

Rottnest Island Authority —

Ms L.L. Baker, Chairman.

Dr K.D. Hames, Minister for Tourism.

Mr P. Amaranti, Chief Executive Officer.

Mr O. Beerli, Chief Financial Officer.

The CHAIRMAN: This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

Members may raise questions about matters relating to the operations and budget of the off-budget authority. Off-budget authority officers are recognised as ministerial advisers. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 8 June 2012. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: Member for Midland.

Mrs M.H. ROBERTS: I refer to page 165 of the *Budget Statements*. It is the only page related to the Rottnest Island Authority, so that is the only page anyone will refer to. The second paragraph states —

The 2012–13 asset investment program will focus on:

Three items are listed there. It is the second item I am questioning here, “utility and infrastructure assets”. I want to know a couple of things. One is about the report of the Economic Regulation Authority in March this year that identified a lot of shortcomings. Will any funding be used for the ongoing works program to help resolve issues identified in that report; and, if so, what? Given that Rottnest Island is a prime tourism destination, what policy has been put in place to ensure that the RIA meets satisfactory customer service? I have a further question, but I might just leave it at that for now.

Dr K.D. HAMES: The management of utilities on the island has been somewhat problematic. We have been involved with Western Power staff who have been working on the island for some time looking at the facilities there and the quality of those facilities. I think it is fair to say that there are some shortcomings in the standards of those facilities, which have been there for a long time. Work has been done, but it is an issue that we need to address. I will get the director to go through what that work is. We have had discussions with Horizon Power about the option of it taking over management of those services, but in doing so there will be a cost involved in bringing those up to a standard it would require. I will now hand over to my director, who will answer the rest of the components to that question.

Mr P. Amaranti: We have a facilities manager on the island, which is Programmed Facility Management. It is responsible for maintaining all the utilities. Each year it will advise us what is required to be done to maintain compliance with not only our power, water and sewerage utilities but also other facilities. This year, as listed, a number of works will be undertaken on the fuel farm, lighthouse feeder power, the water-metering systems, the waste water treatment plant upgrades, and also our fuel jetty tanks and pipework.

Mrs M.H. ROBERTS: Can I clarify something: Mr Amaranti said it is listed somewhere—where is it listed?

Mr P. Amaranti: My apologies. The works that will be done this year, particularly with the facilities manager identifying these works, are: fuel farm upgrade, lighthouse feeder upgrade, water metering to all units and waste water treatment plant upgrades. Work involving the fuel jetty tank and pipework will be undertaken as well during that period. It is around \$1.6 million worth of activity in the first instance, but around \$3.7 million will be spent maintaining compliance throughout the year.

Mrs M.H. ROBERTS: I specifically refer to my question about the ERA report in March. It is one thing to say that the contracted company identifies issues. Quite clearly the ERA report identified a number of issues that the authority is required to rectify by a deadline of 15 August 2012. Will that deadline be met? Could I have the information listed item by item and the cost that Mr Amaranti has just read out?

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Dr K.D. HAMES: The answer to the second question will be in *Hansard*, although I will go through the individual figures for each. The fuel farm upgrade is \$300 000, the lighthouse feeder upgrade is \$500 000, water metering is \$300 000, the waste water treatment plant upgrade is \$200 000, and the fuel jetty tank and pipework facility upgrade is \$200 000. That answers the last part of the question. I will hand over to the director to answer the first part.

Mr P. Amaranti: We have maintained compliance. I do not have the report with me, but the ERA report, which was only released yesterday, identified that Rottnest Island has been compliant and is compliant as we speak.

Mrs M.H. ROBERTS: Can I ask specifically whether there are any issues with the desalination plant at Rottnest and whether any expenditure is planned on that, and whether that desalination plant is fully compliant?

Dr K.D. HAMES: I will hand over to the director.

Mr P. Amaranti: The desalination plant is fully compliant. No current issues have been identified by the facilities manager. It is compliant.

[10.10 am]

Mrs M.H. ROBERTS: Who assesses the compliance of the desalination plant?

Mr P. Amaranti: Our facilities managers are responsible for identifying immediately to us any noncompliant issues at the plant. The plant, of course, is monitored by the Economic Regulation Authority as part of our distribution licence. It is independently audited by the ERA and it advises us if the plant is noncompliant.

Mr D.A. TEMPLEMAN: I am interested in the costs associated with the annual leavers' experience at Rottnest Island. I am interested to learn from the asset investment program what is spent on clean-up costs and maintenance caused by the annual leavers' experience. Is the minister able to provide figures on how many bonds are kept and returned to leavers over the past five years? It may be additional information. I am looking for a trend.

Dr K.D. HAMES: The member wants to know whether things are getting worse.

Mr P. Amaranti: On the bonds, last year we only had one bond returned. In the previous year we had two. Clearly, it has become quite clear that unless leavers clean up their unit, they will not get their bond back.

Mr D.A. TEMPLEMAN: How many would that be?

Dr K.D. HAMES: When you said one bond returned, what did you mean?

Mr P. Amaranti: We kept one bond.

Mr D.A. TEMPLEMAN: I was going to say, it must be a hell of a time over there!

Mr P. Amaranti: My apologies! We kept one bond.

Mr D.A. TEMPLEMAN: I was going to ask a list of questions if that was the answer. Is that generally the flavour for the past five years?

Mr P. Amaranti: Yes. Certainly, the issues we have had with leavers have diminished over the last four years considerably. Leavers is well managed; indeed, there are no real issues with leavers at all.

Mr D.A. TEMPLEMAN: Can the minister provide an indication of the revenue that the Rottnest Island Authority loses because it needs to house police and other extra staff during those leavers' celebrations? Obviously, the authority needs to make provision for their accommodation. What is the net loss in having to provide those resources? Can the minister also provide figures on the number of extra staff needed and what overtime staff do during leavers?

Mr P. Amaranti: Leavers is an event that we budget for. It is full cost recovery; therefore, all those issues the member raised are put into the budget and the price for ticketing for accommodation is charged accordingly. All those things are full cost recovery. We actually do not lose any revenue during leavers.

Mr D.A. TEMPLEMAN: Can the minister provide the figure for the number of visitors to Rottnest during leavers over the past five years?

Dr K.D. HAMES: We will provide by way of supplementary information the numbers of visitors—that is, daytrippers—who have visited Rottnest during the leavers event over the past five years.

[*Supplementary Information No A20.*]

Mr A.P. JACOB: I refer to page 165 of the *Budget Statements*. I note that \$3.7 million is being spent to upgrade Rottnest Island's holiday and tourism facilities, infrastructure compliance and also essential services. Can the minister provide more information on what is being done to improve the accommodation and visitor experience on Rottnest?

Dr K.D. HAMES: A lot of work is being done on Rottnest. It is critical to keep up the quality of facilities. In fact, we need to improve the quality of facilities on the island. We have installed barbecues at South Thompson and provided some sofas at Geordie Bay, Longreach Bay and Fays Bay. Barbecues have also been installed at the central Thompson accommodation—as have extra blankets. There is the brand-new West End Boardwalk, which I opened last year. Incidentally, it is made of recycled plastic. There is the external painting of accommodation units in Bathurst. A lot of work is planned at the camping ground. That work has not started yet; a small amount of work has been completed, but we will significantly improve facilities at the camping ground. As the member knows, we have issues with the hotel, but we are trying to cover all the range of services and standards of accommodation. It is particularly critical, in my view, to upgrade the camping ground facilities. The camping ground will be expanded and remodelled. Beach sand has been put down to replace the black dirt. Cooking facilities and other services will be provided. There has been interpretative street signage. The member will be pleased to know that staff accommodation upgrades are not a big component. There are also miscellaneous things, such as pavements and hotel drainage. There are second stages to some of those things. The second group includes the reticulation and greening of the golf course—something we announced previously. Our key aim in doing that is to get winter visitors. We want to reach arrangements with golf courses across the state by which golfers stay on the island in winter to play golf. To do that, we need a better quality golf course than the one there now. It is also an opportunity to re-use waste water on that facility. We are working on a program to do that.

Mrs M.H. ROBERTS: How much funding has been earmarked in the asset investment program for Indigenous tourism programs on the island? What Indigenous tourism currently exists on Rottnest Island? Will there be a replacement of the Indigenous tours WA bus tour similar to the one cancelled by the RIA in 2011?

Dr K.D. HAMES: I will hand over to my director.

Mr P. Amaranti: This forms part of our reconciliation plan. Next year \$100 000 has been allocated to maintain some of the activities in relation to the reconciliation plan for Indigenous issues, particularly our relationship with Clontarf. We fully sponsor an annual event that involves bringing over 110 Indigenous football players to the island. We run our education program, which focused last year on around 16 000 students, and we now have a component of that curriculum focused on Indigenous issues with respect to Rottnest Island and its heritage. We are also spending a considerable amount of money on the cultural aspects in terms of training for our staff. Presently, 83 of my 108 staff have gone through that training program. Hopefully, all my staff will have gone through that program by the end of June. It is being run by an external consultant. In terms of the replacement of the tour we had a number of years ago, we are looking at that strategy. But we see the curriculum that we are running with school students as a major focus; it is an experience for those students who come to Rottnest on camps to get some appreciation. At this stage, we have not got down the line to reinstate the bus tour.

Dr G.G. JACOBS: I was going to ask what is being done with holiday and tourism facilities to attract daytrippers, but the minister covered a bit of that. Perhaps he can add to that. Can we talk about the short and longer-stay people and what is being done there? There was a plan for a five-star development; it did not eventuate. Is there any other interest on the horizon? What are the impediments in attracting such development? Is there anything we can do you can do?

[10.20 am]

Dr K.D. HAMES: The issue of daytripper numbers visiting the island is of concern; the numbers are down this year, I guess because of a multitude of competing interests. In fact, our accommodation stays are marginally down, but holding much better, and I think that is a reflection of what is happening in a whole lot of other areas. Visitor numbers at places like the Zoo, for example, and a range of different services facilities throughout the state are mostly down in the same sorts of numbers. We have to do the best we can; part of that reduction, it has been suggested, is related to cost, particularly the cost of the ferry. In fact, because of the reduction in numbers, marketing by the ferry operators has been fairly aggressive. I am sure the member will have seen the Love My Rotto ads on TV; although, perhaps he has not since he lives in Esperance, but in Perth they have been running pretty strongly. There will be a \$20 reduction in ferry fares beginning at the start of June. There has been aggressive marketing work on the cost of getting to Rottnest. The member will be aware of the recent long-stay initiative; I will ask my director to say how well that is going. As the member knows, the winning tenderer for the hotel withdrew. That did not progress, so we are just holding off for the time being, because we have been trying to get that up for a long period and it did not get up, but there are other options. One is the Rottnest Island Lodge. The manager there has a proposal for expansion of the lodge, which will provide medium and upper market level accommodation. Another option is to the south of Hotel Rottnest, which is currently being considered as well. We are looking at the full spectrum of accommodation and making sure that we have a quality product that is in as good a condition as we can get it. We want to make sure that, with the upgrades we are talking about, we get people who are keen and willing to go to the island.

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Mr P. Amaranti: On the extended stay, we currently have eight bookings, and we are just about to run a direct campaign through the RAC's database, which we hope will increase those bookings. We have only 20 units available, so it is getting to the point where we need to hopefully sell all of them.

Dr K.D. HAMES: The RAC has an interesting new program; it is much more involved in providing holiday accommodation for its members, and we might benefit from that in other parts of Western Australia. It looks very interesting.

Mr D.A. TEMPLEMAN: Has the Rottnest Island Authority had feedback from the public that one of the reasons for the drop in visitor numbers has been the impact of the increase in the cost of living? People are actually saying that they cannot afford to go to Rottnest for a family holiday. Is that coming to the authority as feedback?

Mr P. Amaranti: No, we have not had that feedback, but of course we hear about it and it is important to us, so the board made the decision in January this year to undertake the biggest market research exercise that the Rottnest Island Authority has ever undertaken. We are in the middle of that now, and it will be delivered back to the authority for consideration at the end of June, possibly the middle of July. That research will look at understanding what the real issues are for the Western Australian public, in terms of their issues with Rottnest, what they want to see for Rottnest and, embedded in that, the cost of going to Rottnest.

Mr D.A. TEMPLEMAN: How is that marketing survey being done? What is the scope of that contract?

Mr P. Amaranti: We have appointed a market research company called TNS, and it is doing that survey through the normal processes of market research, which primarily includes focus groups, omnibuses and direct interviews with stakeholders. It is probably the largest number of participants we have ever had and we are looking at not only the regulars who come to Rottnest but also a large number of people who have never been to Rottnest, to understand what they want out of Rottnest. All of that is embedded in that research.

Mr D.A. TEMPLEMAN: What is the cost of that marketing survey?

Mr P. Amaranti: It is \$98 000.

Mr D.A. TEMPLEMAN: I refer to page 165 and utility and infrastructure assets. Has the Rottnest Island Authority ensured that all of the 583 masonry columns and structures in Bathurst Point, Thomson Bay South and Thomson Bay have been steel reinforced after the death of the three-year-old boy in 2009? Has that been done?

Mr P. Amaranti: Yes, it has been done. The member used the words "steel reinforced"; we have braced all the columns. That is what the engineering requirement was.

Mr D.A. TEMPLEMAN: They have all been braced?

Mr P. Amaranti: Yes.

Mr D.A. TEMPLEMAN: Have they all been structurally tested by an appropriate officer?

Mr P. Amaranti: Yes, independent engineers.

Mrs M.H. ROBERTS: There is a reference on page 165 to information technology systems. Will the information technology upgrades be used to record visitor information and statistics? Does the RIA have any plan to increase visitor fees in 2012–13? How many visitors arrived by ferry in 2011–12?

Mr P. Amaranti: In 2011–12, 301 000 visitors arrived by ferry—sorry; to date. We do not have the final figures, but we expect it to be around 300 000. The visitor fees on Rottnest Island will only go up by the consumer price index.

Mrs M.H. ROBERTS: So that is all fees by CPI?

Mr P. Amaranti: Yes.

Dr K.D. HAMES: There were three questions; what was the third one?

Mrs M.H. ROBERTS: One was about the technology upgrade.

Mr P. Amaranti: The ICT upgrade will involve a customer research marketing database facility, which will allow us to understand what our visitors are seeking. That will be part of the implementation of a new ICT system.

Dr K.D. HAMES: With ICT, we want to make significant improvements in focusing on the needs of customers. A good example is, one can book accommodation on the website, but it is not always easy to have interaction with customers. What we would like to see, for example, is interaction with people who go over there on their boats. If bad weather comes in, they tend to scoot home; we would like to be able to get hold of them and say, "Come over to the island and spend two or three days there while the weather blows over, and then stay for longer". We currently do not have the facility to do that. It would be particularly useful for people in Thomson

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Bay, where it can be pretty rough and uncomfortable when the easterlies are blowing. We have seen issues in the past where elderly people, often retired, have had to go backwards and forwards from the island in little rubber dinghies in pretty bad weather to get to their boats. We want people who want to come to the island to be able to look at the website and see much more easily what is available and book what is available. We want to have much more interaction with the public via that system.

Mrs M.H. ROBERTS: Could the minister provide some statistical information on where visitors to Rottneest are from—local, intrastate, interstate or overseas—for the last few years?

Dr K.D. HAMES: Rather than using up the committee's time, it might be easier for me to provide that answer by way of supplementary information. I ask the member to repeat exactly what she wants.

[10.30 am]

Mrs M.H. ROBERTS: I would like statistical information for the last three years on where visitors to Rottneest Island are from—that is, local, intrastate, interstate or overseas visitors.

Dr K.D. HAMES: We do have that information because I have seen it, but we do not have it here.

[*Supplementary Information No A21.*]

Mr D.A. TEMPLEMAN: Do we have a minute? I have a quick question.

The CHAIRMAN: How is the minister going to answer in a minute?

Dr K.D. HAMES: Really quick.

Mr D.A. TEMPLEMAN: Last year the minister provided information on the ballot—the postcodes in the ballot. Could the minister provide that information?

Dr K.D. HAMES: We do have it here but we have run out of time, so we will provide that by way of supplementary information.

[*Supplementary Information No A22.*]

The appropriation was recommended.