



Rottnest Island Authority
Annual Report 2005 / 2006

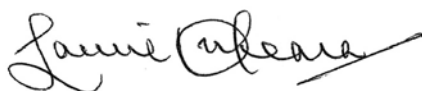




To Sheila M'Hale MLA
Minister for Tourism

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 2006.

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



Laurie O'Meara
[Chairman](#)

5 September 2006



Maurie Woodworth
[Deputy Chairman](#)

5 September 2006



Table of Contents

Part I

Agency Profile	2
Chairman's Report	4
Corporate Governance	6
Progress Report on the Rottnest Island Taskforce Recommendations	9
Progress Report on the Rottnest Island Management Plan 2003-2008	11
Operations Report	12
Environmental Protection	22
Facilities Management	25
Corporate	28
Additional Information	34

Part II

Key Performance Indicators	40
Financial Statements	57



Agency Profile

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;
- Protect the Island's fauna and flora; and
- 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 Vision

Relax Conserve Discover

Our Values

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

The sense of escape, wonder, discovery and enjoyment of the natural environment will be sustained. All significant heritage assets will be protected and interpreted to add value to the visitor experience.

The provision of friendly and welcoming customer service will be a prime managerial focus for all Island services and facilities.

Management of the Island will require continuous improvement within existing business operations while exploring new opportunities and markets to improve financial sustainability of the Authority.

All businesses and contractors will be eco-friendly, and demonstrate a high standard of environmental management as well as financial viability to ensure the Island's long-term future.

Our Objectives

Visitor Experience

The relaxed, casual, shared holiday experience will continue as a 'point of outstanding difference' to other holiday destinations. A wide range of accommodation styles will ensure affordability and accessibility for all visitors, particularly families.



Environmental Protection

Protect and enhance the intrinsic values of Rottnest Island’s natural environment and cultural heritage.

Financial Viability

Achieve long-term (financial) sustainability through all activities, businesses and infrastructure being commercially viable and eco-friendly while mindful of the traditional Rottnest holiday ethos.

Our Customers

Around half a million people visit Rottnest Island every year. Approximately 79 percent of visitors are from Western Australia and 21 percent from interstate or overseas. During 2005/2006, 312,276 visitors arrived by commercial ferry services and an estimated 180,000 travelled by private or charter vessel.

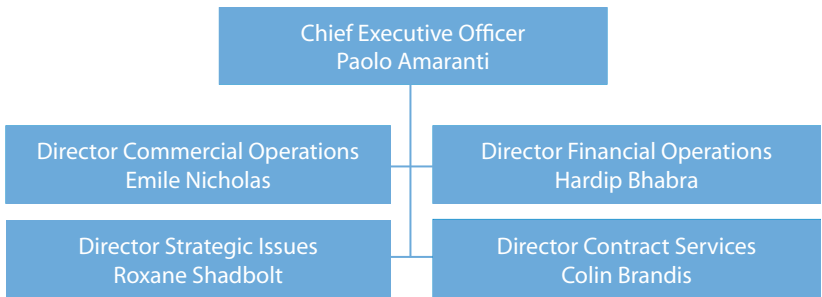
These figures place Rottnest Island as a more popular holiday site than Fraser Island in Queensland, Cradle Mountain in Tasmania and Kakadu National Park in the Northern Territory.

Our Organisational Structure

The Minister for Tourism is responsible for the Rottnest Island Authority. 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 Authority are overseen by the Chief Executive Officer, supported by a staffing level at 30 June 2006 of 104 full-time employees (FTE) for ongoing operations and 18 FTE for the Quokka Arms.

Operations are managed by a five-member executive team, outlined in the organisational chart.



Location

Rottnest Island Authority is located at Level 1, E-Shed Victoria Quay, Fremantle WA. The Authority can be contacted on 08 9432 9300, facsimile 08 9432 9301 or email enquiries@rotnnestisland.com



Chairman's Report

The main focus of the Rottnest Island Authority throughout 2005/2006 has been the continued implementation of the 2004 Taskforce recommendations and the push towards financial sustainability.

After two years of the six-year Taskforce program, more than 60 percent of the 101 recommendations have been implemented with a further 30 percent in progress. Evidence of what the State Government funding of \$26 million has achieved is becoming clear, particularly in relation to upgrading accommodation. With Longreach/Fays and Geordie fully refurbished and back on line, attention this winter season was directed to Bathurst and Central Thompson. Public feedback on the refurbished units has been positive. Accommodation on Rottnest is now at an equivalent of three-and-a-half star tourism industry standard.

A major tenet of the Authority's approach to implementing the Taskforce recommendations and in other works carried out is to avoid the "bandaid" approach. If it cannot be done properly, the decision is taken to leave it until funds allow this to be achieved.

In the past, due no doubt to shortage of funds, some works have had a short life span. This has become evident with the reticulation of utilities such as electricity, gas, water and sewerage. A master plan is being prepared so all future repairs and upgrades can be provided through a common channel with the capacity to accommodate any future requirements. The current haphazard location of these utilities continues to cause difficulties and costly repairs. The cost of the implementation of the master plan is in forward estimates.

A decline in domestic tourism in the State and Australia, the reduction in visitor numbers due to a mild summer, and inventory off-line due to the refurbishment program saw revenue from accommodation and landing fees down.

However, there was an achievement of a reduced net loss against forecast in 2005/2006 with a net loss from ordinary activities (before government grants and subsidies) of \$3.2 million being \$700,000 less than the forecast of \$3.9 million.

The Authority has been charged by the Government to move the operation of the Island to a point of financial sustainability. Lessons learnt from the Taskforce process reveal longer range financial planning is essential, as is ongoing maintenance of accommodation and facilities.

An Authority commissioned, comprehensive analysis of Island finances and modelling to support a rationalisation of Fees and Charges resulted in a proposal that, with modification, was adopted by Cabinet. The net increase in revenue with annual CPI adjustment is sufficient to establish a reserve to finance a rolling five-year upgrade program.

A significant modernisation of accommodation was the decision to provide linen, television sets and microwave ovens to a majority of cottages.



Eighty-nine units at Georgie Bay, Fay's Bay and Longreach have been refurbished and work has progressed over the 2006 winter period to upgrade units in Central Thomson and Bathurst, 169 units will have been refurbished and/or upgraded.

On 17 April 2006 a Draft Marine Management Strategy was launched for a public consultation period. Consultation closed on 15 July 2006 and an independent panel will appraise submissions. Finalisation of the strategy is expected by the end of 2006.

Another proposal attracting public interest was the calling of expressions of interest to develop and operate a 120-room hotel on the old water catchment area at Mt. Herschel. A successful process would see this facility open by the end of 2008.

Changes to the Authority's membership during the year saw Rob McDonald resign due to an employment change and Bill Gillson retired through ill health. I wish to record my thanks to them both for their great input during a difficult period of change. One of the vacancies was filled by Sharon Brown who brings valuable business expertise to the table.

Chief Executive Officer Paolo Amaranti and his staff have faced the challenges with commitment and enthusiasm. This has been much appreciated by members of the Authority, given the year has seen unprecedented levels of activity.

Paolo and I have maintained a regular dialogue with the Minister's Office to ensure the Minister is regularly informed of the Authority's discharge of its responsibilities as required by the Rottneest Island Authority Act 1987.

The Authority faces a new year of high activity with a budget showing the first moves toward financial sustainability and a works program which will see implementation of the majority of Taskforce recommendations.

Laurie O'Meara
Chairman



Corporate Governance

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

The Authority meets monthly, or more often if necessary, to respond to specific issues. The Authority met 15 times during 2005/2006.

Authority Membership

The six members of the Authority are appointed so not less than one member is a person:

- experienced in conserving the environment
- experienced in preserving buildings of historic value
- with sound commercial experience
- 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.

Member Profiles

Current Members

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 Tourism Council Western Australia and the Australian Tourism Accreditation Association; Past Director, Best Western Australia; and Chairman 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 hospitality and gaming. She is currently a business owner in the importing and wholesale industry.



Susan Murphy

Sue Murphy was appointed as a member of the Authority in August 2004. Sue completed a Bachelor of Engineering (Honours) and has worked as an engineer in the private sector for a number of years. She is currently General Manager, Planning and Infrastructure with the Water Corporation. In 2000 Sue was awarded Telstra Business Woman of the Year in the private sector category.

Sharon Brown

Sharon Brown was appointed as a member of the Authority in April 2006. She has worked in the information, communication and technology industry for over 30 years. Sharon was awarded Telstra Business Woman of the Year, Western Australia in 1999. She sits on a number of Boards and has been a regular visitor to Rottnest Island over the last 20 years.

Retired Members

Rob McDonald

Rob McDonald was appointed as a member of the Authority in August 2004. He had worked across various fields including finance, human resources, policy development and information technology. Mr McDonald retired in February 2006.

Bill Gillson

Bill Gillson, appointed as a member of the Authority in August 2004, has 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. Mr Gillson retired in March 2006.

Member	Appointed	Number of meetings in period of appointment	Meetings attended
Laurie O'Meara	June 2000	15	15
Maurie Woodworth	May 2003	15	14
Mimi Secco	May 2003	15	14
Sue Murphy	August 2004	15	15
Sharon Brown	April 2006	3	3
<i>Retired during reporting year</i>			
Rob McDonald	August 2004	9	9
Bill Gillson	August 2004	11	2

Ministerial Directives

There were no Ministerial Directives during the year.



Declarations of Interest

There were no declarations of interest from Authority members during the year.

Fees

Members are paid remuneration as determined by the Minister on the recommendation of the Minister for Public Sector Management.

Chairman	annual fee	\$18,600
Deputy Chairman	annual fee	\$7,400
Member	annual fee	\$7,400

Indemnifying Members of the Authority

An insurance premium has been taken out to indemnify Authority members against any liability incurred under sections 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the premium paid for 2005/2006 was \$37,900.

Committees of the Authority

Rottnest Island Authority Finance and Audit Committee

This committee is established under Section 6 of the Rottnest Island Authority Act 1987. The Committee assists the Authority to discharge its responsibilities of overseeing responsible financial and related management, compliance and corporate governance.

The Committee comprises two Authority members, plus an alternative Authority member, one of whom shall act as Chairman, the Chief Executive Officer, the Director Financial Operations and the Manager Audit and Risk Management.

Advisory Committees to the Authority

During the year, the Authority has sought advice from the following:

- 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 advisory 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 the Rottnest Island Taskforce Report Open for Business: A Sustainable Future for Rottnest

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

In 2005 the Authority was granted approval for escalation costs of \$6.004 million to complete the works identified in the Taskforce Report, taking the total financial commitment to \$26.146 million.

The cost increases reflect the age of the original estimates (2004) and the impact of state-wide building and transport industry pressures, which resulted in cost increases significantly in excess of the Consumer Price Index. Scope redefinition following the commencement of work also contributed to cost increases.


During the year the State Government approved over \$9.46 million in funding for 24 infrastructure related recommendations in progress or commenced in 2005/2006.

The most significant projects included:

- \$1.750 million to complete the Wind Turbine, low load diesel and power generation system and supporting architecture.
- \$3.696 million to re-roof and refurbish 52 units at Geordie Bay. The refurbishment formed the second stage in an ongoing mission to raise the standard of Rottnest accommodation.
- \$1.288 million to complete the Island's waste management strategy that included construction of stationary compactors, waste management vehicles, waste and recycling bins across the Island and biosolid disposal bins. This strategy promises to provide dynamic and environmentally sustainable solutions to waste management on Rottnest.
- \$570,000 to install two new salt water bores and upgrade the desalination plant to produce more potable water, therefore eliminating the need for ground water collection.
- \$393,000 for repairs and refurbishment to the Island's drinking water storage tanks.
- The \$5 million refurbishment program for 44 accommodation units in Bathurst, and 14 bungalows, 6 heritage cottages and 3 villas in Central Thomson commenced in June 2006.
- The \$2.4 million asbestos cement roof replacement program for 40 accommodation units in Bathurst and South Thomson, businesses in Central Thomson Mall, Kingstown, Governor's Circle and a number of residences and buildings around the Island.

Projects involving power line repairs, asset management plans, water and other safety systems, installation of power and water meters and heritage works were also funded.

The challenge of developing and implementing the above capital works continues a new and exciting chapter in the Authority's management of Rottnest Island, a process made significantly



easier thanks to assistance provided by the Department of Treasury and Finance and Department of Housing and Works.

The steady completion of the Taskforce recommendations allows Rottnest Island and the Authority to move 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 2006

Overall Recommendation Status	Quantity
Recommendations completed as at 30 June 2006	61
Recommendations in progress as at 30 June 2006	29
Recommendations with start date after 30 June 2006	11
Total	101



Progress Report on the Rottne Island Management Plan 2003/2008 (*Rottne Island Authority Act 1987 s17*)

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

Over the last 12 months, the Authority has continued to manage and implement the RIMP recommendations. This has included:

- a customer service training workshop for all Authority staff;
- upgrade of units at Geordie Bay; and
- DGPS positioning survey of mooring locations.

The Authority has ensured the ongoing recommendations of the RIMP are maintained and adhered to during normal operations. Examples include:

- manage the North Thomson visitor accommodation precinct;
- maintain and enhance relations with the Rottne Island Police; and
- encourage and support volunteer groups to carry out conservation and interpretive activities.

The RIMP, when examined in combination with the Rottne Island Taskforce Report Open for Business: A Sustainable Future for Rottne, continues to provide consistent and detailed strategies leading to a more sustainable future.

The table below details the status of RIMP recommendations as at 30 June 2006:

Recommendation Status	Quantity
Completed as at 30 June 2006	48
Commenced as at 30 June 2006	163
Not commenced as at 30 June 2006	31
Superseded by Taskforce	7
Total	249

Of the 163 recommendations commenced, 99 are ongoing for the life of the RIMP.



Operations Report

Rottnest Island offers visitors a range of products and services that have a wide appeal, including:

Accommodation

308 holiday units (1582 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, 93 rental moorings including beach pens and jetties.

Food & Beverage

- Bakery
- Cafes
- A la carte restaurants
- Pizzeria
- Takeaway outlets
- Group catering
- Function facilities
- Bars
- Bottle shops

Retail outlets and services

Including gift shop, general stores, a boutique, and laundromat.

Conference facilities

Peacock Inn, the Quokka Arms, the Picture Hall, Country Club and Rottnest Lodge.

Recreational

Boating, family activities, golf, biking, swimming, scuba diving, snorkelling, fishing, whale watching, tennis, wildflower and heritage tours, and the screening of new release movies.

Bike Hire

1300 bikes for hire, including 4 gophers and 6 tricycles.

Airport

Accessible by individual planes and charters.

Environmental Management

The Island continues to lead the way in resource recovery waste management and limit waste with the introduction of a leading-edge commingled waste management system. A waste transfer



station, new disposal bins, new waste transfer trucks and the first shipments of bio-solids off the Island have been successfully implemented.

Highly commended in the 2005 Premier's Awards for 'Government leading by example' and winner of the WA Environment Awards, Rottnest Island continues to strive for excellence in its management of marine and terrestrial resources.

Low-load diesels and upgrades required to complete the integration of the \$3.8 million 600kW wind turbine on Mt Herschel into the Island's power system were integrated in July 2006.

A comprehensive marine water quality testing program has been introduced and a thorough review of the marine park maritime facilities carried out.

Over half the Island's asbestos cement roofing was replaced, with the majority due for completion by the end of winter 2007.

The 500,000th tree was planted in the ongoing woodlands restoration program.

Plans have been developed for an Island-wide coastal walk trail.

Customer Service

Ensuring all staff received training and a review of services provided against national benchmarks was part of a \$100,000 investment in customer service.

Upgrades to the Authority's (information technology) systems has enabled the replacement of an outdated booking system with state-of-the-art Micros Fidelio Opera. The upgrade provides improved visitor management and online booking capability.

The Fees and Charges review included repackaging of pricing to accommodate short-stay visitors.

Services And Activities

Food, Retail and Recreational Activities

Visitors to Rottnest Island can select from a wide variety of food & beverage outlets, whether it be to sample the now famous cream buns from the Island Bakery, or enjoy a relaxed, intimate dinner in one of the three a la carte restaurants.

You can purchase beverages to enjoy in your unit or onboard your vessel from one of three bottle shop outlets.

To complement the services provided by the business community, and to further meet the needs of the high volume of summer visitors, seasonal attractions are provided through concessions.

The Authority is in the process of offering some additional retail opportunities, with the Wellbeing and Beauty Centre currently under development.

Rottnest Island, an A Class Reserve, boasts some of the most beautiful marine and terrestrial sites in the world. There are 63 pristine beaches and bays alone, guaranteeing the ability to enjoy at least one of these any time of the year. To complement these outstanding natural attractions, activities provided in 2005/2006 included scuba diving, glass bottom boats, viewing of reefs and marine wrecks, snorkel trails, underwater sea scooters, fishing, surfing, sea kayaking and bike riding. In addition, there is a family fun park, cinema and summer twilight concerts.

Marketing the Island

A new campaign called “make a day of it on Rottnest Island” was launched in October 2005 to increase day-trip visitation among the Perth local market. The advertisements were different to traditional forms of holiday advertising so Rottnest stood out from the busy clutter of promotion from its competitors.





In winter 2006 the Authority's focus shifted to attracting overnight stay visitors. Working collaboratively with ferry operators, attractive special offers were promoted in the marketplace.

The Authority's website was upgraded in 2005/2006, adopting the new dynamic Tourism Western Australia's format and achieving an electronic presence consistent with the tourism branding efforts of the rest of the State. A key feature of the site has enable the Rottnest Island Business Community to include more information about the services and links to the operator's own websites.

In partnership with Tourism Western Australia, the Perth Regional Tourism Association, Rottnest ferry operators and businesses, the Authority hosted more than 40 media and trade familiarisations during the year.

The Authority continued to produce a range of informational material and guides supplied to various tourist distribution outlets.

Once again this year, the Authority facilitated a joint promotion with ferry operators and the Rottnest Island Lodge at the Australian Tourism Exchange, Australia's largest and most influential international travel trade event.

The need to rationalise and improve existing signage within the settlement zone was seen as essential to the visitor experience along with progressing a signage plan for the Island. An audit has been undertaken over the past year and a significant number of signs have now been removed.

A new design for signs was developed in 2005/2006 to improve provision of information and with concepts that are more sympathetic to the built and natural environment. The designs also incorporate internationally recognised symbols and elements consistent with other tourist destinations in Western Australia.

Installation of 54 new signs commenced in June 2006 and is due to be completed November 2006 at a cost of \$105,000.

Events Functions and Exhibitions

The utilisation of the Island's environment and facilities for events, functions and exhibitions is an important part of the Authority's business portfolio. These include high profile sporting events, corporate gatherings and low-key private functions such as weddings and art exhibitions.

The Authority's hallmark event, the Rottnest Channel Swim, attracted more than 10,000 people including up to 2,500 competitors.

The Summer Busking and Street Entertainment Program created a lively festive atmosphere and complemented major activities and events over the summer months.

Highlights of the event calendar include:

July	Winter Wonders School Holiday Program Rottnest Volunteer Guides Special School Holiday Program NADOC Week
August	Rottnest Island Golf Classic WA Surfing Industry Cup
October	Spring Splendour School Holiday Program Rottnest Volunteer Guides Special School Holiday Program Rottnest Marathon & Fun Run Seniors Week Celebrations
November	Boating Industry Association Rottnest Boating Safety Convoy Hillarys Yacht Club Tuna Fishing Tournament
December	Rottnest Swim Thru Rottnest Volunteers Breakfast Rottnest Carols on the Common New Years Eve Celebrations
January	Rottnest Celebrate Summer program of Events Summer Twilight Concert Series Summer Fun Spectacular School Holiday Program Rottnest Volunteer Guides Special School Holiday Program Australia Day Celebrations
February	Summer Twilight Concert Series Multiplex Living Rottnest Channel Swim Perth Game Fishing Club Tournaments
March	Big Splash Paddle Race Blue Marlin Classic Mandurah Offshore Sailing and Fishing Club Rottnest Boating Safety Convoy D'Arcy Yacht Race Perth Game Fishing Club Tournaments
April	Easter Weekend Festival Autumn Colours School Holiday Program Rottnest Volunteer Guides Special School Holiday Program ANZAC Day Dawn Service Boating Industry Association Rottnest Safety Boating Convoy. Rottnest Triathlon
May	Australian Open Surf Masters

Exhibitions

The Salt Store Gallery and Exhibition Centre is a popular attraction for visitors. During 2005/2006 several repeat clients and new customers staged private shows illustrating their interpretations of the Island's beauty and inspiration.

In addition, a number of displays were held ranging from the "resident" interpretative display



to community information displays, including the WA Underwater Photographic Club's support exhibition during the Authority's presentation of the Draft Marine Management Strategy invitation for public comment.

Quokka Arms Hotel

The Authority continued its refurbishment program of the Quokka Arms Hotel this year, upgrading staff accommodation, improving indoor and outdoor seating area's, installing new signage, and refurbishing the top floor of the Hotel to create a 4 bedroom, 2 bathroom retreat available for bookings. In addition Vlamingh's Restaurant recommenced operations following a major upgrade to the dining area and kitchen and a new pizzeria in the main bar proved very popular with visitors.

In line with its long term strategy the Authority sought expressions of interest in June for the ongoing management and operation of the Quokka Arms under a lease arrangement.

Bike Hire

Biking as an activity for visitors grew by 17 percent with 80,810 hires compared to 66,623 in 2004/2005. A new record of 1,012 bikes (hired out on one day) was set in January.

Three hundred top quality mountain bikes purchased at over \$100,000 have proved popular with visitors.

Over 200 old bikes were sent, with the assistance of the WA Police, to remote community schools. A small gift shop, stocking Rottnest branded clothing items, water bottles, bags and postcards was added to Bike Hire.


A new point-of-sale system has been installed in the Bike Hire, with a touch screen menu to speed up transactions and produce more detailed sales analysis.

Tours and Transport

The Authority conducts a number of popular Island tours and provides transport services to promote Island access. The transfer shuttle bus operates between the main settlement and outlying guest accommodation located at Geordie/Longreach Bay and at Kingstown. During this year, a trailer was added to the bus to assist guests with the carriage of luggage and equipment.

Bus tours carried over 38,000 visitors, a slight decrease on last year. This premium tour product is a key component of ferry company day packages, showcasing the Island's beauty, history and environment. Depending on the time of year, passengers may be treated to whale and dolphin sightings, or experience the Island's wildlife and wildflowers.

The railway passenger numbers remained consistent, with the diesel powered rail car 'Captain Hussey' delivering over 11,000 people to the Oliver Hill gun emplacement.



Passenger numbers	2005/2006	2004/2005	2003/2004
Bayseeker	62,213	63,964	69,497
Tours	38,315	39,376	43,771
Railway	11,493	11,864	9,054
Lighthouse	2,451	N/A	N/A

A highlight of the year was the introduction in November 2005 of guided tours of the Wadjemup Lighthouse. Feedback from the nearly 2,500 visitors who took the lighthouse Tour indicated an overwhelmingly positive response to this new Island experience.

Education

Rottnest Education Services offers a wide range of learning activities for school students, teachers and community groups. The Education Team delivers hands-on experiences to promote understanding of the Island's environment and cultural heritage, and sustainable management of a tourist holiday village.

Developed in accordance with the Curriculum Council Framework, this program comprises a variety of dynamic activities, incorporating active student involvement and experiential learning. Students are able to explore the Island's remarkable environment and history, and investigate how Rottnest adopts a sustainable approach to management.

In 2005/2006, new additions to the program included: 'Sustainability Challenge', a team problem-solving activity; 'Wildlife Photography', a power point presentation and expedition; and 'Pedal Power', teaching students about cycling safety. Education Services now offers tailor-made cycling and snorkelling tours for groups.

Environmental Awareness Course

This two-day course is for teachers, community group leaders and adult visitors who wish to increase their understanding and awareness of the Island's natural environment. The course provides professional development, guidelines for effective group visits, and an overview of educational opportunities on the Island.

In 2005/2006, Environmental Awareness Courses were conducted for focus groups including exchange teachers from Murdoch University, graduating teachers from Central Michigan University, and members of the Busselton Naturalists Club.

School Holiday Program

This fun and interactive program conducted for children during school holiday periods, aims to educate participants about the wildlife and natural environment of Rottnest Island. The program incorporates all four seasons: Winter Wonders, Spring Splendour, Summer Fun Spectacular, and Autumn Colours.

Community Service Program

The Community Service Program encourages groups to actively participate in environmental



activities which have a direct influence on the conservation of the Island. The program includes seed collecting, weed eradication, marine debris surveys, Spinifex sprigging, and dune brushing.

Broader Community Education

Rottnest Education Officers have been involved with various educational and environmental community networks. In 2006 officers contributed to the Seaweed Expo and the Western Australian Science Teachers' 'Prissem' Conference.

Education Program	No. of schools	No. of individuals
Environmental Education Program	138	22191
Environmental Awareness Course	N/A	103
School Holiday Program	N/A	1228
Community Service Program	72	2091

Rottnest Voluntary Guides Association (RVGA)

The RVGA consists of 200 guides and 50 associates delivering 15 different tours to 90,000 visitors, including daily history tours of the guns and tunnels, the Settlement and natural history guided walks. Special events took place during the holiday season including sunset tours of West End, Star Gazing and Ghost Tours and Twilight Tales. The guides also provide valuable assistance in the operation of the Rottnest Museum.

During the past year 29 new guides joined the organisation.

Gift Shop and Retail Services


The inviting market-style Gift Shop offers guests an interesting and unique selection of souvenirs, gifts, books, arts and crafts, clothing and accessories. The majority of the range is Australian made, featuring work from prominent WA artists and photographers.

Accommodation

Major refurbishment work was completed in time for the 2005/2006 summer season to the 52 Geordie Bay holiday units, that now offer high levels of comfort to accompany their unsurpassed views over the Bay. These units, repainted throughout, are equipped with modern kitchens, upgraded bathrooms and new beds and mattresses. Gas fires and BBQs have been replaced with new models along with new flooring throughout each unit. In line with the strategy to have all units refurbished by 2008, June 2006 saw the commencement of refurbishments in a further 70 units and cottages.

National Tourism Accreditation was awarded to the Authority by the Tourism Council Western Australia.

The Visitor Centre provided training to two young Indigenous people who have made key contributions during the year. Staff members have been able to communicate fluently with overseas visitors in Japanese, French and Italian, and foreign language speakers wear name badges to indicate their second language.



The Authority has enhanced its commitment to investing in its staff, and training conducted by the Customer Service Institute of Australia should start to pay dividends with an emphasis on improved customer service.

Visitor Management System

The new Micros Fidelio Opera Property Management System (Opera PMS) installed in November 2005 replacing the Accommodation Booking and Billing System (ABBS).

A new-look online ballot module was successfully launched in late June 2006 for the Summer school holidays. Ninety five percent of the 1,400 ballot applications were lodged online.

Central Reservations

The newly established Central Reservations Section (formerly Customer Contact Centre) resides in the Authority's E-Shed administration office in Fremantle.

Central Reservations is the "first point of contact" for guests, providing general Island information as well as taking accommodation bookings, running the accommodation ballots and administering the Opera PMS. Central Reservations staff answered 82,293 calls this financial year.

Indigenous Heritage

Aboriginal people refer to Rottnest Island as Wadjemup. This year the impacts of the post colonial Aboriginal prison era have been proactively addressed in a sustainable manner by the Authority. The Authority created a new position to engage with Aboriginal Community from across the State in dialogue to develop a Strategy to go forward with the desired outcomes of repair of the Burial Ground physically and spiritually and development of quality Aboriginal Cultural ecotourism product.

With the endorsement of Noongar Elders dialogue is progressing with all Aboriginal groups from the Kimberleys to the Western Desert and areas in between. From this dialogue new information is being recorded as part of a comprehensive ethnography for the Island.

Rottnest now delivers a genuine Aboriginal Cultural experience through tours including walking tours of the settlement and bus tours of the Island. The tours encompass the stories from the beginning of the Dreaming to the present day and have been well received by international and local visitors. There are special school holiday tours and integrated education packages available to the youth audiences.

Heritage

Rottnest Island has a rich and fascinating history which can be discovered not only in the Museum, but also in the buildings and streetscapes in and around the settlement area and across the Island. Rottnest is home to a significant proportion of State registered heritage assets including colonial settlement buildings, two lighthouses, military installations, and areas of Aboriginal significance and recreational heritage. Thomson Bay settlement has one of the oldest intact streetscapes in Australia.



After Port Arthur, it is the most significant example of colonial architecture in Australia.

The Authority is assisted in its heritage and conservation projects by the Rottnest Island Cultural Heritage Advisory Committee.

In 2005/2006, a number of successful projects were carried out:

Conservation Planning for Refurbishment of Six Heritage Cottages

Considered measures were planned to ensure the conservation of six heritage cottages, accentuating the buildings' originality and historical character. The process took into account the documentary and physical evidence of the buildings. Conservation works started in June 2006 and refurbishments will include the introduction of modern furniture to complement the historic character of the cottages.

Conservation Plan for the Oliver Hill Battery

As the only surviving WWII 9.2-inch coastal defence battery with intact guns existent in Australia, the Oliver Hill Battery is a site of considerable heritage value. A Conservation Plan to inform and guide the management of the site was completed in December 2005. Repair works to the H2 gun and tunnels will be undertaken in 2006.

Stone Wall Repairs

A stone wall in the settlement which was part of the original barracks built in the 19th Century was repaired to improve stability and ensure its longevity.

Sustainability and Development Guidelines

A series of guidelines and processes implemented to ensure only sustainable development takes place on Rottnest Island, consider the importance of heritage values in the planning stage of works. Ongoing consultation and referral to the Heritage Council of Western Australia will ensure State heritage values are conserved.

Volunteers

Volunteers play an important role in the management and interpretation of the Island's environmental assets. Many organisations and individuals including youth groups and seniors donate their time to undertake a range of projects. The Authority is fortunate to have strong associations with Scouts Australia, The Rottnest Society, The Rottnest Island Foundation, The Winnits and The Rottnest Voluntary Guides Association.

Winnit Club

Celebrating its 75th Anniversary this year, the Winnit Club is Rottnest Island's longest-standing volunteer organisation and continues its hard work on the Island over a number of working weekends.

This year the Club has provided much needed support for the woodland restoration program. Members also conducted maintenance and repairs on the European cemetery, Oliver Hill walk trail and the fairy lights along Colebatch Avenue as well as fencing for dune restoration at Fay's Bay.



Environmental Protection

Ranger Services

The Rangers play an integral role in the enforcement of the Rottnest Island Regulations. They aim to protect and conserve the Island, while providing a safe environment for visitors.

In 2005/2006, two additional Summer Rangers were employed from November to April to assist in increasing marine compliance.

Rangers continued to care for and manage the Island's wildlife by attending call-outs for a range of issues, including relocation, assisting sick and injured fauna and managing marine animal strandings. An example was the beaching of a deceased pygmy blue whale on Strickland Bay in December. After appropriate Indigenous ceremonies were carried out, Rangers successfully removed the whale with the aid of earth moving equipment. In four years time the whale skeleton will be erected for display on the Island.

The coordinated management of the School Leavers Program, regarded as one of the best in the State, again proved successful.

An exciting feature of 2005/2006 was the design and installation of the new Little Salmon Bay Snorkel Trail, which consists of 10 underwater plaques designed to educate visitors about the Island's unique marine life.

Environment Protection

The distinct terrestrial and marine environment provides the basis for all tourism and recreation activity on Rottnest and is integral to the Island's financial sustainability. In 2005/2006, a number of projects were implemented to best conserve the beautiful A-Class Reserve.

Woodland Restoration Program

The Woodland Restoration Program aims to return the Island's woodland habitat to a state similar to that found by the first Colonial settlers. Seeds from the native *Callitris preissii* and *Melaleuca lanceolata* are collected on the Island by school children. The seeds are sent to Bunbury Prison to be propagated, before being planted on the Island by volunteers in the winter months. This year, various volunteer groups planted 31,500 seedlings.

A formal evaluation was conducted into the woodland restoration practices undertaken on the Island between 1963 and 2005, the results of which highlighted the success of the current restoration program.



Contaminated Sites Management

Monitoring of a hydrocarbon plume at Thomson Bay continued this year. The Department of Conservation and Environment has recommended this monitoring can now be conducted biannually instead of quarterly, due to the stability of the plume. The Authority has awarded a contract for assessment and implementation of monitored natural attenuation for the management of the hydrocarbon plume at Thomson Bay.

The investigation into the nutrient plume at Forbes Hill has been completed and is being reviewed by the Environmental Advisory Committee which will formulate suggested actions for consideration by the Authority in 2006/2007.

Waste Management

A new waste management program scheduled for implementation in late 2006 will enable the Island's landfill to be converted to inert status, and all waste streams will be exported to the mainland for resource recovery.

All bio-solids from the Waste Water Treatment Plant are exported to the mainland for processing at the Southern Metropolitan Regional Council.

In 2005/2006, two new waste and recycling collection vehicles became fully operational. Other additions to the Island include new plastic bulk bins for waste and recycling; office paper recycling bins in all offices; and the commencement of a plastic film recycling program for all commercial premises. New recycling station bin surrounds designed for 105 recycling stations are to be constructed from recycled plastics.


Three new cardboard balers were installed at commercial premises, along with baler enclosures for the Rottneest Bakery and the Rottneest Lodge, and an upgraded waste storage area at the Kingstown Barracks' Kitchen (operated by WA Caterers).

Narrow Neck Road

This year saw the completion of a new road at Narrow Neck. The disturbed dunes edging the road have been brushed and seeded to promote vegetation establishment.

Research Program

Thirty-four research permits were granted to universities, government departments and industry groups including Greening Australia, University of Tasmania, Department of Agriculture, and the Society for the Protection of Raptors Incorporated. Topics ranged from marine habitat mapping, to a study into the relationship between boat density and bacteria levels in seawater, to an assessment of strontium as an isotopic tracer in aerosols.



Research project results feed directly into management strategies to ensure the sustainability of the Island. Two particularly significant findings in 2005/2006 include: the incursion of the European House Borer and formulation of an action plan for its eradication; and the discovery of two new subspecies of grasses *Lachnagrostis nesomytica* subsp *nesomytica* and *Lachnagrostis nesomytica* subsp *pseudofiliformis* which are endemic to Rottnest Island.

The Rottnest Island Environmental Advisory Committee

The Committee's recommendations influenced the proposal for the coastal walk trail, the water quality program, sustainability guidelines, research permits and contaminated sites management.

Moorings Management

The Maritime Facilities Review was presented in 2005/2006, with recommendations being implemented to the Shared Mooring Management System.

The mooring disk rating system for casual use has been endorsed and implemented. The Differential Geographical Positioning System information has also been put into operation. Some initiatives currently in process include: assessment to all mooring maximum vessel length ratings, consideration of changes to vessel tender management and a review of charter vessel management and fee structure to operate within the Island reserve.

A permanent Maritime Facilities Coordinator was appointed to manage the moorings and other maritime issues in the Reserve.



Facilities Management

Many of the day-to-day services provided and operational work undertaken on Rottneest Island, including baggage handling, building and fixture maintenance jobs, waste collection and utilities supply management are undertaken by Transfield Services under a Facilities Management Agreement is now in its final year.

The works and services provided by the Facilities Management Agreement amounted to approximately \$6.1 million in 2005/2006 of which around \$0.4 million was recovered from revenue from fuel sales, insurance claims and utilities sales. The main expense areas for 2005/2006 included:

- Management Fee - \$1.1 m
- Fuel and gas supplies – \$0.46 m
- Baggage handling for visitors - \$0.8 m
- Waste management – \$0.3 m
- Buildings, facilities and vehicle maintenance - \$0.9 m
- Cleaning services (accommodation and facilities) - \$1.0 m
- Power generation and supply services - \$1.23 m
- Water generation and supply services - \$0.3 m

The Authority is developing a tender to publicly advertise for a new Agreement to commence in July 2007.

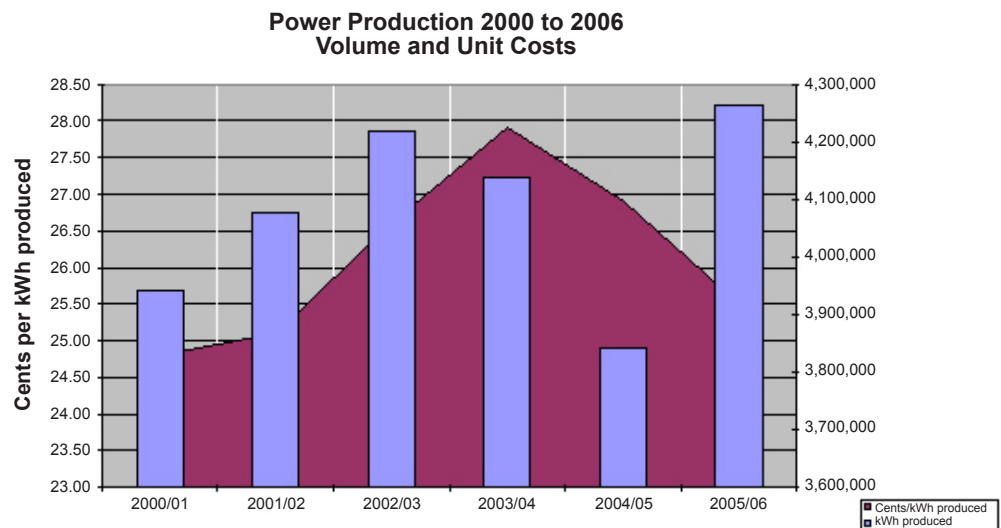
Power, Water & Gas

Rottneest Island is in the unique position of having to produce and manage its own power, water and waste services. While the cost of providing utilities is higher than similar services on the mainland, several improvements will lower costs and improve the Island's environmental sustainability.

Power

The Authority's Electricity Supply Licence was granted by the Economic Regulation Authority in June 2006 for 30 years.

Two new low load diesel generators and improved control systems were commissioned in 2006, which integrated the wind turbine and diesel generators into the one power grid. The wind turbine is the initial supply of power with the low load diesel generators providing support power to meet demand. Supplier projections indicate that diesel fuel requirements will be reduced by over 25 percent with this new integrated power generation.



The above graph includes the power produced by the wind turbine (817,770 kWh) leading to a decrease in the volume of power generation from the Island’s diesel and gas power station.

Water

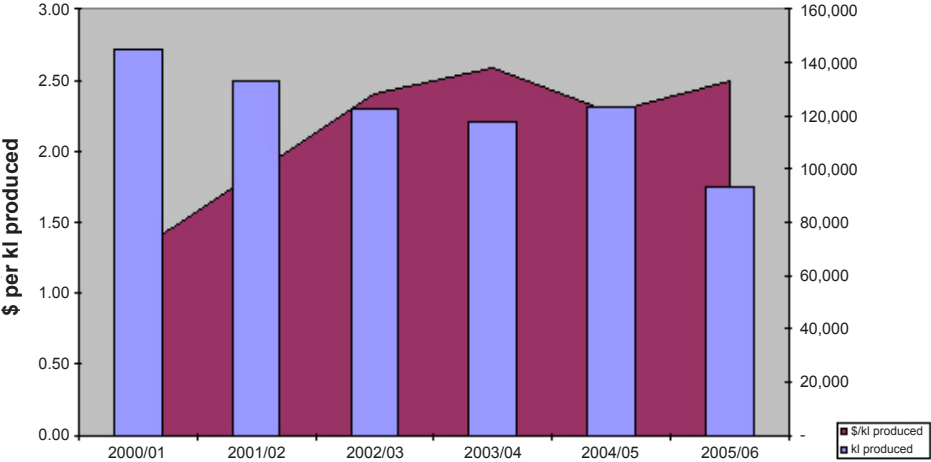
The Authority provides water services to Rottnest Island under a Water Services Licence granted in December 2003.

In 2005, the saltwater bores were relocated and six new salt water bores were commissioned to feed the desalination plant. Upgrades to the desalination plant funded from the Taskforce have increased the quality and quantity of water produced. About 75 percent of Rottnest Island’s drinking water is produced from the desalination plant and the remainder from the ground water aquifer.

The fine-tuning of the reverse osmosis production lines and refurbishment of water storage tanks have improved water supply.



**Water Production 2000 to 2006
Volume and Unit Costs**



LPGas

In 2005 EnergySafety identified a number of areas where the Authority’s LPG reticulation system, was non-compliant with current standards for pipe work.

As a result of EnergySafety Inspectors Orders, the Authority has undertaken to remedy all non-compliance issues by upgrading reticulation supply systems and installing individual gas bottles to units and premises where required. This is expected to be completed by October 2006.

As part of this program, a semi-automatic gas bottle filling facility will be installed to provide a complete LPG distribution service.



Corporate

Information and Communications Technology

Significant change and upgrading of the Authority's Information and Communications Technology infrastructure and systems occurred in 2005/2006 including:

- Replacement and upgrade of desktop PC hardware and software to a common Standard Operating Environment.
- Replacement of hardware and software for IT servers at Fremantle and Rottnest.
- Upgrade to the server rooms at Fremantle and Rottnest to accommodate new server infrastructure.
- Set-up of facilities at a 'co-location' site at an established data centre in Perth for the secure hosting of critical business systems infrastructure.
- Upgrade of data communication links between the mainland and Rottnest Island.
- Replacement of telephone systems in Fremantle and Rottnest offices.
- Extension of the fibre optic data network on Rottnest Island to include Bike Hire and Rottnest Hotel business units into the data and telephone network.

Comments on events occurring after reporting date

No events occurred after 30 June 2006 to the signing of this report to adversely affect the operations of the Rottnest Island Authority.

Changes in Written Law

The Rottnest Island Authority Act 1987 and the Rottnest Island Authority Regulations 1999 were not amended in 2005/2006.

Disability Access and Inclusion Plan Outcomes (Disability Services Act 1993 S29)

Amendments to the Disability Services Act 1993 require the Authority to develop and implement Disability Access and Inclusion Plans (DIAP) in place of its Disability Service Plan (DSP). This new plan will be finalised by June 2007.

In 2005/2006 the Authority became an affiliate of the Companion Card Program and committed to the "You're welcome" Access Initiative, which provides comprehensive information on facilities and services suitable or of assistance to people with disabilities.

During the year the Authority continued to ensure accessible units were available to visitors who needed them. All televisions being purchased for the accommodation have teletext for people with hearing impairment.



The Authority addressed future access requirements by including guiding principles for 'access' in its Guidelines for Sustainable Development on Rottnest Island. These Guidelines will be a point of reference for any new development.

Cultural Diversity and Language Services Outcomes

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 various languages which detail the popular two-hour tour around the Island.

Youth Outcomes

Education Services runs an environmental education program developed in accordance with the Department of Education and Training's Curriculum Framework. Student activities encourage active involvement and hands on learning.

Leavers' week celebrations are planned for and closely managed by the Authority to ensure 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.

Evaluations

There were no evaluations in 2005/2006.

Information Statement

This section has been prepared in accordance with Section 94 of the Freedom of Information Act 1992, in order to convey the maximum possible detail about the Authority's operations and make accessible to the public documents not previously available. Much of the information required is at the location indicated.

The Authority has an Information Statement available for inspection or purchase by the public.

Freedom of Information Act 1992

For the year ending 30 June 2006, the Authority received one new application for access to information in accordance with the Freedom of Information Act 1992. One application carried over from 2004/2005 was finalised in 2005/2006. Edited access was given to both applicants.

Freedom of Information requests may be lodged at the Authority's Fremantle office. The FOI Coordinator can be contacted at Level 1, E-Shed, Victoria Quay Fremantle WA 6160, PO Box 693, Fremantle WA 6959, phone 08 9432 9300, facsimile 08 9432 9301 or email enquiries@rotnnestisland.com

Record Keeping Plan

State Records Commission in December 2005 approved the Record Keeping Plan and Retention and Disposal Schedule.

To demonstrate compliance with the State Records Act, the following has been achieved:

- The Information Services Induction Training program and manual have been updated for distribution to all staff. The training program is reviewed through results of the annual client satisfaction survey. The Induction Program addresses employees' roles and responsibilities in regard to their compliance with the Record Keeping Plan.
- An audit of users of the TRIM Records Keeping System was completed and where required retraining was provided.

Advertising

(Electoral Act 1907 – Section 175ZE)

Expenditure in advertising, market research, and media advertising of \$355,642 was incurred in the following areas:

Advertising Agencies	Amount
303 Advertising Pty Ltd	\$56,854
The Brand Agency	\$175,264
Total	\$232,118
Market Research Agencies	Amount
Market Equity Pty Ltd	\$6,110
Synovate	\$24,580
Total	\$30,690
Polling Organisations	Amount
	Nil
Direct Mail Organisations	Amount
	Nil
Media Advertising Organisations	Amount
Marketforce Productions	\$14,014
Media Decisions	\$78,820
Total	\$92,834



Sustainability

Achievements in the progress towards the strategic goal of managing the Island as a model of sustainability included:

Social

- Staff seminars to raise awareness and understanding of the concept of sustainability and brainstorm opportunities to improve the Island's ability to operate sustainably.
- Commencement of working with indigenous traditional owners to heal the Island spiritually and culturally for indigenous people.
- Development of a community consultation committee to address issues relating to the 'on-Island' resident community.
- Ongoing commitment to voluntary organisations assisting environmental and social programs.
- Providing opportunities for staff to undertake volunteer opportunities.

Economic

- A full review of fees and charges was undertaken and approved by the Government allowing the Authority to progress towards economic sustainability.

Environmental

- Completion of a Draft Marine Management Strategy aimed at protecting the Island's marine environment for biodiversity and recreational/tourism opportunity.
- Establishment of sustainable development principles and a development approvals process to ensure all developments, restorations and improvements on the Island are completed in a sustainable manner.
- Development and implementation of a waste management strategy to maximise resource recovery from waste streams and simplify the Island's waste disposal system.
- Renewal and review of vehicle policy to reduce vehicle use and encourage bicycle use by staff working on the Island.
- Ongoing commitment to the removal of introduced flora (weeding program) with the help of voluntary organisations.

Equal Employment Opportunity Outcomes

The Authority surveyed its employees in June 2006 to gather information on its workforce against the EEO outcomes for government, with a response rate of 50 percent. The increase in indigenous employees is due to the employment of two indigenous hospitality trainees and the secondment of a senior officer from the Department of Industry and Resources.

Workforce	30 June 2005	Equity index	30 June 2006	Equity index
Women	50.8%	83	49.4%	82
People From Culturally Diverse Backgrounds	5%	N/A	12.9%	N/A
Indigenous Australians	0%	N/A	5.7%	N/A
People with disabilities	0%	N/A	1.4%	N/A

Compliance with public sector standards and ethical codes

(Public Sector Management Act 1994 S31 (1))

The human resource management policies are written to support the achievement of the Human Resource Strategy and to comply with the Human Resource Management Standards.

The Authority continued to have very low numbers of claims relating to breaches of standards or ethical codes. Twenty-six vacancies were advertised on the government jobs board in 2005/2006; there was one breach of standard claim lodged. That claim was referred to the Public Sector Standards Commissioner, who found no breach occurred.

Staffing

In March 2006 a new three-year Industrial Agreement covering Coach Captains was ratified in the Australian Industrial Relations Commission.

The Authority also undertook a review of its Coach Captain career structure to address issues raised by staff. A competency-based career structure, resulting in incremental increases for these staff in recognition of their skills, was implemented.

Seasonal factors, the fine weather in June, the re-opening of the Quokka Arms restaurant, the implementation of the review of Contract Services by the Department of Treasury and Finance, and the addition of Summer Rangers saw the number of staff rise from 100 FTE at 30 June 2005 to 122 FTE at 30 June 2006.

Workers' Compensation and Rehabilitation

	2003-2004	2004-2005	2005-2006
Number of claims	5	10	6
Number of lost time injuries	0	3	3
Average lost time rate	20	27	3.33
Total days lost	20	9	10



Occupational Safety and Health

The Occupational Safety and Health Committee was revitalised during the year and met monthly to discuss and resolve issues raised by staff, review hazard reports, discuss injury trends and identify preventative measures to promote a safe working environment.

As part of the staff wellness program, employees were offered free flu vaccinations.

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

Training and Professional Development

The Authority's efforts to develop as a learning institution with a strong and lasting commitment to staff was again recognised in December 2005 when four staff were awarded Scholarships for further education and personal development.

Staff continued to receive accredited training in first aid and occupational safety and health.

Corruption Prevention

During 2005/2006 the Authority focussed on two areas that represented a perceived risk of corruption.

Firstly, the Authority embarked on a full internal audit review of all cash management procedures and controls. Secondly, the ballot process for the accommodation allocation was re-engineered to enable the public to apply for ballot period accommodation online. The Internal Auditor performed a review of this system to ensure the ballot process was equitable and Authority staff could not alter the ballot results.

Public Interest Disclosure

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

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

There were no public interest disclosures in 2005/2006.



Acknowledgements

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

Aboriginal Elders and Aboriginal Community
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
Central TAFE
Coastwest
CSIRO Science Education Centre
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
Parliamentary Counsel's Office
Perth Zoo
RiskCover
State Solicitor's Office
Sustainable Energy Development Office
Tourism Western Australia
Transperth
Water Corporation
Western Australian Museum
Western Australia Police Service
Australian Association for Environmental Education
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



Legislative Environment

Enabling Legislation

Rottnest Island Authority Act 1987

Legislation and Regulations Administered

Rottnest Island Authority Act 1987

Rottnest Island Authority Regulations 19

Legislation Impacting on Rottnest Island Authority Activities

The 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 and 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



Publications

Publications can be obtained from the Rottnest Island Authority, Level 1, E Shed, Victoria Quay, Fremantle, WA. Those noted * are also available from www.rottnestisland.com.

Regular Publications

Rottnest Island Authority Annual Report*
Rottnest News*
Current RIA Brochures
Discovery Guide
Marine and Boating Guide
Leavers Week: Crucial Knowledge
Environmental Education and Accommodation flyer
Seawee Teachers Expo 2005 flyer
Maps and Information Summer 2005/2006
Maps and 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
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



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ROTTNEST ISLAND AUTHORITY FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Qualification

The Rottnest Island 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;
- (ii) the financial statements are based on proper accounts and present fairly the financial position of the Authority at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions; and
- (iii) the key effectiveness and efficiency performance indicators of the 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 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

Rottnest Island Authority

Financial Statements and Performance Indicators for the Year Ended 30 June 2006

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson', with a stylized, cursive script.

D D R PEARSON
AUDITOR GENERAL
25 September 2006



Certification of Performance Indicators

For the year ended 30 June 2006

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 2006.

Laurie O'Meara
Chairman

5 September 2006

Mimi Secco
Member

5 September 2006



Key Performance Indicators

The Government of Western Australia has outlined its intentions to improve the quality of life for all Western Australians in Better Planning: Better Services, A Strategic Planning Framework for the Western Australian Public Sector.

The framework is built around five strategic goals that contribute to the Government's vision. Through its legislated functions, the Rottnest Island Authority contributes to two of these goals in particular:

People and communities: to enhance the quality of life and wellbeing of all people throughout Western Australia; and

The environment: to ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected.

The Authority has one agency level Government desired outcome, reflecting the intent of these Government goals:

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 outcome, the Authority has two services:

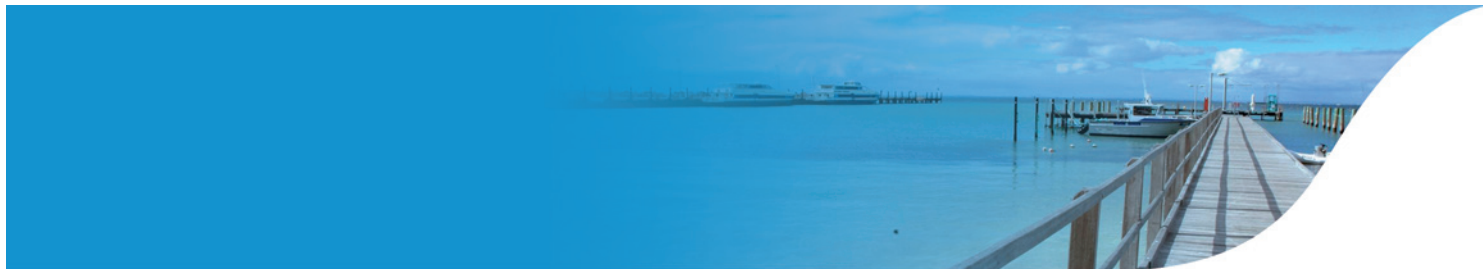
Service 1: Provision of services to visitors: the Rottnest Island Authority provides and operates accessible recreational and holiday facilities with particular regard to the needs of people normally resident in Western Australia who visit or holiday on the Island as a family group.

Service 2: Conservation of the natural and cultural environment: the Rottnest Island Authority maintains, protects and restores the Island's natural and cultural environment.

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

The Authority is mindful that the Government directives through the Outcome Based Management guidelines will need to be integrated into the development of future key performance indicators.

The agency level government desired outcome and services will form the basis for the reassessment of the Authority's key performance indicators. Draft operational indicators have been developed for trial and possible incorporation into a key performance indicator framework.



1. Key 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 day, overnight and boating visitors to Rottnest Island during the reporting year.

An independent research organisation contracted to survey a random sample of visitors (387 accommodation users, 201 day visitors and 98 private boat owners) provided customer ratings on satisfaction with recreational and holiday facilities and services. The sample comprised 686 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 (same as 2004/2005).

Some 75 percent of visitors surveyed were from the Perth metropolitan area, 6 percent from elsewhere in Western Australia and the remainder from interstate or overseas (19 percent). This represents an 18 percent increase in visitors from the Perth metropolitan area compared with last 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:

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

Due to the nature of the new accommodation booking system, the identification of the origin of accommodation users and the type of accommodation used could not be determined in all cases at the time of interviewing. As such, a random sampling approach was applied in order to speak to a cross-section of accommodation users. Subsequent analysis of the booking database was undertaken to trace the origin of visitors (where postcode details were provided). This analysis showed that the proportion of accommodation users in the survey was representative of the actual accommodation booking database.

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 requires, amongst other strategies, management and monitoring of visitor impact on the Island's environment. This is measured through:

- water consumption; and
- marine water quality.

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

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

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

Visitors were asked a series of questions during the telephone survey, 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 the interviewees 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	2005/06	2004/05	2003/04	2002/03
Target net satisfied	90%	90%	85%	85%
Net satisfied	84%	88%	86%	84%
Very satisfied	32%	36%	37%	31%
Satisfied	52%	52%	49%	53%
Neither	11%	10%	10%	13%
Dissatisfied	4%	2%	3%	2%
Very dissatisfied	1%	0%	1%	1%
Net dissatisfied	5%	2%	4%	3%
	100%	100%	100%	100%

Source: Independent survey conducted by Synovate . (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 (84 percent) said that they were satisfied or very satisfied overall with the facilities and services provided on Rottnest Island. The difference in net satisfaction levels is statistically significant in comparison to 2004/2005; however the vast majority of visitors remain satisfied. The bus services, visitor information services and beach access continue to be highly rated, however the level of satisfaction with the Post Office has decreased.



The target for visitor satisfaction with recreational facilities and services remains at 90 percent net satisfied.

Visitor satisfaction with Rottnest Island Authority accommodation

Customer rating	2005/06	2004/05	2003/04	2002/03
Target net satisfied	90%	90%	85%	85%
Net satisfied	65%	65%	65%	56%
Very satisfied	31%	33%	27%	21%
Satisfied	35%	32%	38%	35%
Neither	21%	19%	18%	27%
Dissatisfied	8%	10%	12%	11%
Very dissatisfied	6%	6%	5%	6%
Net dissatisfied	14%	16%	17%	18%
	100%	100%	100%	100%

Source:Independent survey conducted by Synovate . (Sampling error +/- 5.0 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. The target for visitor satisfaction with accommodation is 90 percent.

Accommodation ratings remain similar to previous years at 65 percent net satisfied. Linen and bedding, furniture and fittings, and standard of accommodation are the lowest rated aspects of accommodation. In 2004/2005 and 2005/2006 the Authority has undertaken a major refurbishment program in the Fays, Geordie Bay and Longreach areas. In June 2006 refurbishment commenced in other areas of accommodation including the removal of a significant proportion of roofs containing asbestos. Furthermore, the Authority is moving to provide linen and items previously hired (for example, microwaves and televisions) and to improve the quality of these products.

The target for 2006/2007 remains at 90 percent.

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

Customer rating	2005/06	2004/05	2003/04	2002/03
Target net satisfied	90%	90%	85%	85%
Net satisfied	81%	86%	88%	81%
Very satisfied	32%	40%	40%	30%
Satisfied	49%	46%	48%	51%
Neither	14%	11%	8%	16%
Dissatisfied	4%	2%	3%	2%
Very dissatisfied	1%	1%	1%	1%
Net dissatisfied	5%	3%	4%	3%
	100%	100%	100%	100%

Source: Independent survey conducted by Synovate2. (Sampling error +/- 3.7 percent. Error rate at 95 percent confidence level on estimates of 50 percent.)
Note: percentage results allow for rounding.

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.

Overall, 81 percent of visitors reported being satisfied or very satisfied with the recreational and holiday services on Rottnest Island. Some five percent of visitors reported being dissatisfied overall. The decrease in net satisfied and the increase in net dissatisfied is statistically significant compared to 2004/2005.

Synovate concluded that the findings of the 2005/2006 Rottnest Island visitor survey are positive, with consistently high ratings provided by visitors. While satisfaction ratings have declined slightly in some areas, the vast majority of visitors are satisfied with their experience, with most intending to return to Rottnest (84 percent).

The target for overall visitor satisfaction with recreational and holiday services is 90 percent net satisfied for 2005/2006.

In line with the Authority's continual review and improvement program for visitor services and facilities the target for 2006 /2007 remains at 90 percent.

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



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 Western Australians have chosen to spend on accommodation, based on the standard of holiday they seek and their budget.

The comparison is made with data obtained from the National Visitor Survey 2005 (NVS) conducted by Tourism Research Australia (TRA) (incorporating the former Bureau of Tourism Research). TRA interviewed West Australians on return from their trip during 2005 and obtained a range of information, including the amount spent on accommodation. TRA calculated that in 2005 West Australians, who paid for their overnight accommodation while away from home for holiday/leisure purposes, spent on average \$75 per person per night.

The data provided by TRA indicates that the amount spent by West Australians travelling in Western Australia for holiday/leisure purposes remained steady for the period 2002 to 2005.

This indicator compares the amount spent by West Australians on accommodation to the cost per bed for the range of accommodation offered by the Authority. As the price per night decreases with the number of nights booked, comparison is provided with four nights, as this is the average length of time that accommodation was booked in 2002/2003 (base year).

Accessibility of Rottnest Island accommodation

	2005/06	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%	100%	80%
Price range of Authority accommodation (cost/bed/night) – 4 nights accommodation	\$8.00 - \$48.44	\$8.00 - \$48.44	\$8.00 - \$48.44**	\$6.00 - \$45.94*	-
Average spent by West Australians (BTR National Visitor Survey)	\$75.26 (2005)	\$59.79 (2004)	\$59.93 (2003)	\$59.64 (2002)	-

*From 1 January 2003

** From 1 January 2004

There was no change in Authority accommodation pricing during 2005/2006. 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. 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 target remains at 80 percent for 2006/2007.

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.

The target of less than 75 percent was exceeded this year, although the comparative costs are slightly less than in 2004/2005, indicating that changes to tour prices charged by mainland tour operators and ferry companies were comparable in 2005/2006. At 79 percent, the cost of Island packages as a portion of an average of mainland tours is considered competitive value for visitors to Rottnest.

Accessibility of Rottnest Island tours

	2005/06	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.	79%	81%	74%	71%	66%	69%	<75%

Note: percentage results allow for rounding.

The target for 2006/2007 remains at less than 75 percent.

1.3 Water Consumption

The Authority records the production rates of the water sources for human consumption.

Until 2000/2001 groundwater was the major source of potable water on the Island, obtained from three sources:

- Freshwater aquifers on Rottnest Island;
- Desalination of water obtained from saline bores; and
- A surface water catchment.

The major source of potable water is now desalination of saline water, obtained from shallow beach bores.

The change to desalination is significant as the continued abstraction of groundwater may impact 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 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.

The bitumen rainwater catchment area is in poor condition and requires major surface upgrades and filtration systems for continued use. The Authority has decided that the retention and maintenance of the bitumen rainfall catchment is neither desirable nor cost effective and it is programmed to be decommissioned in 2006/2007.

Source of water abstraction

Source	2005/06	2004/05	2003/04	2002/03	2001/02
Bores	21.4%	16.6%	20.2%	21.4%	32.0%
Desalination plants	74.0%	72.8%	71.2%	70.2%	56.1%
Rainwater catchment area	4.7%	10.6%	8.6%	8.4%	11.9%
Total water consumed (kl)	108,575	116,305	114,001	122,923	123,281

The target for 2006/2007 is for water abstraction from the desalination plant to remain above 70 percent of total water consumed.

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 Authority coordinates an annual program of microbiological water sampling from 11 popular bathing and boating locations around the Island. During 2005/2006, sampling took place on a weekly basis over the bathing period (November to April), with additional testing during peak usage times such as public holidays and major event days. A total of 352 samples were tested during 2005/2006.

Testing is carried out to determine the presence of Enterococci and Thermotolerant coliforms. These organisms are indicators of faecal contamination. Details of boating numbers, swimmers, weather conditions and other environmental factors are also recorded at the time of sampling. The Australian and New Zealand Environment and Conservation Council (ANZECC) guidelines for primary water contact are used to assess results of marine water quality at sampling sites. The current target remains at 100 percent compliance with the guideline values of 35 mpn/100ml for Enterococci and 150 cfu/100ml for Thermotolerant coliforms. This key performance indicator will be maintained until the 2006/2007 bathing season when the new approach recommended by the 2005 National Health and Medical Research Council (NHMRC) Guidelines will be implemented.

A response procedure is in place for any samples that exceed the ANZECC guidelines to ensure the safety of recreational users. The results for 2005/2006 bathing season showed a high level of compliance, however some samples exceeded the guidelines and required follow-up sampling. Nearly all follow-up samples provided results below ANZECC guideline values and no beach closures were required. The Authority consulted the Department of Health whenever results exceeded the ANZECC guidelines.

There were high levels of Enterococci and Thermotolerant coliforms recorded on Boxing Day at Longreach Bay (Western End) and on the Labour Day public holiday at North Thompson (Stark Jetty). The follow-up samples provided results below ANZECC guideline values. There was also a high level of Enterococci recorded on 24 April 2006 at the Hotel Jetty and the follow-up sample returned to a level very close to the ANZECC guidelines.

During sampling on ANZAC Day 2006, a very high level of Enterococci and Thermotolerant coliforms was reported at Geordie Bay. There had been a significant rain event around this time and the high levels 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. Follow-up samples confirmed bacteria levels below ANZECC guidelines and the water was considered safe for recreational purposes.

Safe swimming water – Proportion of samples that met ANZECC guidelines

Indicator	2005/06	2004/05	2003/04	2002/03	2001/02	Target
Thermotolerant coliforms	98.3%	93.7%	100.0%	99.2%	98.6%	100%
Enterococci	91.2%	89.8%	96.8%	92.5%	89.6%	100%

The target for 2006/2007 remains at 100 percent compliance with the guideline values for thermotolerant coliforms and enterococci.

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 again in 2006, and a paper including options for future planting programs prepared for discussion by the Rottnest Island Environmental Advisory Committee (EAC).

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 of land identified for revegetation planted. Depending on the outcome of the recent review, of the strategy this target may be reset, following consideration by the EAC.

Percentage of Island revegetated

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

The Authority planned to plant 45,000 seedlings in 2005/2006 and succeeded in planting 31,500. Approximately 3.21ha of new restoration areas were planted (29,300 seedlings) and 2ha of established areas were replanted.

The 2005/2006 planting target was not met as:

- only 34,500 of the 45,000 seedlings ordered were delivered due to a poor germination rate;
- some 3,000 seedlings were not planted due to limitations in the availability of staff and volunteer groups; and
- winter rains did not commence until after 30 June 2006.

Planting will continue during the remainder of the 2006 winter.

The target set for 2006/2007 is 36,000 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 minimising 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 is 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 Rottne 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 Rotttnest Island and their sighting in the 2002/2003 surveys reconfirmed their presence.

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

Number of species 2002/2003 and 1997/98

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

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

1.7 Conservation of Cultural Heritage

Rotttnest Island has been identified as an important heritage place in Australia. The relative intactness of its buildings, sites and cultural landscape create a unique archive of early settlement.

The Heritage Council of Western Australia (HCWA) defines conservation as all the processes of looking after a place to retain its cultural significance. This includes maintenance and may, according to circumstances, include preservation, restoration, reconstruction and adaptation. The Authority works closely with the HCWA to ensure 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 Rotttnest Island sites listed on the HCWA's Register of Heritage Places. The assets are categorised as 'buildings' or 'other'. 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 Authority staff member, and given an overall rating of 'good', 'fair' or 'poor' (as defined by the HCWA).

Condition of State heritage registered buildings on Rotttnest Island

Condition	2005/06*	2004/05	2003/04	2002/03
Target Fair or Good	93%	90%	90%	90%
Poor	14%	11%	9%	12%
Fair	48%	57%	56%	55%
Good	30%	32%	35%	33%
% Fair or Good	78%	89%	91%	88%

* The cells in this column do not add up to 100 percent as four buildings have not been included because they were under repair as at 30 June 2006. Note: percentage results allow for rounding.



The condition of State heritage registered buildings indicator fell short of its 2005/2006 target of 93 percent in fair or good condition. However significant refurbishment and conservation works were started on four heritage buildings in June 2006. These have been removed from the assessment of buildings being in fair or good condition. When the works are completed in winter 2006 the percentage of State registered buildings on Rottnest Island in good condition will be 86 percent.

The target for 2006/2007 is 93 percent.

Condition of other* State heritage registered structures on Rottnest Island

Condition	2005/06	2004/05	2003/04	2002/03
Target Fair or Good	93%	88%	88%	88%
Poor	19%	19%	12%	12%
Fair	50%	50%	63%	63%
Good	31%	31%	25%	25%
% Fair or Good	88%	81%	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.
Note: percentage results allow for rounding.

The condition of other State heritage registered structures and sites indicator did not achieve its 2005/2006 target of 93 percent of being in fair or good condition. A number of restoration projects carried forward from 2004/2005 are programmed to commence in winter 2006. Works were undertaken to repair a stone wall in the settlement which was part of the original barracks built in the 19th Century.


The target for 2006/2007 remains at 93 percent.

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 10 years. Two plans, encompassing 15 places, are now over 10 years old.

State heritage registered assets with conservation plans

Status of conservation plan	2005/06	2004/05	2003/04	2002/03
Target in place	73%	65%	64%	64%
No plan	20%	35%	36%	39%
In place and less than 10 yrs old	55%	42%	64%	61%
In place but over 10 years old	25%	23%	0%	0%
% in place	75%	65%	64%	61%

Note: percentage results allow for rounding.



The percentage of State heritage registered assets with conservation plans exceeded the target of 73 percent. A conservation plan covering a number of sites was developed for Oliver Hill Battery, including the gun emplacements and associated infrastructure.

A conservation plan is not yet in place for The Bickley Battery, which encompasses a number of registered assets. Once this plan has been prepared there will be a conservation plan for all State heritage registered sites on the Island. The priority is to ensure that all heritage assets have a conservation plan. The Authority will then focus on renewing older plans. However the target for this indicator has been reset to 100 percent reflecting the fact that this plan will cover all heritage assets currently on the State register.

The target for 2006/2007 for State heritage registered assets with conservation plans is 100 percent.



2. Key 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 services (number of services provided by the Authority) to the level of input resources required (cost).

The services provided to visitors 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, bus and tour 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 were to be reviewed every five years however after discussions with an external consultant, it was decided that an activity based costing model was not appropriate for an agency of this size. Analysis undertaken for the Authority's review of fees and charges is likely to provide a useful methodology and base year for the revised weights. The Authority will reconsider this indicator during the formal review of its key performance indicators.

Weighted average cost per visitor service provided

	2005/06	2004/05	2003/04	2002/03	2001/02	2000/01	1999/00
Target Cost per service (adjusted for CPI)	<\$35.00	<\$35.00					
Cost per service Actual	\$47.54	\$41.85	\$32.18	\$35.84	\$37.62	\$36.29	\$29.34
Cost per service (adjusted for CPI)	\$39.18	\$35.46	\$28.68	\$32.62	\$35.41	\$35.42	

Note: Using the Perth CPI and 1999/2000 as the base year. The cost per service does not include the costs associated with the management of the Rottneest Hotel. These costs have been included since 1 April 2004 only.

A photograph of a scuba diver in clear blue water, surrounded by a large school of yellow-striped snappers. The diver is wearing a mask and a tank, and the fish are swimming in a circular pattern around them.

In the Authority's 2004/2005 Annual Report, corporate overhead costs from revenue generating to non-revenue generating were all allocated to the conservation of the natural and cultural environment, as opposed to a proportional allocation to service one and service two as in 2003/2004. This allocation has subsequently been reviewed to ensure a more relevant treatment, and the figure for 2004/2005 adjusted to reflect this.

The average cost per service has risen to \$47.54 (\$39.18 after adjustment for CPI). This elevation can be attributed to increases in facilities and management charges as well as the rising cost of fuel. The minor capital works program continued this year including refurbishment of visitor accommodation. The refurbishments resulted in a reduction in available accommodation which directly affected this measure. Depreciation costs, as a result of asset revaluation, are also a factor.

The target for 2006/2007 remains at less than \$35.00 (after adjustment for CPI).



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 2006.

In the Authority's 2004/2005 Annual Report, corporate overhead costs from revenue generating to non-revenue generating were all allocated to the conservation of the natural and cultural environment, as opposed to only a proportion of such allocation in 2003/2004. This allocation has subsequently been reviewed to ensure a more relevant treatment, and the figure for 2004/2005 adjusted to reflect this.

The level of expenditure as a percentage of conservation assets in 2005/2006 is similar to 2004/2005.

Total operating expenses as a percentage of conservation assets

	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual	2001/02 Actual	2000/01 Actual
Target: total operating expenses as percentage of conservation assets	4.9%	4.9%				
Total operating expenses as a percentage of conservation assets	2.1%	2.2%	4.3%	3.2%	4.0%	3.1%
Total operating expenses as a percentage of conservation assets (including the marine portion of the Reserve)	2.0%	2.0%	4.0%	3.0%	N/A	N/A

Target for 2006/2007 remains at 4.9 percent.



Certification of Financial Statements

For the year ended 30 June 2006

The accompanying financial statements of the Rottneest Island Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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
Chief Finance Officer

5 September 2006

Income Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2005/2006 \$	2004/2005 \$
INCOME			
Revenue			
Sales	6.	3,435,107	3,659,170
Provision of services	7.	19,661,564	19,058,198
Commonwealth grants & contributions	8.	2,495,000	1,375,000
Interest revenue		238,359	225,742
Other revenues	9.	301,571	103,116
Gains			
Gains on disposal of non-current assets	10.	13,483	0
Total Income		26,145,084	24,421,226
EXPENSES			
Cost of sales	6.	1,496,003	1,430,769
Employee benefits expenses	11.	8,166,612	7,609,266
Supplies and services	12.	13,603,960	11,843,441
Depreciation and amortisation expense	13.	3,041,232	3,347,478
Finance costs	14.	304,112	332,808
Administration expenses	15.	1,312,632	1,229,521
Accommodation expenses	16.	95,802	138,839
Other expenses	17.	1,379,442	1,809,036
Total Expenses		29,399,795	27,741,158
Loss before grants and subsidies from State Government		(3,254,711)	(3,319,932)
Grants and subsidies from State Government	18.	9,640	44,300
Services received free of charge	19.	31,846	29,000
Loss for the period		(3,213,225)	(3,246,632)

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

Balance Sheet

AS AT 30 JUNE 2006

	Note	2005/2006 \$	2004/2005 \$
ASSETS			
Current Assets			
Cash and cash equivalents	31.	8,882,001	5,876,968
Restricted cash and cash equivalents	31.	0	5,000
Inventories	20.	240,898	256,846
Receivables	21.	1,382,026	880,584
Total Current Assets		10,504,925	7,019,398
Non-Current Assets			
Property, plant, equipment & vehicles	22.	125,099,157	100,294,497
Infrastructure	23.	26,320,638	16,491,122
Intangible assets	24.	427,944	29,307
Total Non-Current Assets		151,847,739	116,814,926
Total Assets		162,352,664	123,834,324
LIABILITIES			
Current Liabilities			
Payables	26.	1,176,636	675,204
Provisions	28.	1,329,386	1,154,626
Other current liabilities	29.	6,560,853	4,821,241
Total Current Liabilities		9,066,875	6,651,071
Non-Current Liabilities			
Borrowings	27.	4,690,568	4,690,568
Provisions	28.	706,372	523,849
Total Non-Current liabilities		5,396,940	5,214,417
Total Liabilities		14,463,815	11,865,488
NET ASSETS		147,888,849	111,968,836
Equity			
Contributed equity	30.	30,297,000	15,053,000
Reserves	30.	113,412,499	89,523,261
Retained earnings	30.	4,179,350	7,392,575
TOTAL EQUITY		147,888,849	111,968,836

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2006			
	Note	2005/2006 \$	2004/2005 \$
Balance of equity at start of period		111,968,836	104,651,468
CONTRIBUTED EQUITY	30.		
Balance at start of period		15,053,000	4,489,000
Capital contribution		15,244,000	10,564,000
Balance at end of the period		30,297,000	15,053,000
RESERVES	30.		
Asset Revaluation Reserve			
Balance at start of period		89,523,261	89,523,261
Gains/(losses) from asset revaluation		23,889,238	0
Balance at end of the period		113,412,499	89,523,261
RETAINED EARNINGS	30.		
Balance at start of period		7,392,575	10,639,207
Loss for the period		(3,213,225)	(3,246,632)
Balance at end of the period		4,179,350	7,392,575
Balance of equity at end of period		147,888,849	111,968,836
Total income and expense for the period		20,676,013	(3,246,632)

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2005/2006 \$	2004/2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		3,435,107	3,659,170
Provision of services		19,797,521	19,386,150
Commonwealth grants and contributions		455,000	1,375,000
Interest received		234,978	209,951
GST receipts on sales		2,282,189	2,515,265
GST receipts from taxation authority		489,414	0
Other receipts		263,459	147,035
Payments			
Cost of Sales		(1,480,055)	(1,430,769)
Employee benefits		(7,707,182)	(7,507,276)
		(13,539,852)	(13,153,114)
Supplies & services))
Finance costs		(306,543)	(343,132)
GST payments on purchases		(2,697,194)	(2,482,532)
GST payments to taxation authority		(341,982)	(50,038)
Other payments		(1,379,442)	(1,758,800)
Net cash provided by/(used in) operating activities	31(b)	(494,582)	566,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		29,020	0
		(11,788,045)	
Purchase of non-current physical assets)	(8,462,575)
		(11,759,025)	
Net cash (used in) investing activities)	(8,462,575)
CASH FLOWS FROM STATE GOVERNMENT			
Operating grants & subsidies		9,640	44,300
Equity contribution		15,244,000	10,564,000
Net cash provided by State Government		15,253,640	10,608,300
Net increase in cash held		3,000,033	2,712,635
Cash and cash equivalents at the beginning of the period		5,881,968	3,169,333
Cash and cash equivalents at the end of the period	31(a)	8,882,001	5,881,968

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2006

1. First time adoption of Australian equivalents to International Financial Reporting Standards

General

This is the Rottnest Island Authority's ("the Authority") first published financial report prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Authority had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

In accordance with the option provided by AASB 1.36A and exercised by Treasurer's Instruction (TI) 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards', AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119], AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 41.

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 1985 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings, infrastructure and works of art which have been measured at fair value.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar except for some disclosures in Note 28 'Provisions' and Note 36 'Financial Instruments' where values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 3 'Judgements made by management in applying accounting policies'.

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

(c) Reporting Entity

The reporting entity comprises the Rottnest Island Authority.

(d) Income

Revenue

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

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

Provision of services

Revenue is recognised on delivery of the service to the customer or by reference to the stage of completion.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners 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.

Rental income

Rental income arising from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(e) Borrowing Costs

Borrowing costs are expensed in the period they are incurred.

(f) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, the Authority uses the revaluation model for the measurement of land, buildings, works of art and infrastructure and the cost model for all other property, plant, equipment and vehicles. Land, buildings and infrastructure are carried at their fair value less accumulated depreciation and accumulated impairment losses. Works of art are carried at their fair value. All other items of property, plant, equipment and vehicles are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is not available, the fair value of land and buildings has been determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefit embodied in the asset, ie: the written down current replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately. The revaluation of land and buildings is an independent valuation provided every three years by the Department of Land Information (Valuation Services).

Fair value of infrastructure has been determined by reference to the written down current replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. Land under infrastructure is included in land reported under property, plant, equipment and vehicles. Valuations are provided by an independent valuer every three years. When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgement by the valuer is required where evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to notes 22 'Property, plant, equipment and vehicles' and 23 'Infrastructure' for further information on revaluations.

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Depreciation rates used are as follows:

Buildings	2.5%
Computers & electronic equipment	33.33%
Furniture	20%
Plant & vehicles	From 0-25%
Leasehold improvements	20%
Infrastructure	From 1-11%
Infrastructure – Gas	50%

Works of art controlled by the Authority are classified as heritage assets which are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

Similarly, the Oliver Hill Battery, which forms part of the Plant and vehicles class, has an indefinite useful life, and therefore no depreciation has been applied to this asset.

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions for intangible assets costing over \$1,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$1,000 are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less

any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

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

Software 33.33%

Computer software

Software that is an integral part of the related hardware is treated as property, plant, equipment and vehicles. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

(h) Impairment of Assets

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

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

See note 25 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(m) 'Receivables' and note 21 'Receivables' for impairment of receivables.

(i) 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. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

(j) Financial Instruments

The Authority has two categories of financial instrument:

- Receivables (including cash and cash equivalents, receivables); and
- Non-trading financial liabilities (payables, borrowings).

Initial recognition and measurement is at fair value. Usually the transaction cost or face value is the equivalent to the fair value. Short term receivables and payables with no stated interest rate are measured at transaction cost/face value where the effect of discounting is minimal.

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and restricted cash equivalents 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.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the weighted average cost method.

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.

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The allowance for uncollectible amounts

(doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(j) 'Financial Instruments' and note 21 'Receivables'.

(n) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(j) 'Financial Instruments' and note 26 'Payables'.

(o) Borrowings

Loans from the Western Australian Treasury Corporation are recognised at cost, being the fair value of the net proceeds received. See note 2(j) 'Financial Instruments' and note 27 'Borrowings'.

(p) Provisions

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. See note 28 'Provisions'.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The liability for long service leave has been determined using a shorthand method. An actuarial assessment of long service leave undertaken by PricewaterhouseCoopers in 2006 determined that the liability measured using the shorthand method was not materially different from the liability measured using the present value of the expected future payments.

Time in Lieu

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

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees who are not members of either of these schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Authority contributes to this accumulation fund in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at reporting date. The liabilities under these schemes have been calculated separately for each scheme annually by Mercers Human Resource Consulting using the projected unit credit method.

The expected future payments are discounted to present value 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.

The GSS Scheme and the WSS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current

service superannuation charges under the GSS Scheme and WSS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

See also note 2(q) 'Superannuation Expense'.

**(ii) Provisions – Other
Employment On-Costs**

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision. See note 17 'Other expenses' and note 28 'Provisions'.

(q) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the Income Statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

See also note 2(p)(i) 'Provisions – Employee Benefits' under the heading Superannuation.

(r) Accrued Salaries

Accrued salaries (refer note 29 'Other current liabilities') 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. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(s) Resources Received Free of Charge or for Nominal Cost

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

(t) Segment Information

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2. 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. See note 40 'Segment information'.

(u) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity.

(v) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information which has been prepared under previous AGAAP Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments will be 1 July 2005 in accordance with AASB 1 paragraph 36A and Treasurer's Instruction 1101.

3. Judgements made by management in applying accounting policies

There have been no judgements made in the process of applying accounting policies that have had a significant effect on the amounts recognised in the financial statements.

4. Key sources of estimation uncertainty

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date include:

- Discount rates used in estimating provisions.
- Estimating useful life of key assets.
- Actuarial assumptions used in determining superannuation liabilities.

These assumptions do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and are therefore, the nature of these assumptions are not disclosed.

5. Disclosure of changes in accounting policy and estimates

Future Impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 1, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Authority has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their operative date:

- AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.
- AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the different treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB4 'Insurance Contracts' or as a "financial guarantee contract" under AASB139 'Financial Instruments': Recognition and Measurement'. The Authority does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.
- UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB17 'Leases'. At reporting date, the Authority has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Authority as they will have no impact:

AASB Amendment	Affected Standards
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions).
2005-5	'Amendments to Australian Accounting Standards [AASB 1 and AASB 139]'
2006-1	AASB 121 (Net investment in foreign operations),
UIG 5	'Rights to Interests arising from Decommissioning, Restoration, and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
UIG 7	'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.

	2005/2006 \$	2004/2005 \$
6. Trading profit		
Sales	3,435,107	3,659,170
Cost of sales:		
Opening inventory	(256,846)	(176,308)
Purchases	(1,480,055)	(1,511,307)
	(1,736,901)	(1,687,615)
Closing inventory	240,898	256,846
Cost of Goods Sold	(1,496,003)	(1,430,769)
Trading Profit	1,939,104	2,228,401
7. Provision of services		
Accommodation charges	9,010,917	9,329,644
Lease & licence income	1,831,070	2,043,312
Admission fees	3,202,540	3,308,293
Facilities & tours	3,723,743	2,960,970
Utility charges	1,291,292	752,592
Housing rentals	397,626	400,800
Commissions	204,376	262,587
	19,661,564	19,058,198
8. Commonwealth grants and contributions		
Sustainable Energy Development Office funding for Wind Turbine Project	455,000	1,375,000
Australian Maritime Safety Authority	2,040,000	0
	2,495,000	1,375,000
The Australian Maritime Safety Authority transferred ownership of the Bathurst lighthouse effective from 29 July 2005. The lighthouse has been recognised at fair value. Fair value was determined by an independent valuation provided by Aon Valuation Services.		
9. Other revenues		
Insurance recoveries	167,907	474
Contribution to works	17,680	3,262
Miscellaneous	115,354	98,010
Donations	630	1,370
	301,571	103,116
10. Net gain on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant and Vehicles	15,537	0
<u>Proceeds from Disposal on Non-Current Assets</u>		
Plant and Vehicles	29,020	0
Net gain	13,483	0

	2005/2006 \$	2004/2005 \$
11. Employee benefits expense		
Wages and salaries	6,837,990	6,745,249
Superannuation - defined contribution plans	532,713	486,985
Superannuation - defined benefit plans (see Note 28)	126,303	5,827
Long service leave ^(a)	174,655	154,178
Annual leave ^(a)	457,642	77,924
Other related expenses	37,309	139,103
	8,166,612	7,609,266
(a) Includes a superannuation contribution component.		
Employment on-costs such as workers' compensation insurance and payroll tax are included at note 17 'Other expenses'. The employment on-costs liability is included at note 28 'Provisions'.		
12. Supplies and services		
Contractors	10,589,258	9,880,761
Other staffing costs	1,245,234	929,824
Repairs and maintenance	394,151	429,260
Vehicle leasing	322,704	279,251
IT system development	87,946	52,113
Materials	580,498	12,316
Other costs	384,169	259,916
	13,603,960	11,843,441
13. Depreciation and amortisation expense		
Depreciation		
Buildings	928,052	1,209,480
Computers & electronic equipment	164,520	43,881
Furniture	108,663	56,475
Plant & vehicles	304,989	274,591
Leasehold improvements	11,032	21,227
Infrastructure	1,460,157	1,690,344
Total depreciation	2,977,413	3,295,998
Amortisation		
Intangible assets	63,819	51,480
Total amortisation	63,819	51,480
Total depreciation and amortisation	3,041,232	3,347,478
14. Finance costs		
Interest paid	291,981	323,427
Borrowing costs	12,131	9,381
	304,112	332,808

	2005/2006 \$	2004/2005 \$
15. Administration expenses		
Communication	289,309	307,846
Consumables	216,099	229,746
Insurance	490,965	413,590
Other expenses	316,259	278,339
	1,312,632	1,229,521
16. Accommodation expenses		
Lease rentals	91,400	108,832
Other	4,402	30,007
	95,802	138,839
17. Other expenses		
Minor works	980,265	1,318,622
Furniture, fittings & equipment replacement	231,422	209,267
Doubtful debts expense	0	50,236
Employment on-costs ^(a)	23,317	80,206
Other	144,438	150,705
	1,379,442	1,809,036
(a) Includes workers' compensation insurance and payroll tax. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
18. Grants and subsidies from State Government		
Coast West - Fay's Bay	9,640	12,050
Waste Management and Recycling	0	32,250
	9,640	44,300
19. Services received free of charge		
Health Department - health surveillance	29,000	29,000
Crown Solicitor's Office - legal services	2,846	0
	31,846	29,000

	2005/2006 \$	2004/2005 \$
20. Inventories		
Inventories held for resale:		
Hotel food & beverage stock	75,250	124,098
Visitors centre stock	99,346	75,776
Post office	9,491	10,193
Bike hire stock	3,527	4,430
	<u>187,614</u>	<u>214,497</u>
Inventories not for resale:		
Bike hire stock	53,284	42,349
	<u>53,284</u>	<u>42,349</u>
	240,898	256,846

21. Receivables**Current**

Trade receivables	1,796,998	1,506,818
Allowance for impairment of receivables	(916,376)	(942,973)
	<u>880,622</u>	<u>563,845</u>
GST receivable	309,883	176,394
Interest receivable	21,381	18,000
Other receivables	99,399	87,884
Prepayments	70,741	34,461
	1,382,026	880,584

The allowance for impairment of receivables 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.

	2005/2006 \$	2004/2005 \$
22. Property, plant, equipment & vehicles		
Land		
At fair value (i)	82,603,800	66,400,000
Buildings		
At fair value (i)	42,380,168	32,361,510
Accumulated depreciation	(4,763,276)	(3,400,129)
	37,616,892	28,961,381
Computers & electronic equipment		
At cost	1,048,682	158,171
Accumulated depreciation	(277,052)	(112,533)
	771,630	45,638
Furniture		
At cost	1,028,810	494,337
Accumulated depreciation	(465,796)	(358,379)
	563,014	135,958

	2005/2006 \$	2004/2005 \$
Plant & vehicles		
At cost	2,130,764	2,798,998
Accumulated depreciation	(1,153,331)	(985,394)
	977,433	1,813,604
Leasehold improvements		
At cost	123,236	123,236
Accumulated depreciation	(87,795)	(76,763)
	35,441	46,473
Works of art		
At fair value (ii)	19,400	23,095
Work under construction		
At cost	2,511,547	2,868,348
Total Property, Plant, Equipment & Vehicles	125,099,157	100,294,497

- (i) Land and buildings were revalued as at 1 July 2005 by the Department of Land Information (Valuation Services). The valuations were performed during the year and recognised at 1 July 2005. The fair value of all land and buildings has been determined by applying the non market value and depreciated replacement cost method. Refer Note 2(f) 'Property, Plant and Equipment and Infrastructure'.
- (ii) The Rottneest Island artworks were independently valued by Stafford Studios of Fine Art in May 2006. The valuation was performed on a replacement value basis.

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.

2005/2006	Land \$	Buildings \$	Computers / Electronic \$	Furniture \$	Plant / Vehicles \$	Leasehold Improvements \$	Works of Art \$	Works in Progress \$	Total \$
Carrying amount at start of year	66,400,000	28,961,381	45,638	135,958	1,813,604	46,473	23,095	2,868,348	100,294,497
Additions	103,800	6,443,133	890,512	469,815	593,272			95,239	8,595,771
Transfers		(129,170)		65,904	(1,108,574)			(452,040)	(1,623,880)
Disposals					(15,880)				(15,880)
Revaluation increments	16,100,000	3,269,600					(3,695)		19,365,905
Depreciation expense		(928,052)	(164,520)	(108,663)	(304,989)	(11,032)			(1,517,256)
Carrying amount at end of year	82,603,800	37,616,892	771,630	563,014	977,433	35,441	19,400	2,511,547	125,099,157

2004/2005	Land \$	Buildings \$	Computers / Electronic \$	Furniture \$	Plant / Vehicles \$	Leasehold Improvements \$	Works of Art \$	Works in Progress \$	Total \$
Carrying amount at start of year	66,400,000	25,351,939	41,748	75,988	1,921,234	21,957	23,095	110,006	93,945,967
Additions		4,710,186	47,771	116,445	166,961	45,743		2,868,348	7,955,454
Transfers		108,736						(108,736)	0
Write off								(1,270)	(1,270)
Depreciation expense		(1,209,480)	(43,881)	(56,475)	(274,591)	(21,227)			(1,605,654)
Carrying amount at end of year	66,400,000	28,961,381	45,638	135,958	1,813,604	46,473	23,095	2,868,348	100,294,497

	2005/2006 \$	2004/2005 \$
23. Infrastructure		
At fair value (i)	36,676,200	23,009,350
Accumulated depreciation	(10,355,562)	(6,518,228)
	26,320,638	16,491,122
Reconciliation		
Carrying amount at start of year	16,491,122	17,673,075
Additions	5,594,505	656,694
Transfers	1,171,835	(148,304)
Revaluation increments	4,523,333	0
Depreciation expense	(1,460,157)	(1,690,343)
Carrying amount at end of year	26,320,638	16,491,122

- (i) The revaluation was performed as at 1 July 2005 in accordance with an independent valuation by Australian Valuation Partners Pty Ltd. The primary valuation method to determine fair value was the depreciated replacement cost method as there was insufficient market data or the equipment is of a specialised nature.

	2005/2006 \$	2004/2005 \$
24. Intangible assets		
Computer software		
At cost	616,946	154,489
Accumulated amortisation	(189,002)	(125,182)
	427,944	29,307
Reconciliation		
Carrying amount at start of year	29,307	80,787
Additions	462,456	0
Amortisation expense	(63,819)	(51,480)
Carrying amount at end of year	427,944	29,307

25. Impairment of assets

There were no indications of impairment to Property, plant, equipment and vehicles, Infrastructure and Intangible assets at 30 June 2006.

The Authority held no intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

	2005/2006 \$	2004/2005 \$
26. Payables		
Trade payables	1,176,636	675,204
	1,176,636	675,204
27. Borrowings		
Western Australian Treasury Corporation Loans	4,690,568	4,690,568
	4,690,568	4,690,568

	2005/2006 \$	2004/2005 \$
28. Provisions		
<u>Current</u>		
Employee benefits provision		
Annual leave ^(a)	707,540	542,393
Long service leave ^(b)	423,538	469,581
Time in lieu	68,888	31,224
Superannuation	47,000	42,202
Leave purchase	5,358	4,238
	1,252,324	1,089,638
Other provisions		
Employment on-costs ^(c)	77,062	64,988
	77,062	64,988
Total current provisions	1,329,386	1,154,626
<u>Non-Current</u>		
Employee benefits provision		
Long service leave ^(b)	402,522	236,963
Superannuation	278,000	271,668
	680,522	508,631
Other provisions		
Employment on-costs ^(c)	25,850	15,218
	25,850	15,218
Total non-current provisions	706,372	523,849
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	318,108	326,109
More than 12 months after reporting date	389,432	216,284
	707,540	542,393
(b) Long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of reporting date	59,079	35,203
More than 12 months after reporting date	766,981	671,341
	826,060	706,544

(c) The settlement of annual, long service and time in lieu liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 17 'Other expenses'.

(d) Defined benefit superannuation plans

The amounts recognised in the income statement are as follows:

	Pension Scheme		Pre-transfer benefit- Gold State Superannuation Scheme	
	2006	2005	2006	2005
	\$'00	\$'000	\$'000	\$'000
Current service cost	-	-	-	-
Interest cost (unwinding of the discount)	15	17	-	-
Net actuarial losses/(gains) recognised	37	(19)	1	(8)
Total, included in Employee Benefits Expense (see Note 11)	52	(2)	1	(8)

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	303	293	22	21
Liability in the balance sheet	303	293	22	21

The Authority has no legal liability to make up the liability other than by continuing to comply with the employer funding arrangements as detailed below.

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

Liability at start of year	293	336	21	29
Current service cost	-	-	-	-
Interest cost (unwinding of the discount)	15	17	-	-
Net actuarial losses/(gains) recognised	37	(19)	1	(8)
Benefits paid	(42)	(41)	-	-
Liability at end of year	303	293	22	21

Reconciliation of the fair value of the plan is as follows:

Fair value of plan assets at start of year	-	-	-	-
Employer contributions	42	41	-	-
Benefits paid	(42)	(41)	-	-
Fair value of plan assets at end of year	-	-	-	-

The principal actuarial assumptions used (expressed as weighted averages) are as follows:

	2006	2005
Discount rate	5.81%	5.22%
Future salary increases	4.50%	4.50%

	2006	2005
	\$'000	\$'000
<u>Historic summary</u>		
Pension scheme:		
Present value of unfunded obligation	303	293
Fair value of plan assets	-	-
Deficit	303	293

Pre-transfer benefit - Goldstate Superannuation Scheme:

Present value of unfunded obligation	22	21
Fair value of plan assets	-	-
Deficit	22	21

	2006 \$'000	2005 \$'000
Experience adjustments arising on plan liabilities:		
Pension scheme	22	16
Pre-transfer benefit - Goldstate Superannuation Scheme:	16	2

Employer funding arrangements for the defined benefit plans

Details of the deficit of the defined benefit plans measured in accordance with AAS 25 Financial Reporting by Superannuation Plans as determined from the plans most recent financial report:

	Pension Scheme 2005 \$000	Goldstate Superannuation Scheme ^(a) 2005 \$000
Gross accrued benefits	2,465,75 9	4,256,47 4
Net market value of plan assets	106,688 2,359,07	1,956,02 2,300,45
Deficit	1	2

(a) The amounts recorded for the Goldstate Superannuation Scheme relate to the scheme as a whole (ie: the pre-transfer benefit component plus the concurrently funded benefit component).

The funding policy adopted by the Government in respect of the defined benefit plans is directed at ensuring that benefits accruing to members and beneficiaries are fully funded at the time the benefits become payable. As such, the Schemes' actuary has considered long term trends in such factors as scheme membership, salary growth and average market value of the schemes' assets when advising the Government on employer and employee contribution rates. The employer funding arrangements for the defined benefit plans under the Superannuation and Family Benefits Act 1938 (Pension Scheme) and the Government Employees Superannuation Act 1987 (Goldstate Superannuation Scheme) are summarised as follows:

Pension Scheme:

The Pension Scheme is a unit based scheme. The level of pension payable is determined by the number of units purchased, the length of service and the final salary of the member. The employer liability is funded only on the emergence of a member's pension benefit entitlement and is recouped by the Government Employees Superannuation Board fortnightly following the payment of each pension.

Employer contributions of \$45,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2007.

Goldstate Superannuation Scheme

The Goldstate Superannuation Scheme is a lump sum scheme. The Authority is required under the State Superannuation Regulations 2001 to make concurrent employer contributions direct to the Scheme in respect of contributory members who are the Authority's employees.

The employer contribution rate for 2005-06 for contributory members was 12% (2004-05: 12%) of a member's salary, based on a 5% member contribution. The employer contribution rate is proportionately less or more where members elect a contribution rate of 3%, 4%, 6% or 7% of salary.

In respect of those members who transferred their membership from the Pension Scheme, the employer liability in relation to service or period of employment constituted as service for the purposes of the Superannuation and Family Benefits Act 1938, is calculated at a rate of 12 % of final average salary for each year of such service, based upon a 5% member's average contribution rate to the scheme (this rate is proportionately less where a member's average contribution rate is less than 5%). This employer liability becomes payable on the payment of the

benefit to the member.

Employer contributions of \$2,000 are expected to be paid to the Goldstate Superannuation Scheme for the year ending 30 June 2007.

Note that the superannuation – defined benefit plans expense and the defined benefit superannuation liabilities for the 2004-05 comparatives have not been restated to comply with AASB119 Employee Benefits methodology as there is no material difference.

Movements in Other Provisions	2005/2006 \$	2004/2005 \$
<u>Employment on-cost provision</u>		
Carrying amount at start of year	80,206	58,794
Additional provisions recognised	53,215	47,151
Payments/other sacrifices of economic benefits	(30,509)	(25,739)
Carrying amount at end of year	102,912	80,206

29. Other liabilities

Current

Refundable deposits and bonds	4,642,015	3,791,386
Accrued expenses	1,668,409	781,918
Accrued salaries	102,147	0
Accrued interest	79,296	81,727
Unclaimed money	38,986	35,335
Fringe benefits tax	30,000	18,750
Other accruals	0	112,125
	6,560,853	4,821,241

30. Equity

Contributed equity

Balance at start of year	15,053,000	4,489,000
Contributions by owners:		
Capital contribution (a) (b)	15,244,000	10,564,000
Balance at end of year	30,297,000	15,053,000

(a) Capital contributions have been designated as contributions by owners in Treasurer's Instruction 955 and are credited directly to equity.

(b) Anomalies in respect to the treatment of Department of Treasury and Finance (DTF) equity/income funding that has occurred over the last few years have been resolved with DTF determining that future funding will be treated as income. In 2005-06, \$2.2 million of funding received has been included as contributed equity, had this been treated as income, the loss for the year would have been \$1,013,225.

Reserves

Asset revaluation reserve:

Balance at start of year	89,523,261	89,523,261
Net revaluation increments:		
Land	16,100,000	0
Buildings	3,269,600	0
Infrastructure	4,523,333	0
Artworks	(3,695)	0
Balance at end of year	113,412,499	89,523,261

	2005/2006 \$	2004/2005 \$
Retained earnings		
Balance at start of year	7,392,575	10,639,207
Result for the period	(3,213,225)	(3,246,632)
Balance at end of year	4,179,350	7,392,575

31. Notes to the Cash Flow Statement

(a) Reconciliation of Cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	8,882,001	5,876,968
Restricted cash and cash equivalents	0	5,000
	8,882,001	5,881,968

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.

	2005/2006 \$	2004/2005 \$
(b) Reconciliation of loss for the period to net cash flows provided by operating activities		
Loss for the period	(3,213,225)	(3,246,632)
Non-cash items:		
Depreciation and amortisation expense	3,041,232	3,347,478
Net (gain)/loss on sale of property, plant & equipment	(13,483)	0
Doubtful debts expense	(26,597)	(7,310)
Grants and subsidies from State Government	(9,640)	(44,300)
Commonwealth contribution	(2,040,000)	0
(Increase)/decrease in assets:		
Receivables (iii)	(341,356)	114,163
Inventories	15,948	(80,538)
Increase/(decrease) in liabilities:		
Payables (iii)	501,536	374,888
Provisions	357,283	105,101
Other Liabilities	1,367,313	(65,813)
Net GST receipts/(payments) (i)	0	(17,305)
Change in GST receivables/payables (ii)	(133,489)	87,178
Net cash provided by/(used in) operating activities	(494,582)	566,910

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

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

(iii) Note that Australian Taxation Office (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.

	2005/2006 \$	2004/2005 \$
32. Commitments		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	7,064,985	2,560,000
The capital commitments include amounts for:		
Buildings	6,614,985	2,560,000
Infrastructure	450,000	0
	7,064,985	2,560,000
(b) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within 1 year	253,954	308,814
Later than 1 year and not later than 5 years	449,491	582,000
	703,445	890,814
Representing:		
Non-cancellable operating leases	703,445	890,814

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.

33. Contingent liabilities and contingent assets

Contingent Liabilities

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

(a) Litigation in progress

A writ has been taken out against the Authority seeking damages 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.

The Authority has been advised that as the Rottnest Reserve was vested in the Rottnest Board of Control in 1942 under S33 *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.

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.

In late 2005 and early 2006 the Federal Court commenced to hear a portion of the Single Noongar Claim, including Rottnest Island. The Court has reserved its decision. Any decision in respect of that hearing will only deal with the question whether, apart from extinguishment, native title exists over Rottnest Island and other parts of the Perth metropolitan area. If the Court finds that (apart from extinguishment) native title does exist then it will later deal with the question of whether the native title has nevertheless been extinguished.

(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 included 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.

34. Events occurring after the balance sheet date

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

35. Explanatory statement**(i) Significant variances between actual and prior year actual - revenue and expenditure**

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

	2005/2006	2004/2005	Variance
	\$	\$	\$
Commonwealth grants & contributions	2,495,000	1,375,000	1,120,000
Other revenues	301,571	103,116	198,455
Supplies and services	13,603,960	11,843,441	(1,760,519)
Other expenses	1,379,442	1,809,036	429,594

Commonwealth Grants and Contributions

The increase reflects the contribution from the Commonwealth for the Bathurst lighthouse totalling \$2,040,000. Additional funding of \$455,000 from the Sustainable Energy Development Office for the Wind Turbine project was received.

Other Revenues

The variance represents increased insurance recoveries for the period.

Supplies and Services

Higher Facilities and Management costs on waste handling, baggage handling and management fees due to increased activity. Increased cleaning costs due to a major clean of all accommodation units being conducted during the year.

Other Expenses

Capitalisation of costs relating to the Taskforce program resulted in less minor works expenditure than last year.

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

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

	Actual 2005/2006 \$	Budget 2005/2006 \$	Variance \$
Sales	3,435,107	3,834,202	(399,095)
Commonwealth grants & contributions	2,495,000	0	2,495,000
Interest revenue	238,359	80,000	158,359
Other revenues	301,571	12,000	289,571
Cost of sales	1,496,003	1,737,300	(241,297)
Depreciation and amortisation expense	3,041,232	3,600,000	558,768
Administration expenses	1,312,632	685,958	626,674
Other expenses	1,379,442	65,780	1,313,662
			(1,590,360)
Grants and subsidies from State Government	9,640	1,600,000)

Sales

Reduced occupancies contributed to reduced food and beverage sales.

Commonwealth Grants and Contributions

The increase reflects the contribution from the Commonwealth for the Bathurst lighthouse totalling \$2,040,000. Additional funding of \$455,000 from the Sustainable Energy Development Office for the Wind Turbine project was received.

Interest Revenues

The variance represents higher level of bank deposits resulting from Government funding banked and retained and utilised at later dates for capital and project works.

Other Revenues

The variance represents increased insurance recoveries for the period.

Cost of Sales

Reduced occupancies contributed to reduced food and beverage consumption.

Depreciation and Amortisation

Depreciation expense was lower than budget as a number of depreciable assets had become fully depreciated during the financial year.

Administration Expenses

The variance reflects higher communication and printing costs than was expected.

Other Expenses

Costs relating to the Taskforce program were expected to be capitalised. Taskforce related costs that were operating in nature were not budgeted for and this resulted in expenditure greater than budget.

Grants and Subsidies from State Government

\$1.6M State Government funding for operational expenditure not received.

36. Financial instruments**(a) Financial Risk Management Objectives and Policies**

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

Credit risk

The Authority only trades with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Liquidity risk

The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Authority's exposure to market risk for changes in interest rates relate primarily to the long term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Otherwise, the Authority is not exposed to interest rate risk because the cash and cash equivalents are not subject to significant changes in market interest rates.

(b) Financial Instrument Disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 for the year ended 2006 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 2(v) Comparative figures.

Interest Rate Risk Exposure

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Non Interest Bearing	Total
			1 year or less	1 to 5 years	Over 5 years		
	%	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
30 June 2006							
Financial Assets							
Cash floats & operating account						1,127	1,127
11am account	5.7%	7,755					7,755
Receivables						1,382	1,382
		7,755	0	0	0	2,509	10,264
Financial Liabilities							
Payables and accrued expenses						2,845	2,845
Accrued interest						79	79
Borrowings from WATC	6.06%			4,690			4,690
		0	0	4,690	0	2,924	7,614

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Non Interest Bearing	Total
			1 year or less	1 to 5 years	Over 5 years		
	%	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
30 June 2005							
Financial Assets							
Cash floats & operating account						1,069	1,069
11am account	5.27%	4,813					4,813
Receivables						881	881
		4,813	0	0	0	1,950	6,763
Financial Liabilities							
Payables and accrued expenses						1,457	1,457
Accrued interest						82	82
Borrowings from WATC	5.73%			4,690			4,690
		0	0	4,690	0	1,539	6,229

(c) Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

	2005/2006 \$	2004/2005 \$
37. Remuneration of members of the Accountable Authority and senior officers		
	\$	\$
Remuneration of Members of the Accountable Authority		
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
\$		
0 - 10,000	3	4
10,001 - 20,000	1	1
The total remuneration of the members of the Accountable Authority is:	35,425	28,694
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.		

	2005/2006 \$	2004/2005 \$
Remuneration of Senior Officers		
The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
\$		
30,001 - 40,000	0	1
40,001 - 50,000	0	2
70,001 - 80,000	1	0
90,001 - 100,000	2	1
100,001 - 110,000	1	0
110,001 - 120,000	0	1
130,001 - 140,000	0	*1
150,001 - 160,000	1	0
160,001 - 170,000	1	0
170,001 - 180,000	0	1
190,001 - 200,000	0	*1
The total remuneration of senior officers is:	695,730	847,803
* includes payments 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 2004/2005 associated with an organisational restructure to implement recommendations of the Rottnest Island Taskforce.		
One former senior officer is a member of the Pension Scheme.		
38. Remuneration of auditor		
Remuneration payable to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	68,200	62,000
39. Supplementary information		
Write-Offs approved by the Board		
Bad Debts	62,569	0
	62,569	0
Losses Through Theft, Defaults and Other Causes		
Net cash shortage	1,718	8,797
Stock losses	3,171	0

40. 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 service 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 service 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	
	2005/06 \$	2004/05 \$	2005/06 \$	2004/05 \$	2005/06 \$	2004/05 \$
INCOME						
Revenue						
Sales	3,435,107	3,659,170	0	0	3,435,107	3,659,170
Provision of services	19,607,436	19,003,747	54,128	54,451	19,661,564	19,058,198
Commonwealth grants and contributions	0	0	2,495,000	1,375,000	2,495,000	1,375,000
Interest revenue	238,359	225,742	0	0	238,359	225,742
Other revenues	279,415	82,693	22,156	20,423	301,571	103,116
Gains						
Gains on disposal of non-current assets	9,544	0	3,939	0	13,483	0
Total Income	23,569,861	22,971,352	2,575,223	1,449,874	26,145,084	24,421,226
EXPENSES						
Cost of Sales	1,496,003	1,430,769	0	0	1,496,003	1,430,769
Employee expenses	7,242,116	7,010,819	924,496	598,447	8,166,612	7,609,266
Supplies & services	13,243,927	11,576,643	360,033	266,798	13,603,960	11,843,441
Depreciation and amortisation expense	2,870,011	3,178,269	171,221	169,209	3,041,232	3,347,478
Borrowing costs expense	286,990	302,940	17,122	29,868	304,112	332,808
Administration expenses	1,241,100	1,104,757	71,532	124,764	1,312,632	1,229,521
Accommodation expenses	90,408	138,839	5,394	0	95,802	138,839
Other expenses	1,274,986	1,520,450	104,456	288,586	1,379,442	1,809,036
Total Expenses	27,745,541	26,263,486	1,654,254	1,477,672	29,399,795	27,741,158
Loss before grants and subsidies from State Government	(4,175,681)	(3,292,134)	920,969	(27,798)	(3,254,711)	(3,319,932)
Grants and subsidies from Government	0	0	9,640	44,300	9,640	44,300
Services received free of charge	31,846	29,000	0	0	31,846	29,000
Profit/(Loss) for the period	(4,143,835)	(3,263,134)	930,609	16,502	(3,213,225)	(3,246,632)

41. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

Note	Previous GAAP 1 July 2004	Adjustments		Total Adjustments	AIFRS 1 July 2004
		Other Assets AASB 101 41.1	Intangible Assets AASB 138 41.2		
ASSETS	\$	\$	\$	\$	\$
Current Assets					
(1) Cash and cash equivalents	3,164,333				3,164,333
(2) Restricted cash and cash equivalents	5,000				5,000
Inventories	176,308				176,308
Receivables	825,823	231,487		231,487	1,057,310
(3) Other current assets	231,487	-231,487		-231,487	0
Total Current Assets	4,402,951	0	0	0	4,402,951
Non-Current Assets					
Property, plant, equipment and vehicles	94,026,754		-80,787	-80,787	93,945,967
Infrastructure	17,673,075				17,673,075
Intangible assets	0		80,787	80,787	80,787
Total Non-Current Assets	111,699,829	0	0	0	111,699,829
TOTAL ASSETS	116,102,780	0	0	0	116,102,780
LIABILITIES					
Current Liabilities					
Payables	300,316				300,316
Provisions	1,049,068				1,049,068
(4) Other current liabilities	4,887,054				4,887,054
Total Current Liabilities	6,236,438	0	0	0	6,236,438
Non-Current Liabilities					
Interest bearing liabilities	4,690,568				4,690,568
Provisions	524,306				524,306
Total Non-Current Liabilities	5,214,874	0	0	0	5,214,874
TOTAL LIABILITIES	11,451,312	0	0	0	11,451,312
NET ASSETS	104,651,468	0	0	0	104,651,468
EQUITY					
Contributed equity	4,489,000				4,489,000
Reserves	89,523,261				89,523,261
Retained earnings	10,639,207				10,639,207
TOTAL EQUITY	104,651,468	0	0	0	104,651,468

(1) Equivalent AGAAP line item 'Cash assets'

(2) Equivalent AGAAP line item 'Restricted cash assets'

(3) Equivalent AGAAP line item 'Other assets'

(4) Equivalent AGAAP line item 'Other liabilities'

41. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) - continued

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP:

30 JUNE 2005 (AASB 1.39(a)(ii))

Note	Previous GAAP 30 June 2005	Adjustments		Total Adjustments	AIFRS 30 June 2005
		Other Assets AASB 101 41.1	Intangible Assets AASB 138 41.2		
ASSETS	\$	\$	\$	\$	\$
Current Assets					
(1) Cash and cash equivalents	5,876,968				5,876,968
(2) Restricted cash and cash equivalents	5,000				5,000
Inventories	256,846				256,846
Receivables	740,239	140,345		140,345	880,584
(3) Other current assets	140,345	-140,345		-140,345	0
Total Current Assets	<u>7,019,398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,019,398</u>
Non-Current Assets					
Property, plant, equipment and vehicles	100,323,804		-29,307	-29,307	100,294,497
Infrastructure	16,491,122				16,491,122
Intangible assets	0		29,307	29,307	29,307
Total Non-Current Assets	<u>116,814,926</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>116,814,926</u>
TOTAL ASSETS	<u>123,834,324</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>123,834,324</u>
LIABILITIES					
Current Liabilities					
Payables	675,204				675,204
Provisions	1,154,626				1,154,626
(4) Other current liabilities	4,821,241				4,821,241
Total Current Liabilities	<u>6,651,071</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,651,071</u>
Non-Current Liabilities					
Interest bearing liabilities	4,690,568				4,690,568
Provisions	523,849				523,849
Total Non-Current Liabilities	<u>5,214,417</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,214,417</u>
TOTAL LIABILITIES	<u>11,865,488</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,865,488</u>
NET ASSETS	<u>111,968,836</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,968,836</u>
EQUITY					
Contributed equity	15,053,000				15,053,000
Reserves	89,523,261				89,523,261
Retained earnings	7,392,575				7,392,575
TOTAL EQUITY	<u>111,968,836</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>111,968,836</u>

(1) Equivalent AGAAP line item 'Cash assets'

(2) Equivalent AGAAP line item 'Restricted cash assets'

(3) Equivalent AGAAP line item 'Other assets'

(4) Equivalent AGAAP line item 'Other liabilities'

41. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) - continued

RECONCILIATION OF INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))

	Previous GAAP 30 June 2005	Adjustments		Total Adjustments	AIFRS 30 June 2005
		Employment On- Costs AASB 119 41.3	Employee Benefits Expenses AASB 119 41.4		
Note					
INCOME					
Revenue					
(1)	Sales	3,659,170		0	3,659,170
(2)	Provision of services	19,058,198		0	19,058,198
	Commonwealth grants and contributions	1,375,000		0	1,375,000
	Interest revenue	225,742		0	225,742
(3)	Other revenues	103,116		0	103,116
	Total Income	24,421,226	0	0	24,421,226
EXPENSES					
(1)	Cost of sales	1,430,769		0	1,430,769
(4)	Employee benefits eExpense	8,619,296	(80 206)	(929 824)	7,609,266
	Supplies and services	10,913,617		929,824	11,843,441
(5)	Depreciation and amortisation expense	3,347,478		0	3,347,478
(6)	Finance costs	332,808		0	332,808
	Administration expenses	1,229,521		0	1,229,521
	Accommodation expenses	138,839		0	138,839
(7)	Other expenses	1,728,830	80 206	80,206	1,809,036
	Total Expenses	27,741,158	0	0	27,741,158
Loss before grants and subsidies from State Government					
		(3 319 932)	0	0	(3 319 932)
	Grants and subsidies from State Government	44 300			44 300
	Services received free of charge	29 000			29 000
	Loss for the Period	(3 246 632)			(3 246 632)

(1) Previously treated on a net basis under AGAAP, equivalent line item 'Trading Profit'

(2) Equivalent AGAAP line item 'Goods and services'

(3) Equivalent AGAAP line item 'Other revenues from ordinary activities'

(4) Equivalent AGAAP line item 'Employee expenses'

(5) Equivalent AGAAP line item 'Depreciation expense'

(6) Equivalent AGAAP line item 'Borrowing costs expense'

(7) Equivalent AGAAP line item 'Other expenses from ordinary activities'

41. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) - continued

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR 30 JUNE 2005 (AASB 1.40)

Note	Previous GAAP 30 June 2005	Adjustments		Total Adjustments	AIFRS 30 June 2005
		Employee Benefits Expenses AASB 119 41.4	Employment On- Costs AASB 119 41.3		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
(1) Sale of goods and services	3,659,170			0	3,659,170
Provision of services	19,386,150			0	19,386,150
Commonwealth grants and contributions	1,375,000			0	1,375,000
Interest received	209,951			0	209,951
GST receipts on sales	2,515,265				2,515,265
Other receipts	147,035			0	147,035
Payments					
Cost of sales	(1 430 769)				(1 430 769)
(2) Employee benefits expense	(8 517 306)	929 824	80 206	1 010 030	(7 507 276)
Supplies and services	(12 223 290)	(929 824)		(929 824)	(13 153 114)
(3) Finance costs	(343 132)			0	(343 132)
GST payments on purchases	(2 482 532)			0	(2 482 532)
GST payments to taxation authority	(50 038)			0	(50 038)
Other payments	(1 678 594)		(80 206)	(80 206)	(1 758 800)
Net cash provided by operating activities	566 910	0	0	0	566 910
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of non-current physical assets	(8 462 575)				(8 462 575)
Net cash used in investing activities	(8 462 575)	0	0	0	(8 462 575)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings	0				0
Net cash provided by financing activities	0	0	0	0	0
CASH FLOWS FROM STATE GOVERNMENT					
Operating grants and subsidies	44,300				44,300
Equity contribution	10,564,000				10,564,000
Net cash provided by State Government	10 608 300	0	0	0	10 608 300
Net Increase in Cash Held	2 712 635	0	0	0	2 712 635
Cash and cash equivalents at beginning of period	3,169,333				3,169,333
Cash and cash equivalents at end of period	5 881 968	0	0	0	5 881 968

(1) Equivalent AGAAP line item 'Goods and services'

(2) Equivalent AGAAP line item 'Employee costs'

(3) Equivalent AGAAP line item 'Borrowing costs'

41. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) continued

Notes to the reconciliations

Note 41.1 Other assets (AASB 101)

AASB 101.75(b) requires receivables to be disaggregated into amounts receivable from trade customers, receivables from related parties, prepayments and other amounts either on the face of the balance sheet or in the nNotes. Prepayments and other receivables were previously reported as Other Assets under AGAAP.

41.1a Adjustments to opening Balance Sheet (1 July 2004)

Prepayments and other receivables previously reported as Other assets have been reclassified to Receivables (\$231,487).

41.1b Adjustments to 30 June 2005 Balance Sheet

Prepayments and other receivables previously reported as Other assets have been reclassified to Receivables (\$140,345).

Note 41.2 Intangible assets (AASB 138)

AASB 138 requires that all software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed separately on the face of the balance sheet. All software has previously been classified as property, plant, equipment and vehicles (computers and electronic equipment).

41.2a Adjustments to opening Balance Sheet (1 July 2004)

The Authority has transferred software from property, plant, equipment and vehicles to intangible assets (\$80,787).

41.2b Adjustments to 30 June 2005 Balance Sheet

The Authority has transferred software from property, plant, equipment and vehicles to intangible assets (\$29,307).

Note 41.3 Employment on-costs

Under AGAAP employee benefits and on-costs are disclosed together on the face of the income statement as employee expenses. Employment on-costs for workers compensation insurance and payroll tax are not included in employee benefits (the equivalent item) under AIFRS. These on-costs have been transferred to other expenses.

41.3a Adjustments to the Income Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other expenses (\$80,206)

41.3b Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other payments (\$80,206).

Note 41.4 Employee benefits expenses

AASB 119 defines employee benefits as those for which the employee rendered services in exchange for those benefits. Under AGAAP, employee expenses included other related expenditure (ie: payroll tax, staff recruitment, training, travel) which are not included in employee benefits under AIFRS.

41.4a Adjustments to the Income Statement for the period ended 30 June 2005

Employee related expenditure has been reclassified from employee benefits expense to supplies and services (\$929,824).

41.4b Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employee related expenditure has been reclassified from employee benefits expense to supplies and services (\$929,824).

Appendix A - Financial Estimates 2006/2007

As required under Treasurer's Instructions (TI 953) following are the annual estimates for the Authority for the 2006/2007 financial year.

FINANCIAL ESTIMATES FOR 2006/07

	Budget 2006-07 All Operations \$
REVENUE	
REVENUE From Operating Activities	
Accommodation	14,248,707
Visitors Services	3,697,745
Property Management	1,581,938
Marine & Terrestrial	1,660,548
Admission Fees	3,121,744
Other Income	1,432,336
Total Revenues from Operating Activities	25,743,018
REVENUE (Non-Operating Activities)	
Interest Revenue	174,000
Other Income	87,892
TOTAL REVENUE (Non-Operating)	261,892
GRANTS & SUBSIDIES	2,592,000
TOTAL REVENUE	28,596,910
EXPENSES from Operating Activity	
Cost of Sales	1,461,250
PAYROLL EXPENSES	
Salaries & Wages	8,183,096
Employee On Costs	1,494,325
TOTAL PAYROLL EXPENSES	9,677,421
SUPPLIES & SERVICES	
Admin & General	2,641,138
Communication	592,739
Sales & Marketing	825,415
Maintenance	5,606,482
Energy & Waste	2,369,772
TOTAL SUPPLIES & SERVICES	12,035,546
OTHER EXPENSES	
R&D & Others	108,000
Project Works	1,006,827
Borrowing and finance	658,726
TOTAL EXPENSES Before Depreciation	1,773,553
NET PROFIT/(LOSS) Before Depreciation	3,649,140
DEPRECIATION	4,600,000
NET PROFIT/(LOSS) After Depreciation	(950,860)