



Introduction

In line with the theme of this event - Critical Horizons - I am talking to you today about one of the most critical horizons off the coast of Perth – Rottne Island.

Critical because the future of the Island is at a crossroads – and critical because we are balanced on a knife edge between what the environment can sustain and the many and varied experiences that our visitors want from us – and what we must achieve to be financially sustainable.



Around half a million people come to the Island's fragile shores each year – by boat, by plane and by ferry. They come to stay the night and see the sights, they come to swim and sun bake and ride their bikes, because their friends and family told them to; because they have been coming for years, or because they want to see what all the hype is about. The majority of our visitors are Western Australians – around 60 percent in fact, with around twenty percent from interstate and overseas.

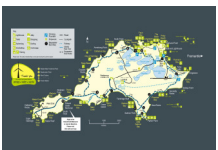


The Island's greatest asset is its unique environment – its land and lake, marine and heathland eco-systems. Its intrinsic beauty and high diversity of landscape and species some of which are only to be found on the Island, have come to call it home. Its geological features are outstanding – limestone

ridges where sea levels of 2,500 years ago are clearly visible; ancient thrombolite beds are one of our best-kept secrets and petrified tree roots testify to the heavily wooded site it would have been long before it became separated from the mainland some six and a half thousand years ago.



The Island's cultural and social heritage spans thousands of years from Aboriginal Dreaming in song and story lines to the 17th C maritime exploits of the Dutch East Indiamen to 19th C early colonial settlement and penal use; military and social recreational use. The special attributes of a holiday settlement with no private land ownership or private vehicles, based around heritage buildings in a significant conservation Reserve, make Rottnest Island unique in the region – and as a package unique in Australia and indeed the world.



Managing Rottnest

The control and management of the Island is vested in the Authority which consists of a chairman and five other members, nominated by the Minister for Tourism, and appointed by the Governor of Western Australia.

With a core staff of just over 100, the Authority is enabled to:

- a) provide an operate recreational and holiday facilities on the Island

- b) protect the flora and fauna of the island, and
- c) maintain and protect the natural environment and man-made resources of the Island, and to the extent that the Authority's resources allow, repair its natural environment.

The operations that underpin these functions are complex and increasingly so. Providing holiday accommodation and facilities – of around two and a half thousand beds every night relies on not only managing but manufacturing our own utilities – water, power and managing waste. The first public authority to introduce separated recyclables from general waste collection back in the 1980s, we continue to face the challenge of the harvesting of recyclable waste. Today, all waste is taken from the Island for mainland processing.

Our responsibilities include maintaining roads and paths; boating facilities and an airport; multiple jetties; an A-class reserve and significant heritage assets.

Traditionally, the Authority also provides education and interpretation of the Island – with curriculum-linked school programs and a squad of over 200 regular volunteers who provide tours and other related visitor services.



Financial challenges

Developed as a consequence of the heady days of Government entrepreneurship in the 1980s, the 1987 Rottnest Island Authority Act, 1987 requires the Authority to

“perform its functions in such a manner as to ensure that, taking one year with another, its revenue is at least sufficient to meet its expenditure”.

This sleight of hand and magician’s box of tricks has historically led to major bail-outs every ten years or so.

Such bail outs are a thing of the past – but raising prices to realistic levels in recent years to cover costs and provide enough in the kitty for ongoing maintenance brings howls of protest that the Island is now too expensive! The RIA is a “Public Non-financial Corporation”, as it is mostly self-funding. We operate primarily on revenue received from visitors in the form of admission fees and charges for holiday accommodation and recreational services (mooring fees; bike and recreational activity hire; bus tours and percentage of turnover of the Island’s businesses). Our revenue base is currently around \$34 million per annum.

Financial business modelling has demonstrated that our commercial operations, including accommodation, bike hire and

moorings are financially profitable and sustainable. However significant costs are associated with conserving the island's natural and cultural heritage assets; maintaining essential infrastructure and meeting government administration requirements – and that's a big one!

The Island's utilities infrastructure which is somewhat aged requires significant capital injections to maintain adequate supply now and into the future.

Keeping costs down and maintaining affordability is of course what the community requires of us – not so easy when balancing the imperative of generating sufficient revenue and funding to maintain the Island's fragile and vulnerable environment. On top of that we are the custodians of significant heritage and cultural values and assets which must be kept at an acceptable level.



Strategic directions

Our vision is to be :

“a model of ethical tourism based on financial, environment and social sustainability”.

This is underpinned by a desired outcome that our visitors enjoy recreational and holiday experiences in healthy natural and cultural environments.

The commercial sustainability of around twenty privately–leased businesses on the Island is an essential component of a sustainable future. The trick is to balance the amount of private-public partnership with maintaining affordability.



Ethical tourism and recreation

Ethical tourism can be defined as taking a responsible approach to reduce social and environmental impacts. Based on sustainable visitor research; identification of social values and consultation with key stakeholders – including visitors; educational institutions and other Government departments we are taking steps to ensure the Island is no longer in danger of “being loved to death”.

Pressure on fragile environments can inadvertently destroy the very things that visitors came to see – depleting the Island’s finite resources. Ethical tourism in the context of the management of the Island is doing everything we can to ensure that our visitors enjoy their day, or stay, on the Island whilst minimising their impact on the environment, the Island’s varied

and only-place-in-the world culture – whilst preserving its quirky architecture and priceless cultural heritage.

We know that an increasing number of visitors are interested in eco-tourism, seeking “ethical” destinations where they can be assured their experience is based on sustainable management. Many international tourists want to leave as small a footprint as possible when they visit Western Australia, particularly in national parks. This new breed of “ethical tourist” is attracted to enjoy a breath-taking and pristine environment in culture, that is safe and friendly but above all committed to sustainable principles.

These are visitors who are happy to play their part in caring for the Island environment – leaving with a deeper appreciation and understanding of its natural and cultural heritage values.

I wish we had come up with the outstanding strapline for Lizard Island:

“Visit an Island that never leaves you.”

We may not have come up with it – but we sure can appreciate it what it means and ensure it applies to our own outstanding island!



Financial sustainability

I mentioned earlier the boom and bust cycles that have characterised the Island – ever since it became a holiday destination over a hundred years ago! Well, the major bail-outs are now a thing of the past.

We have set ourselves a corporate objective to acquire and manage our financial and other resources to become financially sustainable – not just to balance the books each year – but to reinvest in the Island's infrastructure and facilities for the future.

Financial sustainability is defined as generating enough income from all sources provided in our Act, to enable us to fund operating and asset replacement expenditure. A commercial rate of return for the whole agency is not included, but commercial rates of return or ROI are required from certain operations, but excludes the purchase of significant capital items.

We have made significant advances towards financial sustainability over the past five years and in 2007-2008 reported our first positive financial result, followed by a profit – yes a **profit** in 2008-2009! World events have come down upon us however, including the high Australian dollar and GFC – and we

continue to face a challenging fiscal environment. However, we remain committed to recovering our operating costs; and increasing our revenue base to reinvest back into the Island.

Key factors in achieving this:

- The RIA acts in a business-like manner to perform like a private business whilst providing non-commercial functions for the benefit of the Western Australian community. The costs for these “community services” or “social investment” cannot and arguably can never be fully recovered. For example our extensive cultural heritage – is of national significance, even international significance.
- We are a State government agency. While we have some flexibility within our legislation – for example an inferred power to employ and purchase, other State legislation and Government policy inhibit our flexibility and ability to act.
- Whilst the RIA is asset-rich, it has cash-flow challenges that need to be addressed. Historically, limited net cash revenue has resulted in the RIA having insufficient finances to main its facilities and other infrastructure to the required standards – with much-publicised effects!

- ***Moving forward*** we will measure our success in progressing towards financially sustainability by reference to profit and loss and cash-flow statements.
- And I guess, the big one - achieving less and less “punishment” at the hands of the media which always seems to enjoy having a go at Rottneest. We can even predict when the next assault is due – from looking at past media files!



Environmental and social sustainability

In setting ourselves the aim of achieving national standards of conservation and enhancement of our natural and cultural heritage, the RIA and our partners are working towards basing all operations on sustainable principles, practices and technologies – to the extent this is commercially achievable.

We have adopted the commonly accepted definition of sustainability as being “development which meets the needs of the present without compromising the ability of future generations to meet their own needs”.

Consultation with our staff and the public has indicated that there is strong support from key stakeholders for this approach. There is a clearly identified desire for the RIA to show leadership in becoming a benchmark for sustainable recreation

and for the Island to become a showpiece of sustainability in action – particularly in regards to its highly-prized environment.



Sustainable visitor capacity

Visitation on the Island is highly seasonal. As I am sure you find in your own context, visitor numbers ebb and flow with the weather – in our case peaking over summer – in fact we are not able to meet demand for overnight accommodation – and in school holidays when accommodation is at saturation point. The inevitable pressure on popular spots – such as Little Salmon Bay and Little Armstrong Bay to mention just two is immense. In 2009-2010 we independently gauged impact on the environment through assessing sustainable visitor capacity. Capacity refers to the type and amount of visitor use a number of popular sites sustain over a given period, without compromising its environmental, cultural and social values – which of course include the visitors' recreational experience itself.

Based on limits of acceptable change, visitor capacity and related approaches have been effectively used in Australia and overseas to manage visitor impact and tourism optimisation; providing high quality recreation experiences whilst conserving natural and cultural heritage.

The RIA funded the development and application of a new visitor management tool on the Island – the sustainable visitor capacity (SVC) framework. The framework was employed to assess current visitation levels and impacts in selected areas around the Island, including several sites characterised by particularly fragile ecosystems and large numbers of visitors.

The methodology has proved valuable in providing an estimate of sustainable visitor capacity that took into account environmental impacts; visitor satisfaction; service capacity; social-cultural impacts and management strategies.

The visitor capacity research has provided input into management controls to ensure all sites are managed sustainably. For example, the simple expedient of promoting less frequently visited bays and beaches on the main jetty and other visitor information has helped to disperse people to some of the other, just as beautiful, bays and beaches. Other management devices include installing boardwalks and built access points; closing off uncontrolled access; and increasing signage whilst not compromising visual amenity.

The research has also provided an informed basis for recreational planning in the marine and terrestrial environment, leading to the development of a *recreational opportunity*

spectrum. The spectrum is already guiding and informing a major development – a planned round-Island coastal walk trail, influencing the design of “nodes” for service delivery, such as tours, visitor education and interpretation, event planning and coastal management.



Sustainability Accreditation

In 2010, we implemented data collection in the form of the internationally recognised and acclaimed EarthCheck Sustainability Accreditation Scheme – a leading global benchmarking travel and tourism program, designed to help and encourage the industry to make and benefit from cost savings and worthwhile improvements in key sustainability performance areas.

So far, we have fulfilled EarthCheck benchmarking requirements for accommodation; vehicle and community areas – focusing on energy, water, waste, paper, cleaning and pesticide use.

Bronze Certification achieved in 2011 has established a baseline report criteria. We are now going for Silver Status – which requires a comprehensive environmental risk assessment across all aspects of the operations that interact with the environment, or have a potential environmental impact.

Environmental risk profiles have been identified with suggested treatment plans to mitigate risk and set annual performance targets. We are in the process of finalising an Environmental Management System that meets or exceeds ISO 14001 standards.

Implementing an internationally recognised sustainability program has provided a framework for improving practices and independent assessment of progress. Promoting Rottneest Island as a sustainable tourism destination is a critical element of our tourism marketing strategy, and fundamental to achieving economic sustainability on the Island. Targeted reductions in rates of resource usage (e.g. power, water and gas) and all forms of waste, have the potential to achieve long-term financial savings for the RIA and all other operators on the Island.



Development Planning Control

A recent review of our development planning and assessment process now applies to all internal and external operations, both ours and those of our partners – the Island businesses, contractors and of course developers.

Any proposed development that may have a significant impact on the environment, heritage or social aspects of the Island, including potential adverse impact on visitor amenity – for

example additional traffic and/or noise, is subject to public comment. Our Minister – the Minister for Tourism – also has the power to direct that public comment is sought for any proposed development. Together these measures provide a high level of protection for Rottnest Island from inappropriate development, or the cumulative impacts of development.



Social sustainability initiatives

We strive for social sustainability through positioning the Island as an ethical tourism destination; working towards Aboriginal reconciliation and providing opportunities for Aboriginal people; conserving and enhancing the Island's considerable heritage

collateral and social history; community education and interpretation; maintaining a safe and secure environment; nurturing the significant volunteer support the Island enjoys – and perhaps most importantly adding new experiences and development in line with what Western Australians want from their Island into the future.

Education and involvement of staff and partners – contractors; volunteers; business community; new businesses – and of course Island visitors is paramount to developing a sustainability culture on Rottnest Island. Intelligent and engaging interpretation lets visitors know how they can help, allowing

everyone to play a part in protecting and enhancing Rottnest Island for future generations.



Climate change and global factors

Tourism Australia has identified climate change as the greatest challenge facing the Australian tourism industry in the next ten years. As we plan for the future, climate change and other global trends including the economic situation in America and Europe; fuel prices and emerging issues yet to be encountered.

For Rottnest Island climate change is most likely to have a profound effect – damaging the very features that attract visitors and exacerbate existing management issues including coastal erosion; cliff collapses; fire control and vegetation restoration programs.

Protecting the Island's delicate ecosystems whilst they struggle to adapt is a priority as is maintaining these systems in good health to give them the best chance to survive. An example of where we have shown leadership in this area is the establishment of five marine sanctuary zones back in 2008 based on the best research available at the time; and designed to protect habitats and eco-systems as much as to protect fish stocks.

We have identified a suite of leading commercial, market and societal indicators to provide alerts to possible adverse effects. An example is the level of advance bookings – which is monitored on a quarterly basis to gauge any possible issues on the horizon.

Our corporate risk management framework enables threats to be documented; rated with a risk priority level and management treatments and responsibility identified.



Summary

The vision for Rottnest Island is as a model of ethical tourism, based on financial, environmental and social sustainability. What does that actually mean?

How do we exactly deal with the challenges of keeping things as they are – with the demands of moving forward. How do we attract new visitors from home and overseas and new age groups whose drivers are totally different from those of their parents and grandparents? How do we upgrade our ageing holiday homes without a huge cash injection? How can we maintain a local flavour whilst giving interstate and international visitors experiences they will travel for?

How do we achieve all this and take on unrealistic competition for the travelling dollar with places like Bali?

The short answer is to maintain the Island's essential Western Australian nature – its laid back, egalitarian ethos and to develop a chameleon-like ability to be all things to all people. We need to encourage private investors to offer the high end of accommodation – four and half and five star for the pamper brigade.

We need to increase the amount of cheaper accommodation – camping; cabins and low cost traditional bungalows for families and increase low or no cost things to do for children – and young people, especially in all weather venues to increase our viability as a year-round tourism destination.

Our extended stays initiative is showing signs of being a very successful way to achieve a critical mass of people during the winter months – to keep our businesses ticking over – and to cover the costs of our staff and contractors and utilities.

We need to provide leading-edge recreational experiences, utilising the very latest in technology to customise experiences for visitors in different languages; from different age groups and

with varied interests – utilising emerging technology like phone apps.

We need to maintain the Island's pristine bays and beaches; protect and nurture its fragile environment and put our heritage collateral to work to pay for its considerable upkeep.

We need to make sure that our fauna and flora are not only protected – but encouraged to flourish within a sustainable framework – and above all we need to ensure that we are able to operate in a financially sustainable way.

A big task – but one our current board, myself and my staff are enthusiastic about achieving. We are confident of our ability to do a good job – helped of course by the 2.6 million Western Australians – all of whom have an opinion – and all of whom know how to do it better!

Perhaps, the future of this particular horizon is not so critical after all.

Thank you.