



BRIEFING

ROTTNEST ISLAND AUTHORITY



February 2001

ROTTNEST ISLAND AUTHORITY ACT (1987)

- The Rottnest Island Authority (RIA) exists as a Statutory Authority pursuant to the *Rottnest Island Authority Act 1987* (the Act).
- The Act in summary:
 - Section 5 of the Act establishes the RIA as a body corporate with perpetual succession that is capable of acquiring, holding and disposing of real and personal property; suing and being sued; and, doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer.
 - Section 6 prescribes the number of members that the Authority – expanded in Item 1.2.
 - Section 11 sets out the functions of the Authority:
 - To provide and operate recreational and holiday facilities on the Island;
 - To protect the flora and fauna of the Island;
 - To maintain and protect the natural environment and the man made resources of the Island and, to the extent that the Authority's resources allow, repair its natural environment.
 - In the pursuit of these aims the Authority is to have particular regard to the needs of Western Australian families - Section 12.
 - The powers of the Authority are to be found in Section 13. These include: carrying out developments and improvements; entering into arrangements for work or supply of equipment or services; requiring payment of rent, fees or other charges for the use of facilities, equipment or services supplied by the Authority with the power to waiver, reduce or refund; entering into necessary arrangements to provide and operate recreational, holiday and business facilities.
 - Part IV of the Act deals with the preparation and contents of the Rottnest Island Management Plan (RIMP). A new Management Plan is due in 2002.
 - The Act is accompanied by the *Rottnest Island Regulations 1988* (the Regulations), made under Section 48 of the Act. The Regulations give the Authority the power to grant licenses to occupy accommodation, prescribes offences and penalties, and regulate the use of moorings.



ROTTNEST ISLAND AUTHORITY (BOARD)

- MEMBERSHIP

- Part II - Section 6 of the Act prescribes the number of members that the Board shall consist of at any one time:
 - Chairman appointed by the Governor on the nomination of the Minister; and
 - Five other members appointed by the Governor on the nomination of the Minister.

- As a minimum, the Board must comprise:
 - one member is a person who in the opinion of the Minister has practical knowledge of and experience in the conservation of the environment;
 - one member is a person who in the opinion of the Minister has practical knowledge of and experience in the preservation of buildings of historic value;
 - one member is a person who in the opinion of the Minister is a person of sound commercial experience; and
 - one member is a person who in the opinion of the Minister is a regular user of the Island for recreational purposes.

- Current membership and term of appointment:
 - Mr Ross Hughes**, Chairman – Term of Appointment expiring 30/5/02;
 - Ms Celia Searle**, Deputy Chair – Term of Appointment expiring 31/3/03;
 - Mr Guy Leyland**, Member – Term of Appointment expiring 31/3/01;
 - Mrs Claire Huston**, Member – Term of Appointment expiring 31/3/01;
 - Mr Laurie O'Meara**, Member – Term of Appointment expiring 30/5/02;
 - Mr Joe Merillo**, Member – Term of Appointment expiring 31/3/03.

- The Board meets monthly. Past practice has been to provide the Minister's Office with a copy of the Board papers.

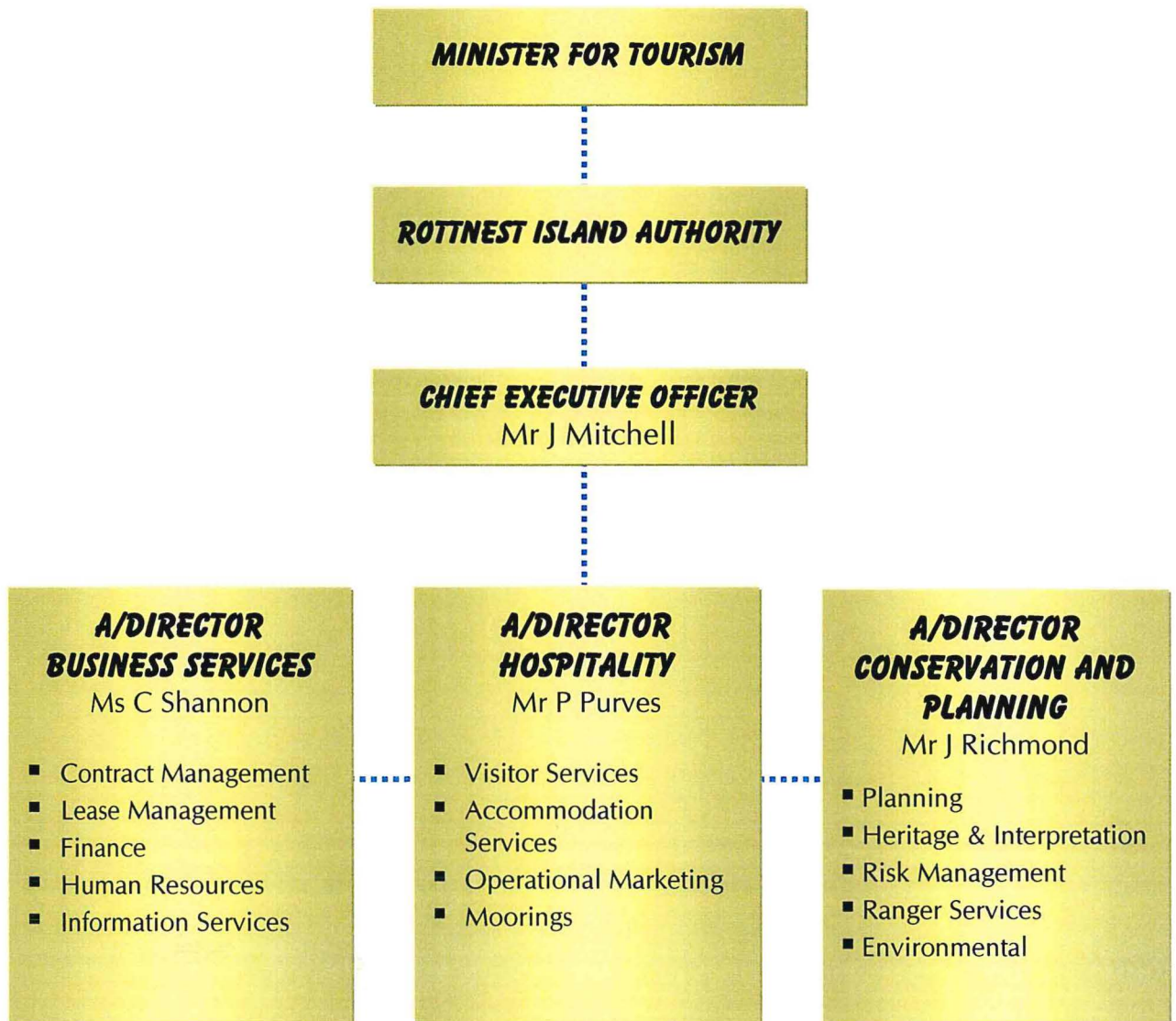


ORGANISATIONAL STRUCTURE

- A copy of the RIA's organisational structure is attached.
- Currently there are three Directorates:
 - Business Services;
 - Hospitality; and
 - Conservation and Planning.
- Directorate Responsibilities:
 - Hospitality
Visitor Services
Accommodation Services
Operational Marketing
Mooring
 - Business Services
 - Contract Management
 - Lease Management
 - Finance
 - Human Resource
 - Information Services.
 - Conservation and Planning
Planning
Heritage and Interpretation
Risk Management
Ranger Services
Environment.
- During 1999, the RIA developed, at the direction of the Board, three director positions to meet the business needs of the organisation. In November 1999, approval was received to classify these positions at Level 9.
- Following approval, the positions were advertised in the *Intersector*, *The West Australian*, and *The Australian*. They attracted a quality field from across Australia.
- The process was stopped in line with the Caretaker Convention.
- The Chief Executive Officer was appointed on 24 August 1999.



ORGANISATIONAL STRUCTURE



1.1 ROTTNEST HOTEL: BACKGROUND AND CURRENT STATUS

LEASE NEGOTIATIONS

The previous lease of the Rottnest Hotel expired on 30 June 2000. Preparations began for the selection of a new lessee of the hotel in early 1999, with the establishment of a project control group charged with the responsibility of identifying key issues to consider during the selection process. The issues included the facility, balancing its heritage value and current use, and its amenity, concentrating on the best possible outcome in terms of wide customer satisfaction. A comprehensive Conservation Plan was developed to protect the heritage value of the site. Market research added to the information gathered, all of which was used in the preparation of the initial document put to the market – the Expression of Interest to Operate the Rottnest Hotel.

Ten submissions were received before the due date and time, 17 December 1999. Five proponents were subsequently invited to submit a Request for Proposal on or before 31 May 2000.

- The Swan Brewery Company Pty Ltd
- ALH Group Pty Ltd
- Jewel in the Crown Consortium
- Mustard Catering
- Beachfront Enterprises

The second stage of the process concentrated on seeking detailed information on the proposed management of the facility, the refurbishment and restoration program, the demonstrated ability and financial stability of the proponents and their financial proposal to the RIA.

Four submissions were received, of which two failed to adequately satisfy the selection criteria. Two submissions were deemed to satisfactorily meet the criteria and were ranked as first and second proponents in the process. The Selection Panel's decision was made public in early November 2000, whereupon The Swan Brewery Company Pty Ltd were advised of their status as first preferred proponent, and Beachfront Enterprises were advised of their status as second preferred proponent.

Immediately thereafter, the RIA and the first preferred proponent commenced discussions with the aim of developing a heads of agreement and lease document that would allow the commencement of operations on 1 May 2001.



The preparation of a draft lease document is currently providing the focus of ongoing discussions. The Swan Brewery's response to the preliminary draft lease has not been accepted by the Hotel Evaluation Panel. Further discussions are anticipated.

INTERIM MANAGEMENT

As the selection process extended beyond the end of the previous lease term, a Request for Quotation was put to the market in May 2000 to secure the services of a suitably qualified hotel and hospitality service provider to ensure continuity of service delivery.

Axis Management Group, a Western Australian hotel management service provider, were successful with their tender, providing the RIA with evidence of their ability to take over the management of the Rottnest Hotel.

Axis Management, engaged for a period to 30 June 2001 or the commencement date of a new lease if earlier, are paid a flat management fee for their services. They are responsible for all aspects of the daily operational management of the hotel, liaising closely with the RIA where required.

The financial and management information that has been provided by Axis has been, and will continue to be, an invaluable contribution to the RIA's understanding of the business and ability to negotiate effective lease terms and conditions with a new lessee.

To date the Hotel has returned a net trading profit of \$0.234million to the RIA.

CONCLUSION

The Government's plan for the Tourism Industry with regard to the Hotel, states that we must "ensure that any proposals for the redevelopment of the ...site are transparent, includes proper community consultation and is sensitive to the Island's heritage and environment". I would appreciate the opportunity to discuss the implementation of this policy direction with you.



1.2 ROTTNEST LODGE: BACKGROUND AND CURRENT STATUS

The RIA was party to a 21-year lease signed between it and Hancock Developments over the Rottnest Lodge, commencing in 1983. The lease was assigned in May 1985 to Rottnest Lodge Resort Pty Ltd and was extended later the same year to a period of 35 years. The lease was assigned for a second time to Rottnest Lodge (1989) Pty Ltd. In June 1991 the lessee went into receivership. The R&I Bank (BankWest) as holders of a second mortgage over the lease, appointed KPMG Peat Marwick as Receiver/Manager. The Ledger Consulting Group is the current Receiver/Manager.

During the last twelve months the RIA has had a number of discussions with BankWest and the Receiver concerning BankWest's intention to dispose of the balance of the lease, some 18 years. The RIA has the ability under the lease, to withhold permission for an assignment of the lease. The RIA has maintained the position that certain conditions should be met prior to any assignment. Central to the discussions has been the Quod.

The Quod is the original Aboriginal Prison. Three hundred and seventy three Aboriginal prisoners died while held on the Island and are buried adjacent to the Quod in the Aboriginal cemetery. Clearly the Quod is of great significance to Aboriginal people, represented by the Rottnest Island Deaths Group. Any attempt to dispose of the lease will ensure that this issue comes to the fore. It is notable that the RIA and BankWest appear to have conflicting legal opinion on the need to seek the approval of the Minister for Aboriginal Affairs, pursuant to the Aboriginal Heritage Act, 1972, should the lease be assigned.

In an effort to resolve this issue the RIA has suggested to BankWest that they consider returning the Quod to the RIA, thereby reducing the number of rooms available by twenty. The RIA would in turn consider making a small area of land available, adjacent to the existing Lakeside Units, where replacement rooms could be constructed. The RIA has argued that BankWest's return for the Lodge, without the Quod but with building approval, would equal their return if they attempted to dispose of the remaining term of the lease as is.

To date, the Bank has not accepted this position, nor have they rejected it. At our last meeting they asked whether an extension to the existing lease would be possible. They were advised that it was not.

This matter is therefore ongoing. An opportunity to discuss our future direction with you would be appreciated.



1.3 AFFORDABILITY - ACCESSIBILITY

BACKGROUND

- The *Rottnest Island Authority Act 1987* requires the RIA to have particular regard to the needs of Western Australian families, and to ensure that where demand for use of Island facilities exceeds supply not to give advantage to any person or group.
- This legislative requirement has resulted in the RIA pursuing a policy of accessibility and affordability in the provision and operation of recreational and holiday facilities.

COST OF FAMILY HOLIDAYS ON ROTTNEST

- Access to accommodation facilities during periods where demand exceeds supply (such as Summer, Easter and school holidays) is managed through a ballot system that ensures all those who apply have an equal chance of securing holiday accommodation. For bookings made outside of the peak periods covered by the ballot, bookings can be made a maximum of one year in advance and are limited to two units per person.
- Changes to the ballot process in the last school holidays resulted in a significant increase in the number of successful applications – 1,314 in 1999/2000 to 1,730 in 2000/2001 against a similar number of applications.
- In relation to affordability, each year the RIA undertakes a comparison of accommodation tariffs between Rottnest and similar destinations in the South West of the State (this is a Key Performance Indicator reported on in the RIA's Annual Report). Currently, the cost of a family holiday on Rottnest is approximately half that of an equivalent family holiday in the South West.
- Unlike private sector tourist operators, the RIA makes no attempt to maximise its return by charging higher tariffs during periods of peak demand. It should also be noted that the RIA does not control the cost of travelling to the Island via commercial ferry operators who may charge more at times of peak demand.



CONCLUSION

The Government's Plan for the Western Australian Tourism Industry states that the Government will "work to ensure that holidays at Rottnest remain affordable to the average citizen". In this regard, it is of note that customer feedback, on affordability, during the summer months has focussed on the cost of ferry travel. This has been brought to the Board's attention. The Board has sought a detailed paper on ferry costs and issues. This is now being prepared.

It is also of note that in the comparison figures provided, the RIA uses the cost of its beachside accommodation. We also offer lower cost accommodation, such as the Caroline Thomson units at a cost of \$231.00 per week. However, it must be said that the condition of these units is very poor. Further comment on this is made in the context of capital works.



1.4 SUSTAINABILITY

The RIA mission statement relates to the conservation and enhancement of the Island as a destination rich in environment culture and heritage to enable a relaxed holiday experience.

The conservation of Rottnest Island's significant natural resource and heritage values whilst simultaneously hosting 430,000 visitors a year on 1900 hectares of land and 1700 hectares of marine reserve requires constant balance. Management for ecological sustainability touches all aspects of the RIA business including accommodation, lease management, risk management, event management, facilities management, as well as specific conservation branch programs. Specific conservation programs include revegetation, fauna management, erosion control, education and interpretation, ground water management and water supply, heritage conservation and waste management.

The whole issue of the provision of a tourism facility within an ecologically sustainable framework is a major focus for the RIA. In addition to ensuring that processes such as waste management, water supply, provision of services etc can operate in a sustainable manner, the notion of the amenity of the Island, for the visitor experience with regard to the number of people on the Island at peak times is also an aspect for consideration.

Below is a snap shot of current issues:

- The management of waste produced on the Island is a matter for consideration with respect to the impact on the environment from the waste disposal, the limited lifespan of the current landfill site and the recovery of recyclable materials.

The current landfill site is a 2 hectare facility at Forbes Hill that up until 1996 had a 20-year history of indiscriminant tipping. The legacy of this practice in a limestone/sand environment is a plume of nutrient leachate, which has reached groundwater and is flowing in the direction of Lake Herschel. The management of the leachate plume has been an issue that the RIA Board and the Rottnest Island Environmental Advisory Committee have reviewed in detail. Regular monitoring of the groundwater in this area is continuing and a temporary plantation of River Gums has been planted to act as a biological filter taking up the high nutrient ground water before it reaches the lake.



A review of waste management practices in 1996 indicated that if indiscriminate tipping continued the landfill site would be full by 2000. A waste audit conducted in the same year revealed that 97% of waste collected (excluding construction and demolition waste) was either recyclable or compostable. The combination of a reorganisation of the landfill site, the introduction of a composting program and an increased recycling program has extended the life of the landfill by approx. a further 10 years. The issue of how to deal with waste when the landfill site is full is a matter for investigation over the next few years. The cost of waste treatment/removal from the Island after the landfill is closed will be substantial, therefore early consideration and planning is necessary.

The recycling program includes the diversion of glass, aluminum, plastics, oils, cardboard and organic material from the landfill site. The initial set up of the recycling program dealt with small volumes. The increase in material handled meant that upgrading of plant and equipment to cope with the volume of recyclable material was required. The first stages of this process are being implemented this year with funding from the Department of Environmental Protection Waste and Recycling Grant Program. Further upgrades and improvements in procedures will be effected in the future. It is expected that further funding for these initiatives will be available.

- Erosion control is also an issue of concern with the Island exposed to extreme natural pressures of salt laden winds and wave action, as well as the impact of 430,000 visitors to the Island. Eroded areas include dune blowouts resulting from fire and inappropriate track placement coupled with prevailing winds as well as historic extraction pits and a multitude of informal tracks particularly to beach locations. Management techniques include the formalisation of visitor access through implementation of walk trails, stair access over fragile foredunes and the brushing, seeding and planting of eroded surfaces. The RIA is now capable of the propagation of coastal plant species from seed collected on the Island ensuring the genetic integrity of Island vegetation.
- A woodland restoration strategy is in place to address the considerable changes in vegetation patterns since European settlement. From early Dutch explorers records it appears that two thirds of the Island were originally covered with dense woodland. Currently there is less than 10% old growth area. In addition to the conservation of the Old Growth areas, an extensive planting program has been successfully conducted for the last 6 years and a weed management strategy is in its third year of implementation.



1.5 WATER MANAGEMENT

Water supply on Rottnest Island is an environmental issue with high priority at present. The three sources of freshwater on Rottnest are the Wadjemup Hill aquifer, the bituminised catchment areas and the reverse-osmosis desalination plant. Of these three existing sources, the aquifer currently provides a significant proportion (60 – 70 %) of the Island's total freshwater supply. The aquifer and the water catchment supply are dependent on rainfall. The average annual rainfall over the last twenty years has reduced significantly in comparison to the previous 100-year average. Over the peak demand period of December/January the Island consumption of approximately 600 cu metres/day exceeds production capacity. The rising salinity levels at the periphery of the Wadjemup aquifer indicate that the area of the aquifer may be reducing as a result of continued abstraction coupled with lower rainfall recharge.

Steps to address the issue are currently being implemented. This includes investigations into the current status of the aquifer including revised maximum abstraction levels, education campaigns to reduce use of water by residents, visitors and staff and restrictions on the use of water by staff and residents.

In addition, a decision has been taken to purchase new filters and upgrade the pumps at the desalination plant. This will increase the output of potable water from 200 to 250 cu metres/day. This upgrade commits the Authority to expenditure of \$80 000. This procedure is seen as an interim measure to address immediate water concerns.

The Authority believes that over the winter of 2001 it is necessary to purchase and install an additional desalination unit at a cost of \$400,000 including infrastructure. This will increase the daily output of the desalination facility to 500 cu metres/day. The upgraded facility will then have the capacity to provide all the water requirements during off peak periods and the majority of requirements during peak periods. The reduction of abstraction from the Wadjemup aquifer will ensure sustainable use of this important resource.

However, there are significant flow on affects from this decision. Whilst desalinated water has the least impact on the Island environment and is not dependant on rainfall, it is the most expensive water source currently used on the Island. The cost of production for desalinated water is \$2.07 per kilolitre compared to 47c per kilolitre from the aquifer. The high cost of desalination is largely due to the use of electricity to drive the pumps for the reverse osmosis process. The Island electrical supply is diesel powered which is itself an environmental issue.



The Board has sought further information on the use of wind power to generate electricity for desalination with excess power supplementing the Island grid. The Authority, through the Office of Energy Renewable Remote Power Generation Program, qualifies for a grant of up to 50% of the total cost of a wind turbine which replaces diesel generation. Preliminary enquiries indicate that the installation of a 660kw wind turbine would cost approximately \$1.1million. With grant funding the cost to the RIA would be approximately \$600,000.

The current cost of diesel fuel for power generation is approximately \$850,000 per annum. The installation of a wind turbine would conservatively reduce this cost by \$300,000 per annum, thus recouping the cost of wind turbine installation in 2 years. The turbine has a life of some 15 years.

GREY WATER

Rottneest Island operates a waste water treatment plant which uses a biological nutrient removal process to treat waste water, resulting in a high nutrient biosolid and a low nutrient effluent grey water. The biosolid is utilised in Island composting process diverting organic waste from landfill. A portion (10%) of the grey water is utilised for reticulation on the Island's cricket oval with the remaining 90% diverted to evaporation ponds. With the installation of a new micro filtration system, treatment of all effluent grey water could be filtered and disinfected, for reticulation use. This would further reduce the consumption of potable water as a portion of the water supply is utilised to reticulate grassed areas and settlement tree plantings.

The Board has given consideration to the installation of a microfiltration system, at a cost of approximately \$130,000, which would take three months to complete. However, at this stage the Board has decided not to proceed with this option. Further research is being undertaken.



1.6 FESTIVAL: ROTTNEST ISLAND & AMALFI, ITALY

- Preparations for Festa di Rottnest, the inaugural twinning festival between Rottnest Island and Amalfi, Italy, are underway. This festival is the result of a Twinning Agreement that has its origins in January 2000 when a group of representatives from Amalfi visited Rottnest Island. The Authority then sent a Jazz Band, Aboriginal Dance Group, Art Exhibition and Water Polo Team to take part in the first festival, held in Italy in October 2000.
- In return, the Town of Amalfi will send delegates to take part in Rottnest's reciprocal festival, to be held between March 15 and 18 2001 (the entertainment program will take place on the 16th 17th and 18th of March).
- Correspondence has recently been received from Italy, with advice that their involvement in the festival will incorporate the following:
 - Three chefs from Amalfi who will contribute to VIP functions and public events in the Island's restaurants;
 - A water polo team who will participate in competitions against the Fremantle Mariners in Thomson Bay;
 - A ceramic art exhibition, and photography exhibition;
 - A display of Amalfi produce including Limoncello, hand made paper, pasta, oil and wine; and
 - Live entertainment in the form of a band who play traditional music from the Amalfi region, as well as two classical performers.
- The group is scheduled to arrive in Perth on 12 March and will depart on 22 March 2001. The group consists of about 35 people, 10 of which are in the Official Party. All travel costs are being met by the Italians. The Authority will provide accommodation. Festival costs are being met by the Rottnest Island Business Community and sponsors.
- Recent correspondence has also been received from the Australian Ambassador based in Rome, Mr Rory Steele, who has advised he will be in attendance at the festival.
- Contact has been established with the Italian Consulate in Perth, Italian Clubs Statewide, the Italian Chamber of Commerce and relevant business people in both Perth and Fremantle. Sponsorship is being sourced through the Rottnest Island Business Community.
- It is anticipated that advertising and promotion for the event will commence in mid February and will involve press, radio and television promotion, as well as a public relations campaign to secure editorial coverage for the event.



1.7 PROPOSAL TO HOST ECOTOURISM ASSOCIATION OF AUSTRALIA NATIONAL CONFERENCE

- The Authority has applied to host the Ecotourism Association of Australia (EAA) annual national conference on Rottnest island from 23 to 26 October 2001. This proposal has the approval and support of the Rottnest Island Authority Board, the Rottnest Island Business Community (RIBC), the Western Australian Tourism Commission (WATC), and the Department of Conservation and Land Management (CALM).
- Hosting the conference on Rottnest Island will provide an ideal opportunity for the official launch of the International Year of Ecotourism, 2002.
- Rottnest Island is a highly appropriate venue to host the Conference, as it is both one of Western Australia's most popular tourism destinations and an A-Class Reserve. It offers an array of circumstances and issues that would prove a strong attraction to conference delegates which would include tourism operators, protected area managers and academics.
- Confirmed Sponsorship:

WATC	\$25,000
RIBC	\$15,000
RIA	\$10,000

Anticipated Sponsorship:

CALM	\$10,000.
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- The annual conference is attended by approximately 280 delegates from each State/Territory and all industry segments being represented. There are a growing number of international delegates, expected to be approximately 10% in 2001.
- Should Rottnest Island be selected, it is hoped that the Minister will open this Conference.



1.8 ACCESS TO ACCOMMODATION – MINISTERS AND OTHERS

The Government's Plan for Western Australian Tourism states that it is the Government's intention "to eliminate the privileged access to Rottnest Island accommodation afforded to Government Ministers ensuring that politicians are not treated more favourably than other citizens."

In effect, this refers to an Authority Policy document called 'Use of the Board Cottage and Other Designated Accommodation,' copy attached. You will see that the Policy document refers to the fact that Cabinet endorsed the Policy. However, no Cabinet Decision Sheet has been located.

The Government's policy outcome may be achieved in one of two ways:

1. The Minister may direct the Board, under Section 15 of the Rottnest Island Act, to cancel the Policy, or
2. The next meeting of the Board is on 9 March 2001. A paper may be tabled at that meeting which seeks to cancel that Policy having regard to the Government's stated position.

You will wish to be aware that a further Policy exists which relates to Board Members visits to the Island. This Policy was to ensure that Board Members are able to meet their obligation to provide good Governance. A copy of this Policy is also attached for your information.



2.4 USE OF BOARD COTTAGE & OTHER DESIGNATED ACCOMMODATION (As endorsed in Cabinet)

1. INTENT OF GUIDELINES

The guidelines have been developed to:

- enable designated persons to visit Rottnest at relatively short notice to remain in contact with developments;
- maximise the number of Cottages available to the public for accommodation;
- implement a non preferential system of access to accommodation; and
- ensure sound business practice, commitment to accountability and open government.

2. OBJECTIVES

- To establish clear guidelines to cover requests for the use of the Board Cottage.
- To account for decisions on Cottage access and its withdrawal from public use during peak periods.

3. POLICY

3.1 Access To The Cottage

3.1.1 Continuing past practice, a cottage, known as the Board Cottage is to be set aside during peak holiday season for the use of:

- the Premier of Western Australia;
- the Minister for Tourism;
- Members of the Rottnest Island Authority;
- other Ministers of the Crown; and
- distinguished official guests at the discretion of the Minister for Tourism.

3.1.2 In non-peak periods, designated persons (listed above) will continue to be given preference for the use of the Board Cottage, providing that the booking is made one month in advance.

3.1.3 A second Cottage will be held over the Christmas period for use by designated persons, should the need arise.



3.1.4 The CEO will make arrangements for the booking of the Board Cottage (and the second Cottage as per 3.1.3 above) with the Minister for Tourism making the final decision in the event that there are competing requests for access to the Board Cottage for the same period.

3.1.5 Employees of the RIA may access the Cottage while on official work related activities, at the discretion of the CEO.

3.2 Conditions Of Use

3.2.1 Designated persons are entitled to the Cottage, subject to availability, for a maximum of two weeks per year in peak periods, but preferably for one week, and four weeks in non-peak periods.

3.2.2 Persons accessing the Cottage must be in residence and cannot rent the Cottage on behalf of family members and others, although family members and others may accompany them as their guests.

3.2.3 All tenants must pay normal tariff at the rate equivalent to an eight-bed villa, unless on official work related business. Tariff payment should be made in advance to the RIA. All other conditions apply in accordance with the RIA Terms and Conditions of Tenancy.

3.2.4 Security is the responsibility of the tenants.

4. Public Access To The Board Cottage

4.1 There is no public access to the Cottage for rental purposes during the peak holiday periods.

4.2 During the non-peak periods, if designated persons have not booked the Cottage within one month of a vacancy, it is restored to the public booking system and is available for public tenancy.



2.1 HOSPITALITY SERVICES

The Hospitality Services Directorate has responsibility for the following activity areas.

CALL CENTRE – FREMANTLE

- Operating from the 1st Floor, E Shed Markets
 - Receives accommodation bookings, payments and general enquiries for all RIA accommodation.
 - It is planned to steadily extend services to establish the Call Centre as the first point of contact for all RIA services.

MOORINGS - FREMANTLE

- Administration and customer service for all RIA licensed recreational moorings, Authorised User and Annual Admissions processing.

ACCOMMODATION SERVICES - ROTTNEST ISLAND

- Provides Accommodation Services:
 - Check-in and check-out, reservations, payments, campsites and camping cabins. Accommodation Services also provide 24-hour support for those staying on the Island, and acts as the link between the RIA and Transfield for cleaning, luggage management and maintenance.
- Kingstown Barracks:
 - Accommodation services focused on School, Backpacker and Youth Hostel markets.
- Hire Services:
 - Provision of ancillary household goods and services for accommodated guests – eg: television, foldabeds, portacots, and linen.

VISITOR SERVICES – ROTTNEST ISLAND

- Visitor and Information Centre
 - General Information services
 - Rental Moorings administration
 - Souvenir Retail Outlet
 - Island Bus and Train Tour sales



- Bus and Coach services
 - Shuttle Bus Services (complimentary, servicing accommodation areas)
 - Bayseeker Bus service
 - Island Tours.
- Train Services
 - Operation of train tours to Oliver Hill gun emplacements.
- Museum
 - Rottnest Island Museum and Library Services.
- Post Office Operations.



2.2 ACCOMMODATION OCCUPANCY LEVELS

- *Attachment One* provides a monthly occupancy comparison from July 1996 to June 2000.
- Occupancy trends show that the majority of accommodation take-up occurs between October and April each year. However, there has been a significant change in demand during the shoulders in September and May.
- While occupancy reflects the demand for accommodation on Rottnest Island, as a summer holiday destination, winter occupancies have been increased as a result of marketing initiatives, such as the *Rottnest Magic Package* which available from May to September each year.
- *Attachment Two* provides a comparison of yearly occupancy levels, indicating a significant occupancy increase of some 9% over recent years.
- In summary, it may be seen that accommodation on Rottnest is in great demand. Indeed, it has been the case that many visitors have made it a practice to 'camp out' at the E-Shed office overnight on main booking days – eg: 1 December, 1 February, 1 March. The new Call Centre has made a significant difference. On 1 February, our busiest booking day of the year, more than 40% of calls were answered within 60 seconds. As a result, 151 additional bookings were taken by telephone on that day. Our target for this year is to answer 70% of calls within 60 seconds.



CHART 1

MONTHLY OCCUPANCY COMPARISON 1996/97 TO 1999/00

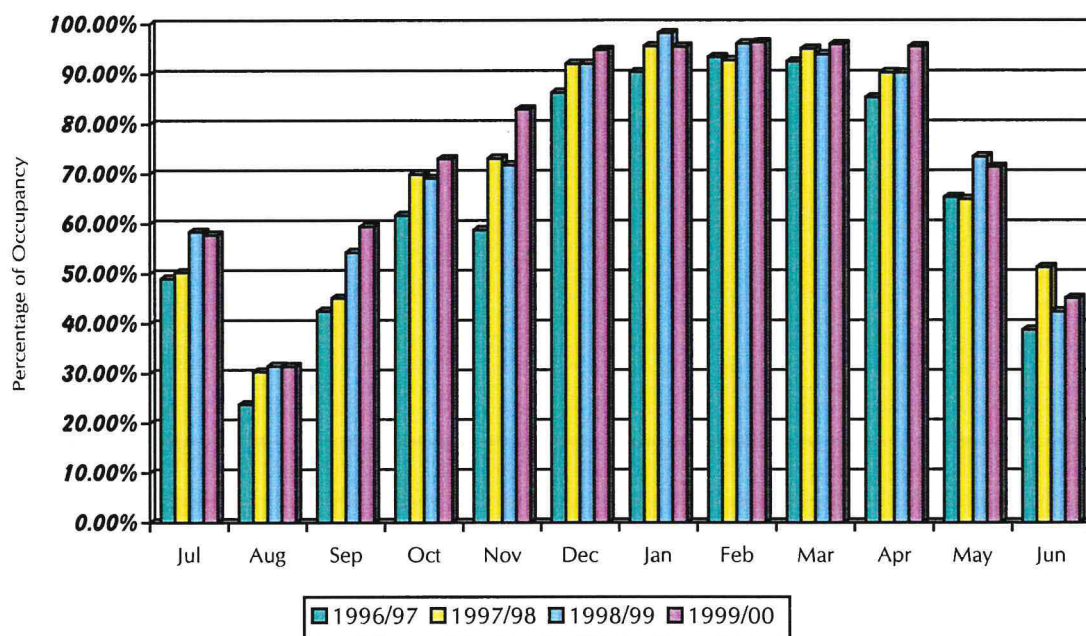
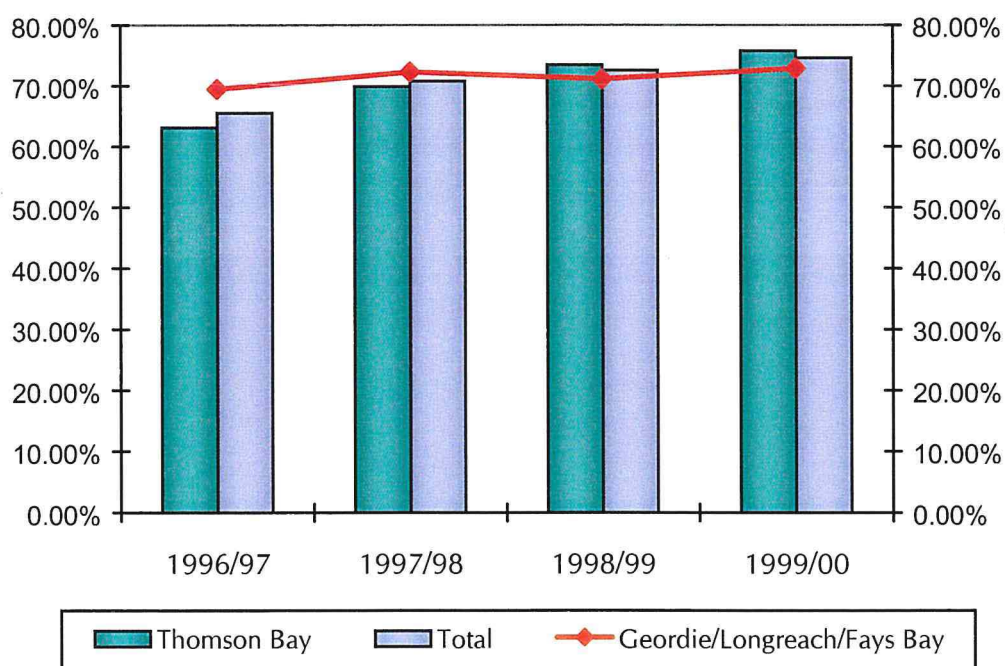


CHART 2



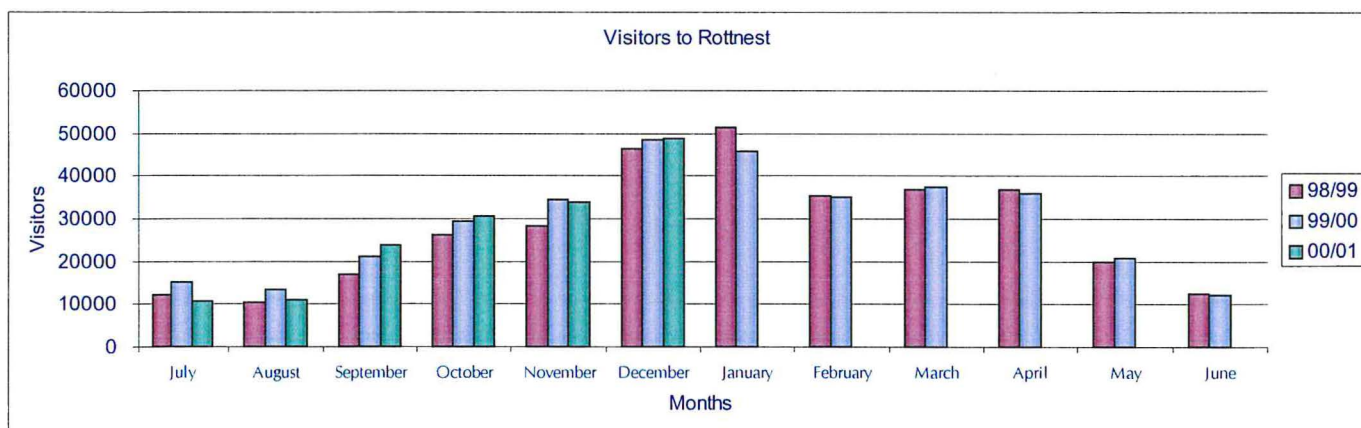
2.3 VISITOR NUMBERS

- The attached graph provides a profile of visitor numbers to Rottnest Island from 1992 to December 2000.
- The number of people visiting the Island have been steadily increasing with nearly 350,000 visitors from July 1999 to end of June 2000.
- The graph does not include visitation by recreational boat users. It is estimated that an additional 80,000 'boaties' visit Rottnest Island each year boosting the annual visitation level to 430,000.
- Visitor figures do not include commuting staff (both RIA and lessee) to and from the Island.
- Whilst the majority of visitors are West Australian, a significant number of day visitors are from interstate and overseas. This is generally the result of packages offered by Boat Torque and Oceanic Cruises. In 2000, it was estimated that 50,000 to 60,000 interstate and overseas visitors came to Rottnest Island.



VISITOR NUMBERS JULY 2000 – JUNE 2001

	92/93	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	% Incr.	% Incr.	% Incr.	% Incr.	% Incr.	% Incr.	% Incr.	% Incr.
	Total	Total	Total	Total	Total	Total	Total	Total	Total	00/93 99/93	00/94 99/94	00/95 99/95	00/96 99/96	00/97 99/97	00/98 99/98	00/99 99/00	01/00
July	10007	12851	13039	8726	10916	13864	12051	15046	10817	8.1%	-15.8%	-17.0%	24.0%	-0.9%	-22.0%	-10.2%	-28.1%
Aug	8287	11251	13547	9516	12271	13548	10531	13269	11058	33.4%	-1.7%	-18.4%	16.2%	-9.9%	-18.4%	5.0%	-16.7%
Sept	15041	19010	19093	17677	17407	21120	16898	21046	23740	57.8%	24.9%	24.3%	34.3%	36.4%	12.4%	40.5%	12.8%
Oct	20572	27164	25903	26260	27981	29717	26151	29421	30512	48.3%	12.3%	17.8%	16.2%	9.0%	2.7%	16.7%	3.7%
Nov	23373	23599	27090	28030	29062	30852	28188	34489	34001	45.5%	44.1%	25.5%	21.3%	17.0%	10.2%	20.6%	-1.4%
Dec	35292	37792	40700	45678	42089	45940	46267	48423	48659	37.9%	28.8%	19.6%	6.5%	15.6%	5.9%	5.2%	0.5%
Jan	52484	49062	56039	46781	50919	54608	51335	45653									
Feb	32089	27287	27927	32574	29810	33465	35340	35038									
Mar	30258	33571	30590	33725	34162	35029	36784	37338									
Apr	29373	28959	23559	28389	29748	31654	36839	35899									
May	13880	15450	12375	16324	17023	18450	19853	20768									
June	10732	10456	7610	9046	10709	9859	12458	12108									
TOTAL	281388	296452	297472	302726	312097	338106	332695	348498	158787								



3.1 FINANCIAL REPORT

The Rottnest Island Authority is a Public Non-Financial Corporation.

As the Minister will be aware, the Authority does not receive consolidated revenue funding. However, the previous Government made a commitment of capital grants of \$2.0m per year, out to 2003/2004. The RIA has used the additional funds paid to date, \$16.3m including loan subsidies, to complete upgrade and refurbishment works that cannot be funded from operational revenue.

All revenue generated from the business is returned to the operational management and improvement of the Island. However, there is an obvious nexus between controlled prices and rising costs which directly impacts on the funds available for improvement works.

The following points are indicators of the RIA's current financial position.

STATEMENT OF FINANCIAL POSITION (Attachment 1)

- Current liabilities exceed current assets:

- rents paid in advance well exceed cash at bank (\$3.2m to \$1.5m);

The RIA has historically required payment in advance for all accommodation on the Island. The payment is only recognised as income in the period in which the service is delivered.

- The Rottnest Island Authority has two loans with the West Australian Treasury Corporation:

- Water Services Loan
Balance as at 15 January 2001 \$0.551m
Maturity October 2001; and
 - Capital Works Loan
Balance as at 15 January 2001 \$5.342m
Maturity January 2018.



OPERATING STATEMENT – DECEMBER 2000 (Attachment 2)

- Trading Profit has fallen behind budget as at 31 December 2000.
 - sales have been strong – accommodation services, admission fees and lease income; and
 - staffing and general operational costs have been contained; however
 - the impact of the fuel price rise on power generation has been significant;
 - the legal and other costs associated with finalising the previous lease of the Rottnest Hotel have been high; and
 - the costs associated with business leasing have been high as a result of increased activity.
- Total Expenses exceed budget as at 31 December 2000.
 - administration costs have been well managed within budget; however
 - the balance of the payment to EBG Nominees in relation to the expiry of the lease of the Rottnest Hotel is an unbudgeted payment.

TOTAL REVENUE – TOTAL EXPENDITURE

- Annual budgeted total revenue - \$18.225m (Chart 1)
 - Total revenue includes \$2.000m capital grant and \$0.075 loan interest subsidy.
 - Revenue is generated primarily from accommodation sales (\$7.200m), admission fees (\$4.100m), transport and tours (\$1.000m), property management (\$3.500m).
- Annual budgeted total expenditure- \$18.104m (Chart 2)
 - Major costs include salaries and salary related costs (\$5.200m), communications and information technology (\$0.450m), services and contracts – excluding the facilities management contract (\$2.400m), utilities and operations services provided through the facilities management contract (\$5.200m), depreciation and debt facility interest (\$4.100m).
- Year to date Revenue to Expenditure (Chart 3)



CAPITAL EXPENDITURE

- The past - a table (Attachment 3) and graph (Chart 4) have been prepared to depict the main capital works project areas over the last 5 years.
- The current – the approved capital works program for the current period is presented at Attachment 4.
- The future – the core components of the proposed 2001/02 capital works program may include attention to the supply of potable water to the Island (\$0.800m), upgrade works to low cost accommodation facilities – camping and cabins - (\$1.000m) and refurbishment of unit accommodation at Geordie and Longreach Bays (\$1.000m).

The Government's Plan for Western Australian Tourism includes specific reference to the Caroline Thomson Camping Cabins. You will wish to be aware that a 'sample' refurbishment cabin is nearing completion in preparation for the 2001/2002 capital works program.



STATEMENT OF FINANCIAL POSITION DECEMBER 2000

Current Assets	Dec 2000
Cash Resources	\$1,548,609
Accounts Receivable	1,653,331
Inventories	414,777
Other Assets	107,829
TOTAL CURRENT ASSETS	\$3,724,546
Non-Current Assets	
Property, Plant & Equipment	\$106,101,865
Loans Receivable	
TOTAL NON-CURRENT ASSETS	\$106,101,865
TOTAL ASSETS	<u>\$109,826,411</u>
Current Liabilities	
Accounts Payable	\$2,617,042
Accrued Interest Payable	145,000
Borrowings from WATC	508,421
Other Liabilities	1,773
Rents Paid in Advance	3,194,667
Employee Entitlements	508,574
TOTAL CURRENT LIABILITIES	\$6,975,477
Non-Current Liabilities	
Borrowings from WATC	5,638,218
Employee Entitlements	564,182
TOTAL NON-CURRENT LIABILITIES	<u>\$6,202,400</u>
TOTAL LIABILITIES	<u>\$13,177,877</u>
NET ASSETS	<u>\$96,648,534</u>



OPERATING STATEMENT AS AT DECEMBER 2000

	YTD Budget	YTD Actual	% Variance	Financial Estimates
Revenue				
Trading Profit	\$1,775,441	\$1,495,133	-16%	\$4,452,720
Other Revenue	12,890	8,073	-37%	45,900
Disposal of Assets	-	3,436	0%	-
TOTAL REVENUE	\$1,788,331	\$1,506,642	-16%	\$4,498,620
Expenses				
Administration Costs	\$889,935	\$787,185	12%	\$1,808,200
Interest	330,000	330,561	0%	630,000
Bank Charges	49,320	49,293	0%	98,640
Depreciation	1,685,000	1,620,000	4%	3,500,000
Insurance	143,640	140,486	2%	287,200
Board Member Fees	16,770	8,250	51%	35,540
Operating Lease Rentals	177,260	168,163	5%	354,520
Other Expenses	-	275,656	0%	-
TOTAL EXPENSES	\$3,291,925	\$3,379,594	-3%	\$6,714,100
Operating Profit before Abnormals	\$(1,503,494)	\$(1,872,952)	-25%	\$(2,215,480)
Abnormals	-	-	0%	-
Operating Profit before Grants & Subsidies	\$(1,503,594)	\$(1,872,952)	-25%	(2,215,480)
State Government Grants	\$2,038,000	\$2,039,175	0%	\$2,075,000
Services Received Free of Charge	-	-	0%	\$230,000
OPERATING SURPLUS	\$534,406	\$166,223	-69%	\$89,520



CHART 1

REVENUE PROFILE – BUDGET 2000/2001
TOTAL REVENUE \$18.2 MILLION

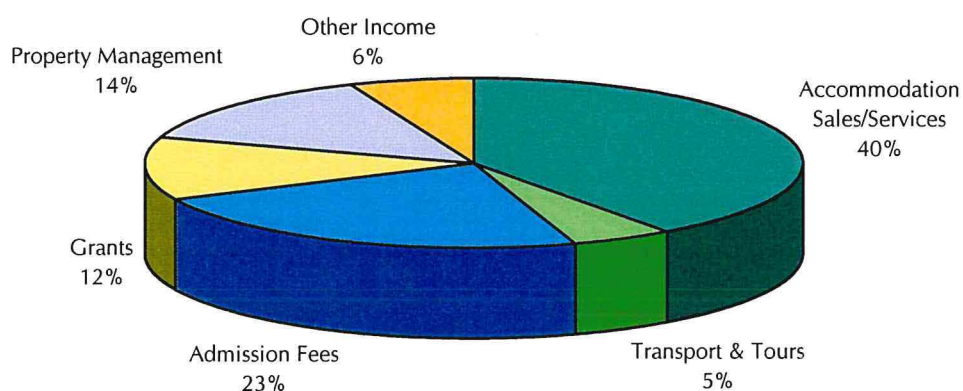


CHART 2

COSTS PROFILE – BUDGET 2000/2001
TOTAL EXPENDITURE \$18.1 MILLION

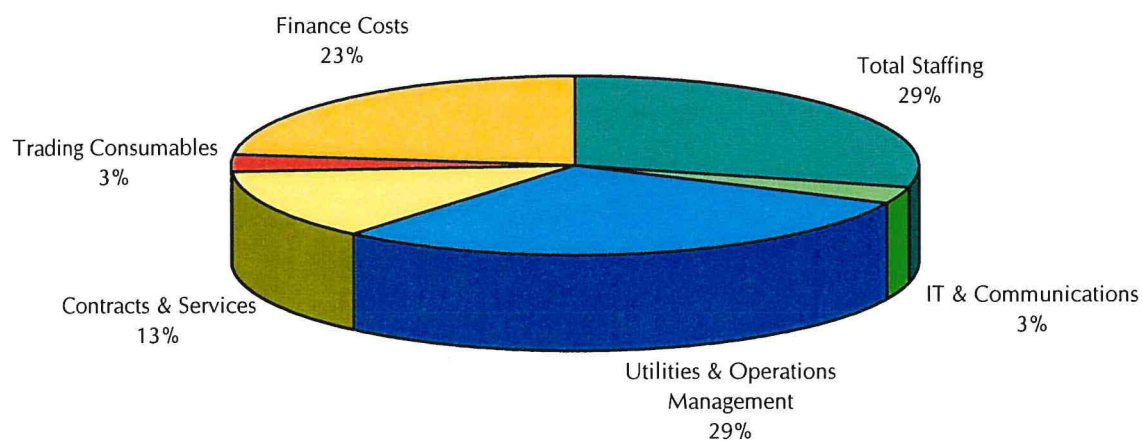
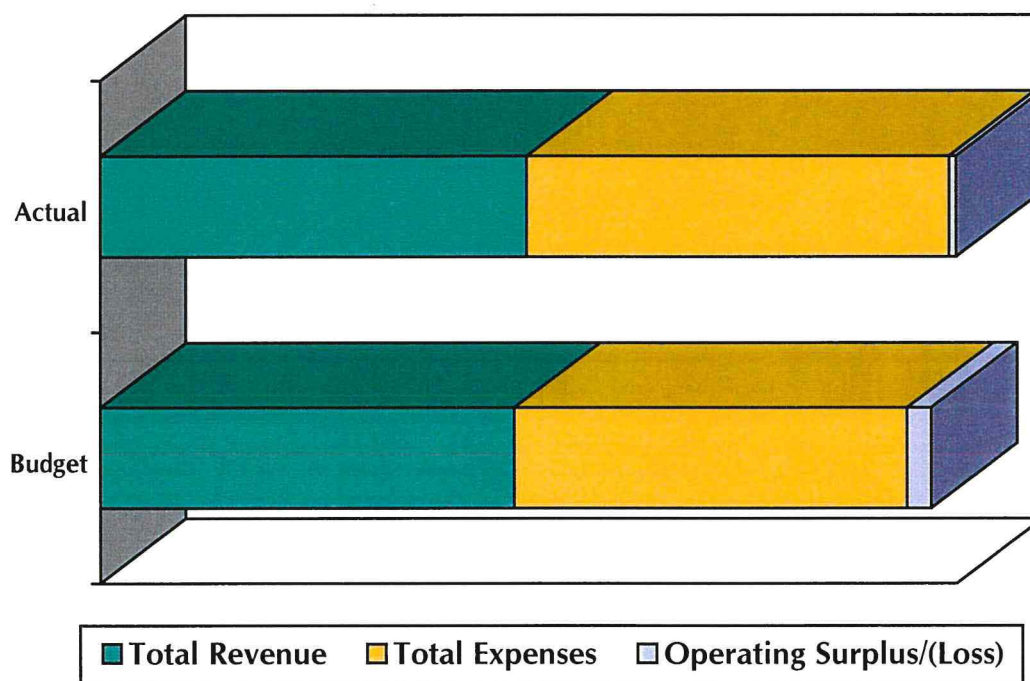


CHART 3

TOTAL REVENUE / EXPENDITURE YEAR TO DATE – DECEMBER 2000



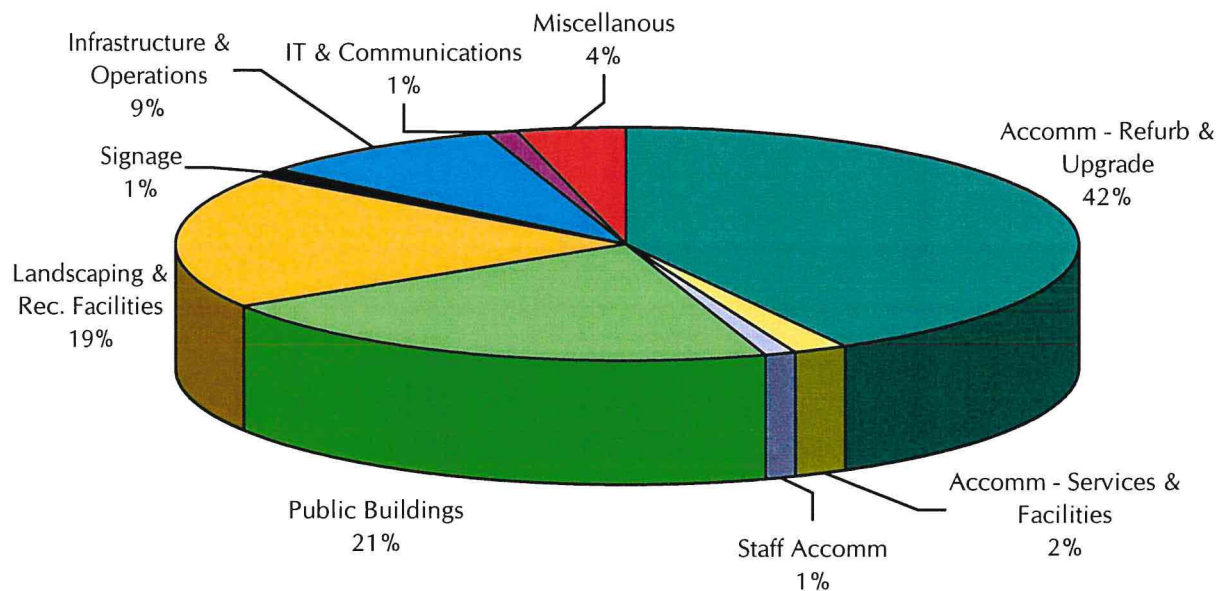
	Budget	Actual
Operating Surplus/(Loss)	\$554,406	\$166,005
Total Expenses	\$9,148,064	\$9,828,275
Total Revenue	\$9,702,470	\$9,994,280

CAPITAL EXPENDITURE – BY GROUP – 1995/1996 TO 1999/2000

	1995/96	1996/97	1997/98	1998/99	1999/2000
Accommodation					
- Refurbishment & Upgrade	\$ 513,595	\$2,136,681	\$1,422,962	\$ 738,393	\$ 750,966
- Services & Facilities	146,006	60,985	-	16,460	
- Staff Accommodation	-	1,245	-	18,187	97,617
Visitor Facilities					
- Public Buildings	\$ 206,035	\$ 208,818	\$ 235,962	\$1,361,452	341,944
- Landscaping & Recreational Facilities	66,343	1,059,981	453,060	20,336	694,235
- Signage		66,742		68,860	31,887
- Bays Development			3,893	44,569	63,625
- Transport Services				-	12,734
- Ablutions			51	267,655	
- Education Centre				50,552	
Infrastructure & Operations	\$ 484,225	\$ 364,456	\$ 36,849	\$ 22,480	\$ 320,318
IT & Communications	\$ 2,058			\$ 49,167	\$ 29,640
Miscellaneous	\$ 208,841	\$ 184,102	\$ 90	\$ 76,769	\$ 53,002
TOTAL	\$1,627,103	\$4,083,009	\$2,152,867	\$2,734,880	\$2,395,969

CHART 4

**CAPITAL EXPENDITURE BY GROUP
1995/1996 TO 1999/2000**



CAPITAL WORKS PROGRAM 2000/2001

INFRASTRUCTURE AND OPERATIONAL

		Approved Budget 2000/01
Commercial Buildings		
- General Store	Contribution to refurbishment/electrical upgrade	\$220,000
- Hotel	Redevelopment - planning	25,000
- Hotel	P & E	340,000
- Thomson Bay	Infrastructure Shopping Precinct - inc L/scaping, Shade Structures	350,000
Residential Buildings		
- Housing	Removal - 12 Kitson & Lights	26,500
- CEO's House	Essential Works	3,000
- Staff Accommodation	Upgrade works	50,000
Utilities		
- Desalination	Remote monitoring	20,000
- Water Catchment	Resurfacing catchment area and repair to tank	100,000
- Reticulation	Fire hydrant - installation at Longreach, Geordie & Fays	12,500
- Sewerage Reticulation	Upgrade	50,000
- Emergency Services	Fire Truck appliances	20,000
- Low voltage reticulation	LV retic network analysis	12,500
Operations		
Miscellaneous		
- Imaging	New uniforms	50,000
- Minor Works Contingency	Minor works (at direction of CEO only)	150,000
		\$1,429,500

ENVIRONMENT/HERITAGE & RISK MANAGEMENT

- Pinky's Beach	Fence	20,000
- Basin	Fence	2,000
- West End	(Following demolition of navigation tower) viewing/seating area	5,000
- Garden Lake Walk	RIA Contribution	37,000
- Heritage	Signal Station - Conservation	70,000
- Heritage	Lighthouse Transfer	8,000
- Heritage	Lighthouse Building Code Costs	62,000
- Heritage	Kingstown Clock	2,500
- Environment	Fencing for Planting Program	15,000
- Environment	Outer Bays Devt. Plans - Stark Bay Composting	110,000
- Environment	Mooring rental sites	10,000
		341,500

ACCOMMODATION & VISITOR SERVICES

Holiday Accommodation - Buildings

- Units - General	Asbestos Roof Replacement	40,000
- Units - General	Upgrade 4 units - South Thomson (Inc roofs & FF&E)	174,000
- Accommodation - Houses	Major remedial works -	
	4/6 Gem Rd refurbishment (inc roof & FF&E)	240,000
	Kitson & Colebatch (inc roofs & FF&E)	100,000
	16 Kitson	10,000
- Accom Units & Staff Housing	Gas reticulation	25,000
- Cabins/Camping	Alison/Caroline Thomson - Planning	12,000
- Geordie/Longreach	Sealing units' windows and doors	20,000
- Kingstown	Security Fly Screens	28,000
	K1/K2 - remedial works	12,000

Holiday Accommodation - Facilities

- Reservations and Enquiries	Call Centre implementation	100,000
- Replacement FF & E	Replacement FF & E	45,000

Visitor Services - Facilities

- Transport	Train	100,000
- Facilities	People shelters - remote bus, army jetty, main bus	80,000
- Facilities	Kingstown tennis courts - resurface	15,000
- Facilities	Playground - Dome/Tearooms	25,000
- Facilities	Golf Course	30,000
- Airport	Reseal runway - CASA audit October 1998	23,500
- Geordie Bay	Landscaping	2,500
		\$1,082,000

INFORMATION TECHNOLOGY

Accounting System	50,000
New Computer - Hardware	35,000
Software New/Upgrades	20,000
New Phone features	10,000
	\$115,000

\$2,968,000

3.2 LEASES

The RIA is the owner of all property on the Island. Business operations on the Island are managed under a number of leases, licences and management agreements, detailed below.

Counterparty / Nature of Contract	Nature of Business	Lease Commencement & Expiry Dates	Rental	Other Information
Abellio / Lease	Rottnest Bakery	1 Sept 1997 / 31 Aug 2005	\$152,243.86pa	Annual CPI rental review/ Nil turnover rental
Bell-a-Bike Rottnest / Management Agreement	Bike Hire	1 Dec 2000 / to be negotiated	55% gross hire income	
Regaljet Holdings / Lease	Brett Heady's Family Fun Park – Minigolf and Electronic Games	2 Aug 1998 / 1 Aug 2008	\$21,000pa plus turnover rental	Rental scale becomes more favourable to RIA as years pass.
Palmcape / Lease	Dome Café	22 Nov 1996 / 21 Nov 2006	6% of gross sales	
Maranel / Lease	General & Geordie Bay Stores	1 July 2000 / 30 June 2010	\$230,000pa	Annual CPI rental review / Nil turnover rental
Maranel / Lease	Boutique	1 April 2000 / 31 March 2010	\$70,000pa	Annual CPI rental review / Nil turnover rental
Ms Wendy Hoad / Lease	Hairdressing Boutique	1 July 2000 / 30 June 2005	\$4,000pa plus turnover rental	1% turnover > \$40,000 Fixed percentage increases on anniversary dates
Axis Management / Management Agreement	Rottnest Hotel	1 July 2000 / 30 June 2001	Gross revenue receivable by RIA	
Coles Myer Ltd / Lease	Red Rooster	3 Dec 1986 / 2 Dec 2007	\$22,000pa plus turnover rental	3% turnover rental less \$15,000pa
Bankwest / Lease in Receivership	Rottnest Lodge	1 June 1983 / 31 May 2018	\$92,990.18pa	Annual CPI rental review / Nil turnover rental
Rottnest Malibu Diving / Lease	Dive Shop	1 June 1998 / 31 May 2003	\$24,000pa plus turnover rental	10% gross sales > \$350,000 CPI review upon take-up of extended term (2001)
Seaform / Lease	Rottnest Tearooms	18 Nov 1998 / 17 Nov 2008	\$120,000pa plus turnover rental	Rising scale leading to rental in year 4 being greater of base rent escalated at CPI and 6% of gross sales



Counterparty / Nature of Contract	Nature of Business	Lease Commencement & Expiry Dates	Rental	Other Information
Capricorn Kayak Tours / Licence	Kayak Tours – Seasonal Concession	1 Oct 2000 / 30 Sept 2003	Licence Fee: \$500 plus 10% Gross Sales	
NetPal / Licence	Internet Kiosks	1 July 2000 / 30 June 2003	Licence Fee: \$500pa plus 10% Gross Sales	
Rottnest Air Taxi / Licence	Scenic Flights & Air Taxi Service	1 Sept 2000 / 30 Aug 2001	Licence Fee: \$500pa plus 5% Gross Sales	Percentage of Gross Sales increases at each anniversary date
Rottnest Island Bay & Dolphin Tours / Licence	Guided boat tours – Seasonal Concession	23 Sept 2000 / 22 Sept 2003	Licence Fee: \$500pa plus 10% Gross Sales	
Rottnest Island Aquatic Adventures/ Licence	Eco-boat snorkelling tours – Seasonal Concession	1 October 1998 / final negotiations to be concluded	Licence Fee: \$500pa plus 10% Sales through RIA Vis. Centre	
Rottnest Island Pictures / Licence	Movie Presentations	1 July 2000 / 30 June 2003	Licence Fee: \$500pa plus 10% Gross Sales	
Time Out Water Craft Hire / Licence	Glass bottomed boats – Seasonal Concession	1 Dec 1998 / 30 April 2004	Licence Fee: \$500pa plus 10% Gross Sales	
Underwater Explorer/ Licence	"Submarine" boat tours	1 Nov 1998 / 31 Oct 2004	Licence Fee: \$20,000pa	Plus 10% Gross Sales less base licence fee
Snuba / Licence	Snorkelling – Seasonal Concession	14 Nov 1998 / 30 April 2000	Licence Fee: \$500pa plus 10% Gross Sales	
Rottnest Island Country Club / Lease	Golf Course and Facilities	31 Aug 1986 / 30 Aug 2007	\$1.00pa	Lease is to be relinquished. Licence to be granted to Rottnest Golf Club of use of Rottnest Island Golf Course and Clubhouse. RIA to operate facilities as part of Tourist Services portfolio.



3.3 FACILITIES MANAGEMENT CONTRACT

The RIA entered into a five-plus-five contract for service with Transfield Services (Australia) Pty Limited on 1 July 1998.

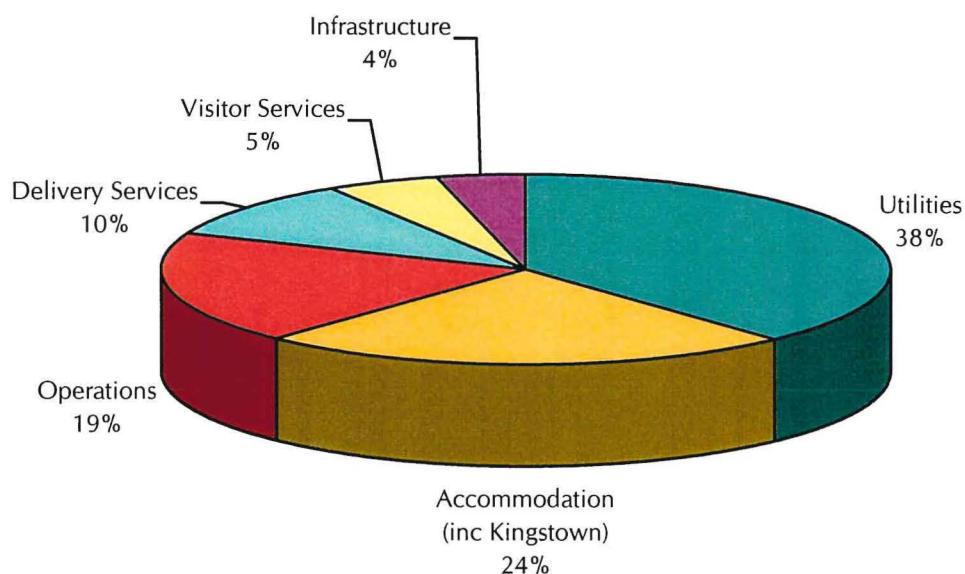
Services delivered under the contract include:

- Power supply;
- Water, sewerage and drainage services;
- Waste collection and management;
- Building maintenance;
- Recreational areas maintenance;
- Luggage delivery;
- Fire and Emergency services;
- Cleaning services;
- Jetty maintenance;
- Road maintenance;
- Airport maintenance;
- Gas and fuel supplies;
- Vehicle maintenance and transport services.

Total contract value in 2000/2001 is \$5.500million per annum.

The contract is based on reimbursable costs plus management fee and performance based profit share. Total contract value is revised annually as part of the RIA's budget process.

Chart 1 (below) depicts the allocation of year-to-date reimbursable costs by functional area.



3.4 NATIONAL COMPETITION POLICY

The RIA has all but completed its preliminary review of the costs and benefits of applying competitive neutrality.

The analysis has indicated a net competitive disadvantage to the RIA, as a difference in the profit/loss after income tax and return on capital, of approximately \$1.51million in the financial year ending June 2000.

The planned next stage of the process will be to determine whether the competitive advantages and disadvantages of the RIA have any material impact on the market for recreational and tourism services in Western Australia and, if so, the nature of those impacts. An assessment will then be made of the public benefit of applying competitive neutrality to the operations of the RIA.



3.5 HUMAN RESOURCES

FTE

The RIA has an approved average FTE of 80, allowing for the peaks and troughs of seasonal activity on the Island.

Chart 1 shows the path of actual FTE over the period July 1999 to December 2000. The average FTE for the 12-month period ending December 2000 is 77.70.

BUDGET

Total staffing costs are within budget year to date (Chart 2). Budgeted total staffing costs include an allocation of funds to the classification, design and recruitment of permanent position holders to jobs at all levels of the organisation. With your approval, the process of filling these permanent positions will be taken forward.

STAFFING COSTS TO TOTAL REVENUE

Staffing costs average 2.5% of total revenue per month. There is a marginal upward trend over the period reviewed – July 1999 to November 2000 (Chart 3).



CHART 1

FTE – JULY 1999 TO DECEMBER 2000

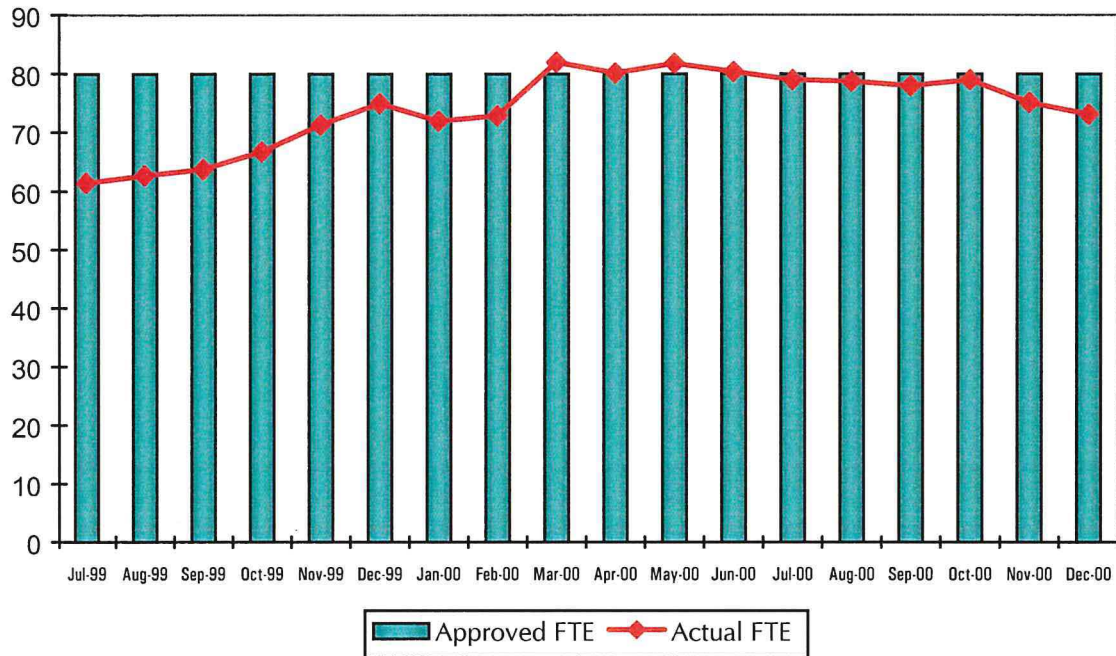


CHART 2

DEC 2000 YEAR TO DATE – TOTAL STAFFING COSTS BUDGET TO ACTUAL

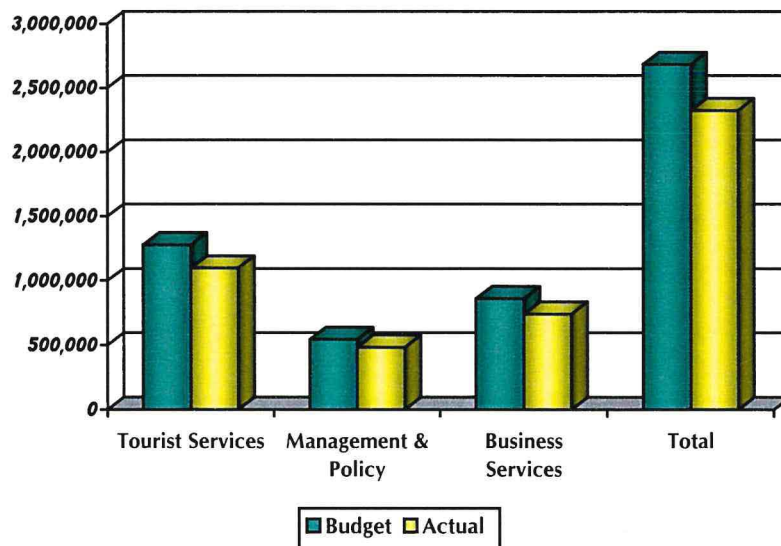
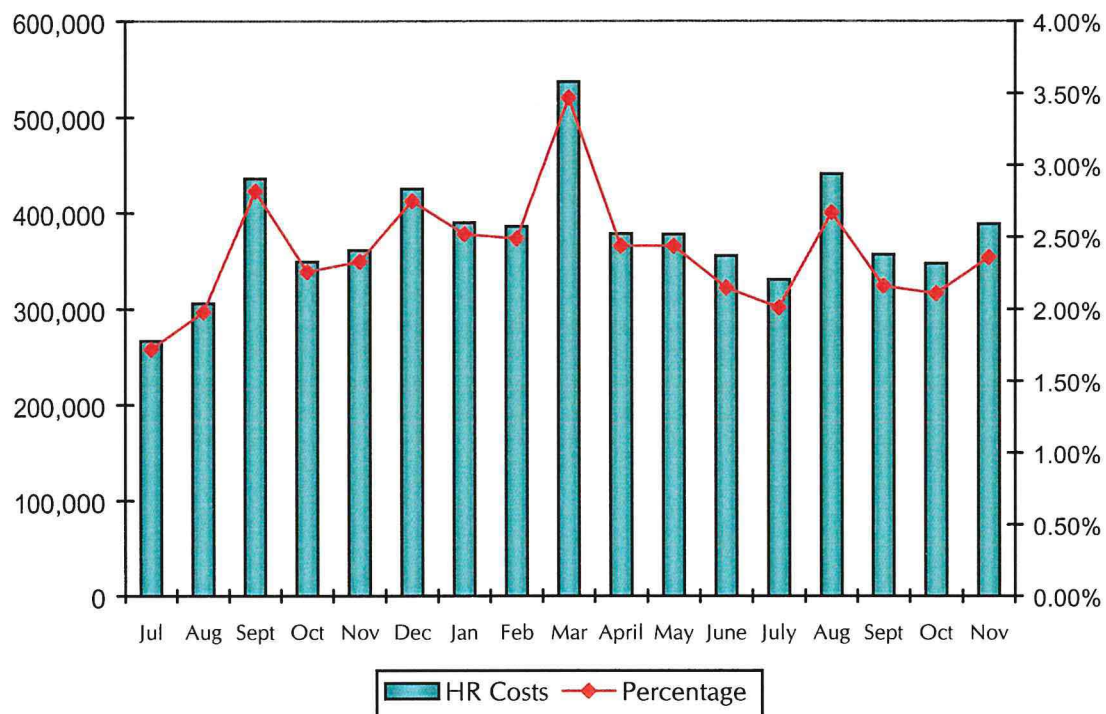


CHART 3

HR COSTS (AS PERCENTAGE OF TOTAL REVENUE) ACTUAL AND TREND JULY 1999 TO NOVEMBER 2000



4.1 RISK MANAGEMENT

BACKGROUND

The Rottnest Island Authority (RIA) is required under Treasury Instruction 109 to ensure that there are 'procedures in place for the periodic assessment, identification and treatment of risks inherent in the operation of the agency'. As a consequence of this and good business management practices, the RIA has put in place a comprehensive risk management program based on Australian Standard 4360:1999.

Furthermore, it is notable that risk management is of very great concern to the Authority given the inherently high risk associated with Rottnest's coastal geography, and the increasing number of visitors who wish to make use of its beaches, surrounding waters, holiday facilities, and other attractions such as military heritage sites.

The high level of inherent risk is reflected in the amount and type of litigation to which the Authority is exposed. The Nagle Case (Nagle -v- Rottnest Island Authority, 1993 - 112 ACR393) for example, where a visitor was seriously injured diving onto rocks at the basin (and which the Authority lost), was established as an important legal precedent.

IMPLEMENTATION

The RIA has a written Risk Management Policy that integrates risk management into existing operational and planning processes. The administration of Risk Management is the responsibility of the Manager Quality Systems who reports to Corporate Executive through the Director Conservation and Planning. Regular risk management reports are submitted to members of the Authority at its monthly Authority (Board) Meetings.

Staff have undergone training to ensure they are aware of the RIA's Risk Management Policy and understand their roles and responsibilities. A risk register has been established that will be reviewed periodically.

A comprehensive incident/hazard reporting database has been established which allows the RIA to record and analyse risk-related data and initiate appropriate preventative measures. An independent Risk Management Audit is conducted twice yearly by Minter Ellison. The RIA also liaises closely with Risk Cover who is responsible for the overall administration of risk management within the State Public Sector.



4.2 ABORIGINAL ISSUES

BACKGROUND

From 1838 until 1931 the Island served as a prison for Aboriginal men and boys from all over Western Australia. Approximately 373 died on the Island, including 5 who were hanged. Consequently, Rottnest has a continuing significance for many Aboriginal people.

ROTTNEST ISLAND DEATHS GROUP ABORIGINAL CORPORATION

There are a number of Aboriginal groups that have an interest in Rottnest Island. The peak interest group is the Rottnest Island Deaths Group Aboriginal Corporation (RIDG) formed to represent Aboriginal interest on the Island and which derives its authority from a large meeting of Aboriginal Elders from across Western Australian held on the Island in 1994.

The RIDG is the main point of contact for Aboriginal issues on the Island, particularly in regard to the Wadjemup Cemetery which contains the remains of Aboriginal prisoners who died on the Island. It should be noted, however, that the RIDG's claim to be the sole representative of Aboriginal people regarding Rottnest is not accepted by all members of the Aboriginal community.

The RIA also liaises with the Aboriginal Cultural Materials Committee which is responsible for providing advice to the Minister for Aboriginal Affairs regarding the administration of sites registered under the *Aboriginal Heritage Act*.

NATIVE TITLE

Rottnest is subject to a native title claim under the Combined Metropolitan Working Group (CMWG) claim. The claim encompasses the entire Perth metropolitan area.

The Crown Solicitor has advised that portions of the Island not subject to a previous lease or development may be subject to Native Title. Consequently, where any capital works are planned on these areas, the CMWG must be notified of the proposed works and be given the opportunity to comment. The CMWG does not have the power of veto over development.

The Federal Court of Australia will hear the claim later this year.



4.3 HERITAGE CONSERVATION

Rottnest Island is a nationally significant heritage site. The entire settlement is registered with the Heritage Council. The RIA has given high priority to the conservation of heritage buildings on Rottnest Island. During the year 2000 projects included:

- conservation of the H1 gun at Oliver Hill;
- major repair works at Governor's Circle;
- conservation of the historic Boathouse;
- conservation of Bathurst Lighthouse Keepers Cottage;
- redevelopment of the General Store;
- redevelopment of the Thomson Bay Settlement Mall;
- preparation of a conservation plan for Kingstown Barracks;
- preparation of a schedule of works for the Signal Station;
- development of a walk trail along the Bickley Battery; and
- reinstatement of historic prison bell on Signal Hill in the settlement.

Planning for the conservation of the Signal Station at Wadjemup Hill has been completed. Tendering documents have been finalised and are ready to be advertised.

The Government's Western Australian Tourism Plan outlines the Government's intention to seek Commonwealth Government funding to undertake heritage conservation works on Rottnest, and to work in cooperation with the National Trust.

The RIA has, in the past, made use of Commonwealth funding through the Federal Department of Heritage and the Environment, receiving a grant of \$40,000 in 2000 towards the restoration of H1 Gun at Oliver Hill. A submission is currently being prepared to seek funds from the same source for the restoration of H2 Gun and for the conservation of the Vincent Way precinct.

Both Oliver Hill Guns are currently protected under State and Federal heritage laws being listed on the Register of the National Estate, as is Kingstown Barracks and Bickley Battery.

The Authority has a regular and effective working relationship with the Heritage Council. It also has had contact with the National Trust in relation to a number of important works, most recently, the Rottnest Hotel.



5.1 MEDIA SUMMARY

Rottnest Island has a very significant media profile. This information is intended to provide a summary.

- *The West Australian* published 100 articles, of which 48 were positive, 49 were neutral and 3 were negative.
- Issues covered by *The West Australian* included:
 - proposed redevelopment of the Rottnest Hotel;
 - initiatives undertaken by the Rottnest Island Authority for Leavers' Week;
 - various development issues, such as the Call Centre;
 - upgrades made to the Island; and
 - Rottnest Channel Swim and other events.
- A number of positive feature articles concerning holidays at Rottnest also appeared in *The West Australian*.
- Articles appearing in other publications include:
 - *The Sunday Times* – 12;
 - *The Australian* – 3;
 - Local Community Newspapers – 16.
- Extensive feature articles in magazines such as *Scoop*, *Luxury Travel* and the *Perth Weekly* provided continued positive media coverage. The articles concerned upgrades to accommodation, general development, and other Island projects, as well as recreation activities available on the Island.
- Of the 185 Western Australian radio segments recorded for this period, 34 were positive, 144 were neutral and seven were negative. Much of the radio coverage generated positive talkback calls.
- There were 54 television segments relating to Rottnest Island, of which 21 were positive, 30 were neutral and 3 negative.
- Journalists from Asia, Europe, the United States and the Eastern States regularly visit Rottnest Island to write travel articles for various publications and to film features for travel programs and documentaries. Examples include:
 - Television: MTV Asia; The World is Wide (Korea); SSM Freesports (Europe);
 - Newspaper: The Express (UK); Sun Herald (UK); Mainichi Newspaper (Japan);
 - Radio: Jazz FM (UK).



5.2 VOLUNTEERS

- The International Year of Volunteers was launched on the 5 December 2001. The Year of Volunteers will provide the RIA with the opportunity to recognise and appreciate the significant and important contribution that volunteer groups make to Rottnest Island.
- Initiatives being planned include a photographic exhibition in Lomas Cottage to honour the contribution that volunteer groups have made to the Island over many years, followed by a major event later in the year. This event will take the form of a function for volunteers on the Heritage Common with all volunteer groups represented.
- The Rottnest Voluntary Guides are holding an exhibition in the Salt Store and other volunteer groups will be encouraged to have exhibitions. The RIA will be contributing to a Statewide exhibition *Volunteers in Action* between May and August. There will also be a special feature on volunteer groups in a future issue of the *Rottnest News*.

Volunteer groups who have association with Rottnest Island include:

- The Rottnest Island Environmental Advisory Committee
- The Winnit Club
- Rottnest Island Railway Trust
- Rottnest Voluntary Guides Association
- The Military Restoration Committee
- Rottnest Fire and Emergency Services
- Fremantle Sea Rescue
- Scouts Australia
- Carine Probus Club.



5.3 INTEREST GROUPS

In addition to its many volunteer groups, Rottnest Island has significant interest groups, including the following.

- **Rottnest Island Business Community (RIBC)**

The RIBC comprises all those who operate businesses on the Island, and the four ferry operators. All pay an annual membership fee based on turnover except the ferry companies who pay a lesser amount, which has regard for their ongoing advertising campaigns. The RIA is a member.

The current Chair of the RIBC is Mr Greg Brindle, the lessee of the General Stores and Boutique.

The RIBC's primary role is to promote the Island. They direct their funds, and significant sponsorship monies available to them, to this purpose. For example, the RIBC is meeting the cost of the Amalfi Festival.

- **The Rottnest Society**

This very active group was initially formed to protest the 1980's proposal to build a hotel on Rottnest Island. They closely monitor any development work on the Island, placing particular focus on the maintenance of the environment.

In addition to this role, the Society takes a 'hands on' approach to issues, such as tree planting and weed management. Members visit the Island each winter to work on these projects.

The Secretary of the Rottnest Society is Ms Sue Folks.

- **The Rottnest Foundation**

The Foundation is largely concerned with fund raising activities, which are aimed at providing improvements to the Island's environment.

Recent notable contributions include the cost of the boardwalk in front of the Tearooms, and the provision of \$30,000 towards the Kingstown Discovery Centre.

The Foundation has recently appointed a new Chair, Mr Lloyd Smith, who has stated his intention to focus the Foundation on the achievement of a major, long term project.



5.4 ROTTNEST ISLAND MANAGEMENT PLAN (RIMP)

Section 17 of the *Rottnest Island Authority Act 1987* requires the Authority to control and manage the Rottnest Island in accordance with a management plan (RIMP). The RIMP must contain a statement of policies or guidelines proposed to be followed, and a summary of proposed operations. Each RIMP has a life of five years and the review process must allow public submissions. The current RIMP covers the period 1997 – 2002. The outcomes of the review must be approved by the Minister and the Minister must publish details of his or her decision in the *Gazette*.

The RIA is in the process of developing an integrated planning process that will include a 20-Year Strategic Plan, 5-Year RIMPs and Annual Business Plans (all of which are commitments made in the RIA's Statement of Corporate Intent).

The review of the 1997 – 2002 RIMP (due this year) will be undertaken in the context of a new 20-Year Strategic Plan which has been commenced at Board level. The Strategic Plan will provide the long-term strategic framework necessary to effectively manage Rottnest's unique history, traditions, and environment, and provide a basis for the development of a new RIMP that results in effective operational activity.

