b>19,782,675</b>
<b>EXPENSES</b>						
<b>Expenses from ordinary activities</b>						
Employee expenses	6,058,104	5,932,312	2,561,192	1,110,100	8,619,296	7,042,412
Supplies & services	9,964,847	9,324,590	948,770	774,942	10,913,617	10,099,532
Depreciation expense	3,178,269	3,165,533	169,209	227,206	3,347,478	3,392,739
Borrowing costs expense	302,940	324,734	29,868	42,425	332,808	367,159
Administration expenses	1,104,757	782,323	124,764	216,931	1,229,521	999,254
Accommodation expenses	138,839	136,893	0	3,841	138,839	140,734
Costs of disposal of non-current assets	0	34,028	0	0	0	34,028
Other expenses from ordinary activities	1,446,552	568,800	282,278	301,387	1,728,830	870,187
<b>Total expenses from ordinary Activities</b>	<b>22,194,308</b>	<b>20,269,213</b>	<b>4,116,081</b>	<b>2,676,832</b>	<b>26,310,389</b>	<b>22,946,045</b>
<b>Profit from ordinary activities before grants and subsidies from Government</b>	<b>(653,725)</b>	<b>(661,881)</b>	<b>(2,666,207)</b>	<b>(2,501,489)</b>	<b>(3,319,932)</b>	<b>(3,163,370)</b>
Grants and subsidies from Government	0	0	44,300	19,500	44,300	19,500
Services received free of charge	29,000	448,058	0	0	29,000	448,058
<b>Net Profit/(Loss)</b>	<b>(624,725)</b>	<b>(213,823)</b>	<b>(2,621,907)</b>	<b>(2,481,989)</b>	<b>(3,246,632)</b>	<b>(2,695,812)</b>
Segment Assets	33,982,730	26,267,160	72,274,164	66,501,284	106,256,894	92,768,444
Unallocated assets					17,577,430	23,334,336
Total assets					123,834,324	116,102,780
Segment Liabilities	5,064,882	4,422,008	253,896	233,660	5,318,778	4,655,668
Unallocated liabilities					6,546,710	6,795,644
Total liabilities					11,865,488	11,451,312
Acquisition of property, plant, equipment and other non-current assets	5,808,033	788,167	0	23,596	5,808,033	811,763
Unallocated acquisitions					2,654,542	171,614
Total acquisitions					8,462,575	983,377
Non-cash expenses other than Depreciation	187,547	530,099	70,119	14,229	257,666	544,328

### 36. The Impact of Adopting International Accounting Standards

The Australian Accounting Standards Board has adopted the Standards of the International Accounting Standards Board for application to reporting periods beginning on or after 1 January 2005. Accounting Standard AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' prescribes transitional provisions for first time adopters.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for periods ending on or after June 2005.

As at 30 June 2005 there were no material differences resulting from the application of proposed accounting policies under the International Financial Reporting Standards when compared with the application of existing Australian generally accepted accounting policies.

## Appendix A - Financial Estimates 2005/2006

As required under Treasurer's Instructions (TI 953) following are the annual estimates for the Authority for the 2005/2006 financial year:

### FINANCIAL ESTIMATES FOR 2005/2006

	Budget 2005-06 All Operations \$
<b>REVENUE</b>	
<b>Revenues from ordinary activities</b>	
<i>Revenue from operating activities</i>	24,181,530
Goods and services	0
Commonwealth grants and contributions	0
<i>Revenue from non-operating activities</i>	
Interest revenue	80,000
Other revenues from ordinary activities	12,000
<b>Total revenues from ordinary activities</b>	<b>24,273,530</b>
<b>EXPENSES</b>	
<b>Expenses from ordinary activities</b>	
Costs of Sales	1,737,300
Employee expenses	8,856,528
Supplies and services	12,778,905
Depreciation expense	3,600,000
Borrowing costs expense	360,000
Administration expenses	685,958
Accommodation expenses	140,000
Other expenses from ordinary expenses	65,780
<b>Total expenses from ordinary activities</b>	<b>28,224,471</b>
<b>Loss from ordinary activities before grants and subsidies from Government</b>	<b>(3,950,941)</b>
Grants and subsidies from Government	1,600,000
<b>NET PROFIT</b>	<b>(2,350,941)</b>

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# Rottnest Island Authority



**ROTTNEST ISLAND**  
WESTERN AUSTRALIA

Rottnest Island Authority  
Level 1, E Shed, Victoria Quay  
Fremantle WA 6160  
PO Box 693  
Fremantle WA 6959  
Phone: 08 9432 9300  
Fax: 08 9432 9301  
Website: [www.rottnestisland.com](http://www.rottnestisland.com)