

R O T T N E S T I S L A N D A U T H O R I T Y



relax • conserve • discover



Annual Report

2007 - 2008

To the Hon. Dr Elizabeth Constable MLA
Minister for Tourism

In accordance with section 61 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Rottneest Island Authority for the year ended 30 June 2008.

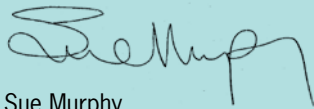
The report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Laurie O'Meara AM

CHAIRMAN

24 September 2008



Sue Murphy

DEPUTY CHAIRMAN

24 September 2008

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CHAIRMAN'S REVIEW

The members of the Authority view the financial year 2007-2008 as a watershed year in the history of Rottneest. There are a number of reasons for this but the most compelling has been the financial turnaround.

The full benefit of the well funded Taskforce upgrades has been seen in the visitor numbers which at June 30 show the highest level in the Island's history. The resulting increase in admission fee and accommodation revenue greatly assisted the financial result.

The "Open for Business" tag has resulted in a wave of commercial optimism evidenced by the tasteful, heritage conscious upgrade of the Quokka Arms by the Prendiville Group and the construction of a purpose built Dome Café on the site of the old tearooms. The previous Dome building with its site, structural and design problems will be removed and the site reinstated for public use.

Another show of good faith and fruitful cooperation has been the greatly upgraded ferry service, with all operators investing in new or freshly refurbished vessels. These operators are working closely with Authority staff to offer visitors to the Island a safe and comfortable trip. Their confidence and initiative have given valuable support to the Authority's marketing initiatives.

A development ready site has been prepared for the proposed 120-room hotel on Mt Herschel. The first Landbank initiative to achieve its objectives, the site has attracted a healthy level of interest from potential developers and is expected to contribute to the Island's financial sustainability.

The upgrading of the Authority accommodation made possible by the Taskforce funding has been enthusiastically received by the legends of regular "Rottophiles" and new converts. Fresh painting, screens to doors and windows, new bathrooms, kitchens and courtyards, together with new beds, mattresses, whitegoods, gas heaters and lounges all add up to a new and much appreciated accommodation experience at Rottneest.

A long held ambition of Authority members has been to establish a funding reserve to provide a rolling refurbishment program to ensure that accommodation

standards are maintained. I am delighted to report that our positive financial result this year has commenced progress towards this ambition.

With a global focus on the environment, it is pleasing to report the Authority's substantial contributions towards sustainability and the reduction of global warming. Wind power now generates 40 percent of the Island's power requirements, saving around 1,100 tonnes of greenhouse gas emissions each year. An extensive tree planting program, limited water and vehicle usage and efficiencies made in the management of the Authority's utilities contributes significantly to diminishing the Island's carbon footprint.

The tree planting program together with tour guiding, public area maintenance, railway and marine advice and many other valuable services come to us courtesy of the army of volunteers who continue to show their love of Rottneest in a very tangible and welcome manner. We owe them a great debt of gratitude.

This year has seen the implementation of the Marine Management Strategy, a winner in the 2007 Environment Awards. More recent Government initiatives in respect to protecting the marine environment and stocks of popular fish are taken as an endorsement of this action by the Authority, a proposal which, at the time caused considerable public debate.

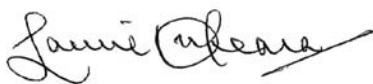
In 2006 the Authority initiated the "Des Sullivan Medal" which was to be presented each year to a person identified as having made a valuable contribution to the Island. Quite appropriately the first medal was presented to Des himself. Although it was sad that Des passed away in 2007 before he could present the second medal to Rottneest stalwart Pat Barblett, we are delighted to have been able to show him this small honour in his lifetime.

In concluding, I would like to return to the opening issue of the Island's positive financial result. The Authority members, particularly those on the Finance and Audit committee – working closely with the CEO, Paolo Amaranti, and staff are to be greatly commended for this result. Tight monitoring and cost control were paramount and have led to a change in culture which bodes well for the future.

No doubt the position in which we find ourselves today both financially and, I believe, in the eyes of the many visitors to the Island, is due very much to the dedicated input of all members of the Authority staff and our contractors. The Island businesses are also recognised for the valuable contribution they make to enhancing the enjoyment of our visitors.

Finally my thanks to the members of the Authority for their support and a special welcome to Peter Dowding who joined us during the year. He brings a wealth of expertise and experience to the table.

During the 2008-2009 year, in close consultation with stakeholders and the community, a new Management Plan will be put in place to direct decisions through the period 2009-2014. With the foundation which has now been established this Plan will ensure that the “people’s island” will continue to provide happy and affordable holidays for all visitors in the years ahead.



Laurie O'Meara AM
CHAIRMAN



CHIEF EXECUTIVE OFFICER'S SUMMARY

The year 2007-2008 has been a turning point for Rottnest Island. The Rottnest Island Authority (RIA) has seen an unprecedented level of activity and a significant number of firsts.

Implementation of the 2004 Taskforce recommendations funded with \$31.4 million is now starting to pay dividends to the RIA and delivering on making Western Australia's holiday destination environmentally, culturally and economically sustainable.

In reporting on the achievements of this financial year, and the anticipated achievements of 2008-2009, I also take this opportunity to summarise what has been achieved over the past four years.

Key Achievements of 2007-2008

In all key Agency priorities, the RIA has exceeded expectations and in some target areas achieved substantially more than was expected.

Following years of downward trend, a 7.5 percent increase in visitor numbers in the 2006-07 financial year has been followed by a 5 percent rise in the 2007-08 financial year. These increases have brought the total numbers of people visiting Rottnest Island to an all time high.

Financial Sustainability

RIA undertakes diverse operations including commercial enterprises and operations that would normally be funded by the State and Local Government. Significant effort has been applied in addressing the financial sustainability of Rottnest Island over the last four years which has seen the net loss reduced from \$4.9 million in 2004-05 to \$3.2 million (loss) in 2005-06 and \$0.9 million (loss) in 2006-07. The 2007-08 profit result of \$0.5 million is a substantial improvement over the previously projected loss for the period of \$2.1 million. A profit is also forecast for the 2008-09 financial year. This represents a significant improvement in the Island's financial performance.

Private Business Partnerships

Business confidence on the Island has never been higher with over \$70 million of private investment committed or anticipated, including:

- New Dome Coffees Australia café (\$3+ million).
- Substantial (\$6.5+ million) refurbishment of the Quokka Arms Hotel by the Prendiville Group; including a \$2 million first-ever restoration of the heritage listed former Governor's Residence by the RIA.
- Refurbishment or replacement of vessels is being undertaken by the two major carriers – Rottnest Express and Oceanic Cruises, including a new common-user ferry terminal at Victoria Quay.
- A dedicated eco-tour Naiad vessel has been commissioned as a first ever opportunity to do an around-Rottnest tour from the water.
- Leases have been secured for a Subway franchise and Wellness Centre; and new leases are being offered for a Dive & Surf shop; Tearooms; Fun Park and a new food to go outlet.
- Western Australia's first Landbank site is now investment ready for development providing a unique opportunity for a 120 room hotel to be built at Mt Herschel (around \$50+ million).
- All staff residential accommodation is now managed under a private sector contract and rents have been increased to fair market value.
- The RIA is in the market place for the construction of a privately managed accommodation complex for staff working on the Island.

Additionally, the RIA is currently seeking Expressions of Interest for private investment into the provision of the Island's utilities that includes water, power, gas and waste management. The arrangement will include the requirement for capital investment into a utilities services corridor across the settlement area. The proposal is a leasing agreement not the privatisation of our utilities. Under the Rottnest Island Authority Act 1987 the RIA is unable to privatise its utilities.

Visitor Servicing

By the end of September 2008, all of the Island's visitor accommodation will have been upgraded or refurbished – this includes all holiday units, bungalows, cottages, cabins, villas and dormitories at Kingstown Barracks.

“In all key Agency priorities, the RIA has exceeded expectations and in some target areas achieved substantially more than was expected.”

The introduction of linen, bedding, TVs and microwaves has been achieved for all but basic accommodation on the Island, ending years of the need to bring everything when on holiday – no longer acceptable for a majority of holiday makers in Western Australia today.

Cleaning standards have been improved and inventory checks introduced. Mid-stay cleans are available for those visitors wishing to access this additional level of servicing.

Following exhaustive testing, online booking will be phased in during the 2008-09 financial year. This will represent a radical change in the way a majority of our regular visitors book accommodation. Online booking will reduce waiting times which have been extensive due to excessive demand for supply for accommodation in the peak periods, particularly January and Easter school holidays.

The popular Island Bayseeker buses have been replaced with new vehicles – a first for Rottnest Island. The cost of the new buses has been met through good financial management of the Tours and Transport business unit. The previous fleet comprised retired ex-Transperth buses which were costly in terms of down time, and they were somewhat dilapidated in appearance.

The Island's Visitor Centre has achieved full accreditation under Tourism Council's standards. The RIA's Bike Hire and Tours and Transport areas are currently going through this process, and we are working with the Rottnest Island Business Community to achieve Island-wide accreditation by 1 November 2008.

The Rottnest Island experience will be expanded in the 2008-09 financial year to include the Island's first Indigenous tours. Indications from the trial conducted in 2006-2007 are that this will add a popular dimension to the current offer.

Cultural/Social Sustainability

The Heritage Council of WA has recognised Rottnest Island in the past two years for its outstanding efforts in restoring and conserving heritage accommodation in Thomson Bay. This has included the very popular addition of toilets and showers to the bungalows – providing modern comforts without impacting upon the



CHIEF EXECUTIVE OFFICER'S SUMMARY *continued*

historical charm and integrity of prized accommodation designed in the 1920s.

Investment of \$150,000 capital works funding matched with considerable voluntary effort is making possible the ongoing operation of the Rottnest Island Tourist Railway.

Continuing effort and extensive consultation has been carried out with appropriate traditional owners and Indigenous stakeholders. In a process commenced by the RIA in 1988, the Aboriginal Cultural Materials Committee has approved the Burial Ground Project as appropriate recognition of the Island's history. Every Western Australian Aboriginal person has a connection with Wadjemup (Rottnest) through the estimated 400 men buried there. The Burial Ground Project on Wadjemup has the potential to become the State's most significant Reconciliation undertaking.

Environmental Sustainability

The construction of a new Dome Coffees Australia café, which will enable the demolition of the old Dome café, is making possible the rehabilitation of the foreshore dunes at Central Thomson Bay which will address dune design to withstand storm surges. An imbalance in the vista-scape will also be addressed by the relocation of the Dome building to the old Tearooms site.

The commissioning of a 600kW wind turbine combined with two new low load diesel generators is now achieving around 34 percent of the power supply from renewable energy. The \$1.5 million waste management strategy which saw the installation of a new waste transfer station, new trucks and bins around the Island has resulted in a majority of the Island's waste being barged off for recycling and landfill on the mainland.

The Marine Management Strategy introduced in 2007 has resulted in protection of 17 percent of the marine reserve and shoreline to provide sanctuary for threatened fish species and to conserve vital habitats.

An excellent ongoing relationship with the Island's volunteer groups, facilitated by the appointment of a dedicated coordinator, has assisted in many environmental projects, including an award winning section of the planned round-Island walk trail; and in the rehabilitation of Parker Point – where a large sand blow-

out has underlined the inherent fragility of a limestone outcrop in a time of global warming.

In keeping with Rottnest Island's "green" credentials and progress towards carbon neutral status, new composting toilets are to be installed at Parker Point and West End. The restoration of tree cover program this year brings the total number of native trees propagated from seeds and planted to 143,000 since 2004-2005.

The future sustainability of Rottnest Island has never been more assured. We have come a long way since 2004 and with continued sound financial management and innovative strategies Rottnest Island will continue to be Western Australia's favourite holiday island and one of the State's premier holiday destinations.



Paolo Amaranti

CHIEF EXECUTIVE OFFICER

AGENCY OVERVIEW

Rottnest Island Taskforce

It is four years since the Rottnest Island Taskforce completed its review and subsequent report to Government on the condition and sustainability of Rottnest Island. The Taskforce report, *Open for Business: A Sustainable Future for Rottnest* contained a 103 recommendations, 101 of which were endorsed by Government. The recommendations formed a basis for an infrastructure program to address the aging assets and the changing needs of the Island in addition to reviewing management issues raised during the course of the review.

The raft of endorsed recommendations was supported by an initial financial package from Government of \$20.1 million over six years. Factors such as a rise in costs of State-wide building and transport industries have seen the need for the Authority to seek escalation costs from Government for works based projects. In 2005 extra costs of \$6 million were approved with a further \$3.2 million granted in 2007. During 2007-2008 a further \$2 million was approved bringing the total commitment from Government to \$31.4 million.

A large majority of recommendations are now completed or in progress with only two to be commenced as at 30 June 2008. Projects incurring expenditure from Taskforce funding this year have included:

- Completion of refurbishment program for 49 units in South Thomson at \$3.3 million.
- Commencement of the North Thomson accommodation refurbishment. Expenditure to 30 June was \$200,000 of the \$3.8 million program to be completed in 2008-2009.
- Preparation of scopes and specifications for major heritage projects expended \$20,000 to 30 June.
- Matched heritage funding of \$1.2 million (recommendation 73 matched funds with private organisations) was approved for the conservation works to the former Governor's Residence. This work has commenced with expenditure of \$150,000 to 30 June.

In assessing Rottnest Island's services infrastructure the Taskforce recognised the need for a number of plans to better manage the water and wastewater networks servicing the Island. A decision was made to commission a Master Plan to address three particular recommendations calling for individual plans (recommendation 40, 41 & 47). The Master Plan, which incorporated a review and forward projections for all utilities on Rottnest Island, was provided to the RIA in September 2007 at a cost of \$120,000.

Some recommendations from the Taskforce are currently being addressed as part of the *Rottnest Island Authority Amendment Bill 2007*.

The Authority acknowledges the assistance provided by the Department of Treasury and Finance and Department of Housing and Works in assisting with funding requirements, developing tenders and assisting with the delivery of a number of these projects. This support has enabled the steady completion of the Taskforce recommendations allowing Rottnest Island and the Authority to progress its financial and environmental sustainable future and allow the beauty of Rottnest Island to be enjoyed for generations to come.

Overall Recommendation Status	Quantity
Recommendations completed as at 30 June 2008	78
Recommendations commenced as at 30 June 2008	21
Recommendations with start date after 30 June 2008	2
Total	101

AGENCY OVERVIEW *continued*

Rottnest Island Management Plan

The *Rottnest Island Authority Act 1987* requires the Authority to have a five-year Management Plan to guide the management and development of the Island including accommodation, visitor facilities and services and conservation of the Island's natural environment and cultural heritage.

The *Rottnest Island Management Plan 2003-2008* (RIMP) contained 249 recommendations spanning sustainability, Reserve Zoning and Settlement Planning Scheme, terrestrial environment, marine environment, cultural heritage, holiday and recreation facilities, marine recreation facilities, community involvement and relations, utilities and infrastructure and implementation.

The RIMP, when examined in conjunction with the 2004 Rottnest Island Taskforce Report continues to provide consistent management strategies.

Implementation of the RIMP proceeded in tandem with the Taskforce-funded works program. In general Taskforce recommendations were in line with the Management Plan and secured funding to proceed with some of the recommended capital projects including refurbishment of accommodation. In some cases Taskforce-funded projects superseded Management Plan recommendations. Amendments to the RIMP gazetted on the 8 May 2007 after a period of public consultation, ensured alignment between the Cabinet-approved Taskforce recommendations and the Management Plan.

There are a high number of 'ongoing' recommendations that cannot be categorised as completed. These recommendations are either statements of policy or recommendations encompassing annual or permanent activities. Such recommendations are useful for guiding activities of the Rottnest Island Authority but are not specific actions that can be classified as completed. They are therefore classed as 'ongoing'.

A small number of recommendations have not commenced as at 30 June 2008. The RIMP did not include cost estimates or funding sources and therefore some recommendations were 'aspirational' rather than

financially achievable. This has been addressed in planning the development of the next *Rottnest Island Management Plan 2009 - 2014*. The new Plan will include a statement as to how it is proposed to fund the policies and projects.

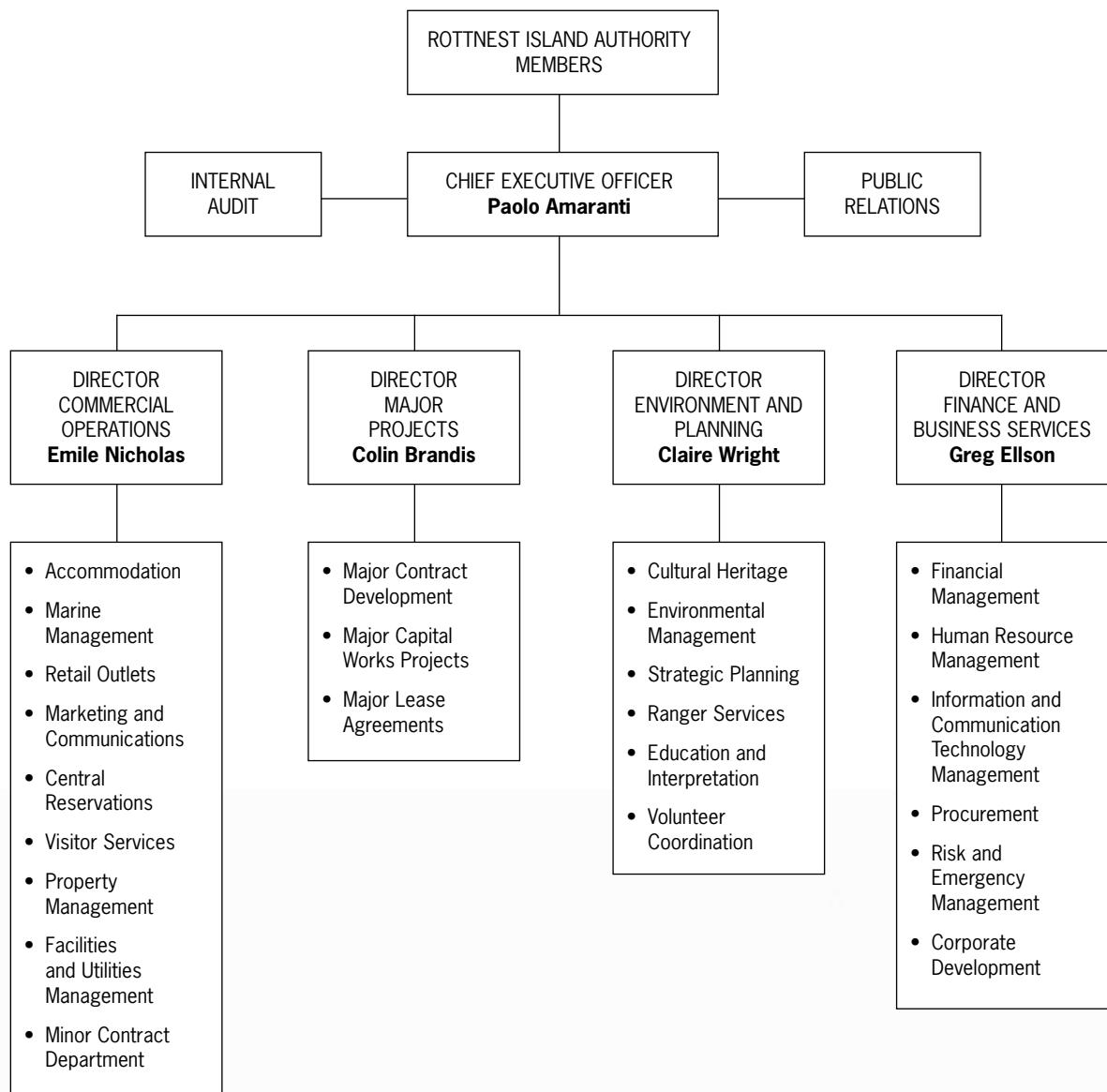
A draft Management Plan will be released for public review in early 2009. The *Rottnest Island Management Plan 2003-2008* remains in force until the new Management Plan is gazetted.

Overall Recommendation Status	Quantity
Recommendations completed as at 30 June 2008	85
Recommendations commenced as at 30 June 2008	40
Recommendations ongoing	99
Recommendations not commenced as at 30 June 2008	20
Recommendations superseded by Taskforce	5
Recommendations deleted by RIMP amendments	(1)
Recommendations added by RIMP amendments	1
Total	249

Operational Structure

The Rottnest Island Authority undertakes to operate recreational and holiday facilities; protect the flora and fauna of Rottnest Island and maintain and protect the natural and cultural heritage. This objective is administered by a Chairman and five other members of the Authority.

The day-to-day operations are overseen by a Chief Executive Officer who is supported by a core staff of 105 full time equivalents. These operations are spread across four directorates to ensure the appropriate management of the Island takes place.



AGENCY OVERVIEW *continued*

Authority Members

The Board of the Authority is appointed by the Minister for Tourism for terms not exceeding three years and members may be re-appointed. Members are selected according to their experience relevant to the Authority's operations.

Chairman

Laurie O'Meara AM was appointed as a member of the Authority in June 2000 and took over the Chair in April 2004. Mr O'Meara is a past-president of the Tourism Council Western Australia and champion of the Tourism Accreditation program. Mr O'Meara is a driving force in this area and was the inaugural President of the Australian Tourism Accreditation Association. He is Deputy Chairman of Tourism Western Australia and a member of the Perth International Arts Festival Board. Mr O'Meara's extensive experience includes twenty years spent operating the Emerald Hotel in Perth.

Mr O'Meara was awarded a Centenary Medal in the year 2000 and in 2006 was the winner of the prestigious Sir David Brand Medal for services in Tourism. In the 2007 Queen's Birthday Honours list he was honoured as a member of the Order of Australia (AM) for his services to tourism accreditation, tourism, heritage and the arts

Deputy Chairman

Sue Murphy was appointed as a member of the Authority in August 2004 and as Deputy Chairman in October 2006. Ms Murphy 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.

Ms Murphy was awarded Telstra Business Woman of the Year in 2000; the private sector category.

Member

Sharon Brown was appointed as a member of the Authority in April 2006. Ms Brown has worked in the information, communication and technology industry for over 30 years. Ms Brown 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.

Member

Rob McDonald was appointed as a member of the Authority in November 2006. Mr McDonald has a Bachelor of Business Degree and has worked across various fields including Finance, Human Resources, Policy Development and Information Technology. He is currently the Executive Director, WA Police responsible for Human Resources, Finance, Assets, IT and the Police Academy.

In previous senior roles he was the Chief Executive Officer at the State Supply Commission, a Director in the Department of Treasury and Finance where he provided strategic policy and financial management advice to Government and agencies and was the Director of Finance at the WA Police. Mr McDonald also has experience in implementing reform and innovative process improvement strategies.

Member

Karen Jacobs was appointed to the Authority in November 2006. Ms Jacobs focuses on developing and encouraging Aboriginal peoples' involvement in enterprise and business opportunities. She has

Member	Appointed	Number of applicable meetings for 2007-2008	Meetings attended
Laurie O'Meara AM	June 2000	8	8
Sue Murphy	August 2004	8	8
Sharon Brown	April 2006	8	8
Rob McDonald	November 2006	8	6
Karen Jacobs	November 2006	8	6
Peter Dowding SC	August 2007	6	5

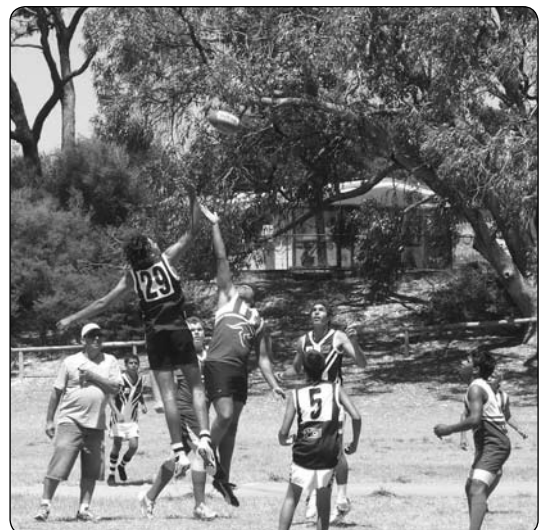
an extensive background in education and training, particularly in the marketing and promotion of new apprenticeships and employment strategies for Aboriginal people. Ms Jacobs has first-hand experience in developing sustainable tourism opportunities and has strong interest and experience in environmental and conservation projects.

Ms Jacobs is a former Board Director of Tourism Australia. She is currently Director and Company Secretary of Noongar Property Holdings Pty Ltd (an Aboriginal owned property investment group that assists Indigenous commercial initiatives in the Perth and South West regions of Australia), Board Director for Aboriginal Hostel Limited, Commissioner on the Conservation Commission of WA, Chairperson of the Rottnest Island Environmental Advisory Committee and Cultural and Heritage Advisory Committee, Chairperson of the Kaitajin Mia Mia Aboriginal Foundation (Bush University), Member of the National Tourism Long Term Committee and Executive Board Member with the Forum Advocating Cultural and Ecotourism (FACET).

Member

Peter Dowding SC was appointed to the Authority in August 2007. Mr Dowding was born in Melbourne, Victoria in 1943 and educated in Perth from 1957 at Hale School and the University of Western Australia. He was admitted as a legal practitioner in 1966 and has practised as a Barrister and Solicitor being appointed Senior Council in 2005. From 1980 to 1990 he was a member of State Parliament and a Minister of the Crown holding a variety of Portfolios until 1988 when he became Premier of the State of Western Australia until 1990. He is engaged in the community through a number of organisations and is currently Chair of the Friends of the Festival. He also provides ongoing support and advice to an Indigenous Community in the Pilbara.

Mr Dowding is a passionate supporter of Rottnest Island and strongly attached to an old wooden crayboat which provides a platform for his ongoing love of the Island.



AGENCY OVERVIEW *continued*

Other Information

Finance and Audit Committee

This Committee is established under the *Rottnest Island Authority Act 1987* to assist the Authority to discharge its responsibilities of overseeing financial and related management, compliance and corporate governance.

The Committee comprises two Authority members, plus an alternative Authority member, one of whom acts as Chairman, the Chief Executive Officer and the Director of Finance and Business Services. The Authority Chairman also participates as a member of the Committee. The committee met on 10 occasions this year.

Other Committees

A large number of community members and business owners are members of advisory committees which support the work of the Authority. During the year the following committees were convened:

- Rottnest Island Marine Issues Advisory Committee
- Rottnest Island Environmental Advisory Committee
- Rottnest Island Cultural Heritage Advisory Committee
- Rottnest Island Railway Advisory Committee

The Authority is appreciative of the work of these committees and the many volunteers who contributed to Rottnest Island through the year.

Responsible Minister

The Hon Sheila McHale MLA, Minister for Tourism.

Enabling Legislation and Regulations Administered

Rottnest Island Authority Act 1987

Rottnest Island Regulations 1988

Other Key Legislation Impacting on Rottnest Island Authority Activities

State Legislation

Aboriginal Heritage Act 1972

Aboriginal Heritage Regulations 1974

Auditor General Act 2006

Conservation and Land Management Act 1984

Contaminated Sites Act 2003

Disability Services Act 1993

Electricity Industry Act 2004

Energy Operators (Powers) Act 1979

Environmental Protection Act 1986

Equal Opportunity Act 1984

Financial Management Act 2006

Fines Penalties and Infringement Notices

Enforcement Act 1994

Fish Resources Management Act 1994

Freedom of Information Act 1992

Government Employees Housing Act 1964

Health (Rottnest Island) By-laws 1989

Heritage of Western Australia Act 1990

Industrial Relations Act 1979

Jetties Act 1926

Liquor Licensing Act 1988

Marine and Harbours Act 1981

Minimum Conditions of Employment Act 1993

Navigable Waters Regulations 1958

Occupational Safety and Health Act 1984

Occupiers' Liability Act 1985

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Salaries and Allowances Act 1975

Soil and Land Conservation Act 1945

State Records Act 2000

State Supply Commission Act 1991

State Superannuation Act 2000

Statutory Corporations (Liability of Directors) Act 1996

Volunteers (Protection from Liability) Act 2002

Western Australian Marine Act 1982

Western Australian Tourism Commission Act 1983

Wildlife Conservation Act 1950

Commonwealth Legislation

Australian Heritage Commission Act 1975

Disability Discrimination Act 1992

Environmental Protection and Biodiversity

Conservation Act 1999

Historic Shipwrecks Act 1976

Lighthouses Act 1911

Privacy Act 1988

Performance Management Framework

The Rottnest Island Authority operates a major holiday and recreation facility within an A-Class Reserve.

The *Rottnest Island Authority Act 1987* underpins the organisational identity of the RIA and influences the type of recreational and holiday services it provides to its visitors. The Act dictates that the RIA must sustainably manage the natural and cultural assets of the Island.

Outcome Based Management Framework

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

The Authority's Outcome Based Management Framework is aligned with these goals accordingly:

The outcome and services are developed from the functions established under the Act and set the basis for the Authority's performance measurement.

Changes to Outcome Based Management Framework

Over the past year the Authority reviewed its Outcome Based Management framework to increase the relevance and usefulness of its performance information.

The subsequent framework was endorsed by the Minister for Tourism and the Outcome Structure Review Group in June and will provide the performance management framework for 2008-2009.

Shared Responsibilities with Other Agencies

The Rottnest Island Authority did not share any key service-related responsibilities with other agencies in 2007-2008.

GOVERNMENT STRATEGIC GOAL	ROTTNEST ISLAND AUTHORITY'S DESIRED OUTCOME	SERVICES PROVIDED
Protecting and enhancing the unique Western Australian lifestyle and ensuring sustainable management of the environment.	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.	Provision of services to visitors
		Conservation of the natural and cultural environment

REPORT ON OPERATIONS

Financial Summary

The operations undertaken by the RIA are diverse and include areas that would normally be the responsibility of commercial providers and State and Local Government. Specifically these operations include a tourist resort, A-Class Reserve, utilities such as power, water, waste, roads and gas and commercial businesses. Government operations such as Ministerial advice, reporting to central Government agencies and compliance with public sector specific legislation, regulation and guidelines are also undertaken.

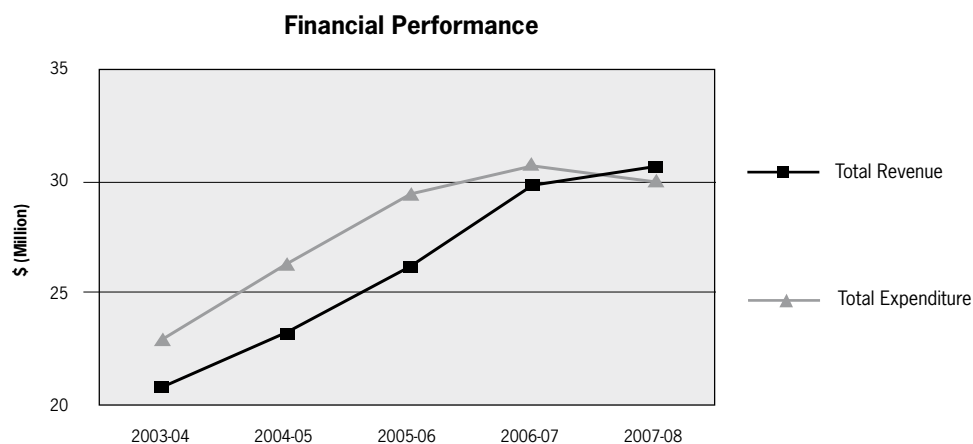
Initial financial business modelling has demonstrated that the RIA's commercial operations including accommodation, bike hire and moorings are financially profitable and sustainable. There are however significant costs associated with conserving Rottnest Island's natural and cultural environments, maintaining essential infrastructure and the administrative cost of being in Government.

The RIA is actively working towards maintaining and developing sustainable revenue streams that will fund these costs into the future. Further development of the RIA's financial business model will be undertaken during 2008-09 to better understand these costs. The RIA will not be solely relying on fees and charges increases to address the financial requirements.

Significant work has commenced on a number of initiatives with the objective of either increasing revenue or decreasing expenditure. These initiatives require extensive investigation and evaluation and, if they meet this objective within acceptable risk limits, will be considered for implementation during 2008-09. There has already been considerable progress by attracting over \$70 million of planned private investment, reversing the five year decline in visitor numbers and implementing the Government initiated Taskforce program amongst numerous other significant achievements.

State Government investment in Rottnest has exceeded \$31 million bringing accommodation standards to an equivalent 3.5 star level. Infrastructure has been upgraded, replaced or increased through the Taskforce funding to provide modern and larger capacity source infrastructure. An Expression of Interest has been publicly advertised for the management, operation and service provision of Rottnest Island's utilities under a lease arrangement with the RIA.

The RIA has applied significant effort in addressing the financial sustainability of Rottnest Island over the last four years which has seen the net loss reduced from \$4.9 million in 2004-05 to \$3.2 million (loss) in 2005-06 and \$0.9 million (loss) in 2006-07.



The 2007-08 profit result of \$0.5 million is a substantial improvement over the previously projected loss for the year of \$2.1 million and reflects the ongoing improvement in revenue generation from RIA's commercial operations.

The RIA's commercial segment, Provision of Services to Visitors, recorded a profit of \$2.5 million while the Conservation of the Natural and Cultural Environment segment recorded a loss of \$2.0 million. The consolidated position of these two segments resulted in a \$0.5 million profit.

Better than budget revenue was mainly derived from the following operations:

Accommodation	\$1.6 million
Interest Revenue	\$0.7 million

Accommodation revenue has increased by 15 percent over budget and 16 percent over last year's figure. This was achieved through higher inventory levels being available and improved inventory management techniques.

Visitor numbers have continued to out perform the State and national tourism trend with visitors to Rottnest Island up 5.5 percent over last year. The effects of increased visitors have had a positive impact on all areas of the Rottnest Island business community. Interest revenue has increased by \$0.4 million over last year and \$0.7 million better than the budgeted figure. This result is a combination of better than budgeted operating performance and delays in planned capital expenditure.

The State's tight labour market hindered the RIA's ability to fill vacant positions leading to a six percent under budget (\$0.5 million) for employee costs and 11 percent reduction from the previous year. This under-spend was partially offset by an over-spend on contractors of \$0.7 million. Waste management expenditure was \$0.5 million over budget due to recycled waste being contaminated by rubbish. Depreciation expenditure was \$0.6 million under budget. There was also significant expenditure constraint exercised throughout the year.



REPORT ON OPERATIONS *continued*

Key Performance Indicator Summary

The Authority's key performance indicators provide information about the effectiveness and efficiency in managing Rottnest Island. The areas of measurement include visitor satisfaction, accessibility to Western Australians, environment and heritage management, as well as cost performance. A summary of the results for 2007-2008 is provided in the table below.

Visitor satisfaction decreased for two of the three measures comprising this indicator. Areas that comprised the reduced level of satisfaction included the luggage service, cleanliness of public areas and the golf course. However, other areas such as the standard of accommodation and visitor information service experience higher levels of satisfaction. The Authority will seek to address those areas scoring lesser satisfaction.

The Authority continues to provide a low cost holiday experience for visitors to the Island when compared with other tourism options within Western Australia. For example, accommodation tariffs remained around 14 percent less than the average holiday price available in Western Australia during the same period. Day tours

around the Island are over 25 percent less than similar tours elsewhere in the State. Therefore, the Authority continues to provide an accessible holiday experience to Western Australians as required by its charter.

Environmental indicators highlighted minimal changes to the biodiversity of the Island's terrestrial vertebrate fauna including mammals, frogs, reptiles and birds. Therefore, the integrity of the Island's biodiversity remains strong.

The overall condition of Rottnest Island's heritage assets improved this year with a number of buildings and other structures increasing their condition ratings from "poor" and "fair" to "good" condition.

The efficiency of the Authority's operations improved significantly with a reduction in the "cost per visitor" of \$3 or 9 percent. The increased number of visitors helped to achieve this result. The Authority has struggled to meet its targeted level of expenditure on its conservation assets due to increases in the value of these assets.

More detailed information regarding the Authority's indicators including how they are measured, targets, trends and results for 2007-2008 can be found in the *Disclosures and Legal Compliance* section of this annual report.

Performance Indicator	07-08 Target	07-08 Actual	06-07 Actual
Visitor satisfaction with recreational facilities and services	90%	83%	87%
Visitor satisfaction with RIA accommodation	90%	72%	71%
Overall visitor satisfaction with recreational and holiday services and facilities	90%	73%	79%
Accessibility of Rottnest Island accommodation	>80%	100%	100%
Accessibility of Rottnest Island tours	<75%	72%	78%
Source of water abstraction	>70%	65%	72%
Water quality within the marine environment	100%	99%	99%
Percentage of Island revegetated	33%	N/A	N/A
Biodiversity of terrestrial vertebrate fauna	No Decrease	Decrease	N/A
Condition of State heritage registered buildings	93%	87%	86%
Condition of other State heritage registered structures	93%	81%	81%
State heritage registered assets with conservation plans	100%	80%	80%
Weighted average cost per visitor services provided	<\$35	\$32	\$37
Total operating expenses as per percentage of conservation assets	4.9%	2.8%	2.9%

“Rottnest Island’s guest and visitor experience continues to remain competitive in today’s market.”

Service Area 1 - Visitor and Guest Services Summary

This year continued to focus on changes to the Island’s accommodation options and improved levels of service introduced in 2006-2007. This has ensured Rottnest Island’s guest and visitor experience continues to remain competitive in today’s market offering accommodation and services that meet the expectations of Western Australians and other visitors.

The core business strategy of the visitor and guest services area has been to:

- enhance its industry position by aggressively competing for business across shoulder and off-peak periods;
- significantly improve the overall product offerings at levels and standards aligned with traditional hospitality models;
- always exceed customer expectations; and
- focus on achieving high yields through value and choice of offerings for our visitors rather than unsustainable volumes.

This service area seeks to ensure business plans align with long-term objectives and strategies and is mindful that while creating new recreational experiences it must respect and enhance viable existing ones.

Accommodation

The Authority’s self-managed accommodation business focuses on ensuring visitor satisfaction with its available accommodation and services mix thereby improving revenue and general yield from investment in accommodation and supporting facilities.

There were 26,600 reservations made for the Island’s accommodation (all forms) with an average stay of 3.55 nights. The number of reservations has increased by 2.6 percent compared to the previous financial year, while the average stay has remained constant.

Total revenue from accommodation services increased to \$12.1 million compared to the previous year’s result of \$10.4 million representing an increase of 16 percent. While this partly reflects increases in accommodation

charges, a genuine increase in revenue did occur due to increased visitation and increased stays in higher priced types of accommodation.

Several improvements and events occurred in relation to accommodation and these are discussed below.

Accommodation Improvements

The refurbishment program continued during the year with 49 holiday units in the South Thomson precinct and two heritage units in the Kingstown precinct being officially opened by the Hon. Sheila McHale MLA, Minister for Tourism in October 2007.

Further refurbishments are continuing at other precincts including 27 units at North Thomson units, eight Governors’ Circle cottages at Kingstown and two heritage cottages at Bathurst.

The Authority piloted the introduction of a new type of accommodation to ascertain its viability and acceptance by holidaying visitors. A pre-fabricated two-bedroom chalet was installed and is proving to be a suitable form of basic holiday accommodation.

The Allison Campground was relocated to an alternative site north of the Caroline Thomson Cabins out of respect to the unique Aboriginal heritage found at the previous location.

Holiday Reservations

Significant progress was made in the development of the online accommodation booking system which is scheduled for implementation in late 2008.

Wholesale agents have been expanded to include the three ferry companies accessing Rottnest Island which are now able to package accommodation with their ferry fares.

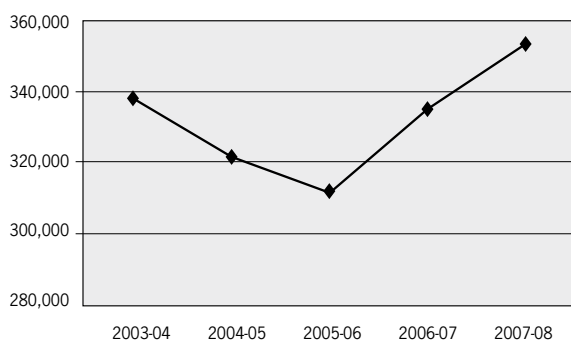
Visitor Services

The Visitor Service Centre located on the Island continued to provide excellent information services to visitors. The Centre has tourism industry accreditation and is supported by volunteer groups who assist visitors with general and interpretive information around the Island.

REPORT ON OPERATIONS *continued*

A new guest service which provides 'mid-stay' accommodation cleaning was introduced in April 2008. It was promoted with notification in guest arrival information packs, advertisements and editorials in the Rottnest Islander publication. There has been a positive response to this service.

Visitor Numbers by Ferry



Sales and Marketing

Visitor numbers increased again this year. In 2006-2007 numbers rose 7.5 percent and have risen an extra 5.5 percent taking visitor numbers to an all time high.

The focus of the Authority's marketing activities included targeted advertising campaigns, selected promotional activities and increasing positive tourism editorials in various forms of media in order to improve awareness of Rottnest Island as an attractive holiday destination to local, interstate and international tourism markets.

Three objectives were adopted including increasing the number of day trip visitors in the summer period, improving sales in overnight winter packages and maximising usage of Rottnest Island's retail and recreational facilities and services.

A tactical advertising campaign based on 'special offers' to stimulate sales in the low season was implemented. Attractive offers were promoted in collaboration with ferry operators to shift focus from day trips to overnight stays. Local, interstate and international tourists visiting Perth were targeted.

Familiarisations and Media Coverage

The Authority has continued to work closely with Tourism Western Australia to support its familiarisation

program and has had significant interest from the tourism industry (international and Australian travel wholesalers and agents) and media representatives.

The Authority supported 75 familiarisations during the year with the majority of these comprising two or more agents and several large groups of agents. The majority of familiarisations originated from the United Kingdom, Japan and Korea.

These familiarisations have resulted in remarkable international exposure for Rottnest Island. For example, the Island was featured on CNN India television during January 2008 in prime-time. CNN India is an English general news channel broadcast nationally throughout India to over 40 million people.

Trade and Consumer Shows

As part of the Authority's strategy to increase awareness about Rottnest Island as a holiday destination, display booths were implemented at several tourism industry, community and consumer exhibitions including those listed below. The Australian Tourism Exchange, which is the largest tourism industry event in the southern hemisphere, was held in Perth during the year providing the Island with significant exposure. The Authority partnered with the Island's business community to display the Island as a holiday destination.

- Australian Tourism Exchange
- Western Australian Tourism Exchange
- Mandurah Boat Show
- WA on Show
- Corroboree
- Yinala

Events and Functions

The utilisation of the Island's environment and facilities for events and functions is an important part of the Rottnest Island Authority's business portfolio. These range from high profile community events through to corporate team building activities, weddings and private beach functions. All activities generate revenue for Island businesses and bring people who would not normally consider visiting the Island.

A highlight in the annual events calendar is the Channel Swim which runs in February each year. The 2008 event saw 2,300 swimmers participate and was considered to be a great success by all stakeholders.

Other highlights of this year are outlined below:

August

Rottnest Cup Golf Tournament

October

Seniors Day

Brooks Marathon and Fun Run

November

Leavers Week 2007

Poetry on the Common

Wadjemup Cup

December

Rottnest Island Swim-Thru

Rottnest Carols on the Common

New Year's Eve

January

Summer Entertainment Program

February

Poetry on the Common

Rottnest Island Channel Swim

March

Movies on the Common

The Big Splash

Easter Celebrations

April

Movies on the Common

Anzac Day Dawn Service

Getting Around

Rottnest Island is free from private vehicles which offers a distinct point of difference to the visitors' experience on the Island. Day visitors and guests are encouraged to use bicycles for local sightseeing and general use. Bus tour services are available for those not able to use bicycles and for the exploration of outlying areas.

Bicycle Hire

Rottnest Island Bike Hire had a strong year providing hire bikes and equipment to over 95,000 visitors.

These range from day-trippers and holidaying families to school, community and corporate groups.

Notable highlights included being acknowledged as a partner of the You're Welcome WA Access Initiative established by the Disability Services Commission. Bike Hire also received a Silver Medal in the Adventure Tourism category of the 2007 Western Australian Tourism Awards. It also made significant progress towards achieving tourism industry accreditation.

New inventory included electric gophers which have been popular with customers requiring mobility assistance. Additional geared bikes, multi-purpose trailers and tandem bicycles also continue to contribute to the Island's unique cycling experience and were in demand for most of the year.

Tours and Transport

A new look Bayseeker Bus Service was launched following the delivery of two new vehicles in December. The new vehicles have been well received and offer improved passenger comfort, disability access and service reliability. Other additions to the fleet were two small charter vehicles which are available for visitor transport services.

Other major improvements included the construction of a large railcar shed to preserve the Captain Hussey railcar and the commencement of a complete railway line infrastructure and sleeper upgrade. These initiatives will secure the rail tour services into the future.

The Tours and Transport group has made substantial progress towards becoming an accredited tourism industry provider.

Boating Facilities

The Authority offers a variety of marine services and facilities for the benefit of commercial and recreational boat owners accessing and enjoying the Rottnest Island Reserve including 865 licensed mooring sites and 95 swing moorings, beach and jetty pen sites.

A range of trials were held to enhance usage of the shared mooring system which included improvements to casual use and protocols for the use of super tenders. A survey of mooring site licensees and authorised

REPORT ON OPERATIONS *continued*

users will be evaluated and the Authority will continue to consult with stakeholders regarding the impact of these initiatives.

Other projects underway include the identification of mooring sites suitable for super yacht usage, undertaking preliminary investigation for redevelopment of the Hotel Jetty in Thomson Bay and preparation for the installation of moorings for key dive sites within the Rottne Island Reserve.

Facilities and Utilities Management

In September 2007 the Tungsten Group Pty Ltd (Tungsten) commenced operations as the Island's new facilities manager. Areas of operation include buildings and equipment maintenance, public and recreational area maintenance, utilities operations, waste management and luggage transport services.

Rottne Island provides its own power and water including waste water management. The operation of the utilities is currently performed by the Island's contracted facilities manager Tungsten. The contract allows for the utilities' operations component to be contracted out separately. Expressions of interest are currently being sought for the upgrading and operation of the utilities services including power, gas, water and waste water management. An investment in the infrastructure of the utilities is required due its age and expected increase in future demand.

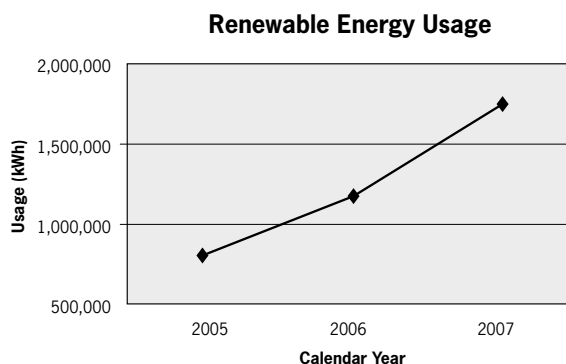
Power

The RIA provides electric power to the Island based on an electricity supply license granted by the State Government Economic Regulation Authority.

The Island's wind turbine generated 1.8 million kilowatts of power, which represented 40 percent of the Island's energy requirements. The balance was generated by a bank of five low-load diesel generators. In dollar terms the wind turbine reduced the reliance on diesel fuel by 480,000 litres saving the Authority \$565,000.

Water

The Authority provides water services for the Island under a water services licence granted by the Economic



Regulation Authority.

Nearly 65 percent of the Island's potable water is produced from the desalination plant, with the balance being sourced from the ground water aquifer through bores.

The RIA recently purchased two new centrifugal pumps to replace the desalination plant's existing piston drive pumps. The pumps incorporate new technology that will produce more water using less electricity, are quieter and consist of less moving parts to reduce maintenance costs.

Liquid Petroleum Gas

The Rottne Island Authority uses liquid petroleum gas (LPG) to fuel a range of appliances in guest and resident accommodation including hot water systems, gas heaters, cooking stoves and barbecues. Commercial businesses on the Island also use LPG gas in their facilities.

The Varanus Island gas processing facility explosion in June has had no adverse impact on the Island's gas supplies. The Authority is maintaining regular contact with all stakeholders to ensure minimal disruptions.

Service Area 2 – Natural and Cultural Environment Summary

The environmental aspects of Rottnest Island and the surrounding waters are intrinsic to the attraction of visitors. The Island's cultural heritage adds further value to the experience of visitors. Therefore, it is imperative the Rottnest Island Authority effectively manages these resources in a strategic manner to ensure their long-term sustainability. These resources are also important to the commercial viability of the Authority's operations.

Environmental management of the Island is supported by an advisory committee comprising relevant experts from the community and RIA staff, and a variety of dedicated volunteer groups.

Terrestrial Environment

The terrestrial component of the Reserve covers around 1,900 hectares. The Authority has identified the restoration of the Island's vegetation is of high priority to the ongoing sustainability and biodiversity of Rottnest Island. Key achievements are discussed below.

Coastal Rehabilitation

Two major coastal rehabilitation projects commenced this year at Parker Point and Phillip Point to repair sites caused by storm events and exacerbated by visitor traffic over these fragile areas.

The sand dune blowout at Parker Point is highly mobile with erosion extending over 1.7 hectares. This will be rehabilitated over the coming three years and will include significant sand movement, stabilisation and replanting.

Coastal Walk Trail

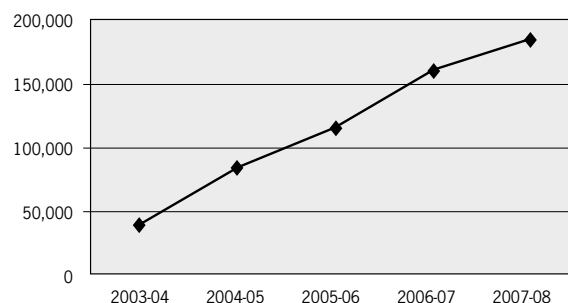
The concept plan (stage one) of the Coastal Walk Trail has been completed. In May the plan was awarded the 2008 Australian Institute of Landscape Architecture Award in the Landscape Planning category.

The site development plan (stage two) is awaiting the outcome of a funding grant application.

Woodland Restoration Program

The Woodland Restoration Program is aimed at returning the Island's woodland habitat to a state similar

Woodland Restoration Program



to that found by the first Colonial settlers. The program involves assistance from school and volunteer groups in collecting seeds, planting and fencing and inmates from Bunbury Prison who propagate the seeds.

During the year 24,540 trees native to the Island were planted bringing the total number of trees planted since the beginning of the program to 184,290.

Future tree planting activity is constrained by the amount of suitable land available. Investigations are being undertaken to identify areas within the water recharge zone which can be planted.

Volunteers

Rottnest Island is fortunate to have a multitude of different volunteer groups contributing to the benefit of the Island including the Rottnest Voluntary Guides Association, the Winnit Club, the Rottnest Island Conservation Foundation, Friends of Rottnest, the Rottnest Society, Scouts Australia, the Honorary Bay Rangers, school groups and many more. Approximately 1,100 volunteers have donated their time to improve Rottnest Island during 2007-2008.

Throughout the year volunteers have undertaken a number of projects including ongoing painting of the seawall, kilometres of fencing, tree planting, weed removal, seed collection, provision of guided tours and general maintenance.

With the help of Conservation Volunteers Australia the first stage of the Parker Point sand dune blow out is under way to arrest further deterioration.

Three hundred Scouts completed a considerable cleanup of the Island including weeding the shore of Lake Herschel and the railway track.

REPORT ON OPERATIONS *continued*

Biodiversity of Terrestrial Vertebrate Fauna

The Authority has a number of regular monitoring programs for reptiles, amphibians and birds.

Reptiles and amphibians are regularly observed as part of a research program involving a series of pitfall traps opened 4-5 times a year. The same sites have been monitored for the past five years providing a robust dataset for those locations. New sites were identified in May and will become operational for the next round of monitoring.

Birds are observed in summer and winter by Birds Australia. Counts cover a range of habitats so both bush and wading birds are included.

Research Program

Twenty-five research permits were granted to universities, government departments and industry groups during the year. Research topics covered a range of issues providing information to the RIA to assist with management of the marine habitat, vegetation and fauna of the Island.

Waste Management

The implementation of the revised waste management strategy continued in 2007-2008 with a focus on resolving issues around high levels of contamination causing rejection from the processing facility at the South Metropolitan Regional Council. Contamination issues were resolved with a number of new initiatives focusing on education and communication for both businesses and visitors.

The Authority was successful in its application for a Keep Australia Beautiful grant of \$5,000 targeting Island visitors through the distribution of fridge magnets and an A-Z list of materials which can and cannot be recycled.

Contaminated Sites Management

A contaminated sites auditor has been contracted by the Authority to audit a number of reports completed by Golder Associates on the hydrocarbon plume under Henderson Avenue near Thomson Bay. The audit is required to validate if the management approach

of monitored natural attenuation is a successful remediation technique and if not, to recommend future management of the site for the Authority.

The nutrient plume emanating from the Forbes Hill landfill facility continued to be monitored during the year.

Marine Environment

The marine component of the Rottnest Island Reserve covers 3,800 hectares. The Island's marine environment provides important recreational opportunities for its visitors and holds a number of significant aquatic characteristics due to its unique location. Key achievements are discussed below.

Marine Management Strategy

The *Rottnest Island Management Plan 2003-2008* proposed the development and implementation of a marine management strategy that promotes equity of access and opportunity for a quality experience among recreational users of the Marine Reserve, protecting its environmental values, in coordination with Department of Fisheries WA and in consultation with relevant stakeholders.

The *Rottnest Island Marine Management Strategy* came into force in July 2007 and the following actions have been completed:

- Establishment of three new and two extended sanctuary zones under the Fish Resources Management Act 1994;
- Installation of marine-based boundary markers for the sanctuary zones;
- Installation of land-based information signage at beaches adjacent to sanctuary zones;
- Department of Fisheries undertaking two to three boat patrols per week over the summer months; and
- Rangers undertaking five aerial patrols per week from December to January and daily land-based patrols of the sanctuary zones all year round.

Bacterial Water Quality Management

The Authority, with assistance from the Department of Health, continued to monitor bacterial levels in near shore marine waters during peak boating periods. On all but one occasion bacterial levels were below the National Health and Medical Research Council's trigger levels.

Advice and Consultation

The Rottnest Island Environmental Advisory Committee met during the year to consider a range of matters including the coastal walk trail, contaminated sites management, the water quality program and research permits.

Heritage

Because of its location, much of the cultural heritage of Rottnest Island is intact and presented in ways that provides contemplation for visitors and a unique tourism experience found nowhere else in Western Australia.

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

The RIA has undertaken a program of works and activities during the year which underpins the stewardship role of the Authority and agency. Key achievements are discussed below.

Oral History Program

Digital recording equipment has been purchased this year through donations to the Museum and twelve interviews have been carried out. Each interview is recorded as a hard copy transcription, an interview log and summary as well as an electronic compact disc version.

Mosaic Data Base

The RIA historic photographic collection is being entered into the Mosaic Data Base which will enable access to them as electronic images while at the same time protecting the original paper based photographs. The RIA's military photographic collection has also been entered.

Refurbishment Works

Works have taken place on a number of heritage icons across the Island including:

- Kingstown Barracks - Refurbishment of the three Commander's Residence buildings, repairs to the Barracks' four unique murals, refurbishment and repair of the limestone wall at the parade ground entrance and mending and restoration of 24 wooden windows in the Barracks building totalling \$220,000.
- Battery Observation Post - A Lotterywest grant (\$20,000) awarded to the Rottnest Island Conservation Foundation contributed to stage one completion of conservation repair work to the Observation Post. The building has also been weather and vermin proofed by shoring up the openings as well as being propped for support.
- Former Governor's Residence, Quokka Arms Hotel – The Authority is undertaking refurbishment and conservation repairs to the former Governor's Residence as part of the redevelopment of the Hotel with the new lessee Garrett Hospitality. Conservation work is being undertaken in consultation with the Heritage Council of Western Australia and being documented by Kelsall Binet Architects.
- Lomas Cottage - Extensive patch and paint work undertaken to the external walls, windows and doors. Major restoration work was carried out on the internal chimney and fireplace. Acrylic paint was replaced with lime mortar and lime based paints. Total works were valued at \$4,800.

Aboriginal Perspectives

This has been a defining year in progressing reconciliation between the Aboriginal community and Rottnest Island's sad 90-year history as a 'native' prison. A number of significant events and steps have taken place.

Preparation of the RIA's Reconciliation Action Plan was significantly progressed according to the requirements of Reconciliation Australia. It is expected that the Plan will be finalised ready for implementation early in the 2008-2009 financial year.

REPORT ON OPERATIONS *continued*

Many Elders from across the State have worked hard with members of the Aboriginal Community and State Government to have conversations about a plan for the appropriate repair of the Burial Ground. The Plan was presented to the Minister for Tourism for consideration.

The importance of this project was highlighted by the visit of 2007 Western Australian Person of the Year and National NAIDOC Person of the Year, Mark bin Bakar (Mary G) who has provided leadership in the discussions underpinning the repair of the Burial Ground. Mark was accompanied by Lieutenant General John Sanderson AC, Special Advisor to the State Government on Indigenous Affairs, Shirley McPherson, Chair of the Indigenous Land Corporation and Pat Barblett former Chair of the Rottnest Island Authority who commenced reconciliation conversations with the Aboriginal Community in 1988.

Aboriginal involvement in the Rottnest Island Anzac dawn service continued with Welcome to Country and an Aboriginal blessing featuring in the ceremony.

In November 2007 the Wadjemup Cup Football Carnival saw 106 Aboriginal boys travel from Clontarf academies across Australia to play in the first all-Aboriginal football carnival on Rottnest Island. The game was played in great spirit and provided an opportunity for those from Central Australia to be welcomed to Country by Noongar Elders, play competitive football and experience an ocean swim for the first time.

The Carnival was a great success and concluded with Authority Chairman Laurie O'Meara presenting the perpetual trophy.

The Carnival will be played again in 2008-2009 with players from Albany, Bunbury, Perth, Broome, Kalgoorlie, Darwin and Alice Springs competing for the Cup. It will provide a great opportunity to watch some of Australia's best Aboriginal football talent display their skills.

Special thanks are due to Gerard Neesham, Clontarf Foundation Chief Executive Officer, Brad Puls, Director of Clontarf Alice Springs Football Academy, and the staff of the academies for their assistance in coordinating this event.

It is expected there will be significant growth in reconciliation activities during 2008-2009.

Advice and Consultation

The Rottnest Island Cultural Heritage Advisory Committee focused on the future management of Defence heritage sites. The Authority is working closely with The National Trust of Australia (WA) to develop an interpretation plan for Defence heritage sites across the Island. Links with the proposed Coastal Walk Trail are to be included in the interpretation plan.

Education and Interpretation

The Authority provided education learning experiences and interpretation activities for visitors to the Island through interactive activities and materials such as fact sheets, resource packs, publications and informative signage. Key achievements are discussed below.

Delivery to Schools

Over the past twelve months school groups have continued to be the largest target audience with 105 schools visiting Rottnest Island to take part in educational activities offered.

These activities have been reviewed and redesigned to link to the most current Curriculum Council educational outcomes. Twenty-five education activities are now on offer to school groups. Four of these activities specifically link with the outcomes of a range of new Year 11 and 12 Western Australian Certificate of Education courses.

The Rottnest Island Roadshow project is currently being trialled. The project is aimed at encouraging targeted school groups to consider Rottnest Island as a camp destination and will use Rottnest Island to educate these groups in the importance of conserving the natural environment.

During the school holidays the Authority provided a number of activities for holidaying children and families, these included:

“The Wadjemup Cup Football Carnival saw 106 Aboriginal boys play in the first all-Aboriginal football carnival on Rottnest Island.”

September	A modified school holiday program was offered with RecFishWest delivering two popular fishing clinics to children visiting the Island.
January	A successful school holiday program was delivered to 592 children and 236 adults. Specialist fishing and birding clinics were run by RecFishWest and Birds Australia. An Indigenous learning program was on offer as well as a colouring competition.
April	Activities included successful ‘open mornings’ being held at the Kingstown Discovery Centre. Over 100 children took part in the program with many parents also attending. A colouring in competition was again offered and a large number of entries were received.

Delivery to Corporate Groups

Programs were delivered to 11 corporate groups including the ANZ Bank, Australian Water Association, Green Corps, Murdoch University, Leave No Trace and Central Michigan University. Subjects addressed include environmental management such as water management, team building activities and specialist areas of educational delivery.

A specialised ‘corporate’ program is currently being developed to cater for the increasing demand for these types of programs.

Interpretation

Several environment and heritage interpretive programs were implemented during the year. Old and outdated signage was replaced around the Island, such as the Salmon Bay osprey nest sign.

The most significant development is the management of the Salt Store. This important heritage building is being promoted as an extended gallery of the museum providing an additional interpretation and art gallery facility. The Salt Store will have a regular exhibition celebrating the original use of the building.

Lomas Cottage had new interpretive panels installed as part of its restoration.

Rangers

The Island’s resources and amenity are protected by the RIA’s Rangers. The focus is to seek voluntary compliance from visitors and businesses operating on the Island. However, enforcement actions are available if required.

The Rangers provide first response to the many and varied incidents that occur throughout the year and often act as incident managers until the assigned agency is mobilised and reaches Rottnest Island.

Assisting in the management of wildlife is also a role performed by the Rangers. During the year they were involved in relocating and managing injured, ill and dead marine and terrestrial fauna. Key areas of achievement are discussed below.

Security

The provision of additional Ranger services during the peak season was very successful. The number of incidents and anti-social behaviour reduced during the year leading to improved visitor safety. Some areas continue to feature as trouble spots and strategies are being developed with the Office of Crime Prevention, Western Australian Police to address these areas for the 2008-2009 summer season.

Event Control

Major events throughout the year included Leavers’ Week, the Channel Swim and New Year’s Eve resulting in major increases in visitor levels. Through cross agency co-operation with the Western Australian Police, Department of Fisheries and Maritime Safety these events received positive feedback from event organisers and the visiting public.

Marine Management

The focus in this area during the year was voluntary compliance with the revised shared mooring system that seeks to provide a better mooring amenity of all boating customers. While the majority of customers responded well to the new system, several continued to operate outside of the Regulations. The Authority reviewed the moorings to determine maximum vessel length for each one and updated the colour coding to

REPORT ON OPERATIONS *continued*

reduce confusion to marine users and enable improved levels of compliance.

The Rangers and Department of Fisheries worked closely to manage compliance in the newly declared marine sanctuary zones. Overall compliance with the zoning was high. Rangers will continue to raise public awareness of these protected areas.

Infringements

During the year, 364 infringements were issued. This represents a 37 percent decrease on the previous year. This decrease is even more significant when compared against a five percent increase in visitor numbers over the 2007-2008 year. This reflects the Authority's approach to seek compliance through education and negotiation strategies and only use infringements for deliberate and significant non-compliant actions.



SIGNIFICANT ISSUES AND TRENDS

Financial Sustainability

The Authority continues to work towards a Government objective of financial sustainability to reduce reliance on Government funding packages. Projects requiring significant initial capital investment will be particularly challenging based on the Authority's limited reserves. Ongoing unfunded utilities infrastructure and refurbishments costs will continue to compete with maintaining charges at an affordable rate. The Authority will continue to pursue a range of options to achieve long-term financial sustainability while protecting and enhancing the Island's unique environment and ethos.

Visitor Requirements

The RIA is predicting a continued positive trend in visitor numbers for a third consecutive year, contrary to the current overall tourism trends for Western Australia. This positive trend is likely a response to better marketing of the Island and an increased awareness of the Island's much improved accommodation facilities. It is expected that the changing demographics of the local population will impact on the type of facilities desired by local visitors. The increasing global trend towards 'free and independent travellers' may also require changes to the Island's accommodation, facilities and services.

While the Authority has anticipated such impacts, further research is required to gauge these dynamic changes to ensure that Rottnest Island visitors' needs are adequately met. At the same time the capacity of the Island to absorb new and various visitor facilities and services must be determined and monitored to ensure the unique environment and amenity of the Island is not compromised.

Environmental Focus

The global focus on the environment provides both a challenge and opportunity. This focus will challenge the Authority to prove its environmental stewardship by demonstrating its effectiveness at protecting and enhancing the Island's natural environment, as well as proving its ability to operate the Island's facilities in an environmentally sustainable manner, including having a neutral carbon impact. The opportunity arises from providing a holiday environment which will attract visitors (local and international)

wanting to experience a sustainable nature-based holiday. These types of visitors are more likely to 'soften' the impact of their visits to the Island and support its ethos.

Climate Change

Experts increasingly agree that climate change will significantly affect Australia and as a low lying island Rottnest is particularly vulnerable to such changes. The most likely effects include increasing severity of storms and rising sea levels which impact the Island through coastal erosion and inundation. Adverse effects on the Island's flora and fauna are also likely to occur. The Island's built assets, particularly its heritage buildings, may require additional conservation works as a result of climate changes. These effects will need to be closely monitored to ensure changes are detected early and managed to reduce their severity. Managing the impacts of climate change on the Island will add to its management costs.

Oil Prices

The higher level of global oil prices will have an impact on Rottnest Island. Higher prices for oil based fuels will have an adverse effect on the cost of operating the Island's utilities, vehicles and the cost to ferries and boats accessing the Island. The Authority will need to consider implementing alternatives to oil based fuels for its own operations, as well as encouraging the Island's commercial operators to do the same. On a positive note, higher fuel prices could encourage more Western Australians to holiday 'at home' and consider Rottnest Island as an alternative holiday option.

Staffing

The general skills shortage in Western Australia continues to affect the Authority's ability to recruit and retain suitably skilled staff, particularly in the area of hospitality services, where staff shortages have become a feature of the industry. This situation is exasperated by the circumstances of working at an island location and the increased travel burden it places on staff. The Authority will be seeking to make the Island an attractive place to work by offering modest 'rewards' and favourable working conditions consistent with the public sector environment.

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ROTTNEST ISLAND AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Rottne Island Authority.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. 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 key 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 key performance indicators.

Rottnest Island Authority

Financial Statements and Key Performance Indicators for the year ended 30 June 2008

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Rottnest Island Authority at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key 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 2008.



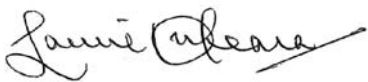
COLIN MURPHY
AUDITOR GENERAL
17 September 2008

Certification of Financial Statements

For the year ended 30 June 2008

The accompanying financial statements of the Rottnest Island Authority have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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.



Laurie O'Meara AM
Chairman



Sharon Brown
Member



Greg Ellson
Chief Finance Officer

11 September 2008

Financial Statements

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007-2008 \$	2006-2007 \$
INCOME			
Revenue			
Sales	6	1,140,541	3,686,698
Provision of services	7	24,617,527	21,901,270
Commonwealth grants and contributions	8	14,000	107,000
Interest revenue		1,070,564	680,009
Other revenues	9	426,558	206,376
Gains			
Gains on disposal of non-current assets	10	-	11,995
Total Income		27,269,190	26,593,348
EXPENSES			
Cost of sales	6	586,949	1,537,860
Employee benefits expense	11	7,492,603	8,454,734
Supplies and services	12	16,736,843	15,821,288
Depreciation and amortisation expense	13	4,390,251	4,059,264
Finance costs	14	305,954	277,914
Accommodation expenses	15	186,815	150,773
Loss on disposal of non-current assets	10	60,130	-
Other expenses	16	281,283	403,971
Total Expenses		30,040,828	30,705,804
Loss before grants and subsidies from State Government		(2,771,638)	(4,112,456)
Grants and subsidies from State Government	17	2,275,318	2,743,958
Services received free of charge	18	1,013,923	479,830
Profit / (Loss) for the period		517,603	(888,668)

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

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	2007-2008 \$	2006-2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	30	20,580,980	11,540,419
Inventories	19	522,105	253,341
Receivables	20	1,086,557	681,640
Total Current Assets		22,189,642	12,475,400
Non-Current Assets			
Property, plant, equipment and vehicles	21	164,443,583	139,908,634
Infrastructure	22	31,557,736	33,072,959
Intangible assets	23	154,800	274,393
Total Non-Current Assets		196,156,119	173,255,986
TOTAL ASSETS		218,345,761	185,731,386
LIABILITIES			
Current Liabilities			
Payables	25	4,402,946	3,229,635
Borrowings	26	4,690,567	-
Provisions	27	1,655,884	1,373,627
Other liabilities	28	7,815,618	6,272,631
Total Current Liabilities		18,565,015	10,875,893
Non-Current Liabilities			
Borrowings	26	-	4,690,568
Provisions	27	579,992	687,200
Other liabilities	28	1,333,333	-
Total Non-Current liabilities		1,913,325	5,377,768
Total Liabilities		20,478,340	16,253,661
NET ASSETS		197,867,421	169,477,725
EQUITY			
Contributed equity	29	42,409,000	36,753,000
Reserves	29	151,650,136	129,434,044
Retained earnings	29	3,808,285	3,290,682
TOTAL EQUITY		197,867,421	169,477,726

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007-2008 \$	2006-2007 \$
Balance of equity at start of period		169,477,726	147,888,849
CONTRIBUTED EQUITY	29		
Balance at start of period		36,753,000	30,297,000
Capital contribution		5,656,000	6,456,000
Balance at end of the period		42,409,000	36,753,000
RESERVES	29		
Asset Revaluation Reserve			
Balance at start of period		129,434,044	113,412,499
Gains/(losses) from asset revaluation		22,216,092	16,021,545
Balance at end of the period		151,650,136	129,434,044
RETAINED EARNINGS	29		
Balance at start of period		3,290,682	4,179,350
Profit/(loss) for the period		517,603	(888,668)
Balance at end of the period		3,808,285	3,290,682
Balance of equity at end of period		197,867,421	169,477,726
<i>Total income and expense for the period</i>		22,733,695	15,132,877

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007-2008 \$	2006-2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		1,140,541	3,686,698
Provision of services		26,925,183	24,234,733
Commonwealth grants and contributions		14,000	107,000
Interest received		1,015,558	643,758
GST receipts on sales		2,940,853	2,767,116
GST receipts from taxation authority		899,881	579,327
Other receipts		393,054	206,376
Payments			
Cost of Sales		(811,899)	(1,550,303)
Employee benefits		(7,406,900)	(8,408,160)
Supplies and services		(14,720,550)	(14,781,788)
Finance costs		(369,256)	(293,908)
GST payments on purchases		(2,085,970)	(2,759,657)
GST payments to taxation authority		(1,754,765)	(585,379)
Other payments		(248,283)	(824,382)
Net cash provided by operating activities	30	5,931,448	3,021,431
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current physical assets		91,222	17,000
Purchase of non-current physical assets		(4,913,427)	(9,450,971)
Net cash used in investing activities		(4,822,205)	(9,433,971)
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		2,275,318	2,614,958
Equity contribution		5,656,000	6,456,000
Net cash provided by State Government		7,931,318	9,070,958
Net increase in cash held		9,040,561	2,658,418
Cash and cash equivalents at the beginning of the period		11,540,419	8,882,001
Cash and cash equivalents at the end of the period	30	20,580,980	11,540,419

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1 Australian equivalents to International Financial Reporting Standards

General

The Rottnest Island Authority's ("the Authority") financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards, which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2008.

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 Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the 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 27(d) 'Defined Benefit Superannuation Plans' and note 35 '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 balance sheet 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 Rottneest Island Authority.

(d) Income

Revenue Recognition

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 and can be measured reliably.

Rendering of services

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

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 is accounted for on a straight line basis over the lease term. 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, equipment and vehicles and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant, equipment and vehicles and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant, equipment and vehicles 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, equipment and vehicles and infrastructure are initially recognised at cost.

For items of property, plant, equipment and vehicles 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, i.e. 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.

Independent valuations of land and buildings are provided annually by Valuation Services (Land Information Authority of WA) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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. Independent valuations are provided every one to three years and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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 and in determining estimated useful life. 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 note 21 'Property, plant, equipment and vehicles' and note 22 'Infrastructure' for further information on revaluations.

Derecognition

Upon disposal or derecognition of an item of property, plant, equipment and vehicles and infrastructure, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

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	10%
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 property, plant, equipment 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 \$5,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than \$5,000 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.

Amortisation for 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%
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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 \$5,000 is expensed in the year of acquisition.

(h) Impairment of Assets

Property, plant, equipment and vehicles, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the assets future economic benefits and to evaluate any impairment risk from falling replacement costs.

See note 24 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(m) 'Receivables' and note 20 'Receivables' for impairment of receivables.

(i) Leases

The Authority has entered into a number of operating lease agreements for the hotel, buildings, motor vehicles, office and other equipment. 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

In addition to cash, the Authority has two categories of financial instrument:

- Loans and receivables; and
- Non-trading financial liabilities (payables, borrowings).

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables
- Amounts receivable for services
- Term deposits

Financial Liabilities

- Payables
- WATC borrowings
- Refundable deposits and bonds

Initial recognition and measurement is at fair value. The transaction cost or face value is the equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

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

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) 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 against the allowance account. 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 20 '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 25 '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 26 'Borrowings'.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 27 '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 balance sheet 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 balance sheet 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.

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 balance sheet date.

Time in Lieu

The flexible working hours provisions of the Authority's enterprise bargaining agreement 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 commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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 balance sheet 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 balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS Scheme, the WSS Scheme, and the GESBS 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, the WSS Scheme, and the GESBS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, from an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

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 16 'Other expenses' and note 27 '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 25 'Payables') 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) Services Received Free of Charge or for Nominal Cost

Services 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 and expenses are allocated on the basis of direct attribution and reasonable estimates of usage.

Segment information has been disclosed by service. See note 39 '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 by Treasurer's Instruction 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

(v) Comparative Figures

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

3 Judgements made by management in applying accounting policies

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 balance sheet 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.

5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Authority:

- 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 and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Authority's exposure to risks, including enhanced disclosure regarding components of the Authority's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'.

Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

- AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied. This standard is required to be first applied to reporting periods beginning on or after 1 January 2009.
- Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:
 - AASB 1004 'Contributions' (December 2007). This standard is required to be first applied to reporting periods beginning on or after 1 July 2008.
 - Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (December 2007). The authority does not expect any financial impact when the standard is first applied. This standard is required to be first applied to reporting periods beginning on or after 1 July 2008.

6 Trading profit

	2007-2008	2006-2007
	\$	\$
Sales	1,140,541	3,686,698
Cost of Sales:		
Opening Inventory	(253,341)	(240,898)
Purchases	(855,713)	(1,550,303)
	(1,109,054)	(1,791,201)
Closing Inventory	522,105	253,341
Cost of Goods Sold	(586,949)	(1,537,860)
	553,592	2,148,838

7 Provision of services

	2007-2008	2006-2007
	\$	\$
Accommodation charges	12,108,204	10,428,762
Facilities and tours	4,415,974	4,038,879
Admission fees	4,087,297	3,710,099
Lease and licence income	2,417,788	2,191,477
Utility charges	1,051,082	1,066,109
Housing rentals	534,198	443,312
Commissions	2,984	22,632
	<u>24,617,527</u>	<u>21,901,270</u>

8 Commonwealth grants and contributions

	2007-2008	2006-2007
	\$	\$
Sustainable Energy Development Office	-	95,000
National Indigenous Cadetship Project	14,000	12,000
	<u>14,000</u>	<u>107,000</u>

9 Other revenues

	2007-2008	2006-2007
	\$	\$
Insurance recoveries	233,430	56,057
Contribution to works	60,547	23,829
Miscellaneous	132,112	125,568
Donations	469	922
	<u>426,558</u>	<u>206,376</u>

10 Net gain / (loss) on disposal of non-current assets

	2007-2008	2006-2007
	\$	\$
<i>Cost of disposal of non-current assets</i>		
Plant, vehicles and furniture	(151,352)	(5,005)
<i>Proceeds from disposal of non-current assets</i>		
Plant, vehicles and furniture	91,222	17,000
	<u>(60,130)</u>	<u>11,995</u>

11 Employee benefits expense

	2007-2008	2006-2007
	\$	\$
Wages and salaries	6,053,943	6,975,855
Superannuation - defined contribution plans	495,941	558,448
Superannuation - defined benefit plans (see note 27)	107,135	115,984
Long service leave ^(a)	102,188	104,782
Annual leave ^(a)	664,909	644,630
Other related expenses	68,488	55,035
	7,492,603	8,454,734

(a) Includes a superannuation contribution component

Employment on-costs such as workers' compensation and payroll tax are included at note 16 'Other Expenses'. The employment on-costs liability is included at note 27 'Provisions'.

12 Supplies and services

	2007-2008	2006-2007
	\$	\$
Contractors	12,643,801	11,778,177
Administration expense	1,057,161	1,206,327
Other Staffing Costs	1,011,772	1,261,986
Repairs and maintenance	998,919	444,888
Vehicle leasing	317,406	279,917
IT system development	55,484	71,276
Marketing expenses	368,259	420,064
Other supplies & services costs	284,042	358,653
	16,736,843	15,821,288

In accordance with Treasurer's Instruction 1102, the Authority recognises services provided free of charge by volunteer groups as contractor expenses.

13 Depreciation and amortisation expense

	2007-2008	2006-2007
	\$	\$
<i>Depreciation</i>		
Buildings	1,603,715	1,190,678
Computers and electronic equipment	318,094	322,196
Furniture	332,043	302,200
Plant and vehicles	460,338	375,974
Leasehold improvements	4,574	4,574
Infrastructure	1,515,223	1,704,656
	4,233,987	3,900,278
<i>Amortisation</i>		
Intangible assets	156,264	158,986
	156,264	158,986
Total depreciation and amortisation	4,390,251	4,059,264

14 Finance costs

	2007-2008	2006-2007
	\$	\$
Interest expense	296,547	269,282
Fees	9,407	8,632
	<u>305,954</u>	<u>277,914</u>

15 Accommodation expenses

	2007-2008	2006-2007
	\$	\$
Lease rentals	166,823	130,970
Other accommodation expenses	19,993	19,803
	<u>186,815</u>	<u>150,773</u>

16 Other expenses

	2007-2008	2006-2007
	\$	\$
Furniture, fittings and equipment replacement	125,382	353,270
Doubtful debts expense	33,000	5,204
Employment on-costs ^(a)	9,386	2,214
Research and development	113,315	41,465
Other	200	1,818
	<u>281,283</u>	<u>403,971</u>

(a) Includes workers' compensation and payroll tax employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 27 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

17 Grants and subsidies from State Government

	2007-2008	2006-2007
	\$	\$
State Government Operating Grant	2,208,000	2,583,000
Department of Environment and Conservation	-	129,000
Coast West - Fay's Bay	-	11,357
Office of Crime Prevention	15,000	20,601
Aboriginal Economic Development	45,455	-
Other	6,863	-
	<u>2,275,318</u>	<u>2,743,958</u>

State Government Operating Grant

The State Government Operating Grant represents the contribution made under the Department of Treasury and Finance - Administered Transactions - Grants, Subsidies and Transfer Payments, Item 35 - Rottnest Island Authority.

18 Services received free of charge

	2007-2008 \$	2006-2007 \$
<i>Non-State Government</i>		
Volunteer Groups	612,874	441,735
Garrett Hospitality Pty Ltd	312,216	-
	<u>925,090</u>	<u>441,735</u>
<i>State Government</i>		
Health Department	35,000	29,000
Crown Solicitor's Office	10,018	9,095
Westnet Rail	23,475	-
Public Transport Authority	20,340	-
	<u>88,833</u>	<u>38,095</u>
Total services received free of charge	<u>1,013,923</u>	<u>479,830</u>

19 Inventories

	2007-2008 \$	2006-2007 \$
<i>Inventories held for resale</i>		
Hotel food and beverage stock	-	91,412
Visitors centre stock	89,758	101,873
Post office	3,377	7,584
Bike hire stock	3,183	1,664
	<u>96,318</u>	<u>202,533</u>
<i>Inventories not held for resale</i>		
Materials	146,547	-
Fuels	218,672	-
Bike hire stock	60,568	50,808
	<u>425,787</u>	<u>50,808</u>
	<u>522,105</u>	<u>253,341</u>

20 Receivables

	2007-2008 \$	2006-2007 \$
Trade receivables	1,579,563	1,456,191
GST receivable	235,158	20,708
Interest receivable	98,118	57,632
Other receivables	33,504	-
Accrued revenue	14,520	-
Prepayments	59,671	52,419
	2,020,534	1,586,950
Allowance for impairment of receivables	(933,977)	(905,310)
	1,086,557	681,640

Reconciliation of changes in the allowance for impairment of receivables:

Balance at the start of the year	905,310	916,316
Doubtful debts expense recognised in the income statement	33,000	5,204
Amounts written off during the year	(4,333)	(16,210)
Amounts recovered during the year	-	-
Balance at the end of the year	933,977	905,310

Credit Risk

Ageing of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 1 month	69,834	35,120
More than 1 month but less than 2 months	46,963	16,882
More than 2 months	24,138	51,628
	140,935	103,630

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	950,014	911,888
Impairment loss	(933,977)	(905,310)
	16,037	6,578

The provision 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 recover the unremitted admission fees.

21 Property, plant, equipment and vehicles

	2007-2008 \$	2006-2007 \$
<i>Land</i>		
At fair value ⁽ⁱ⁾	108,603,800	90,700,000
<i>Buildings</i>		
At fair value ⁽ⁱ⁾	60,922,092	52,389,183
Accumulated depreciation	(9,262,741)	(6,364,027)
	51,659,350	46,025,156
<i>Computers and electronic equipment</i>		
At cost	1,042,265	1,105,791
Accumulated depreciation	(876,117)	(599,248)
	166,148	506,543
<i>Furniture</i>		
At cost	2,195,195	1,852,276
Accumulated depreciation	(1,100,038)	(767,996)
	1,095,157	1,084,280
<i>Plant and Vehicles</i>		
At cost	2,977,924	2,564,645
Accumulated depreciation	(1,554,520)	(1,518,310)
	1,422,965	1,046,335
<i>Leasehold Improvements</i>		
At cost	123,236	123,236
Accumulated depreciation	(96,944)	(92,370)
	26,292	30,866
<i>Works of art</i>		
At fair value ⁽ⁱⁱ⁾	19,400	19,400
<i>Work in progress</i>		
At cost	1,450,472	496,054
	164,443,583	139,908,634

(i) Land and Buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008. 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, equipment and vehicles and Infrastructure'.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008.

(ii) The Rottnest Island artworks were independently valued by Stafford Studios of Fine Art in May 2006. The valuation was performed on a replacement value basis.

(iii) On 1 November 2007 the Authority entered into an agreement to lease the Rottnest Island Hotel ('Quokka Arms') to Garrett Hospitality P/L under an operating lease for an initial term of 3 years, with two options to extend the lease for 12 and 15 years, respectively.

Under the lease agreement Garrett Hospitality P/L is required to pay a fixed rent of \$1,500,000 and after the first year, the continuous rent payable is based on the gross turnover of the Quokka Arms on a quarterly basis. (Refer notes 31 and 32.)

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

2007-2008	Land	Buildings	Computers and electronic equipment	Furniture	Plant and vehicles	Leasehold improvements	Works of art	Work in progress	Total
	\$	\$	\$	\$	\$	\$		\$	\$
Carrying amount at start of year	90,700,000	46,025,156	506,543	1,084,280	1,046,335	30,866	19,400	496,054	139,908,634
Additions	-	2,798,829	-	407,686	897,687	-	-	1086,205	5,190,407
Transfers	-	126,788	-	-	5,000	-	-	(131,788)	-
Disposals	-	-	(22,301)	(64,767)	(64,284)	-	-	-	(151,352)
Revaluation increments	17,903,800	4,312,292	-	-	-	-	-	-	22,216,092
Depreciation expense	-	(1,603,715)	(318,094)	(332,043)	(461,773)	(4,574)	-	-	(2,720,198)
Carrying amount at end of year	108,603,800	51,659,350	166,148	1,095,157	1,422,965	26,292	19,400	1,450,471	164,443,583

2006-2007	Land	Buildings	Computers and electronic equipment	Furniture	Plant and vehicles	Leasehold improvements	Works of art	Work in progress	Total
	\$	\$	\$	\$	\$	\$		\$	\$
Carrying amount at start of year	82,603,800	37,616,892	771,630	563,014	977,433	35,441	19,400	2,511,547	125,099,157
Additions	-	6,796,085	31,550	774,142	449,881	-	-	496,054	8,547,712
Transfers	-	14,850	25,559	49,324	-	-	-	(2,511,547)	(2,421,814)
Disposals	-	-	-	-	(5,005)	-	-	-	(5,005)
Revaluation increments	8,096,200	2,788,007	-	-	-	-	-	-	10,884,207
Depreciation expense	-	(1,190,678)	(322,196)	(302,200)	(375,974)	(4,575)	-	-	(2,195,623)
Carrying amount at end of year	90,700,000	46,025,156	506,543	1,084,280	1,046,335	30,866	19,400	496,054	139,908,634

22 Infrastructure

	2007-2008 \$	2006-2007 \$
At fair value	47,534,360	47,534,359
Accumulated Depreciation	(15,976,539)	(14,461,400)
	<u>31,557,821</u>	<u>33,072,959</u>

Reconciliation

Carrying amount at start of year	33,072,959	26,320,638
Additions	-	897,400
Transfers	-	2,422,239
Revaluation increments	-	5,137,338
Depreciation expense	(1,515,223)	(1,704,656)
Carrying amount at end of year	<u>31,557,736</u>	<u>33,072,959</u>

The latest revaluation on infrastructure was performed in accordance with an independent valuation by Australian Valuation Partners Pty Ltd. The effective date of the valuation was 1 July 2005. Fair value was determined on the basis of depreciated replacement cost.

This valuation has not been indexed in the current year as the Authority believes that the carrying value reported in the balance sheet at reporting date represents the fair value of the Infrastructure assets.

23 Intangible assets

	2007-2008 \$	2006-2007 \$
<i>Computer software</i>		
At cost	600,980	622,382
Accumulated amortisation	(446,180)	(347,989)
	<u>154,800</u>	<u>274,393</u>

Reconciliation

Carrying amount at start of year	274,393	427,944
Additions	36,671	5,435
Transfers	-	-
Disposals	(58,073)	-
Revaluation increments	-	-
Amortisation expense	(98,191)	(158,986)
Carrying amount at end of year	<u>154,800</u>	<u>274,393</u>

24 Impairment of assets

There were no indications of impairment to property, plant, equipment and vehicles, infrastructure and intangible assets at 30 June 2008.

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

All surplus assets at 30 June 2008 have either been classified as non-current assets held for sale or written off.

25 Payables

	2007-2008 \$	2006-2007 \$
Trade payables	4,139,255	2,928,323
Accrued expenses	212,451	127,945
Accrued salaries	51,240	173,367
	<u>4,402,946</u>	<u>3,229,635</u>

26 Borrowings

	2007-2008 \$	2006-2007 \$
Current	4,690,567	-
Non-current	-	4,690,568
Western Australian Treasury Corporation Loan	<u>4,690,567</u>	<u>4,690,568</u>

27 Provisions

	2007-2008 \$	2006-2007 \$
<i>Current</i>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	920,132	785,487
Long service leave ^(b)	486,163	420,394
Time in lieu	57,100	34,356
Superannuation ^(d)	80,340	47,000
Leave purchase	2,694	6,742
	<u>1,546,428</u>	<u>1,293,979</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	109,457	79,648
	<u>109,457</u>	<u>79,648</u>
	<u>1,655,884</u>	<u>1,373,627</u>
<i>Non-current</i>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	263,267	396,722
Superannuation ^(d)	296,874	265,000
	<u>560,141</u>	<u>661,722</u>
<i>Other provisions</i>		
Employment on-costs ^(c)	19,851	25,478
	<u>19,851</u>	<u>25,478</u>
	<u>579,992</u>	<u>687,200</u>

(a) Annual leave liabilities have been classified as current where 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 balance sheet date	375,446	337,854
More than 12 months after balance sheet date	544,685	447,633
	<u>920,132</u>	<u>785,487</u>

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

Within 12 months of balance sheet date	353,425	72,257
More than 12 months after balance sheet date	396,004	744,859
	<u>749,429</u>	<u>817,116</u>

(c) The settlement of annual, long service and time in lieu liabilities gives rise to the payment of employment on-costs including workers' compensation 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 16 '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	
	2007-08	2006-07	2007-08	2006-07
	\$'000	\$'000	\$'000	\$'000
Current service cost	0	0	0	0
Interest cost (unwinding of the discount)	17	16	1	1
Net actuarial losses/(gains) recognised	18	21	24	(7)
Total, included in Employee benefits expense (see note 11)	35	37	25	(6)

The amounts recognised in the balance sheet are as follows:

Present value of unfunded obligations	289	296	41	16
Liability in the balance sheet	289	296	41	16

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

Liability at start of year	296	303	16	22
Current service cost	0	0	0	0
Interest cost (unwinding of the discount)	17	16	1	1
Net actuarial losses/(gains) recognised	18	21	24	(7)
Benefits paid	(42)	(44)	0	0
Liability at end of year	289	296	41	16

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

Fair value of plan assets at start of year	0	0	0	0
Employer contributions	42	44	0	0
Benefits paid	(42)	(44)	0	0
Fair value of plan assets at end of year	0	0	0	0

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

	2007-08	2006-07	2005-06
Discount rate	6.64%	6.06%	5.81%
Future salary increases	4.50%	4.50%	4.50%

Historic summary

Pension Scheme:

Present value of unfunded obligation	289	296	303
Fair value of plan assets	0	0	0
Deficit	289	296	303

Pre-transfer Benefit - Gold State Superannuation Scheme:

Present value of unfunded obligation	41	16	22
Fair value of plan assets	0	0	0
Deficit	41	16	22

Experience adjustments arising on plan liabilities:

Pension Scheme:	28	20	22
Pre-transfer Benefit - Gold State Superannuation Scheme:	26	(11)	16

Employer funding arrangements for the defined benefit plans

(a) The amounts recorded for the Gold State 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 (Gold State 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 \$33,000 are expected to be paid to the Pension Scheme for the year ending 30 June 2009.

Gold State Superannuation Scheme

The Gold State 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 2007-08 for contributory members was 12 percent (2006-07: 12 percent) of a member's salary, based on a 5 percent member contribution. The employer contribution rate is proportionately less or more where members elect a contribution rate of 3, 4, 6 or 7 percent 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 percent of final average salary for each year of such service, based upon a 5 percent member's average contribution rate to the scheme (this rate is proportionately less where a member's average contribution rate is less than 5 percent). This employer liability becomes payable on the payment of the benefit to the member.

Employer contributions of nil are expected to be paid to the Gold State Superannuation Scheme for the year ending 30 June 2009.

Movements in Other Provisions

	2007-2008	2006-2007
	\$	\$
<i>Employment on-cost provision</i>		
Carrying amount at start of period	105,126	102,912
Additional provisions recognised	72,636	38,396
Payments / other sacrifices of economic benefits	(48,454)	(36,182)
Carrying amount at end of period	129,308	105,126

28 Other liabilities

	2007-2008	2006-2007
	\$	\$
<i>Other current liabilities</i>		
Refundable deposits and bonds	7,716,032	6,134,983
Leases in advance	100,000	-
Accrued interest	-	63,302
Unclaimed money	58,932	44,346
Fringe benefits tax	(59,346)	30,000
	7,815,618	6,272,631
<i>Other non-current liabilities</i>		
Leases in advance	1,333,333	-
	1,333,333	-

29 Equity

	2007-2008 \$	2006-2007 \$
<i>Contributed Equity</i>		
Balance at the start of the period	36,753,000	30,297,000
<i>Contributions by owners:</i>		
Capital contribution ^(a)	5,656,000	6,456,000
Balance at end of the period	42,409,000	36,753,000

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

Reserves

Asset Revaluation Reserve:

Balance at the start of the period	129,434,044	113,412,499
<i>Net revaluation increments:</i>		
Land	17,903,800	8,096,200
Buildings	4,312,292	2,788,007
Infrastructure	-	5,137,338
Balance at end of the period	151,650,136	129,434,044

Retained Earnings

Balance at the start of the period	3,290,682	4,179,350
Result for the period	517,603	(888,668)
Balance at end of the period	3,808,285	3,290,682

30 Notes to the Cash Flow Statement

	2007-2008 \$	2006-2007 \$
<i>Reconciliation of Cash</i>		
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	20,580,980	11,540,419
	20,580,980	11,540,419

Reconciliation of profit / (loss) to net cash flows provided by / (used in) operating activities

Profit / (loss) for the period	517,603	(888,668)
<i>Non cash items:</i>		
Depreciation and amortisation expense	4,390,251	4,059,264
Net loss / (gain) on sale of property, plant and equipment	60,130	(11,995)
Doubtful debts expense	33,000	(5,144)
Grants and subsidies from State Government	(2,275,318)	(2,614,958)
Commonwealth contribution	-	-
Services received free of charge	(356,031)	-
<i>(Increase) / decrease in assets:</i>		
Receivables	(223,467)	416,355
Inventories	(224,950)	(12,443)
<i>Increase / (decrease) in liabilities:</i>		
Payables	1,173,312	227,406
Provisions	175,049	25,069
Other liabilities	2,876,321	1,537,370
Net GST payments	(1)	-
Change in GST receivables / payables ⁽ⁱ⁾	(214,450)	289,175
Net cash provided by operating activities	5,931,448	3,021,431

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

Note that Australian Taxation Office 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.

At the balance sheet date, the Authority had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

31 Commitments

	2007-2008 \$	2006-2007 \$
<i>Capital expenditure commitments</i>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	5,804,054	3,214,058
	<u>5,804,054</u>	<u>3,214,058</u>
The capital commitments include amounts for:		
Buildings	4,304,054	3,068,550
Infrastructure	-	99,810
Plant and Vehicles	-	45,698
Rottnest Island Hotel ('Quokka Arms')	1,500,000	-
	<u>5,804,054</u>	<u>3,214,058</u>

The capital expenditure commitment of \$1,500,000 for the Rottnest Island Hotel ('Quokka Arms') is in accordance with the Lease Agreement and the Development Works Agreement for leasing the Hotel to Garrett Hospitality P/L. Refer to note 21(iii).

	2007-2008 \$	2006-2007 \$
<i>Lease commitments</i>		
Commitments in relation to leases contracted for at the balance sheet date but not recognised as liabilities are payable as follows:		
Within 1 year	401,108	404,402
Later than 1 year and not later than 5 years	194,786	443,030
Later than 5 years	-	-
	<u>595,894</u>	<u>847,432</u>
<i>Representing</i>		
Non-cancellable operating leases	<u>595,894</u>	<u>847,432</u>

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.

32 Contingent liabilities and contingent assets

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

Contingent Assets

Development Works - Rottnest Island Hotel

The Authority agreed to lease the Rottnest Island Hotel ('Quokka Arms') to Garrett Hospitality P/L for a period of 3 years and to grant an option to extend that period on the basis that Garrett Hospitality P/L spends at least \$5,000,000 on development works to upgrade, improve, renovate and refurbish the Quokka Arms over a period not exceeding 10 years from the commencement of the lease.

In the Authority's opinion there is a high probability of the inflow of economic benefits to the Authority to the extent of the amount stated above.

Contingent Liabilities

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 based on advice from the State Solicitor's Office. The matter is currently being progressed through the courts and the quantum of the claim is still being formalised.

There are four claims for damages received by the Authority that may result in litigation, if proceeded, for amounts ranging from \$10,000 to \$120,000. The Authority's insurer RiskCover is managing these claims.

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.

Treatment of Contaminated Sites

Under the *Contaminated Sites Act 2003*, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Authority may have a liability in respect of investigation or remediation expenses.

During the prior year the Authority reported four contaminated sites to DEC. These have yet to be classified. The Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of the sites, the Authority may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

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

33 Events occurring after the balance sheet date

Subsequent to balance date the Authority received funding from the State Government and the loan to WA Treasury Corporation of \$4.69 million has been repaid in full.

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

34 Explanatory Statement

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 percent and \$100,000.

	2007-2008	2006-2007	Variance	Variance
	\$	\$	\$	%
Sales	1,140,541	3,686,698	(2,546,157)	-69%
Provision of services	24,617,527	21,901,270	2,716,257	12%
Interest revenue	1,070,564	680,009	390,555	57%
Other revenues	426,558	206,376	220,182	107%
Cost of sales	586,949	1,537,860	(950,911)	-62%
Employee benefits expenses	7,492,603	8,454,734	(962,131)	-11%
Other expenses	281,283	403,971	(122,688)	-30%
Grants and subsidies from State Government	2,275,318	2,743,958	(468,640)	-17%
Services received free of charge	1,013,923	479,830	534,093	111%

Sales

The Authority leased the Rottnest Island Hotel ('Quokka Arms') in November 2007 to Garrett Hospitality P/L and no longer receives the benefit of sales.

Provision of services

The variance is primarily due to an increase in accommodation tariffs and improved occupancy rates.

Interest revenue

The increase in interest revenue is a result of additional funds in the bank and higher interest rates than prior year.

Other revenues

The increase is primarily due to diesel fuel rebates received from the Commonwealth Government as a result of changes in legislation.

Cost of Sales

The variance is primarily due to leasing of the Rottnest Island Hotel ('Quokka Arms') to Garrett Hospitality P/L.

Employee benefits expense

The decrease is reflective of lower numbers of FTEs associated with the leasing of the Quokka Arms to Garrett Hospitality P/L.

Other expenses

The decrease is primarily due to an increase in the prior year for replacing lower-value furniture, fittings and equipment.

Grants and subsidies from State Government

In 2006-2007 an additional operating grant of \$383,000 was received.

Services received free of charge

The increase is primarily a result of \$312,000 expenditure on improving the Quokka Arms by Garrett Hospitality P/L.

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 percent and \$100,000.

	Actual 2007-2008	Estimate 2007-2008	Variance	Variance
	\$	\$	\$	%
Sales	1,140,541	912,553	227,988	25%
Provision of services	24,617,527	22,243,106	2,374,421	11%
Interest revenue	1,070,564	408,900	661,664	162%
Other revenues	426,558	1,768,300	(1,341,742)	-76%
Supplies and services	16,372,272	14,518,084	1,854,188	13%
Other expenses	281,283	812,041	(530,758)	-65%
Services received free of charge	1,013,923	490,000	523,923	107%

Sales

The lease of the Rottnest Island Hotel ('Quokka Arms') to Garrett Hospitality P/L occurred in November 2007, a month later than originally budgeted. The delays were due to finalising the lease arrangements.

Provision of services

The variance is primarily due to better than budgeted occupancy levels and with the refurbishment nearing completion, a greater availability of units for occupancy. This was not budgeted for.

Interest revenue

The increase in interest revenue represents higher levels of funds from accommodation deposits and Government funding held in the bank during the financial year than was expected.

Other revenues

The decrease is primarily due to diesel fuel rebates received from the Commonwealth Government as a result of changes in legislation.

Supplies and services

The decrease is primarily due to the transfer of the Quokka Arms to Garrett Hospitality P/L a month later than originally budgeted.

Other expenses

The decrease is primarily due to the deferral of a number of minor works projects.

Services received free of charge

Revenue recognised in relation to the Quokka Arms was not budgeted for in the current year.

35 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

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 35(c).

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.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to note 20 Receivables.

Liquidity risk

The Authority is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans and finance leases. 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.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks. 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. Other than as detailed in the interest rate sensitivity analysis

table at note 35(d), the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings and finance leases (fixed interest rates).

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2007-2008 (\$'000)	2006-2007 (\$'000)
Financial Assets		
Cash floats and operating account	2,734	552
11am account	17,847	11,019
Receivables	1,087	682
Financial Liabilities		
Payables	4,139	2,928
Accrued interest	-	63
Borrowings from WATC	4,690	4,690

(c) Financial Instrument Disclosures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undisclosed amounts at the balance sheet date. An adjustment for discounting has been made where material.

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

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted Average Effective Interest rate	Variable Interest rate	Non- Interest Bearing	Contractual Maturity Dates:							Over 5 years	Adjustment for discounting	Total
				Within 1 year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 years	(\$'000)	(\$'000)			
30 June 2008	%	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Financial Assets													
Cash floats and operating account		-	2,734	-	-	-	-	-	-	-	-	-	2,734
11am account	7.20%	17,847	-	-	-	-	-	-	-	-	-	-	17,847
Receivables		-	1,087	-	-	-	-	-	-	-	-	-	1,087
		17,847	3,821	-	-	-	-	-	-	-	-	-	21,668
Financial Liabilities													
Payables		-	4,139	-	-	-	-	-	-	-	-	-	4,139
Accrued interest		-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from WATC		-	-	4,690	-	-	-	-	-	-	-	-	4,690
		-	4,139	4,690	-	-	-	-	-	-	-	-	8,829

Contractual Maturity Dates:										
Weighted Average Effective Interest rate	Variable Interest rate	Non- Interest Bearing	Within 1 year	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 years	Over 5 years	Adjustment for discounting	Total
%		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
30 June 2007										
Financial Assets										
Cash floats and operating account	-	552	-	-	-	-	-	-	-	552
11am account	6.20%	11,019	-	-	-	-	-	-	-	11,019
Receivables	-	682	-	-	-	-	-	-	-	682
	11,019	1,234	-	-	-	-	-	-	-	12,253
Financial Liabilities										
Payables	-	2,928	-	-	-	-	-	-	-	2,928
Accrued interest	-	63	-	-	-	-	-	-	-	63
Borrowings from WATC	6.17%	-	-	4,690	-	-	-	-	-	4,690
	-	2,991	-	4,690	-	-	-	-	-	7,681

(d) Interest rate sensitivity analysis

The following table represents a summary of interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1 percent change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount	(1.0%) change		1.0% change	
		Profit	Equity	Profit	Equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
30 June 2008					
<i>Financial Assets</i>					
Cash Floats & Operating Account	2,734	(27)	(27)	27	27
11am Account	17,847	(178)	(178)	178	178
Receivables	1,087	(11)	(11)	11	11
<i>Financial Liabilities</i>					
Payables	4,138	41	41	(41)	(41)
Accrued interest	-	-	-	-	-
Borrowings from WATC	4,690	47	47	(47)	(47)
		(128)	(128)	128	128
	Carrying Amount	(1.0%) change		1.0% change	
		Profit	Equity	Profit	Equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
30 June 2007					
<i>Financial Assets</i>					
Cash Floats & Operating Account	552	(6)	(6)	6	6
11am Account	11,019	(110)	(110)	110	110
Receivables	682	(7)	(7)	7	7
<i>Financial Liabilities</i>					
Payables	2,928	29	29	(29)	(29)
Accrued interest	63	1	1	(1)	(1)
Borrowings from WATC	4,690	47	47	(47)	(47)
		(46)	(46)	46	46

(e) Fair values

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

36 Remuneration of members of the accountable authority and senior officers

	2007-2008	2006-2007
	\$	\$
<u>Remuneration of Members of the accountable authority</u>		
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	5	5
20,001 - 30,000	1	1
The total remuneration of members of the accountable authority is:	41,783	40,438

The total remuneration includes 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.

	2007-2008	2006-2007
	\$	\$
<u>Remuneration of Senior Officers</u>		
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:		
\$		
70,001 - 80,000	1	-
80,001 - 90,000	-	1
110,001 - 120,000	1	2
120,001 - 130,000	-	1
130,001 - 140,000	1	-
150,001 - 160,000	2	-
160,001 - 170,000	-	2
170,001 - 180,000	1	-
The total remuneration of senior officers is:	808,139	769,226

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.

No senior officers are members of the Pension Scheme.

37 Remuneration of auditor

Remuneration payable to the Auditor General for the financial year is as follows:

	2007-2008	2006-2007
	\$	\$
Auditing the accounts, financial statements and performance indicators	72,000	72,000

38 Supplementary information

Write-offs approved by the Board

	2007-2008 \$	2006-2007 \$
Bad Debts	4,333	16,210
	4,333	16,210

39 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.

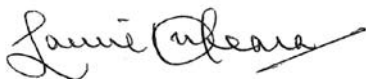
The Authority operates within one geographical segment (the Western Australian public sector).

	Services to Visitors		Conservation of Environment		Consolidated	
	2007-08 \$	2006-07 \$	2007-08 \$	2006-07 \$	2007-08 \$	2006-07 \$
INCOME						
Revenue						
Sales	1,140,541	3,686,698	-	-	1,140,541	3,686,698
Provision of services	24,552,193	21,853,918	65,334	47,352	24,617,527	21,901,270
Commonwealth grants and contributions	-	11,040	14,000	95,960	14,000	107,000
Interest revenue	1,070,564	680,009	-	-	1,070,564	680,009
Other revenues	395,055	179,049	31,503	27,327	426,558	206,376
Gains						
Gains on disposal of non-current assets	-	5,998	-	5,998	-	11,995
Total Income	27,158,354	26,416,711	110,836	176,637	27,269,190	26,593,348
EXPENSES						
Cost of sales	586,567	1,537,860	382	-	586,949	1,537,860
Employee benefits expense	6,496,389	7,381,552	996,214	1,073,182	7,492,603	8,454,734
Supplies and services	15,178,430	14,793,685	1,558,413	1,027,603	16,736,843	15,821,288
Depreciation and amortisation expense	4,039,031	3,734,523	351,220	324,741	4,390,251	4,059,264
Finance costs	305,954	277,914	-	-	305,954	277,914
Accommodation expenses	172,221	138,721	14,594	12,052	186,815	150,773
Loss on disposal of non-current assets	60,130	-	-	-	60,130	-
Other expenses	271,884	332,994	9,399	70,977	281,283	403,971
Total Expenses	27,110,605	28,197,249	2,930,223	2,508,555	30,040,828	30,705,804
Profit / (loss) before grants and subsidies from State Government	47,749	(1,780,537)	(2,819,386)	(2,331,919)	(2,771,638)	(4,112,456)
Grants and subsidies from State Government	2,080,818	2,374,866	194,500	369,092	2,275,318	2,743,958
Services received free of charge	375,837	37,614	638,086	442,216	1,013,923	479,830
Profit / (loss) for the period	2,504,404	631,943	(1,986,801)	(1,520,611)	517,603	(888,668)

Certification of Key Performance Indicators

For the year ended 30 June 2008

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 2008.



Laurie O'Meara AM
CHAIRMAN



Rob McDonald
MEMBER

11 September 2008

Key Performance Indicators

Indicator Summary

Effectiveness Indicators

1. Visitor Satisfaction with Recreational and Holiday Facilities and Services Provided on Rottnest Island
2. Access for Western Australian Families
3. Water Consumption
4. Water Quality within the Marine Environment
5. Proportion of Rottnest Island Revegetated
6. Biodiversity of Terrestrial Vertebrate Fauna
7. Conservation of Cultural Heritage

Efficiency Indicators

1. Weighted Average Cost per Visitor Service Provided
2. Comparison of Total Operating Expenses as a Percentage of Conservation Assets

Effectiveness Indicators¹

1. Visitor satisfaction with recreational and holiday facilities and services provided on Rottnest Island

High levels of visitor satisfaction from the Island experience are an important target for the Authority. Feedback indicates the level to which the Authority's recreational and holiday facilities and services on the Island are in line with Western Australian and other visitors' expectations.

Independent research organisation Synovate was contracted to survey a random sample of visitors (200 day visitors, 402 accommodation users and 100 private boat owners) to provide ratings on their satisfaction with the Island's recreational and holiday facilities and services. The sample comprised 702 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 level of +/- 3.7 percent.

The survey was performed through a telephone survey conducted in three stages throughout the year. Visitors were asked to rate facilities and services on Rottnest Island in three key areas:

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

¹ All key performance indicator results allow for rounding.

Visitor satisfaction with recreational facilities and services

Customer Rating	2007-08	2006-07	2005-06	2004-05
Net Satisfaction Target	90%	90%	90%	90%
Net satisfied	83%	87%	84%	88%
Very satisfied	31%	37%	32%	36%
Satisfied	52%	50%	52%	52%
Neither	11%	9%	11%	10%
Dissatisfied	4%	3%	4%	2%
Very dissatisfied	2%	1%	1%	0%

Satisfaction with Rottnest Island's recreational services and facilities remains high while registering a minor decrease.

Visitor satisfaction with Rottnest Island Authority accommodation

Customer Rating	2007-08	2006-07	2005-06	2004-05
Net Satisfaction Target	90%	90%	90%	85%
Net satisfied	72%	71%	66%	65%
Very satisfied	22%	32%	31%	33%
Satisfied	50%	39%	35%	32%
Neither	19%	15%	21%	19%
Dissatisfied	6%	10%	8%	10%
Very dissatisfied	3%	4%	6%	6%

This year saw an increase in visitor satisfaction with the Rottnest Island Authority's accommodation. Visitors noted increases in the standard of accommodation and furniture and fittings offered while highlighting luggage delivery and cleanliness as issues needing improvement.

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

Customer Rating	2007-08	2006-07	2005-06	2004-05
Net Satisfaction Target	90%	90%	90%	90%
Net satisfied	73%	79%	81%	86%
Very satisfied	27%	31%	32%	40%
Satisfied	46%	48%	49%	46%
Neither	21%	15%	14%	11%
Dissatisfied	4%	5%	4%	2%
Very dissatisfied	2%	1%	1%	1%

Overall visitor satisfaction has decreased this year. Most areas comprising this indicator incurred minor decreases.

2. Access for Western Australian Families

As the Island is a favoured holiday and recreation destination for Western Australians the Government is committed to ensuring it remains easily accessible. The Authority works to ensure accessibility by offering accommodation and tour types with rates suited to a range of holiday budgets. Two indicators assist the Authority's management of this area.

The first indicator compares the price range of accommodation offered by the Authority with data from Tourism Research Australia showing the average amount Western Australians spend on overnight accommodation per person while travelling within the State. The indicator assists the Authority to understand how its accommodation prices compare to what Western Australians pay elsewhere.

The second indicator compares the cost of Island day trip tour packages to full day tours offered on the mainland. The Authority's efforts in keeping the price of an Island experience accessible at the current level is a demanding target due the higher costs of operating tours away from the mainland and the need for the Authority to remain commercially competitive.

The comparison with mainland day tours takes into account the average price of full day tours run by a variety of operators to a mix of destinations from Perth. Tours feature similar elements to those available on Rottnest Island tours such as meals and national park admission fees. This is expressed as a percentage of the cost of the Island tour over the cost of a mainland tour.

Accessibility of Rottnest Island accommodation

	2007-08	2006-07	2005-06	2004-05
Target	80%	80%	80%	80%
Percent of Authority accommodation cheaper than average paid by Western Australians holidaying in Western Australia.	100%	100%	100%	100%
Price range of Authority accommodation (cost/bed/night) – average four nights accommodation.	\$8-\$62	\$8 - \$59	\$8 -\$48	\$8 -\$48
Average spend by Western Australians.	\$72	\$68	\$75	\$60

This performance indicator shows that overall the range of accommodation on offer by the Rottnest Island Authority is priced below the average price paid by Western Australians for other holiday destinations located within the State.

Accessibility of Rottnest Island Tours

	2007-08	2006-07	2005-06	2004-05
Target	<75%	<75%	<75%	<75%
Cost of day trip tour packages to the Island as a percentage of the cost of other day tour packages from Perth.	72%	78%	79%	81%

The average price for a Rottnest Island tour package was significantly lower than the target set and continues a downward trend commenced in 2005-2006. Despite modest increases in Rottnest Island tour prices, at 72 percent of a mainland tour price, this represents a high level of competitive value for visitors.

3. Water Consumption

This indicator helps ensure the provision of facilities and services on Rottnest Island is appropriate to the Island's environment given the impact of the continual abstraction of groundwater on wetlands, water quality and habitat value of fauna communities.

Data for this indicator is collected and monitored by the Island's facilities management provider.

Source	2007-08	2006-07	2005-06	2004-05
Target (Desalination)	>70%	>70%	>70%	>70%
Desalination plants	65%	72%	74%	73%
Bores	35%	28%	21%	16%
Rainwater catchment area ²	0	0	5%	11%

The Authority's reliance on the use of bore water increased this financial year due to unplanned maintenance requirements on the desalination water plant.

4. Water Quality within the Marine Environment

A key indicator when managing the impact of visitors on the Island's natural environment is the monitoring of water quality in swimming and boating locations around the Island.

The Authority coordinates water sampling from eleven popular bathing and boating locations around the Island to determine the presence of *Enterococci*, an organism indicating levels of faecal contamination. During 2007-2008, sampling took place at six very low risk sites at least five times on the busiest days, and at five low risk sites 15 times during the bathing period (November to April). A total of 105 samples were tested according to the National Health and Medical Research Council (NHMRC) guidelines.

Indicator	2007-08	2006-07
Target	100%	100%
Enterococci	99%	99.7%

The NHMRC guidelines were exceeded on only one occasion this year. On 6 April, the Army Jetty (a low risk site), recorded over the required trigger level, which was due to high rainfall prior to sampling and was also indicated by higher than usual recordings at other Thomson Bay sites on the same day. The increased levels were likely to be caused from contaminants being washed into the water. Increased bacterial rates found in water bodies after significant rain periods are not uncommon and the Department of Health considered it unnecessary to resample for this reason.

² The rainwater catchment area was decommissioned in 2006-2007.

5. Proportion of Rottnest Island Revegetated

The value of this indicator lies in monitoring the conservation and preservation of the Island's environment. The Authority is implementing a 20-year *Woodland Restoration Strategy* to address the Island's loss of woodlands through events such as clearing, fire and grazing that have occurred since European contact.

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.

2007-08 Actual	2007-08 Target	2002-03 Actual	1997-98 Actual
N/A	33%	25%	16%

The major vegetation survey was also postponed till 2008-2009, and therefore are no results available for this indicator. However, the Authority can report that there were 24,540 trees were planted compared to the target of 36,000. Many planting days (mostly weekends) were abandoned due to poor weather and ferry cancellations and of the planted trees required the construction of individual guards as they were being adversely impacted by local fauna.

6. Biodiversity of Terrestrial Vertebrate Fauna

Measurement of biodiversity changes can demonstrate the success of the Authority's management strategies in minimising threatening agents such as fire, pests, weeds, human activity and disease which impact on the functioning of the Island's native ecosystems.

The Authority conducts a comprehensive survey of the Island's vertebrate fauna every five years to measure biodiversity. Five years is the minimum time frame with which to make meaningful measurements. Other small biodiversity monitoring surveys occur annually.

The data generated is used to determine trends and to guide planning for responsible environmental management.

Number of Species

	2007-08	2002-03	1997-98
Amphibians	3	3	3
Reptiles	17	15	10
Birds	69	82	71
Mammals	5	5	5

The results of the fauna surveys indicate there have been no dramatic changes since previous surveys carried out in 2002-2003. Additional reptile surveys may have contributed to the sighting of two extra species since the previous assessment. Bird species have continued to fluctuate which is likely to be due to the large variety of vagrant birds on the Island, climate variability and the unpredictability of bird population dynamics on Rottnest Island.

7. Conservation of Cultural Heritage

The effective management of Rottnest Island's historical and cultural assets is an important part of the Authority's role as custodian of the Island. These two indicators allow the Authority to monitor the condition and management of these assets.

The Authority raised its cultural heritage targets in 2004-2005 after exceeding the majority of its targets in 2003-2004. This coincided with an increase in funding allocated by the Rottnest Island Taskforce. The mobilisation and prioritisation of this funding is ongoing.

The first indicator uses a heritage maintenance checklist which has been developed based on a framework provided by the Heritage Council of Western Australia (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.

The second indicator gauges the Authority's use of conservation plans for its heritage assets. 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.

Condition of State heritage registered buildings on Rottnest Island

Condition	2007-08	2006-07	2005-06 ³	2004-05
Target Fair / Good	93%	93%	93%	90%
% Fair / Good	87%	86%	78%	89%
Good	45%	41%	30%	32%
Fair	42%	45%	48%	57%
Poor	13%	14%	14%	11%

There was an overall improvement in the condition of Rottnest Island's State heritage registered buildings due to the condition of six heritage cottages moving from fair to good. It is expected the current refurbishment program will see the target met in 2008-2009.

³ The percentages for 2005-2006 do not add up to 100 percent as four buildings were not included due to works in progress at the time.

Condition of other⁴ State heritage registered structures on Rottnest Island

Condition Rating	2007-08	2006-07	2005-06	2004-05
Target Fair / Good	93%	93%	93%	88%
% Fair / Good	81%	81%	81%	81%
Good	38%	31%	31%	31%
Fair	43%	50%	50%	50%
Poor	19%	19%	19%	19%

The proportion of heritage registered structures in good condition on Rottnest Island increased 7 percent this year but the total percentage of structures in fair and good condition remained unchanged.

State heritage registered assets with conservation plans

Conservation Plan Status	2007-08	2006-07	2005-06	2004-05
Target Plans in place	100%	100%	73%	65%
% in place	80%	80%	80%	65%
In place and < 10 years old	55%	55%	55%	42%
In place and > 10 years old	25%	25%	25%	23%
No plan	20%	20%	20%	35%

The percentage of State heritage registered assets with conservation plans remained consistent with previous year's results.

Efficiency Indicators

Service One: Provision of Services to Visitors

1. Weighted Average Cost Per Visitor Service Provided

This indicator relates to the number of services provided by the Authority in a given year to the level of expense required for those services. It offers a guide to the cost for providing the individual services of:

- accommodation nights sold;
- train, bus and tour tickets sold; and
- moorings.

⁴ 'Other' refers to structures and sites including ruins, walls, monuments, and military installations that could not be described as buildings.

As the services provided to visitors vary in type, volume and consumed resources a weighted average cost methodology is 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.

The Authority has strived to retain a low target over the past years which is becoming increasingly challenging given the increasing costs of operating away from the mainland.

	2007-08	2006-07	2005-06	2004-05
Target Cost per service (adjusted for CPI)	<\$35	<\$35	<\$35	<\$35
Cost per service (adjusted for CPI)	\$32	\$37	\$39	\$35

The average cost per service has decreased to \$32 after adjustment for CPI. The 2007-2008 year has seen a 5 percent increase in visitor numbers while controlling operating expenses. These measures have combined to reduce the average cost per service.

Service Two: Conservation of the Natural and Cultural Environment

2. Comparison of Total Operating Expenses as a Percentage of Conservation Assets

This indicator is a measure of the Authority's efficiency in managing the Island's heritage and conservation assets.

Total operating costs for Service Two are expressed as a percentage of the value of Rottnest Island's conservation assets as at 30 June 2008. A higher result in percentages indicates an increased level of expenditure in comparison to the Island's conservation assets.

	2007-08	2006-07	2005-06	2004-05
Target: total operating expenses as percentage of conservation assets	4.9%	4.9%	4.9%	4.9%⁵
Total operating expenses as a percentage of conservation assets.	2.8%	2.9%	2.6%	2.2%
Total operating expenses as a percentage of conservation assets (including the marine portion of the Reserve).	2.7%	2.8%	2.5%	2.0%

The level of expenditure as a percentage of conservation assets has decreased slightly due to an increase in the value of the Island's conservation assets not reflected in the increased operating expenses.

⁵ Target commenced in 2004-2005

Other Financial Disclosures

Pricing Policies

Pricing for the Authority's commercial services are based on recovering direct and indirect operating costs, as well as achieving a rate of return that enables the Authority to provide its non-commercial services such as environmental and cultural heritage management.

The price of the Rottnest Island Authority's accommodation, recreational and utility services are reviewed annually. Some services are subjected to volatilities in the economy. For example, increases in fuel costs has adversely affected the operating costs of the Tours and Transport business. In cases such as these the Authority seeks to raise prices to recover the additional costs in order to maintain the required rate of return.

Capital Investment

The Authority's capital investment program is described at the section of this report titled Rottnest Island Taskforce. In addition, the following information is disclosed regarding Authority and relevant capital investment on the Island.

In the 2007-2008 year the Authority signed two significant leases and development agreements with private developers and operators to the value of around \$9.5 million.

An operating lease and development agreement was signed with Dome Coffees Australia in April 2008. The new Dome, valued at around \$3.0 million, is fully funded by Dome Coffees Australia and will be operated under a lease for 20 years. At lease-end the building asset will transfer to the Authority. The new Dome is expected to be completed for opening in November 2008.

This development will enable the Authority to demolish the old Dome and return the beach front to its original habitat, providing a better environment for visitors and an improved landscape.

The Quokka Arms Hotel operating lease was signed in November 2007 with Garrett Hospitality Pty Ltd for a 30 year period. Linked to this lease is a development agreement guaranteeing \$6.5 million of capital upgrades and improvements to the premises. Works have commenced on the refurbishment of the accommodation and major improvements to the Hotel.

As a result of the private investment in the Hotel the Authority has been able to source \$1.07 million matching funds from the WA Government which has enabled major conservation works to commence on the heritage listed former Governor's Residence.

The works to the Hotel and former Governor's Residence are expected to be completed for reopening in November 2008.

Employee Numbers

Number of Employees as at 30 June 2008						
Full-time			Part-time			Total
Permanent	Fixed Term	Casual	Permanent	Fixed Term	Casual	
59	24	-	7	18	28	136

Total employee numbers equate to the equivalent of 105 full time employees.

Financial Estimates 2008-2009

As required under Treasurer's Instruction 953 the following are the annual estimates for the Rottnest Island Authority for the 2008-2009 financial year.

	Budget 2008-09 All Operations \$ '000s
REVENUE	
REVENUE (Operating Activities)	
Accommodation	12,747
Visitors Services	4,447
Property Management	1,893
Marine & Terrestrial	2,086
Admission Fees	3,578
Other Income	1,957
Total Revenue from Operating Activities	26,706
REVENUE (Non-Operating Activities)	
Interest Revenue	938
Other Income	4,713
Total Revenue from Non-Operating Activities	5,651
Grants and Subsidies	2,200
TOTAL REVENUE	34,557
EXPENSES from Operating Activities	
Cost of Sales	221
PAYROLL EXPENSES	
Salaries and Wages	9,159
Employee On Costs	1,208
Total Payroll Expenses	10,367
SUPPLIES & SERVICES	
Admin & General	3,255
Communication	923
Sales & Marketing	587
Maintenance	9,191
Energy & Waste	3,153
Total Supplies and Services	17,109
OTHER	
R & D and Others	1,072
Finance Costs	518
Total Other Expenses	1,590
TOTAL EXPENSES BEFORE DEPRECIATION	29,286
NET PROFIT/(LOSS) BEFORE DEPRECIATION	5,271
DEPRECIATION	4,747
NET PROFIT/(LOSS) AFTER DEPRECIATION	524

Governance Disclosures

Directors Liability Insurance

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 2007-2008 was \$38,300.

Other Legal Requirements

Advertising

Expenditure in advertising, market research and media advertising totalled \$150,892 and was incurred in the following areas:

Advertising Agencies	\$70,898	The Brand Agency	\$32,862
		Marketforce	\$38,036
Market Research	\$25,542	Synovate	\$25,542
Polling	Nil		
Direct Mail	Nil		
Media Advertising	\$54,452	Media Decisions	\$54,452

Disability Access and Inclusion Plan Outcomes

In 2007-2008, the RIA continued improving services for people with disabilities in line with its commitments through the Disability Access and Inclusion Plan 2007-2012.

Major highlights for each of the six outcomes the Authority is working towards were as follows:

- *People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Rottnest Island Authority.*
Planning, policy and procedures for events held on Rottnest Island have been updated with information regarding disability access and services. The Authority has also continued its commitment to the Companion Card program.
- *People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Rottnest Island Authority.*
Planning for the North Thomson refurbishment program includes maintaining the number of units catering for people with disabilities. Two new Bayseeker buses offer additional access around the Island.
- *People with disabilities receive information from the Authority in a format that will enable them to access the information as readily as other people.*
The *You're Welcome* initiative was launched, podcasts are now available through the Authority's website and a signage manual has been developed for consideration of appropriate signage around the Island.
- *People with disabilities receive the same level and quality of service from the staff of the Authority as other people.*
Information on Island facilities for disabled people is included in staff induction booklet and staff members have access to *You're Welcome* information.

- *People with disabilities have the same opportunities as other people to make complaints to the Rottnest Island Authority.*
Visitor feedback mechanism through the Authority's website has been maintained and complaints policy for feedback in any form sees complaints registered and followed up.
- *People with disabilities have the same opportunities as other people to participate in any public consultation by the Rottnest Island Authority.*
Public consultation has taken place through public media and the Authority's website. Feedback can be in electronic or written format.

Full details on the six outcomes and their status can be found in the Disability Access and Inclusion Plan on the Authority's website.

Public Sector Standards and Ethical Codes

In 2007-2008 no complaints were received in relation to non-compliance with the ethical codes. There were also no claims received for breach of standards from Public Sector Standards in Human Resource Management. This is a very positive result given the Authority conducted in excess of 35 recruitment processes in 2007-2008. All selection panels are provided with supporting information and a checklist to ensure compliance with the Public Sector Standards.

The Authority developed and implemented a new Workplace Issue and Grievance Resolution Policy and supporting guidelines. The policy and guidelines have been communicated to all employees through the Authority's intranet and awareness raising will be ongoing.

In October 2007 the Authority implemented a new mandatory Corporate Induction Program for existing and new employees. The program included a session on the Code of Ethics, the Authority's Code of Conduct and expectations of all employees in relation to workplace behaviour. Employees were provided with a copy of the Authority's Induction Handbook which includes information on the Code of Ethics, Equal Opportunity, Cultural Awareness, appropriate workplace behaviour and the Authority's Code of Conduct.

In May 2008 employees were invited to participate in the review and development of the Authority's Code of Conduct. Following consultation, a new Code of Conduct was submitted to the Executive in June 2008 for endorsement. The new Code will now be communicated to all employees through awareness raising sessions, the Induction Program and the intranet. All new employees are provided a copy of the Code on commencement.

Record Keeping Plan

The RIA's Record Keeping Plan and Retention and Disposal Schedule were approved by the State Records Commission in December 2005 and must be reviewed by December 2010.

RIA's record keeping system TRIM Context 6.1 is regularly assessed to measure its effectiveness and efficiency in meeting compliance and operational requirements. Internal assessments have highlighted opportunities for improvement, such as increasing record keeping training and support to staff based on Rottnest Island.

New and existing personnel within RIA's Information Services team have been provided with records management training to support them in their roles, including undertaking a TRIM Power User Course. A Freedom of Information (FOI) workshop and TRIM Administrator course was also undertaken.

Record keeping training has been provided to all RIA staff. A summary of employee roles and responsibilities in regard to their compliance with RIA's Record Keeping Plan and support services was provided as a component of RIA's Induction Program.

Staff generating records in their natural course of business are required to complete an online Record Keeping Awareness Training course within two weeks of their commencement. In addition to the online course, the Information Services team provides one-on-one TRIM Training. Directors, managers and supervisors attended a FOI Briefing Session provided by the Office of the Information Commissioner.

A project was also commenced to preserve approximately 4,500 plans and drawings including, unique records and copies of masters that are located at other government agencies.

Government Policy Requirements

Corruption Prevention

To improve corporate governance the Authority has reviewed Directorate organisational structures, the Delegation Manual and the Board Code of Conduct. The Authority has also commenced a review of all policies and procedures to identify misconduct and corruption risks. An audit of the complaint handling process has also been undertaken.

During 2007-2008 the Authority developed and implemented a new Conflicts of Interest Policy and Conflicts of Interest Guidelines. These have been communicated to employees through the intranet.

The *Public Interest Disclosure Act 2003* defines special action that must be taken by agencies in relation to disclosures of public interest information that may show that a public authority, officer or contractor has been, or proposes being involved in, improper conduct, committing an offence, misuse of public resources or an act or omission which poses a risk for the public or the environment.

Details of the Authority's public interest disclosure officer and internal procedures were updated in 2007-2008 and published on the Authority's website. Information about public interest disclosure is also included in the Induction Manual which was provided to all employees. There were no reported cases in 2007-2008.

Sustainability

The Rottneest Island Authority continued to implement strategies to progress sustainability within its operations and to promote sustainability to its Island stakeholders. The challenge for the Authority is to achieve sustainability in all three of the following areas concurrently when demands from the respective areas compete for the Authority's limited resources.

Environmental

- Applied the Authority's sustainable development guidelines and approval process to ensure all new developments, restorations and improvements contribute to the Island's environmental and social sustainability.
- Maintained carbon-neutrality for all RIA vehicles and while not a formal carbon abatement program the RIA's Woodland Restoration Program combined with its renewable energy wind turbine assisted in offsetting the Authority's carbon footprint.
- Implemented strategies to minimise and recycle waste from various sources on the Island and within the Authority's offices and workshops.
- Applied a policy encouraging staff to walk or use bicycles instead of vehicles when working on the Island.

Social

- Partnered with Aboriginal Western Australians to continue growing an understanding of Rottnest Island's cultural significance.
- Prepared a draft Reconciliation Action Plan specific to Rottnest Island for consultation with Aboriginal representatives of the Island.
- Encouraged cultural groups with connections to the Island's heritage to research and celebrate their relationships with the Island.
- Maintained staff access to a work day for volunteering to appropriate community organisations or projects.
- Communicated sustainability messages to the Island's visitors and guests through publications, campaigns and education.

Economic

- The Authority achieved a financial operating surplus for the first time in several years. However, the Authority continues to face challenges regarding the funding of its total operations, especially its non-commercial services (natural environment and cultural heritage) and infrastructure developments.
- Adopted guidelines to encourage sustainability in the Authority's procurement practices.
- Implemented strategies enabling the Authority's commercial services to remain financially sustainable including CPI increases for fees and charges, operational productivity improvements and campaigns to increase visitation during the Island's shoulder and off-peak holiday seasons.
- Sought strategies to provide a successful economic environment for the Island's commercial operators including partnerships with suppliers and service providers and provision of forums for consultation on Island management issues.

Occupational Safety and Health

The Authority has an Occupational Safety & Health (OSH) Committee which is scheduled to meet quarterly with the ability to call earlier meetings if required. Minutes of the OSH Committee are available on noticeboards in the Fremantle and Rottnest Island offices. The elected safety representatives assist in establishing safe systems of work and enhance communication structures in the workplace.

In accordance with the *Workers' Compensation and Injury Management Act 1981*, the Authority has a documented Injury Management Policy and supporting guidelines and this policy and guidelines are available to all staff electronically. In 2007-2008 the Authority continued a practical claims management approach of focusing on injury management and rehabilitation. Return to work programs are developed in accordance with the requirements of the Act.

The Authority has continued its program of offering flu vaccinations as part of the employee wellness program. All First Aid supplies in the Fremantle and Rottnest Island offices were audited, replenished and/or replaced. Other initiatives included courses on Senior First Aid for Coach Captains and Bike Hire Employees, the introduction of an Emergency Training Program for the RIA resident emergency services employees and a review of the fire and emergency evacuation procedures.

Information is provided as part of the Corporate Induction Program and a section is dedicated to OSH in the Induction Manual which was distributed to all employees in 2007.

Annual performance for 2007-2008:

Number of Fatalities	Number of Severe Claims	Number of Lost Time Injury/ Diseases	Lost Time Injury Severity Rate
0	0	2	0.0000

ACKNOWLEDGEMENTS

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

Conservation and Community Groups

Aboriginal Elders and Aboriginal Community
Birds Australia
Conservation Commission
Conservation Volunteers
Fremantle Volunteer Sea Rescue Group
Friends of Rottnest
Honorary Bay Rangers
Honorary Rangers
National Trust of Australia (WA)
Offshore Boardriders Club
Rottnest Conservation Foundation
Rottnest Voluntary Guides Association
Rottnest Society
Scouting Association of Western Australian
Volunteer Fisheries Liaison Officers
Winnit Club

Research and Advisory Groups

Murdoch University
Rottnest Island Cultural Heritage Advisory Committee
Rottnest Island Environmental Advisory Committee
Rottnest Island Marine Issues Advisory Committee
Rottnest Island Railway Advisory Committee
University of Western Australia

Professional and Business Groups

Australian Association for Environmental Education
Fremantle Chamber of Commerce
Forum Advocating Cultural and Ecotourism
Rottnest Fire and Emergency Services
Recfishwest
Rottnest Island Business Community

State Government

Central TAFE
Department for Planning and Infrastructure
Department of Agriculture and Food
Department of Consumer and Employment Protection
Department of Environment and Conservation
Department of Fisheries
Department of Health
Department of Indigenous Affairs
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
Marine Parks and Reserves Authority
Parliamentary Counsel's Office
Perth Zoo
RiskCover
State Solicitor's Office
Sustainable Energy Development Office
Tourism Western Australia
Transperth
Water Corporation
Western Australia Police
Western Australian Museum
Western Australian Planning Commission

Federal Government

CSIRO Science Education Centre

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