



Our Ref: 23/133

Ms Elizabeth Walters
A/Executive Director
Level 4, 469 Wellington Street, Perth WA 6000
Sent via email: alexander.kroon@erawa.com.au

Dear Ms Walters

Renewal of water services licence WL10

As you are aware, Rottnest Island Authority (RIA) is proposing to transfer responsibility for the provision of water services on Rottnest Island to Water Corporation. This is now expected to occur in 2024.

As RIA's water services licence WL10 is due to expire on 13 December 2023. RIA wishes to apply under section 13 of the *Water Services Act 2012*, to renew its licence before the expiry date.

I confirm that RIA:

- 1) has, and is likely to retain, the financial ability to provide the service in the operating area.
- 2) is currently a member of the water ombudsman scheme and will continue to be a member of the scheme if the licence is renewed.

RIA's audited financial reports for the last three years are attached.

RIA believes that it is in the public interest to renew WL10 for continued water services to Rottnest Island and that the RIA has and will retain the financial and technical capability to do so.

Your sincerely

Jason Banks
Executive Director
Rottnest Island Authority

DATE: 26 September 2023



ROTTNEST IS

*We're working for
Western Australia.*

ANNUAL REPORT

2020-21

ria.wa.gov.au

Disclosures and legal compliance



Certification of financial statements

FOR THE REPORTING PERIOD ENDED 30 JUNE 2021

The accompanying financial statements of the Rottnest Island Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2021 and the financial position as at 30 June 2021.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

**Lyn Cassettai**

Acting Chief Finance Officer
Rottnest Island Authority

10 September 2021

**John Langoulant AO**

Chairman
Rottnest Island Authority

10 September 2021

**Hamish Beck**

Deputy Chairman
Rottnest Island Authority

10 September 2021

Independent audit opinion



Auditor General

INDEPENDENT AUDITOR'S OPINION 2021 Rottnest Island Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Rottnest Island Authority (Authority) which comprise:

- the Statement of Financial Position at 30 June 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information, including administered transactions and balances.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Rottnest Island Authority for the year ended 30 June 2021 and the financial position at the end of that period
- in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I am independent of the Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Rottnest Island Authority. The controls exercised by the Authority are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Rottnest Island Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2021.

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Independent audit opinion

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Rottneest Island Authority for the year ended 30 June 2021. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Rottneest Island Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2021.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control it determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

The Board is responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial statements, key performance indicators and my auditor's report.

My opinions do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Independent audit opinion

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, controls and key performance indicators of the Rotttnest Island Authority for the year ended 30 June 2021 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements, controls or key performance indicators. If users of the financial statements, controls and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements, controls and key performance indicators.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 September 2021

Statement of comprehensive income for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	12,565	13,379
Supplies and services	2.2	31,593	28,663
Depreciation and amortisation expense	4.1.1, 4.2.1, 4.3	6,524	6,760
Cost of sales	3.3	618	607
Finance costs	6.2	9	15
Accommodation expenses	2.3	124	112
Other expenses	2.3	1,255	1,348
Non-current assets expensed	2.5	-	810
Loss on disposal of non-current assets	2.4	667	-
Total cost of services		53,355	51,694
Revenue and Income			
Sale of goods	3.3	839	890
User charges and fees	3.2	41,152	37,220
Commonwealth grants	3.4	3,438	1,252
Interest revenue	3.5	124	363
Other revenue	3.6	460	490
Total revenue		46,013	40,215
Gain on disposal of non-current assets	2.4	-	96
Total gain		-	96
Total income other than income from State Government		46,013	40,311
NET COST OF SERVICES		7,342	11,383

	Note	2021 \$000	2020 \$000
Income from State Government			
Income from other public sector entities	3.1	14,256	12,647
Services received free of charge	3.1	173	72
Assets received free of charge	3.1	4,773	-
Total income from State Government		19,202	12,719
SURPLUS / (DEFICIT) FOR THE PERIOD		11,860	1,336
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus		-	(1,335)
Total other comprehensive income		-	(1,335)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,860	1

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

Statement of financial position as at 30 June 2021

	Note	2021 \$000	2020 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	6.3	11,443	12,705
Inventories	3.3	314	359
Receivables	5.1	1,812	2,120
Other current financial assets	6.4	17,000	22,000
Other current assets	5.2	327	127
Total Current Assets		30,896	37,311
Non-Current Assets			
Infrastructure, property, plant and equipment	4.1	278,094	264,639
Intangible assets	4.2	1,118	1,033
Right-of-use assets	4.3	227	492
Receivables	5.1	124	128
Total Non-Current Assets		279,563	266,292
TOTAL ASSETS		310,459	303,603

	Note	2021 \$000	2020 \$000
LIABILITIES			
Current Liabilities			
Payables	5.3	7,869	7,687
Lease liabilities	6.1	182	301
Employee related provisions	2.1(b)	2,107	2,147
Grant liability	5.6	-	2,438
Contract liabilities	5.5	4,768	13,501
Other current liabilities	5.4	1,423	865
Total Current Liabilities		16,349	26,939
Non-Current Liabilities			
Lease liabilities	6.1	50	193
Employee related provisions	2.1(b)	822	606
Other non-current liabilities	5.4	3,563	3,850
Total Non-Current liabilities		4,435	4,649
TOTAL LIABILITIES		20,784	31,588
NET ASSETS		289,675	272,015
EQUITY			
Contributed equity	8.7	57,032	51,232
Reserves	8.7	205,873	205,873
Accumulated surplus		26,770	14,910
TOTAL EQUITY		289,675	272,015

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2021

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus \$000	Total Equity \$000
Balance at 1 July 2019		50,032	207,208	13,574	270,814
Surplus		-	-	1,336	1,336
Other comprehensive (deficit) / income	8.7	-	(1,335)	-	(1,335)
Total comprehensive (deficit) / income for the period		-	(1,335)	1,336	1
Transactions with owners in their capacity as owners:					
Capital appropriations	8.7	1,200	-	-	1,200
Total		1,200	-	-	1,200
Balance at 30 June 2020		51,232	205,873	14,910	272,015
Balance at 1 July 2020		51,232	205,873	14,910	272,015
Surplus		-	-	11,860	11,860
Other comprehensive income	8.7	-	-	-	-
Total comprehensive (deficit) / income for the period		-	-	11,860	11,860
Transactions with owners in their capacity as owners:					
Capital appropriations	8.7	5,800	-	-	5,800
Total		5,800	-	-	5,800
Balance at 30 June 2021		57,032	205,873	26,770	289,675

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

Statement of cash flows for the year ended 30 June 2021

	Note	2021 \$000	2020 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Funds from other public sector entities		14,256	12,647
Capital appropriation		5,800	1,200
Net cash provided by State Government		20,056	13,847
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(12,772)	(13,254)
Supplies and services		(30,895)	(27,930)
Finance costs		(9)	(15)
GST payments on purchases		(4,830)	(3,631)
GST payments to taxation authority		-	(456)
Other payments		(1,570)	(1,265)
Receipts			
Sale of goods		839	890
User charges and fees		33,434	38,197
Commonwealth grants		1,000	3,690
Interest received		174	488
GST receipts on sales		3,352	4,082
GST receipts from taxation authority		1,051	-
Other receipts		460	163
Net cash (used in) / provided by operating activities		(9,766)	959

	Note	2021 \$000	2020 \$000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(16,076)	(5,772)
Receipts			
Proceeds from sale of non-current assets		-	96
Net cash (used in) investing activities		(16,076)	(5,676)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(328)	(325)
ARENA loan repayment		(148)	(162)
Net cash (used in) financing activities		(476)	(487)
Net (decrease) / increase in cash and cash equivalents			
		(6,262)	8,643
Cash and cash equivalents at the beginning of the period			
		34,705	26,062
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3, 6.4	28,443	34,705

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

Notes to the financial statements for the year ended 30 June 2021

1. BASIS OF PREPARATION

Rotttnest Island Authority ("the Authority") is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' section of the Annual Report which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Authority on 10 September 2021.

Statement of compliance

These general-purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**),
- 2) The Treasurer's Instructions (**TIs**),
- 3) Australian Accounting Standards (**AASs**) Reduced Disclosure Requirements,
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Notes to the financial statements for the year ended 30 June 2021

2. USE OF OUR FUNDING

Expenses incurred in the delivery of services

This section provides additional information about how the Authority's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Authority in achieving its objectives and the relevant notes are:

	Note
Employee benefits expense	2.1(a)
Employee related provision	2.1(b)
Supplies and services	2.2
Other expenditure	2.3
(Loss) / gain on disposal of non-current assets	2.4
Non-current assets expensed	2.5

2.1 (a) Employee benefits expense

	2021 \$000	2020 \$000
Employee benefits	11,448	11,978
Termination benefits	-	187
Superannuation - defined contribution plans	1,100	1,173
Superannuation - defined benefit plans	17	41
Total employee benefits expense	12,565	13,379
Add: AASB 16 Non-monetary benefits	45	51
Less: Employee Contributions (per the Statement of Comprehensive Income)	-	-
Net employee benefits	12,610	13,430

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Authority is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the Authority.

Employee Contributions: contributions made to the Authority by employees towards employee benefits that have been provided by the Authority. This includes both AASB-16 and non-AASB 16 employee contributions.

Notes to the financial statements for the year ended 30 June 2021

2.1 (b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2021 \$000	2020 \$000
Current		
Employee benefits provision		
Annual leave ^(a)	1,111	872
Long service leave ^(b)	821	1,087
Time in lieu	4	18
Defined benefit liability ^(d)	39	40
	1,975	2,017
<i>Other provisions</i>		
Employment on-costs ^(c)	132	130
Total current employee related provisions	2,107	2,147
Non-current		
Employee benefits provision		
Long service leave ^(b)	604	383
Defined benefit liability ^(d)	176	198
	780	581
<i>Other provisions</i>		
Employment on-costs ^(c)	42	25
Total non-current employee related provisions	822	606
Total employee related provisions	2,929	2,753

(a) Annual leave liabilities: Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) Long service leave liabilities: Unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Authority does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements for the year ended 30 June 2021

2.1 (b) Employee related provisions (continued)

(c) Employment on-costs: The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenditure', Note 2.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of the Authority's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2021 \$000	2020 \$000
Employment on-costs provision		
Carrying amount at start of period	155	194
Additional provisions recognised	44	77
Payments / other sacrifices of economic benefits	(25)	(116)
Carrying amount at end of period	174	155

(d) Defined benefit liability: The Authority has recognised the unfunded superannuation liability for a Pension Scheme relating to a former employee. This obligation has been measured using actuarial assumptions and on a discounted basis.

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Authority's long service leave provision. These include:

- Expected future salary rates,
- Discount rates,
- Employee retention rates,
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Notes to the financial statements for the year ended 30 June 2021

2.2 Supplies and services

	2021 \$000	2020 \$000
Contractors – facilities operations and utilities	14,158	13,895
Contractors – housekeeping	2,432	1,821
Contractors – other	4,707	4,073
Administration expense	2,126	2,166
Other staff costs	541	579
Repairs and maintenance – Roofing Project	-	426
Repairs and maintenance – Building, infrastructure and equipment	4,510	3,252
Assets under \$5,000 expensed	1,181	1,237
Marketing expenses	1,006	598
Other supplies and services costs	932	616
Total supplies and services expenses	31,593	28,663

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance: Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other supplies and services costs generally represent the day-to-day running costs incurred in normal operations.

2.3 Other Expenditure

	2021 \$000	2020 \$000
Accommodation expenses		
Rental expenses	10	-
Cleaning and other accommodation expenses	114	112
Total accommodation expenses	124	112
Other expenses		
Expected credit losses expense	-	16
Employment on-costs	997	746
Bank and merchant fees	258	288
Intangible assets written off	-	226
Research and development	-	69
Bad debts written off	-	3
Total other expenses	1,255	1,348
Total other expenditure	1,379	1,460

Rental expenses include:

- Short-term leases with a lease term of 12 months or less.
- Low-value leases with an underlying value of \$5,000 or less.
- Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

Notes to the financial statements for the year ended 30 June 2021

2.3 Other Expenditure (continued)

Cleaning costs are recognised as expenses as incurred.

Expected credit losses is an allowance of trade receivables and is measured at the lifetime expected credit losses at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 5.1 for the movement in the allowance for impairment of trade receivables.

Employment on-costs includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Research and development costs are recognised as an expense in the period in which they are incurred.

2.4 (Loss) / gain on disposal of non-current assets

	2021 \$000	2020 \$000
Net proceeds from disposal of non-current assets		
Plant, equipment and vehicles	-	96
Carrying amount of non-current assets disposed		
Plant, equipment and vehicles	(667)	-
(Loss) / gain on disposal of non-current assets	(667)	96

Realised and unrealised gains are usually recognised on a net basis.

These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of Comprehensive Income.

2.5 Non-current assets expensed

	2021 \$000	2020 \$000
Plant and equipment	-	810
	-	810

During 2020 the Authority amended its accounting policy regarding capitalisation of grouped assets under \$5,000. This resulted in the expensing of plant and equipment totalling \$810,000 previously capitalised.

Notes to the financial statements for the year ended 30 June 2021

3. OUR FUNDING SOURCES

How we obtain our funding

This section provides additional information about how the Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Authority and the relevant notes are:

	Note
Income from State Government	3.1
User charges and fees	3.2
Sale of goods	3.3
Commonwealth grants	3.4
Interest revenue	3.5
Other revenue	3.6

3.1 Income from State Government

	2021 \$000	2020 \$000
Income from other public sector entities during the period:		
Grants received from Department of Biodiversity, Conservation and Attractions (DBCA)	14,241	12,647
Grants received from other government entities	15	-
Total grants	14,256	12,647
Resources received from other public sector entities during the period:		
Assets received free of charge ^(a)	4,773	-
Services received free of charge ^(b)	173	72
Total resources received	4,946	72
Total income from State Government	19,202	12,719

Income from other public sector entities are recognised as income when the Authority has received a recurrent appropriation through a central department (i.e. Department of Biodiversity, Conservation and Attractions) and/or when the Authority has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Authority receives the funds.

Notes to the financial statements for the year ended 30 June 2021

3.1 Income from State Government (continued)

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

- (a) Assets received free of charge relates to road resurfacing works performed on the Island's roads by Main Roads WA at no cost to the Authority.
- (b) Services received free of charge relates to legal services received free of charge from State Solicitor's Office.

3.2 User charges and fees

	2021 \$000	2020 \$000
Accommodation revenue	21,770	15,047
Equipment hire and tours	4,646	4,700
Admission fees	8,220	9,460
Other fees and charges	2,120	2,049
Commercial lease and licence income	1,970	2,157
Utility charges	1,688	1,932
Recoveries ^(a)	-	1,317
Residential lease income	738	558
Total user charges and fees	41,152	37,220

- (a) Recoveries relate to COVID-19 quarantine services provided by the Authority during the prior year.

Revenue is recognised at the transaction price when the Authority transfers control of the services to customers. Revenue is recognised for the major business activities as follows:

- Accommodation revenue is recognised over the course of the visitors' stay on the Island,
- Admissions fees are generally recognised when the visitors arrive on the Island,
- Recoveries are recognised as income when the services have been provided,
- Other revenue, including residential and commercial rental income, is recognised as the goods/services are provided.

3.3 Sale of goods

	2021 \$000	2020 \$000
Sale of goods	839	890
Cost of Sales:		
Opening Inventory	(237)	(109)
Purchases	(533)	(735)
	(770)	(844)
Closing Inventory	152	237
Cost of Goods Sold	(618)	(607)
Gross profit	221	283

Notes to the financial statements for the year ended 30 June 2021

	2021 \$000	2020 \$000
Closing inventory comprises:		
Inventories held for resale (current)		
Visitors Centre and bike stock	152	237
	152	237
Inventories not held for resale (current)		
Fuels	162	122
	162	122
Total Inventories	314	359

Sale of Goods

Revenue is recognised at the transaction price when the Authority transfers control of the goods to customers.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

3.4 Commonwealth grants

	2021 \$000	2020 \$000
Commonwealth grants:		
Capital grants	3,438	1,252
	3,438	1,252

Capital grants are recognised as income over time as the projects are constructed to the extent that the grant has been received. Refer to Note 5.6.

3.5 Interest revenue

	2021 \$000	2020 \$000
Interest revenue	124	363
	124	363

Interest revenue is recognised as the interest accrues.

Notes to the financial statements for the year ended 30 June 2021

3.6 Other revenue

	2021 \$000	2020 \$000
Insurance claims	96	13
Expected credit losses provision written back	111	-
Non-government grants / sponsorships	21	-
Public donations	29	33
Other revenue	203	117
Assets received free of charge (non-government)	-	327
Total other revenue	460	490

4. KEY ASSETS

Assets the Authority utilises for economic benefit or service potential

This section includes information regarding the key assets the Authority utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Note
Infrastructure, property, plant and equipment	4.1
Intangibles	4.2
Right-of-use assets	4.3

Notes to the financial statements for the year ended 30 June 2021

4.1 Infrastructure, property, plant and equipment

Year ended 30 June 2021	Land \$000	Buildings \$000	Computers and electronic equipment \$000	Furniture and fittings \$000	Plant and vehicles \$000	Infrastructure \$000	Leasehold improvements \$000	Works of art \$000	Work in progress \$000	Total \$000
1 July 2020										
Gross carrying amount	135,000	77,192	1,972	5,633	4,080	50,344	279	47	3,780	278,327
Accumulated depreciation	-	-	(1,827)	(5,154)	(3,362)	(3,090)	(255)	-	-	(13,688)
Carrying amount at start of period	135,000	77,192	145	479	718	47,254	24	47	3,780	264,639
Additions	-	-	-	-	-	4,773	-	-	15,907	20,680
Transfers	-	3,154	-	184	484	9,365	-	29	(13,216)	-
Disposals	-	-	-	-	(30)	(637)	-	-	-	(667)
Adjustments	-	-	-	-	-	8	-	-	(442)	(434)
Revaluation increments / (decrements)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(2,041)	(101)	(281)	(301)	(3,392)	(8)	-	-	(6,124)
Carrying amount at 30 June 2021	135,000	78,305	44	382	871	57,371	16	76	6,029	278,094
Gross carrying amount	135,000	80,346	1,972	5,817	4,447	63,871	279	76	6,029	297,837
Accumulated depreciation	-	(2,041)	(1,928)	(5,435)	(3,576)	(6,500)	(263)	-	-	(19,743)
	135,000	78,305	44	382	871	57,371	16	76	6,029	278,094

Notes to the financial statements for the year ended 30 June 2021

4.1 Infrastructure, property, plant and equipment (continued)

Initial recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land,
- buildings,
- infrastructure.

Land is carried at fair value.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2020 by Landgate. The valuations were performed during the year ended 30 June 2021. The fair value of land was determined by reference to current use and the fair value of buildings was determined by reference to current replacement cost.

Infrastructure is independently valued every 3 to 5 years. Infrastructure assets were independently revalued by Landgate as at 1 July 2018. These valuations were recognised at 30 June 2019. The fair value for infrastructure assets was determined by reference to the current replacement cost.

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

Notes to the financial statements for the year ended 30 June 2021

4.1.1 Depreciation and impairment

Charge for the period	2021 \$000	2020 \$000
Depreciation		
Buildings	2,041	2,000
Computers and electronic equipment	101	129
Furniture and fittings	281	644
Plant and vehicles	301	472
Leasehold improvements	8	15
Infrastructure	3,392	3,090
Total depreciation for the period	6,124	6,350

As at 30 June 2021, there were no indications of impairment to infrastructure, property, plant and equipment.

All surplus assets at 30 June 2021 have either been classified as assets held for sale or have been written-off.

Finite useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exception to this rule is land.

Depreciation is calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the following table.

Asset	Useful life: years
Buildings	20 to 40 years
Computers and electronic equipment	3 to 5 years
Furniture and fittings	3 to 15 years
Vehicles	4 to 20 years
Plant and equipment	4 to 20 years
Infrastructure	4 to 50 years
Leasehold improvements	10 to 15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. During the reporting period, the useful life of roads was amended from 100 years to 40 years. This change does not have a material impact on depreciation expense.

Land, works of art and Cultural Heritage Assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Notes to the financial statements for the year ended 30 June 2021

4.1.1 Depreciation and impairment (continued)

Impairment

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Authority is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

4.2 Intangible assets

	Right to receive the Rottnest Dome Building \$000	Computer Software \$000	Total \$000
Year ended 30 June 2021			
1 July 2020			
Gross carrying amount	778	2,337	3,115
Accumulated amortisation	-	(2,082)	(2,082)
Carrying amount at start of period	778	255	1,033
Additions	-	169	169
Amortisation expense	-	(84)	(84)
Carrying amount at 30 June 2021	778	340	1,118
30 June 2021			
Gross carrying amount	778	2,506	3,284
Accumulated amortisation	-	(2,166)	(2,166)
Carrying amount at 30 June 2021	778	340	1,118

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Notes to the financial statements for the year ended 30 June 2021

Acquisitions for intangible assets costing \$5,000 or more and internally generated intangible assets at minimum of \$5,000 that comply with the recognition criteria as per AASB 138.57 are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

4.2.1 Amortisation and impairment

Charge for the period	2021 \$000	2020 \$000
Computer software	84	83
Total amortisation for the period	84	83

As at 30 June 2021, there were no indications of impairment to intangible assets.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Software ^(a)	3 to 5 years
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(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in Note 4.1.1.

4.3 Right-of-use assets

	2021 \$000	2020 \$000
Buildings	130	389
Plant and equipment	34	12
Vehicles	63	91
Net carrying amount	227	492

Additions to right-of-use assets during the 2021 financial year were \$50,668 (2020: \$819,935).

Notes to the financial statements for the year ended 30 June 2021

4.3 Right-of-use assets (continued)

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs,
- restoration costs, including dismantling and removing the underlying asset.

The Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.1.1.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	2021 \$000	2020 \$000
Buildings	259	259
Plant and equipment	14	17
Vehicles	43	51
Total right-of-use asset depreciation	316	327
Lease interest expense	9	15
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	10	-
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2021 was \$337,000 (2020: \$340,000).

The Authority has leases for vehicles, office accommodation and office equipment.

The Authority recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 6.1.

Notes to the financial statements for the year ended 30 June 2021

5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Authority's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Note
Receivables	5.1
Other current assets	5.2
Payables	5.3
Other liabilities	5.4
Contract liabilities	5.5
Grant liability	5.6

5.1 Receivables

	2021 \$000	2020 \$000
Current		
Receivables	871	1,708
Allowance for impairment of receivables	(12)	(123)
GST receivable	867	439
Interest receivable	7	56
Other receivables	79	40
Total current	1,812	2,120
Non-current		
Accrued revenue	124	128
Total non-current	124	128
Total receivables	1,936	2,248

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Notes to the financial statements for the year ended 30 June 2021

5.2 Other current assets

	2021 \$000	2020 \$000
Prepayments	327	127
Total current	327	127

Other current assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2021 \$000	2020 \$000
Trade payables	7,231	7,143
Accrued expenses	192	163
Accrued salaries	446	381
Total current	7,869	7,687

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

5.4 Other liabilities

	2021 \$000	2020 \$000
Current		
Leases in advance	100	100
Deferred income	1,107	535
Unclaimed money	8	28
Sinking fund provision	45	38
General provisions	15	17
ARENA loan	148	147
Total current	1,423	865
Non-current		
Deferred income	233	272
Leases in advance	33	133
ARENA loan	3,297	3,445
Total non-current	3,563	3,850
Total current and non-current	4,986	4,715

Notes to the financial statements for the year ended 30 June 2021

5.5 Contract liabilities

	2021 \$000	2020 \$000
Current		
Opening balance at the beginning of the period	13,501	11,776
Additions	13,037	16,772
Revenue recognised in the reporting period	(21,770)	(15,047)
Closing balance at the end of period	4,768	13,501

The Authority's contract liabilities relate to refundable accommodation deposits for booking dates after the reporting period. The decrease in deposits is principally due to a change in the Authority's deposit policy during the reporting period, from a 100% deposit to a 25% deposit. In addition, the lead time for bookings was reduced from 18 months to 9 months.

5.6 Grant liability

	2021 \$000	2020 \$000
Opening balance at the beginning of the period	2,438	-
Additions	1,000	3,690
Income recognised in the reporting period	(3,438)	(1,252)
Closing balance at the end of period	-	2,438
Current	-	2,438
Non-current	-	-

The Authority's grant liability relates to a capital grant received from the Commonwealth for Enhancing National Tourism Icons projects. Income is recognised over time as the projects are constructed to the extent that the grant has been received. Refer to Note 3.4.

6. FINANCING

This section sets out the material balances and disclosures associated with the financing and cashflows of the Authority.

	Note
Lease liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Other current financial assets	6.4
Assets pledged as security	6.5
Capital expenditure commitments	6.6

6.1 Lease Liabilities

	2021 \$000	2020 \$000
Current	182	301
Non-current	50	193
	232	494

Notes to the financial statements for the year ended 30 June 2021

6.1 Lease Liabilities (continued)

Initial Measurement

The Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised),
- Payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Authority if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with Note 4.3.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

6.2 Finance costs

	2021 \$000	2020 \$000
Lease interest expense	9	15
Finance costs expensed	9	15

'Finance cost' includes the interest component of lease liability repayments.

Notes to the financial statements for the year ended 30 June 2021

6.3 Cash and cash equivalents

	2021 \$000	2020 \$000
Cash and cash equivalents	11,443	12,705
Balance at end of period	11,443	12,705

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

6.4 Other current financial assets

	2021 \$000	2020 \$000
Term Deposits (current)	17,000	22,000
Balance at end of period	17,000	22,000

6.5 Assets pledged as security

	2021 \$000	2020 \$000
Assets pledged as security		
The carrying amounts of non-current assets pledged as security are:		
Right-of-use-asset – vehicles	63	91
Total assets pledged as security	63	91

The Authority has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

6.6 Capital expenditure commitments

	2021 \$000	2020 \$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	5,794	4,221
	5,794	4,221

The totals presented for capital commitments are GST inclusive.

Notes to the financial statements for the year ended 30 June 2021

7. FINANCIAL INSTRUMENTS AND CONTINGENCIES

	Note
Financial Instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2021 \$000	2020 \$000
Financial Assets		
Cash and cash equivalents	11,443	12,705
Receivables at amortised cost ^(a)	1,069	1,809
Term deposits	17,000	22,000
Total financial assets	29,512	36,514
Financial Liabilities		
Financial liabilities measured at amortised cost ^(b)	8,101	8,181
Total financial liabilities	8,101	8,181

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities excludes GST payable to the ATO (statutory payable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

The Authority has historically included GST on its various categories of admission fees. In 2019 the Authority requested a ruling from the Australian Taxation Office (ATO) on whether its various admission fees are subject to GST. The ATO has issued initial advice that fees in respect of mooring and authorised user licences are exempt from GST. The applicability of GST to other visitor admission fees has yet to be determined by the ATO.

The question of whether the Authority is entitled to a refund on GST paid in prior years on mooring and authorised user licences is also to be determined by the ATO. If the ATO determines that the Authority is entitled to recover GST paid in prior years, this may result in a contingent asset. The refund would only be payable to the Authority, as the GST was not passed on, but absorbed within the regulated fee. As the matter as to whether a debt exists is still undecided, the value of the contingent asset cannot be quantified.

7.2.2 Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Contaminated Sites

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the level of risk, including potential impacts on human health, the environment and environmental values.

Notes to the financial statements for the year ended 30 June 2021

Where sites are classified as contaminated and requiring remediation, or possible contamination, investigation is required, the Authority may have a liability in respect to investigation, or remediation expenses. The Authority has one contaminated site that is under investigation. During the 2020/21 financial year, no additional sites were reported to DWER. The Authority continued to invest in monitoring activities to address financial and environmental management commitments.

Long Service Leave – Casual Employees

Under the *Long Service Leave Act 1958* (LSL Act) casual employees who have been employed for more than 10 years and meet continuous service requirements may be entitled to long service leave. Whilst a provision for casual employees who are currently still employed by the Authority and who meet the criteria has been recognised in the financial statements, the amount of the obligation for those casual employees who are no longer employed by the Authority cannot be measured with sufficient reliability at reporting date. The Authority is currently assessing the impact of the LSL Act for those casual employees.

Other

A former Lessee and Island business operator initiated a claim in the Supreme Court of Western Australia in 2015 in relation to a dispute arising from a lease granted by the Authority in May 2009 which concerned the permitted uses of the leased premises and other matters. Insufficient information has been provided about this claim to enable the contingent liability to be quantified.

Litigation commenced by the above party in December 2020 was summarily dismissed by the Supreme Court as frivolous, vexatious and an abuse of process in August 2021. The Authority (together with other co-defendants) were awarded costs on an indemnity basis. No appeal has been lodged in relation to this judgment as at the date of these financial statements.

A visitor has commenced legal proceedings in the District Court of Western Australia in respect to alleged personal injury sustained in an accident on the Island. Subject to liability being established, the value of the liability is unable to be quantified.

8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of reporting period	8.1
Correction of prior period errors/changes in accounting policy	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies and affiliated bodies	8.5
Remuneration of auditors	8.6
Equity	8.7
Supplementary financial information	8.8
Explanatory statement	8.9

8.1 Events occurring after the end of the reporting period

There are no events that occurred after the Statement of Financial Position date which would materially affect the financial statements.

Notes to the financial statements for the year ended 30 June 2021

8.2 Correction of prior period errors/changes in accounting policy

(a) AASB 1059 Service Concession Agreements: Grantors

AASB 1059 introduces the accounting treatment for assets in service concession arrangements from the perspective of public sector grantors. The standard defines a service concession arrangement and provides guidance on the recognition and measurement requirements.

This standard applies to service concession arrangements, which involves an operator:

- Providing public services related to a service concession asset on behalf of the grantor,
- Managing at least some of the services under its own discretion, rather than at the direction of the grantor.

The Authority has assessed all concession agreements against the scope of AASB 1059 and they are all considered out of scope. This is mainly because the Authority does not control to whom businesses provide their services and at what prices.

8.3 Key management personnel

The Authority has determined that key management personnel include the responsible Minister, members of the accountable authority and senior officers of the Authority. However, the Authority is not obligated to compensate Ministers and therefore those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the accountable authority and senior officers of the Authority for the reporting period are presented within the following bands:

Compensation of members of accountable authority Compensation Bands (\$)	2021	2020
30,001 – 40,000	1	1
10,001 – 20,000	5	5
	2021 \$000	2020 \$000
Short-term employee benefits	100	97
Post-employment benefits	9	9
Other long-term benefits	-	-
Termination benefits	-	-
Total compensation of members of the accountable authority	109	106

Notes to the financial statements for the year ended 30 June 2021

Compensation of senior officers Compensation Bands (\$)	2021	2020
290,001 – 300,000	-	1
230,001 – 240,000	1	-
170,001 – 180,000	2	2
160,001 – 170,000	3	2
150,001 – 160,000	1	1
130,001 – 140,000	1	-
120,001 – 130,000	-	1
110,001 – 120,000	1	2
60,001 – 70,000	1	-
40,001 – 50,000	-	1
	2021 \$000	2020 \$000
Short-term employee benefits	1,258	1,211
Post-employment benefits	134	156
Other long-term benefits	149	147
Termination benefits	-	-
Total compensation of senior officers	1,541	1,514

Total compensation includes the superannuation expense incurred by the Authority in respect of members of the accountable authority and senior officers.

8.4 Related party transactions

The Authority is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Authority include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities,
- all members of the accountable authority, senior officers and their close family members and their controlled or jointly controlled entities,
- other departments and public-sector entities, including related bodies that are included in the whole of government consolidated financial statements,
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements,
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with the Authority, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies and affiliated bodies

The Authority has no related bodies or affiliated bodies.

Notes to the financial statements for the year ended 30 June 2021

8.6 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2021 \$000	2020 \$000
Auditing the accounts, financial statements, controls and key performance indicators	137	115

8.7 Equity

	2021 \$000	2020 \$000
Contributed Equity		
Balance at start of period	51,232	50,032
<i>Contributions by owners</i>		
Capital appropriation	5,800	1,200
Balance at end of period	57,032	51,232
Reserves		
Asset revaluation surplus		
Balance at the start of period	205,873	207,208
Net revaluation increments / (decrements)		
- Buildings	-	(1,335)
Balance at end of period	205,873	205,873

8.8 Supplementary financial information

(a) Write-offs

During the financial year, Nil (2020: \$3,367) of bad debts were written off under the authority of the accountable authority.

(b) Losses through theft, defaults and other causes

There were no losses through theft, default or other causes during the year.

(c) Gifts of public property

There were no gifts of public property during the year.

8.9 Explanatory statement

All variances between estimates (original budget) and actual results for 2021, and between the actual results for 2021 and 2020 are shown below. For the Statement of Comprehensive Income and Statement of Cash Flows, narratives are provided for key major variances which are greater than 10% and 1% of Total Cost of Services for either the previous year or estimate (whichever is lower) ie 1% of \$51,694,000 being 2020 Actual (\$516,940). For the Statement of Financial Position, narratives are provided for key major variances that are greater than 10% and 1% of Total Assets for either the previous year or estimate (whichever is lower), ie 1% of \$303,603,000 being 2020 Actual (\$3,036,030).

Notes to the financial statements for the year ended 30 June 2021

8.9.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
Expenses						
Employee benefits expense		13,570	12,565	13,379	(1,005)	(814)
Supplies and services		32,009	31,593	28,663	(416)	2,930
Depreciation and amortisation expense		6,244	6,524	6,760	280	(236)
Cost of sales		474	618	607	144	11
Finance costs		11	9	15	(2)	(6)
Accommodation expenses		51	124	112	73	12
Other expenses		1,593	1,255	1,348	(338)	(93)
Non-current assets expensed	A	-	-	810	-	(810)
Loss on disposal of non-current assets	2, D	51	667	-	616	667
Total cost of services		54,003	53,355	51,694	(648)	1,661
Revenue and Income						
Sale of goods		673	839	890	166	(51)
User charges and fees	B	37,601	41,152	37,220	3,551	3,932
Commonwealth grants	1, C	9,730	3,438	1,252	(6,292)	2,186
Interest revenue		599	124	363	(475)	(239)
Other revenue		598	460	490	(138)	(30)
Total revenue		49,201	46,013	40,215	(3,188)	5,798
Gain on disposal of non-current assets		-	-	96	-	(96)
Total gain		-	-	96	-	(96)

Notes to the financial statements for the year ended 30 June 2021

8.9.1 Statement of Comprehensive Income Variances – continued

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
Total Income other than income from State Government		49,201	46,013	40,311	(3,188)	5,702
NET COST OF SERVICES		4,802	7,342	11,383	2,540	(4,041)
Income from State Government						
Income from other public sector entities	E	14,241	14,256	12,647	15	1,609
Services received free of charge		-	173	72	173	101
Assets received free of charge	3, F	-	4,773	-	4,773	4,773
Total income from State Government		14,241	19,202	12,719	4,961	6,483
SURPLUS / (DEFICIT) FOR THE PERIOD		9,439	11,860	1,336	2,421	10,524
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	-	(1,335)	-	1,335
Total other comprehensive income		-	-	(1,335)	-	1,335
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,439	11,860	1	2,421	11,859

Notes to the financial statements for the year ended 30 June 2021

Major Estimate and Actual (2021) Variance Narratives

- Commonwealth grant income is less than the Estimate by \$6.3m (65%) due to a delay in receiving the grant which is expected to be received in the first quarter of 2021-22. The delay is due variations to the project milestones required as result of higher costs requiring reallocation of funds across the originally planned projects.
- Loss on disposal of non-current assets is higher than the Estimate by \$0.6m (1208%) due to the disposal of the fuel jetty which was replaced during the year.
- Assets received free of charge relates to the road resurfacing works performed by Main Roads WA during the year at no cost to the Authority which was not included in the original budget.

Major Actual (2021) and Comparative (2020) Variance Narratives

- The decrease in non-current assets expensed of \$0.8m (100%) is due to a revision in accounting policy in the prior year regarding capitalisation of grouped assets under \$5k, which resulted in the expensing of \$0.8m of assets previously capitalised.
- The increase in user charges and fees of \$3.9m (11%) is principally due to higher accommodation occupancy over the prior year.
- The increase in Commonwealth grants of \$2.2m (175%) is due to higher revenue being recognised in the current year reflecting a higher level of capital expenditure spend in the current year. The grant is based of differing levels of expenditure over a three year period commencing in 2019-20.
- The loss on disposal of non-current assets is higher than prior year by \$0.7m (100%) due to disposal of the fuel jetty which was replaced during the year.
- The income from other public sector entities (being service appropriation received via DBCA) is higher than prior year by \$1.6m (13%) due to higher supplementary funding being received in 2020-21.
- The increase in assets received free of charge in 2020-21 is due to the road resurfacing works performed by Main Roads WA during the year at no cost to the Authority.

Notes to the financial statements for the year ended 30 June 2021

8.9.2 Statement of Financial Position Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		11,572	11,443	12,705	(129)	(1,262)
Inventories		359	314	359	(45)	(45)
Receivables		2,120	1,812	2,120	(308)	(308)
Other current financial assets	4, G	22,000	17,000	22,000	(5,000)	(5,000)
Other current assets		101	327	127	226	200
Total Current Assets		36,152	30,896	37,311	(5,256)	(6,415)
Non-Current Assets						
Infrastructure, property, plant and equipment		282,935	278,094	264,639	(4,841)	13,455
Intangible assets		710	1,118	1,033	408	85
Right-of-use assets		263	227	492	(36)	(265)
Receivables		128	124	128	(4)	(4)
Total Non-Current Assets		284,036	279,563	266,292	(4,473)	13,271
TOTAL ASSETS		320,188	310,459	303,603	(9,729)	6,856

Notes to the financial statements for the year ended 30 June 2021

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
LIABILITIES						
Current Liabilities						
Payables		7,306	7,869	7,687	563	182
Lease liabilities		256	182	301	(74)	(119)
Employee related provisions		2,527	2,107	2,147	(420)	(40)
Grant liability		-	-	2,438	-	(2,438)
Contract liabilities	5, H	14,351	4,768	13,501	(9,583)	(8,733)
Other current liabilities		351	1,423	865	1,072	558
Total Current Liabilities		24,791	16,349	26,939	(8,442)	(10,590)
Non-Current Liabilities						
Lease liabilities		10	50	193	40	(143)
Employee related provisions		581	822	606	241	216
Other non-current liabilities		3,876	3,563	3,850	(313)	(287)
Total Non-Current liabilities		4,467	4,435	4,649	(32)	(214)
TOTAL LIABILITIES		29,258	20,784	31,588	(8,474)	(10,804)
NET ASSETS		290,930	289,675	272,015	(1,255)	17,660
EQUITY						
Contributed equity		60,732	57,032	51,232	(3,700)	5,800
Reserves		205,875	205,873	205,873	(2)	-
Accumulated surplus		24,323	26,770	14,910	2,447	11,860
TOTAL EQUITY		290,930	289,675	272,015	(1,255)	17,660

Notes to the financial statements for the year ended 30 June 2021

8.9.2 Statement of Financial Position Variances – continued

Major Estimate and Actual (2021) Variance Narratives

- 4. Other current financial assets (being term deposits) are \$5.0m (23%) lower than the Estimate principally due to the reduction in the cash balance. The cash balance is less than the Estimate principally as result of the change in the accommodation deposit policy from 100% deposit to 25% deposit during 2020-21.
- 5. Contract liabilities (being accommodation deposits) are \$9.6m (67%) lower than the Estimate due to a change in the accommodation deposit policy from 100% deposit to 25% deposit during 2020-21.

Major Actual (2021) and Comparative (2020) Variance Narratives

- G. Other current financial assets (being term deposits) are \$5.0m (23%) lower than prior year principally due to the reduction in the cash balance. The cash balance is less than prior year as result of higher expenditure and the change in the accommodation deposit policy from 100% deposit to 25% deposit during 2020-21.
- H. Contract liabilities (being accommodation deposits) are \$8.7m (65%) lower than prior year due to the change in the accommodation deposit policy from 100% deposit to 25% deposit during 2020-21.

Notes to the financial statements for the year ended 30 June 2021

8.9.3 Statement of Cash Flow Variances

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOW FROM STATE GOVERNMENT						
Funds received from other public sector entities	I	14,241	14,256	12,647	15	1,609
Capital appropriation	6, J	9,500	5,800	1,200	(3,700)	4,600
Net cash provided by State Government		23,741	20,056	13,847	(3,685)	6,209
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(14,107)	(12,772)	(13,254)	1,335	482
Supplies and services	K	(33,065)	(30,895)	(27,930)	2,170	(2,965)
Finance costs		(11)	(9)	(15)	2	6
GST payments on purchases	7, L	(2,945)	(4,830)	(3,631)	(1,885)	(1,199)
GST payments to taxation authority	8	(559)	-	(456)	559	456
Other payments		(1,686)	(1,570)	(1,265)	116	(305)
Receipts						
Sale of goods		673	839	890	166	(51)
User charges and fees	9, M	38,183	33,434	38,197	(4,749)	(4,763)
Commonwealth grants	10, N	7,630	1,000	3,690	(6,630)	(2,690)
Interest received	11	835	174	488	(661)	(314)
GST receipts on sales	O	3,504	3,352	4,082	(152)	(730)
GST receipts from taxation authority	12, P	-	1,051	-	1,051	1,051
Other receipts		597	460	163	(137)	297
Net cash (used in) / provided by operating activities		(951)	(9,766)	959	(8,815)	(10,725)

Notes to the financial statements for the year ended 30 June 2021

8.9.3 Statement of Cash Flow Variances – continued

	Variance Note	Estimate 2021 \$000	Actual 2021 \$000	Actual 2020 \$000	Variance between estimate and actual \$000	Variance between actual results for 2021 and 2020 \$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	13, Q	(23,695)	(16,076)	(5,772)	7,619	(10,304)
Receipts						
Proceeds from sale of non-current assets		-	-	96	-	(96)
Net cash (used in) investing activities		(23,695)	(16,076)	(5,676)	7,619	(10,400)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal element of lease payments		(228)	(328)	(325)	(100)	(3)
ARENA loan repayment		-	(148)	(162)	(148)	14
Net cash (used in) financing activities		(228)	(476)	(487)	(248)	11
Net (decrease) / increase in cash and cash equivalents	14, R	(1,133)	(6,262)	8,643	(5,129)	(14,905)
Cash and cash equivalents at the beginning of the period		34,705	34,705	26,062	-	8,643
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		33,572	28,443	34,705	(5,129)	(6,262)

Notes to the financial statements for the year ended 30 June 2021

8.9.3 Statement of Cash Flow Variances – continued

Major Estimate and Actual (2021) Variance Narratives

- 6. Capital appropriation is \$3.7m (39%) less than the Estimate due to the funds for the Main Jetty project not being received in 2020-21 as budgeted. The funds were not received due to a delay in Treasury approval of the business case relating the Main Jetty (which is required to release the funds). The funds are to be received in 2021-22.
- 7. GST payments on purchases are \$1.9m (64%) higher than the Estimate principally due to the Estimate being understated ie not reflecting the higher capital expenditure in 2020-21.
- 8. GST payments to taxation authority is \$0.6m (100%) less than the Estimate due to no actual GST payment being made to the ATO in 2021 (ie GST payments on purchases exceeding GST received on sales).
- 9. User charges and fees are \$4.8m (12%) lower than the Estimate principally due to the change in accommodation deposit policy from 100% deposit to 25% deposit during 2020-21 resulting in less deposits being received.
- 10. Commonwealth grants are \$6.6m (87%) lower than the Estimate due to a delay in receiving the grant which is expected to be received in the first quarter of 2021-22. The delay is due variations to the project milestones required as result of higher costs requiring reallocation of funds to the originally planned projects.
- 11. Interest received is \$0.7m (79%) lower than the Estimate due to lower cash balances (impact of the change in accommodation deposit policy) and lower interest rates in 2020-21.
- 12. GST receipts from taxation authority is \$1.1m (100%) higher than the Estimate due to GST payments on purchases exceeding GST received on sales.
- 13. Purchase of non-current assets are \$7.6m (32%) less than the Estimate due to delays in capital projects including Commonwealth projects and Main Jetty project.
- 14. The reduction in cash and cash equivalents is \$5.1m (453%) higher than the Estimate principally due to the change in the accommodation deposit policy from 100% deposit to 25% deposit during 2020-21 resulting in less accommodation deposits being received.

Major Actual (2021) and Comparative (2020) Variance Narratives

- I. Funds from other public sector entities (being service appropriation received via DBCA) are \$1.6m (13%) higher than prior year due to higher supplementary funding received in 2020-21.
- J. Capital appropriation is \$4.6m (383%) higher than prior year due to a new capital grant received from the State government for Water Projects under the State Recovery Plan.
- K. Supplies and services are \$3.0m (11%) higher than prior year due to higher spending on repairs and maintenance on RIA assets and facilities management costs (reflecting higher accommodation occupancy costs and CPI increases).
- L. GST payments on purchases is \$1.2m (33%) higher than prior year due to the increase in operating and capital expenditure.
- M. Decrease in user charges and fees of \$4.8m (12%) from prior year is principally due to the change in accommodation deposit policy from 100% deposit to 25% deposit during the year, resulting in less accommodation deposits received.
- N. Commonwealth grant is \$2.7m (73%) less than prior year due to the delay in receiving the grant which is expected to be received in the first quarter of 2021-22. The delay is due variations to the project milestones required as result of higher costs requiring reallocation of funds across the planned projects.
- O. GST receipts on sales is \$0.7m (18%) lower than prior year due to less accommodation deposits being received this current year (due to the change in accommodation deposit policy).
- P. GST receipts from taxation authority is \$1.1m (100%) higher than prior year due to GST payments on purchases exceeding the GST received on sales, due to higher capital and operating expenditure in the current year.
- Q. Purchase of non-current assets is higher than prior year by \$10.3m (178%) due to higher spending on capital projects including Commonwealth projects, Jetty Projects and Water Projects.
- R. The decrease in cash and cash equivalents of \$14.9m (172%) from prior year is due to higher spending on capital projects and the delay in receiving funding for the capital projects (in particular the Commonwealth grant, refer Q above), and the change in accommodation deposit policy from 100% deposit to 25% deposit during 2020-21.



ROTTNEST IS

ANNUAL REPORT

2021-2022

Disclosures and legal compliance

Certification of financial statements

For the reporting period ended 30 June 2022

The accompanying financial statements of Rottnest Island Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2022 and the financial position as at 30 June 2022.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Lyn Cassettai

Chief Financial Officer
Rottnest Island Authority

15 September 2022



Hamish R Beck

Chair
Rottnest Island Authority

15 September 2022



Dr Marina Hogan

Deputy Chair
Rottnest Island Authority

15 September 2022

Independent audit opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Rottnest Island Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Rottnest Island Authority (Authority) which comprise:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Rottnest Island Authority for the year ended 30 June 2022 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.aasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Rottnest Island Authority. The controls exercised by the Board are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Rottnest Island Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2022.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

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Independent audit opinion

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Rottnest Island Authority for the year ended 30 June 2022. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Rottnest Island Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2022.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board are responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality control relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

Those charged with governance are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Independent audit opinion

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements, and key performance indicators of the Rotttnest Island Authority for the year ended 30 June 2022 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 September 2022

Statement of comprehensive income for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	13,313	12,565
Supplies and services	2.2	32,960	31,593
Depreciation and amortisation expense	4.1, 4.2, 4.3	6,758	6,524
Cost of sales	3.3	824	618
Finance costs	6.3	3	9
Accommodation expenses	2.3	241	124
Loss on disposal of non-current assets	2.3	30	667
Other expenses	2.3	2,329	1,255
Total cost of services		56,458	53,355
Income			
User charges and fees	3.2	46,771	41,152
Sale of goods	3.3	1,101	839
Commonwealth grants	3.4	4,899	3,438
Interest income	3.5	136	124
Other income	3.6	370	460
Total income		53,277	46,013
NET COST OF SERVICES		3,181	7,342

	Note	2022 \$000	2021 \$000
Income from State Government			
Income from other public sector entities	3.1	6,257	14,256
Resources received	3.1	369	4,946
Total income from State Government		6,626	19,202
SURPLUS / (DEFICIT) FOR THE PERIOD		3,445	11,860
OTHER COMPREHENSIVE INCOME			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	4.1	35,515	-
Total other comprehensive income		35,515	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		38,960	11,860

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

Statement of financial position as at 30 June 2022

	Note	2022 \$000	2021 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	6.4	20,746	11,443
Inventories	3.3	407	314
Receivables	5.1	2,847	1,812
Other current financial assets	6.5	12,000	17,000
Other current assets	5.2	256	327
Total Current Assets		36,256	30,896
Non-Current Assets			
Infrastructure, property, plant and equipment	4.1	328,751	278,094
Intangible assets	4.2	989	1,118
Right-of-use assets	4.3	101	227
Receivables	5.1	118	124
Total Non-Current Assets		329,959	279,563
TOTAL ASSETS		366,215	310,459

	Note	2022 \$000	2021 \$000
LIABILITIES			
Current Liabilities			
Payables	5.3	11,247	7,869
Lease liabilities	6.1	31	182
Employee related provisions	2.1(b)	2,245	2,107
Contract liabilities	5.5	4,478	4,768
Grant liability	5.6	-	-
Other current liabilities	5.4	1,194	1,423
Total Current Liabilities		19,195	16,349
Non-Current Liabilities			
Lease liabilities	6.1	71	50
Employee related provisions	2.1(b)	698	822
Other non-current liabilities	5.4	3,316	3,563
Total Non-Current liabilities		4,085	4,435
TOTAL LIABILITIES		23,280	20,784
NET ASSETS		342,935	289,675
EQUITY			
Contributed equity		71,332	57,032
Reserves		241,388	205,873
Accumulated surplus		30,215	26,770
TOTAL EQUITY		342,935	289,675

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of changes in equity for the year ended 30 June 2022

	Contributed equity \$000	Reserves \$000	Accumulated surplus \$000	Total Equity \$000
Balance at 1 July 2020	51,232	205,873	14,910	272,015
Surplus	-	-	11,860	11,860
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	11,860	11,860
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriations	5,800	-	-	5,800
Total	5,800	-	-	5,800
Balance at 30 June 2021	57,032	205,873	26,770	289,675
Balance at 1 July 2021	57,032	205,873	26,770	289,675
Surplus	-	-	3,445	3,445
Other comprehensive income	-	35,515	-	35,515
Total comprehensive income for the period	-	35,515	3,445	38,960
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriations	14,300	-	-	14,300
Total	14,300	-	-	14,300
Balance at 30 June 2022	71,332	241,388	30,215	342,935

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

Statement of cash flows for the year ended 30 June 2022

	Note	2022 \$000	2021 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Funds from other public sector entities		6,257	14,256
Capital appropriations		14,300	5,800
Net cash provided by the State Government		20,557	20,056
<i>Utilised as follows:</i>			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(13,328)	(12,772)
Supplies and services		(30,707)	(30,895)
Finance costs		(3)	(9)
GST payments on purchases		(5,452)	(4,830)
GST payments to taxation authority		-	-
Other payments		(1,493)	(1,570)
Receipts			
Sale of goods		1,101	839
User charges and fees		45,463	33,434
Commonwealth grants		4,899	1,000
Interest received		104	174
GST receipts on sales		4,754	3,352
GST receipts from taxation authority		623	1,051
Other receipts		370	460
Net cash provided by / (used in) operating activities		6,331	(9,766)

	Note	2022 \$000	2021 \$000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(22,259)	(16,076)
Receipts			
Proceeds from sale of non-current assets		28	-
Proceeds from maturing term deposits		5,000	5,000
Net cash provided by / (used in) investing activities		(17,231)	(11,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(192)	(328)
ARENA loan repayment		(162)	(148)
Net cash provided by / (used in) financing activities		(354)	(476)
Net increase / (decrease) in cash and cash equivalents			
		9,303	(1,262)
Cash and cash equivalents at the beginning of the period			
		11,443	12,705
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.4	20,746	11,443

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

Notes to the financial statements for the year ended 30 June 2022

1. BASIS OF PREPARATION

Rottnest Island Authority ("the Authority") is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' section of the Annual Report which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Authority on 15 September 2022.

Statement of compliance

These general-purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**),
- 2) The Treasurer's Instructions (**TIs**),
- 3) Australian Accounting Standards (**AASs**) Reduced Disclosure Requirements,
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The FMA and the TIs take precedence over AASs. Several AASs are modified by TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Fair Values

The details in relation to the fair value of various assets and liabilities are provided in the respective notes relating to those assets and liabilities.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) Amount of GST incurred by the Agency as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the financial statements for the year ended 30 June 2022

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations;
- Intangible Asset reconciliations; and
- Right-of-Use Asset reconciliations.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. USE OF OUR FUNDING

Expenses incurred in the delivery of services

This section provides additional information about how the Authority's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Authority in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expense	2.1(a)
Employee related provisions	2.1(b)
Supplies and services	2.2
Other expenditure	2.3

2.1 (a) Employee benefits expense

	2022 \$000	2021 \$000
Employee benefits	11,990	11,448
Termination benefits	97	-
Superannuation - defined contribution plans	1,191	1,100
Superannuation - defined benefit plans	35	17
Employee benefits expense	13,313	12,565
Add: AASB 16 Non-monetary benefits	47	45
Less: Employee Contributions (per the Statement of Comprehensive Income)	(1)	-
Total employee benefits provided	13,359	12,610

Notes to the financial statements for the year ended 30 June 2022

Employee benefits: Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Authority is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits, that are excluded from employee benefits expenses and recognised under AASB 16, predominantly relate to the provision of vehicle and housing benefits are measured at the cost incurred by the Authority.

Employee Contributions: Contributions made to the Authority by employees towards employee benefits that have been provided by the Authority. This includes both AASB-16 and non-AASB 16 employee contributions.

2.1 (b) Employee related provisions

	2022 \$000	2021 \$000
Current		
Employee benefits provision		
Annual leave	1,207	1,111
Long service leave	866	821
Time in lieu	8	4
Defined benefit liability	37	39
	2,118	1,975
<i>Other provisions</i>		
Employment on-costs	127	132
Total current employee related provisions	2,245	2,107
Non-current		
Employee benefits provision		
Long service leave	498	604
Defined benefit liability	170	176
	668	780
<i>Other provisions</i>		
Employment on-costs	30	42
Total non-current employee related provisions	698	822
Total employee related provisions	2,943	2,929

Notes to the financial statements for the year ended 30 June 2022

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

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

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Authority has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Authority does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Deferred salary scheme liabilities are classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Defined benefit liability: The Authority has recognised the unfunded superannuation liability for a Pension Scheme relating to a former employee. This obligation has been measured using actuarial assumptions and on a discounted basis.

Employment on-costs involve settlements of annual and long service leave liabilities which gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenditure', Note 2.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of the Authority's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2022 \$000	2021 \$000
Employment on-costs provision		
Carrying amount at start of period	174	155
Additional provisions recognised	74	44
Payments/other sacrifices of economic benefits	(82)	(25)
Unwinding of the discount	(9)	-
Carrying amount at end of period	157	174

Notes to the financial statements for the year ended 30 June 2022

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the Authority's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Supplies and services

	2022 \$000	2021 \$000
Contractors – facilities operations and utilities	14,222	14,158
Contractors – housekeeping	3,532	2,432
Contractors – other	4,369	4,707
Administration expense	2,157	2,126
Other staff costs	659	541
Repairs and maintenance – Building, infrastructure and equipment	5,166	4,510
Assets under \$5,000 expensed	915	1,181
Marketing expenses	1,241	1,006
Other supplies and services costs	699	932
Total supplies and services expenses	32,960	31,593

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other supplies and services costs generally represent the day-to-day running costs incurred in normal operations.

Notes to the financial statements for the year ended 30 June 2022

2.3 Other Expenditure

	2022 \$000	2021 \$000
Accommodation expenses		
Rental expenses	156	10
Cleaning and other accommodation expenses	85	114
Total accommodation expenses	241	124
Loss on disposal of non-current assets		
<u>Net proceeds from disposal of non-current assets</u>		
Plant, equipment and vehicles	(28)	-
<u>Carrying amount of non-current assets disposed</u>		
Plant, equipment and vehicles	58	667
Loss on disposal of non-current assets	30	667
Other expenses		
Expected credit losses expense	-	-
Employment on-costs	846	997
Bank and merchant fees	373	258
Software implementation costs	1,102	-
Intangible assets written off	-	-
Bad debts written off	8	-
Total other expenses	2,329	1,255
Total other expenditure	2,600	2,046

Rental expenses include:

- (a) Short-term leases with a lease term of 12 months or less;
- (b) Low-value leases with an underlying value of \$5,000 or less; and
- (c) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

Expected credit losses is recognised for movement in allowance for impairment of trade receivables. Please refer to Note 5.1 Receivables for more details.

Employment on-costs includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of Comprehensive Income.

Software implementation costs are recognised as expenses as incurred.

Notes to the financial statements for the year ended 30 June 2022

3. OUR FUNDING SOURCES

How we obtain our funding

This section provides additional information about how the Authority obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Authority and the relevant notes are:

	Notes
Income from State Government	3.1
User charges and fees	3.2
Sale of goods	3.3
Commonwealth grants	3.4
Interest income	3.5
Other income	3.6

3.1 Income from State Government

	2022 \$000	2021 \$000
Income from other public sector entities during the period:		
Grants received from Department of Biodiversity, Conservation and Attractions (DBCA) ^(a)	4,782	14,241
Grants received from other government entities ^(b)	1,475	15
Total income from other public sector entities	6,257	14,256
Resources received from other public sector entities during the period:		
Assets received free of charge ^(a)	227	4,773
Services received free of charge ^(b)	142	173
Total resources received	369	4,946
Total income from State Government	6,626	19,202

Income from other public sector entities are recognised as income when the Authority has received a recurrent appropriation through a central department (i.e. Department of Biodiversity, Conservation and Attractions) and/or when the Authority has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when the Authority receives the funds.

- (a) Relates to the Authority's recurrent service appropriation received via DBCA.
 (b) Relates to a grant received from the Department of Transport for Hotspot Coastal Adaptation and Protection, which was used for the construction of a seawall at South Thomson Bay.

Notes to the financial statements for the year ended 30 June 2022

3.1 Income from State Government (continued)

Resources received from other public sector entities are recognised as income (and assets or expenses) equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

- (a) Assets received free of charge relates to road works performed on the Island's roads by Main Roads WA at no cost to the Authority.
- (b) Services received free of charge relates to legal services received from State Solicitor's Office and services received from Landgate.

3.2 User charges and fees

	2022 \$000	2021 \$000
Accommodation revenue	23,749	21,770
Equipment hire and tours	5,300	4,646
Admission fees	9,034	8,220
Other fees and charges	2,211	2,120
Commercial lease and licence income	3,341	1,970
Utility charges	2,084	1,688
Residential lease income	1,052	738
Total user charges and fees	46,771	41,152

Revenue is recognised at the transaction price when the Authority transfers control of the services to customers. Revenue is recognised for the major business activities as follows:

- Accommodation revenue is recognised over the course of the visitors' stay on the Island,
- Admissions fees are generally recognised when the visitors arrive on the Island,
- Other revenue, including residential and commercial rental income, is recognised as the goods/services are provided.

3.3 Sale of goods

	2022 \$000	2021 \$000
Sale of goods	1,101	839
Cost of Sales:		
Opening Inventory	(152)	(237)
Purchases	(813)	(533)
	(965)	(770)
Closing Inventory	141	152
Cost of Goods Sold	(824)	(618)
Gross profit	277	221

Notes to the financial statements for the year ended 30 June 2022

	2022 \$000	2021 \$000
Closing inventory comprises:		
<u>Current Inventories</u>		
Inventories held for resale		
- Visitors Centre and bike stock	141	152
Inventories not held for resale		
- Fuels	266	162
Total current inventories	407	314
Total Inventories	407	314

Sale of Goods

Revenue is recognised at the transaction price when the Authority transfers control of the goods to customers.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each particular class of inventory, with the majority being measured on a first in first out basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

3.4 Commonwealth grants

	2022 \$000	2021 \$000
Commonwealth grants:		
- Capital grants - Enhancing National Tourism Icons	4,880	3,438
- Other	19	-
Total Commonwealth grants	4,899	3,438

Capital grants are recognised as income over time as the projects are constructed to the extent that the grant has been received. Refer to Note 5.6.

3.5 Interest income

	2022 \$000	2021 \$000
Interest income	136	124
Total interest income	136	124

Interest income is recognised as the interest accrues.

Notes to the financial statements for the year ended 30 June 2022

3.6 Other income

	2022 \$000	2021 \$000
Insurance claims	47	96
Expected credit losses provision written back	6	111
Non-government grants / sponsorships	18	21
Public donations	24	29
Other income	275	203
Total other income	370	460

4. KEY ASSETS

This section includes information regarding the key assets the Authority utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes
Infrastructure, property, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

Notes to the financial statements for the year ended 30 June 2022

4.1 Infrastructure, property, plant and equipment

Year ended 30 June 2022	Land \$000	Buildings \$000	Computers and electronic equipment \$000	Furniture and fittings \$000	Plant and vehicles \$000	Infrastructure \$000	Leasehold improvements \$000	Works of art \$000	Work in progress \$000	Total \$000
1 July 2021										
Gross carrying amount	135,000	80,346	1,972	5,817	4,447	63,871	279	76	6,029	297,837
Accumulated depreciation	-	(2,041)	(1,928)	(5,435)	(3,576)	(6,500)	(263)	-	-	(19,743)
Carrying amount at start of period	135,000	78,305	44	382	871	57,371	16	76	6,029	278,094
Additions	-	-	-	-	-	227	-	-	22,259	22,486
Transfers	(356)	1,953	-	140	596	11,034	-	421	(13,788)	-
Disposals	-	(10)	-	(18)	(2)	(18)	(10)	-	-	(58)
Adjustments	-	-	-	(8)	8	-	-	-	(825)	(825)
Revaluation increments / (decrements)	24,356	7,474	-	-	-	3,685	-	-	-	35,515
Depreciation	-	(2,107)	(24)	(119)	(284)	(3,917)	(6)	(4)	-	(6,461)
Carrying amount at end of period	159,000	85,615	20	377	1,189	68,382	-	493	13,675	328,751
Gross carrying amount	159,000	85,615	1,437	3,120	4,678	68,382	-	497	13,675	336,404
Accumulated depreciation	-	-	(1,417)	(2,743)	(3,489)	-	-	(4)	-	(7,653)
	159,000	85,615	20	377	1,189	68,382	-	493	13,675	328,751

Notes to the financial statements for the year ended 30 June 2022

4.1 Infrastructure, property, plant and equipment (continued)

Initial recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land;
- buildings; and
- infrastructure.

Land is carried at fair value.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2021 by Landgate. The valuations were performed during the year ended 30 June 2022 and recognised at 30 June 2022. The fair value of land was determined by reference to current use based on comparable utility basis. The fair value of buildings was determined by reference to current use based on depreciated replacement value.

Infrastructure is independently valued every 3 to 5 years. Infrastructure assets were independently revalued by Landgate as at 1 July 2021. These valuations were performed during the year ended 30 June 2022 and recognised at 30 June 2022. The fair value for infrastructure assets was determined by reference to the current use based on depreciated replacement value.

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

Useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exception to this rule is land.

Depreciation is calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the following table.

Notes to the financial statements for the year ended 30 June 2022

Asset	Useful life: years
Buildings	20 to 40 years
Computers and electronic equipment	3 to 5 years
Furniture and fittings	3 to 15 years
Vehicles	4 to 20 years
Plant and equipment	4 to 20 years
Infrastructure	4 to 50 years
Leasehold improvements	10 to 15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Land, works of art and Cultural Heritage Assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Authority is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

As at 30 June 2022, there were no indications of impairment to infrastructure, property, plant and equipment.

All surplus assets at 30 June 2022 have either been classified as assets held for sale or have been written-off.

Notes to the financial statements for the year ended 30 June 2022

4.2 Intangible assets

	Right to receive the Rottnest Dome Building \$000	Computer Software \$000	Total \$000
Year ended 30 June 2022			
1 July 2021			
Gross carrying amount	778	2,506	3,284
Accumulated amortisation	-	(2,166)	(2,166)
Carrying amount at start of period	778	340	1,118
Adjustment	-	(20)	(20)
Amortisation expense	-	(109)	(109)
Carrying amount at end of period	778	211	989

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Acquisitions for intangible assets costing \$5,000 or more and internally generated intangible assets at minimum of \$5,000 that comply with the recognition criteria as per AASB 138 Intangible Assets are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful lives

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Software ^(a)	3 to 5 years
-------------------------	--------------

(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. As at 30 June 2022, there were no indications of impairment to intangible assets.

The policy in connection with testing for impairment is outlined in Note 4.1.

Notes to the financial statements for the year ended 30 June 2022

4.3 Right-of-use assets

Year ended 30 June 2022	Buildings \$000	Vehicles \$000	Plant & Equipment \$000	Total \$000
Carrying amount at beginning of period	130	63	34	227
Additions	-	62	-	62
Impairment losses	-	-	-	-
Impairment losses reversed	-	-	-	-
Depreciation	(130)	(45)	(13)	(188)
Net carrying amount as at end of period	-	80	21	101

The Authority has leases for vehicles, office accommodation and office equipment.

The lease contracts are typically made for fixed periods of 1 to 6 years. There are generally no options to renew the leases after that lease end date.

The Authority's office accommodation lease expired in December 2021 and was extended for six months whilst arrangements for new office accommodation were ongoing. Further delays with the new lease arrangements, have resulted in the existing lease being further extended. At the date of signing of the financial statements, no new lease has been entered into.

Notes to the financial statements for the year ended 30 June 2022

Initial recognition

At the commencement date of the lease, the Authority recognises right-of-use assets and a corresponding lease liability for most leases. Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 6.1.

The Authority has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.1.

Notes to the financial statements for the year ended 30 June 2022

5. OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the Authority's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes
Receivables	5.1
Other assets	5.2
Payables	5.3
Other liabilities	5.4
Contract liabilities	5.5
Grant liability	5.6

5.1 Receivables

	2022 \$000	2021 \$000
Current		
Trade receivables	1,597	871
Allowance for impairment of trade receivables	(6)	(12)
GST receivable	945	867
Interest receivable	39	7
Other receivables	272	79
Total current	2,847	1,812
Non-current		
Accrued revenue	118	124
Total non-current	118	124
Total receivables at end of period	2,965	1,936

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

For trade receivables, the Authority recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 2.3 and 3.6 for the amount of ECLs expensed or written back in this financial year.

Notes to the financial statements for the year ended 30 June 2022

5.2 Other assets

	2022 \$000	2021 \$000
Current		
Prepayments	256	327
Total other assets at end of period	256	327

Other current assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2022 \$000	2021 \$000
Current		
Trade payables	10,524	7,231
Accrued salaries and wages	268	312
Payroll related payables	443	134
Other payables	12	192
Total payables at end of period	11,247	7,869

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 20 to 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Authority considers the carrying amount of accrued salaries to be equivalent to its fair value.

5.4 Other liabilities

	2022 \$000	2021 \$000
Current		
Leases in advance	33	100
Deferred income	928	1,107
Unclaimed money	8	8
Sinking fund provision	40	45
General provisions	23	15
ARENA loan	162	148
Total current	1,194	1,423
Non-current		
Deferred income	195	233
Leases in advance	-	33
ARENA loan	3,121	3,297
Total non-current	3,316	3,563
Balance at end of period	4,510	4,986

Notes to the financial statements for the year ended 30 June 2022

5.5 Contract liabilities

	2022 \$000	2021 \$000
Current		
Opening balance at the beginning of the period	4,768	13,501
Additions	23,459	13,037
Income recognised in the reporting period	(23,749)	(21,770)
Closing balance at the end of period	4,478	4,768

The Authority's contract liabilities relate to refundable accommodation deposits for booking dates after the reporting period.

5.6 Grant liability

	2022 \$000	2021 \$000
Opening balance at the beginning of the period	-	2,438
Additions (grants received)	4,880	1,000
Income recognised in the reporting period	(4,880)	(3,438)
Closing balance at the end of period	-	-
Current	-	-
Non-current	-	-

The Authority's grant liability relates to a capital grant received from the Commonwealth for Enhancing National Tourism Icons projects. Income is recognised over time as the projects are constructed to the extent that the grant has been received. Refer to Note 3.4.

6. FINANCING

This section sets out the material balances and disclosures associated with the financing and cashflows of the Authority.

	Notes
Lease liabilities	6.1
Assets pledged as security	6.2
Finance costs	6.3
Cash and cash equivalents	6.4
Other current financial assets	6.5
Capital expenditure commitments	6.6

6.1 Lease Liabilities

	2022 \$000	2021 \$000
No later than one year	31	182
Later than one year and not later than five years	71	50
Later than five years	-	-
	102	232
Current	31	182
Non-current	71	50
	102	232

Notes to the financial statements for the year ended 30 June 2022

Initial Measurement

The Authority measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Authority uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised); and
- Payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease.

Periods covered by extension or termination options are only included in the lease term by the Authority if the lease is reasonably certain to be extended (or not terminated).

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Authority in profit or loss in the period in which the condition that triggers those payments occurs.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with Note 4.3.

	2022 \$000	2021 \$000
Lease expenses recognised in the Statement of Comprehensive Income		
Lease interest expense	3	9
Expenses relating to variable lease payments not included in lease liabilities	-	-
Short-term leases	156	10
Low-value leases	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total lease expense	159	19

Short-term leases are recognised on a straight-line basis with a lease term of 12 months or less.

Low-value leases with an underlying value of \$5,000 or less are recognised on a straight-line basis.

Variable lease payments that are not included in the measurement of the lease liability are recognised in the period in which the event or condition that triggers those payments occurs.

Notes to the financial statements for the year ended 30 June 2022

6.2 Assets pledged as security

	2022 \$000	2021 \$000
Assets pledged as security		
The carrying amounts of non-current assets pledged as security are:		
Right-of-use-asset – vehicles	80	63
Total assets pledged as security	80	63

The Authority has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

6.3 Finance costs

	2022 \$000	2021 \$000
Lease interest expense	3	9
Finance costs expensed	3	9

'Finance cost' includes the interest component of lease liability repayments.

6.4 Cash and cash equivalents

	2022 \$000	2021 \$000
Cash and cash equivalents	10,746	11,443
Short-term deposits	10,000	-
Balance at end of period	20,746	11,443

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

6.5 Other current financial assets

	2022 \$000	2021 \$000
Term Deposits (current)	12,000	17,000
Balance at end of period	12,000	17,000

6.6 Capital expenditure commitments

	2022 \$000	2021 \$000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	17,744	5,794
	17,744	5,794

The totals presented for capital commitments are GST inclusive.

Notes to the financial statements for the year ended 30 June 2022

7. FINANCIAL INSTRUMENTS AND CONTINGENCIES

This note sets out the key risk management policies and measurement techniques of the Authority.

	Notes
Financial Instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2022 \$000	2021 \$000
Financial Assets		
Cash and cash equivalents	20,746	11,443
Receivables at amortised cost ^(a)	2,020	1,069
Term deposits	12,000	17,000
Total financial assets	34,766	29,512
Financial Liabilities		
Financial liabilities measured at amortised cost ^(b)	11,349	8,101
Total financial liability	11,349	8,101

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities excludes GST payable to the ATO (statutory payable).

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

The Authority has historically included GST on its various categories of admission fees. In 2019 the Authority requested a ruling from the Australian Taxation Office (ATO) on whether its various admission fees are subject to GST. The ATO has issued initial advice that fees in respect of mooring and authorised user licences are exempt from GST. The applicability of GST to other visitor admission fees has yet to be determined by the ATO.

The question of whether the Authority is entitled to a refund on GST paid in prior years on mooring and authorised user licences is also to be determined by the ATO. If the ATO determines that the Authority is entitled to recover GST paid in prior years, this may result in a contingent asset. The refund would only be payable to the Authority, as the GST was not passed on, but absorbed within the regulated fee. As the matter as to whether a debt exists is still undecided, the value of the contingent asset cannot be quantified.

7.2.2 Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Notes to the financial statements for the year ended 30 June 2022

Contaminated Sites

Under the *Contaminated Sites Act 2003*, the Authority is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the level of risk, including potential impacts on human health, the environment and environmental values.

Where sites are classified as contaminated and requiring remediation, or possibly contaminated, investigation is required, the Authority may have a liability in respect to investigation or remediation expenses. The Authority has one contaminated site that is under investigation. During the 2021-22 financial year, no additional sites were reported to DWER. The Authority continues to invest in monitoring activities to address financial and environmental management commitments.

Other

A number of claims have been lodged against the Authority in respect to alleged personal injuries sustained on the Island. Based on legal advice, the contingent liabilities could amount to \$2,000,000, all of which would be reimbursable under the Authority's public liability insurance.

The Authority has a contingent liability in respect of disputed contract variations totalling approximately \$1,200,000 in relation to capital works undertaken.

8. OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of reporting period	8.1
Correction of prior period errors/changes in accounting policy	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies and affiliated bodies	8.5
Remuneration of auditors	8.6
Supplementary financial information	8.7
Explanatory statement	8.8

8.1 Events occurring after the end of the reporting period

There are no events that occurred after the Statement of Financial Position date which would materially affect the financial statements.

Notes to the financial statements for the year ended 30 June 2022

8.2 Correction of prior period errors/changes in accounting policy

There were no correction of prior period errors or changes in accounting policies during the reporting period.

8.3 Key management personnel

The Authority has determined that key management personnel include the responsible Minister, members of the accountable authority and senior officers of the Authority. However, the Authority is not obligated to compensate Ministers and therefore those disclosures may be found in the Annual Report on State Finances.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the accountable authority and senior officers of the Authority for the reporting period are presented within the following bands:

Compensation of members of accountable authority Compensation Bands (\$)	2022	2021
30,001 – 40,000	-	1
20,001 – 30,000	1	-
10,001 – 20,000	4	5
0 – 10,000	2	-
	2022 \$000	2021 \$000
Total compensation of members of the accountable authority	106	109

Compensation of senior officers Compensation Bands (\$)	2022	2021
230,001 – 240,000	-	1
220,001 – 230,000	1	-
180,001 – 190,000	1	-
170,001 – 180,000	2	2
160,001 – 170,000	2	3
150,001 – 160,000	2	1
130,001 – 140,000	-	1
110,001 – 120,000	-	1
60,001 – 70,000	-	1
50,001 – 60,000	1	-
40,001 – 50,000	1	-
	2022 \$000	2021 \$000
Total compensation of senior officers	1,503	1,541

Total compensation includes the superannuation expense incurred by the Authority in respect of members of the accountable authority and senior officers.

8.4 Related party transactions

The Authority is a wholly owned public sector entity that is controlled by the State of Western Australia.

Notes to the financial statements for the year ended 30 June 2022

Related parties of the Authority include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities,
- all members of the accountable authority, senior officers and their close family members and their controlled or jointly controlled entities,
- other departments and public-sector entities, including related bodies that are included in the whole of government consolidated financial statements,
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements, and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with the Authority, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies and affiliated bodies

The Authority has no related bodies or affiliated bodies.

8.6 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2022 \$000	2021 \$000
Auditing the accounts, financial statements, controls and key performance indicators	141	137

8.7 Supplementary financial information

(a) Write-offs

During the financial year, \$8,336.34 (2021: Nil) of bad debts were written off the Authority's books under the authority of:

	2022 \$000	2021 \$000
The accountable authority	8	-
The Minister	-	-
The Treasurer	-	-
	8	-

(b) Losses through theft, defaults and other causes

	2022 \$000	2021 \$000
Losses of public money, other money and public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-

(c) Forgiveness of debts

	2022 \$000	2021 \$000
Forgiveness (or waiver) of debts by the Authority	-	-
	-	-

(d) Gifts of public property

	2022 \$000	2021 \$000
Gift of public property by the Authority	-	-
	-	-

Notes to the financial statements for the year ended 30 June 2022

8.8 Explanatory statement

This explanatory section explains variations in the financial performance of the Authority undertaking transactions under its own control, as represented by the primary financial statements.

All variances between estimates (original budget) and actual results for 2022, and between the actual results for 2022 and 2021 are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and that the variation is more than 1% of the dollar aggregate of:

- Total Cost of Services for the Statements of comprehensive income and the Statement of cash flows (i.e. 1% of \$53,355,000, being \$533,550); and
- Total Assets for the Statement of financial position (i.e. 1% of \$310,459,000 being \$3,104,590).

8.8.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
Expenses						
Employee benefits expense	1	14,880	13,313	12,565	(1,567)	748
Supplies and services		31,695	32,960	31,593	1,265	1,367
Depreciation and amortisation expense		6,839	6,758	6,524	(81)	234
Cost of sales		479	824	618	345	206
Finance costs		21	3	9	(18)	(6)
Accommodation expenses		52	241	124	189	117
Loss on disposal of non-current assets	A	51	30	667	(21)	(637)
Other expenses	2, B	1,609	2,329	1,255	720	1,074
Total cost of services		55,626	56,458	53,355	832	3,103

Notes to the financial statements for the year ended 30 June 2022

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
Income						
User charges and fees	C	48,991	46,771	41,152	(2,220)	5,619
Sale of goods		673	1,101	839	428	262
Commonwealth grants	3, D	12,110	4,899	3,438	(7,211)	1,461
Interest income		187	136	124	(51)	12
Other income		474	370	460	(104)	(90)
Total Income other than income from State Government		62,435	53,277	46,013	(9,158)	7,264
NET COST OF SERVICES		(6,809)	3,181	7,342	9,990	(4,161)
Income from State Government						
Income from other public sector entities	E	6,701	6,257	14,256	(444)	(7,999)
Resources received	F	-	369	4,946	369	(4,577)
Total income from State Government		6,701	6,626	19,202	75	(12,576)
SURPLUS / (DEFICIT) FOR THE PERIOD		13,510	3,445	11,860	(10,065)	(8,415)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	35,515	-	35,515	35,515
Total other comprehensive income		-	35,515	-	35,515	35,515
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		13,510	38,960	11,860	25,450	27,100

Notes to the financial statements for the year ended 30 June 2022

8.8.1 Statement of Comprehensive Income Variances – continued

Major Estimate and Actual (2022) Variance Narratives

1. Employee benefits expense is less than the Estimate by \$1.6m (11%) due to the Estimate not being adjusted as part of the 2021-22 Budget Process to reflect forecast costs for 2021-22.
2. Other expenses are higher than the Estimate by \$0.7m (45%) due to the expensing of software implementation costs in 2021-22 which was not included in the Estimate.
3. Commonwealth grant income is less than the Estimate by \$7.2m (60%) due to a delay in receiving grant money with \$4.5m received in July 2022 rather than in June 2022. The balance of the grant is expected to be received in the third quarter of 2022-23 due to the project being extended from June 2022 until December 2022.

Major Actual (2022) and Comparative (2021) Variance Narratives

- A. The decrease in the loss on disposal of non-current assets of \$0.6m (95%) is due to the disposal of the fuel jetty in the prior year. There were no major non-current assets disposed of during the current year.
- B. The increase in other expenses of \$1.1m (86%) is due to the expensing of software implementation costs in the current year. There were no software implementation costs expensed in the prior year.
- C. The increase in user charges and fees of \$5.6m (14%) is due to higher accommodation occupancy, higher admission fee revenue and hire revenue as a result of increased visitation to the Island compared to the prior year. Rental income was also higher due to the prior year including rental waivers due to COVID-19.
- D. The increase in Commonwealth grants of \$1.5m (42%) is due to higher revenue recognised in the current year reflecting a higher level of capital expenditure spend and grant received in the current year.
- E. Income received from other public sector entities which includes the service appropriation received via DBCA, is \$8.0m (56%) lower than the prior year due to supplementary funding received in 2020-21 to assist with the impact to revenue caused by COVID-19 restrictions. This reduction was offset by the grant received from the Department of Transport for the construction of a seawall at South Thomson Bay in 2021-22.
- F. The decrease in resources received of \$4.6m (93%) is due to the decrease in road works performed by Main Roads WA (which is at no cost to the Authority).

Notes to the financial statements for the year ended 30 June 2022

8.8.2 Statement of Financial Position Variances

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
ASSETS						
Current Assets						
Cash and cash equivalents		13,361	20,746	11,443	(7,385)	(9,303)
Inventories		359	407	314	48	93
Receivables		3,120	2,847	1,812	(273)	1,035
Other current financial assets	4, G	22,000	12,000	17,000	(10,000)	(5,000)
Other current assets		127	256	327	129	(71)
Total Current Assets		38,967	36,256	30,896	(2,711)	5,360
Non-Current Assets						
Infrastructure, property, plant and equipment	H	306,306	328,751	278,094	22,445	50,657
Intangible assets		511	989	1,118	478	(129)
Right-of-use assets		724	101	227	(623)	(126)
Receivables		128	118	124	(10)	(6)
Total Non-Current Assets		307,669	329,959	279,563	22,290	50,396
TOTAL ASSETS		346,636	366,215	310,459	19,579	55,756

Notes to the financial statements for the year ended 30 June 2022

8.8.2 Statement of Financial Position Variances – continued

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
LIABILITIES						
Current Liabilities						
Payables		7,309	11,247	7,869	3,938	3,378
Lease liabilities		304	31	182	(273)	(151)
Employee related provisions		2,527	2,245	2,107	(282)	138
Contract liabilities	5	14,217	4,478	4,768	(9,739)	(290)
Grant liability		-	-	-	-	-
Other current liabilities		147	1,194	1,423	1,047	(229)
Total Current Liabilities		24,504	19,195	16,349	(5,309)	2,846
Non-Current Liabilities						
Lease liabilities		555	71	50	(484)	21
Employee related provisions		581	698	822	117	(124)
Other non-current liabilities		3,875	3,316	3,563	(559)	(247)
Total Non-Current liabilities		5,011	4,085	4,435	(926)	(350)
TOTAL LIABILITIES		29,515	23,280	20,784	(6,235)	2,496
NET ASSETS		317,121	342,935	289,675	25,814	53,260
EQUITY						
Contributed equity		71,332	71,332	57,032	-	14,300
Reserves	6, I	205,873	241,388	205,873	35,515	35,515
Accumulated surplus		39,916	30,215	26,770	(9,701)	3,445
TOTAL EQUITY		317,121	342,935	289,675	25,814	53,260

Notes to the financial statements for the year ended 30 June 2022

Major Estimate and Actual (2022) Variance Narratives

4. Other current financial assets are \$10.0m (45%) lower than the Estimate due to the reclassification of short-term deposits (term deposits with original maturities of three months or less) from Other current financial assets to Cash and cash equivalents. These short-term deposits were included in Other current financial assets in the Estimate.
5. Contract liabilities are \$9.7m (69%) lower than the Estimate due to a change in the accommodation deposit policy from 100% deposit to 25% deposit in the prior year however the Estimate was not amended to reflect the change.
6. Reserves are \$35.5m (17%) higher than the Estimate due to an increase in the asset revaluation reserve due to the revaluation of land, buildings and infrastructure in the current year. There was no change in the asset revaluation reserve in the prior year.

Major Actual (2022) and Comparative (2021) Variance Narratives

- G. Other current financial assets (being term deposits with original maturities of more than three months) are \$5.0m (29%) lower than prior year principally due to the reclassification of short-term deposits (term deposits with original maturities of three months or less) from Other current financial assets to Cash and cash equivalents.
- H. Infrastructure, property, plant and equipment is \$50.7m (18%) higher than prior year principally due to various major capital works projects including Enhancing National Tourism Icons projects, Water Network and Production Upgrade projects, the Main Jetty project and South Thomson Seawall. The majority of the increase is due to the revaluation of land, buildings and infrastructure at 30 June 2022 totalling \$35.5m.
- I. Reserves are \$35.5m (17%) higher than prior year due to an increase in the asset revaluation reserve due to the revaluation of land, buildings and infrastructure in the current year. There was no change in the asset revaluation reserve in the prior year.

Notes to the financial statements for the year ended 30 June 2022

8.8.3 Statement of Cash Flow Variances

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Funds received from other public sector entities	J	6,701	6,257	14,256	(444)	(7,999)
Capital appropriations	K	14,300	14,300	5,800	-	8,500
Net cash provided by State Government		21,001	20,557	20,056	(444)	501
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	7	(15,014)	(13,328)	(12,772)	1,686	(556)
Supplies and services		(33,661)	(30,707)	(30,895)	2,954	188
Finance costs		(15)	(3)	(9)	12	6
GST payments on purchases	8, L	(2,945)	(5,452)	(4,830)	(2,507)	(622)
GST payments to taxation authority	9	(559)	-	-	559	-
Other payments		(1,702)	(1,493)	(1,570)	209	77
Receipts						
Sale of goods		673	1,101	839	428	262
User charges and fees	M	49,573	45,463	33,434	(4,110)	12,029
Commonwealth grants	10, N	12,110	4,899	1,000	(7,211)	3,899
Interest received		423	104	174	(319)	(70)
GST receipts on sales	11, O	3,504	4,754	3,352	1,250	1,402
GST receipts from taxation authority	12	-	623	1,051	623	(428)
Other receipts		474	370	460	(104)	(90)
Net cash provided by / (used in) operating activities		12,861	6,331	(9,766)	(6,530)	16,097

Notes to the financial statements for the year ended 30 June 2022

	Variance Note	Estimate 2022 \$000	Actual 2022 \$000	Actual 2021 \$000	Variance between estimate and actual \$000	Variance between actual results for 2022 and 2021 \$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	13, P	(33,482)	(22,259)	(16,076)	11,223	(6,183)
Receipts						
Proceeds from sale of non-current assets		-	28	-	28	28
Proceeds from maturing term deposits	14	-	5,000	5,000	5,000	-
Net cash provided by / (used in) investing activities		(33,482)	(17,231)	(11,076)	16,251	(6,155)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal element of lease payments		(296)	(192)	(328)	104	136
ARENA loan repayment		-	(162)	(148)	(162)	(14)
Net cash provided by / (used in) financing activities		(296)	(354)	(476)	(58)	122
Net increase / (decrease) in cash and cash equivalents		84	9,303	(1,262)	9,219	10,565
Cash and cash equivalents at the beginning of the period		35,277	11,443	12,705	(23,834)	(1,262)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		35,361	20,746	11,443	(14,615)	9,303

Notes to the financial statements for the year ended 30 June 2022

8.8.3 Statement of Cash Flow Variances – continued

Major Estimate and Actual (2022) Variance Narratives

7. Employee benefits is less than the Estimate by \$1.7m (11%) due to the Estimate not being adjusted as part of the 2021-22 Budget Process to reflect forecast cashflows for employee benefits.
8. GST payments on purchases is \$2.5m (85%) higher than the Estimate due to the Estimate being understated ie not reflecting the higher capital expenditure in 2021-22.
9. GST payments to taxation authority is \$0.6m (100%) lower than the Estimate due to no actual GST payment being made to the ATO in 2021-22 (ie GST payments on purchases exceeding GST received on sales).
10. Commonwealth grant income is less than the Estimate by \$7.2m (60%) due to the delay in receiving grant money with \$4.5m received in July 2022 rather than in June 2022. The remaining grant balance is expected to be received in the third quarter of 2022-23 due to the project being extended from June 2022 until December 2022.
11. GST receipts on sales is \$1.2m (36%) higher than the Estimate due to an increase in sale of goods and user charges and fee revenue in the current year.
12. GST receipts from taxation authority is \$0.6m (100%) higher than the Estimate due to the GST payments on purchases exceeding GST received on sales in 2021-22, which was not reflected in the Estimate.
13. Purchase of non-current assets are \$11.2m (34%) lower than the Estimate due to delays in capital projects including Commonwealth and State funded Water and Jetty projects, with expenditure carried over to 2022-23.
14. Proceeds from maturing term deposits is \$5m (100%) higher than the Estimate due to term deposits with original maturities of more than three months being excluded from Cash and cash equivalents. These term deposits were included in Cash and Cash Equivalents in the Estimate.

Notes to the financial statements for the year ended 30 June 2022

Major Actual (2022) and Comparative (2021) Variance Narratives

- J.

Income received from other public sector entities which includes the service appropriation received via DBCA, is \$8.0m (56%) lower than the prior year due to supplementary funding received in 2020-21 to assist with the impact to revenue caused by COVID-19 border restrictions. This reduction was offset by the grant received from the Department of Transport for the construction of a seawall at South Thomson Bay in 2021-22.
- K.

Capital appropriation is \$8.5m (147%) higher than prior year due to a \$4.4m increase on the capital grant received from the State government for Water Projects under the State Recovery Plan and a \$4.1m increase on grants received from the State government for Jetty projects.
- L.

GST payments on purchases is \$0.6m (13%) higher due to the increase in capital expenditure.
- M.

Increase in user charges and fees of \$12.0m (36%) is principally due to higher accommodation occupancy, admission fees and hire revenue as a result of increased visitation to the Island compared to the prior year. Rental income was also higher due to the prior year including rental waivers due to COVID-19.
- N.

Commonwealth grant income received is \$3.9m (390%) higher than the prior year due to the grant money which was estimated to be received in 2020-21 being delayed and received in 2021-22 due to project milestone variations.
- O.

GST receipts on sales is \$1.4m (42%) higher than the prior year due to higher sale of goods and user charges and fee revenue than the prior year.
- P.

Purchase of non-current assets is higher by \$6.2m (38%) due to higher spending on capital projects including Commonwealth, Jetty and Water projects than the prior year.

SERVICES AND EFFICIENCY INDICATORS

Agency service 2

Conserving habitats, species and ecological communities.

Efficiency KPI 2

Average cost per hectare of wildlife habitat.

In accordance with the Act, RIA has responsibility to protect the flora and fauna of the Island, and maintain, protect and repair within allowable resources its natural environment.

Through its Environment, Heritage and Parks directorate RIA oversees the sustainability and conservation of Rottnest Island's flora, fauna and natural environments.

This indicator relates to the cost of conserving Rottnest Island's natural environment and its purpose is to track the level of resources applied to these functions.

The indicator is calculated by dividing the total cost of managing the natural environment by the Rottnest Island Reserve's total area of 5,659 hectares. The Reserve refers to the land and waters defined in Part 1 of the Act.

Title	2021-22 Target	2021-22 Result	2020-21 Result	2019-20 Result	2018-19 Result
Average cost per hectare of wildlife habitat	\$315	\$263	\$312	\$357	\$267

The 2021-22 result of \$263 is below the target of \$315 due to actual expenditure for this service being lower than forecast.

Other financial disclosures

CAPITAL WORKS EXPENDITURE

Rottnest Island Authority's expenditure on capital works for 2021-22 is outlined below:

Type	2021-22 \$'000
ANNUAL PROGRAM	
Buildings	3,985
Visitor accommodation	2,014
Heritage	581
Other	802
Ablutions	588
Digital and Telecommunications	440
IT systems	440
Infrastructure	633
Seawall	633
Utilities	1,971
Electricity	394
Wastewater	1,577
Other	311
Plant and equipment	311
Total Annual Program	7,340

Type	2021-22 \$'000
COMMONWEALTH GRANTS	6,413
Enhancing National Tourism Icons	6,413
STATE GRANTS	8,506
Maritime/Jetty	2,473
Seawall	1,691
WA Recovery Plan – Water Network and Production Projects	4,342
Total	22,259

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff profile

RIA employees are employed under the provisions of the Public Service Award 1992 and the Public Sector CSA General Agreement 2021.

Employment Type	30 June 2021	30 June 2022
Permanent	86	77
Fixed-term contract	13	21
Casual	14	18
Total	113	116

Internal workers compensation claims

One approved internal workers compensation claim was made by an RIA staff member during the reporting period.

STAFF TRAINING AND WORKFORCE DEVELOPMENT

Training courses conducted in 2021-22 included:

- Aboriginal Cultural Awareness Training — September, November 2021 and May 2022 (34 participants)
- Ergonomic Train the Assessor — September 2021 (6 participants)
- Performance Management with Corporate Executive — July 2021 (8 participants)
- Excellent Customer Service Training — November 2021 (19 participants)
- TEAMS Calling Training — June 2021 (73 participants)
- Power BI — October 2021 (12 participants)

All new staff were provided with online induction courses including Accountable and Ethical Decision-making, Sexual Harassment Prevention, Disability Awareness, Work Health and Safety Awareness and Mental Health Awareness.

TRAINEESHIPS AND PATHWAYS

The Indigenous Career Program was established to support RIA's Innovative Reconciliation Action Plan and its goal to increase Aboriginal and Torres Strait Islander employment. The appointment of a Project Officer 50D (Level 2) occurred in early 2022 and the officer has been provided with a career development opportunity within three different RIA divisions.

Rottnest Island Authority also made an application to host an Aboriginal trainee as part of the Public Sector Commission's Aboriginal Traineeship Program 2021; however, it was unsuccessful.

UNAUTHORISED USE OF CREDIT CARD

RIA had no instances of unauthorised credit card use in 2021-22.

GOVERNANCE DISCLOSURES

Board appointment and responsibilities

RIA Board Members are appointed by the Minister in accordance with Part II, Section 6 of the Act. Except as otherwise provided by the Act, a member can hold the office for a term not exceeding three years and may be reappointed.

RIA has a Schedule of Delegations and Authorisations which details the delegations made by, and administrative authorisations provided by, the Board for the effective and robust administration of the *Rottnest Island Authority Act 1987* and other legislation which governs and regulates RIA's operations and functions. RIA's corporate governance arrangements ensure transparency in decision-making and operation and accountability to stakeholders and the State Government by promoting strong leadership, sound management, and effective planning and review.

RIA has the power to do all things necessary or convenient in connection with the management and control of the Island under the Act. The Board may in relation to the Island:

- Carry out such developments and improvements that are consistent with the Act
- Enter into any arrangement with a State Government department or instrumentality or any public utility for the performance by that body of any work or the supply of equipment or services

- Require payment of rent, fees or other charges for the use of the facilities of RIA or equipment or services supplied by it, and fix the amount of such rent, fees or charges with power to waive, reduce or refund the same in particular cases
- In respect of its function of providing and operating recreational and holiday facilities on the Island:
 - Establish or acquire, and operate
 - Enter into an arrangement for any person to establish or acquire, and operate, any business undertaking that is necessary or convenient for the performance of that function
- Grant any lease or licence that is consistent with the purposes described in the relevant section of the Act, on such terms and conditions as it thinks fit

Board meeting attendance and remuneration

Seven meetings of RIA Board were held in accordance with Schedule 1, clause 5 of the Act during the reporting period.

In accordance with the Act, the Chair and Board Members are paid fees and allowances as may be fixed by the Minister for Tourism on the recommendation of the Minister for Public Sector Management. In accordance with government policy, Board Members who are public servants are not entitled to payment.

Position	Name	First appointed	No. of meetings eligible to attend	No. of meetings attended	Gross Remuneration
Chair	Hamish Beck	Mar 2016	7	7	\$26,106
Member/Deputy Chair	Marina Hogan	Jan 2017	7	7	\$15,400
Member	Peter Lee OAM	Jul 2019	7	7	\$15,400
Member	Ann Robinson	Jul 2019	7	7	\$15,400
Member	Louise Watson	Jul 2020	7	7	\$15,400
Member	Guy Houston	Nov 2021	4	4	\$9,578
(Former) Chair	John Langoulant	Oct 2017	2	2	\$9,561
TOTAL					\$106,845

Board conflicts of interest

The Board has a disclosure of interest process outlined in the Act. Board Members declare actual and potential conflicts of interest on appointment, and otherwise as matters arise.

Director's and officer's liability insurance

An insurance policy has been taken out to indemnify Board Members against any liability incurred under sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. This policy is placed through the State Government insurer and is renewed annually.

Policy on Island accommodation and ferry travel for Board members

Visits to the Island by Board members are essential to:

- Maintain a current awareness and understanding of issues affecting visitor experience and management of the Island
- Provide strategic direction, through the Rotttnest Island Management Plan required by Part IV of the Act

- Guide the day-to-day management of the Island and the oversight of Island operations by RIA Executive and staff
- Advise the Minister for Tourism as required.

During the year, members of the Board undertook a total of 25 overnight stays on the Island to undertake official duties including Board meetings, business community meetings, events, launches, functions, guest and visitor experiences, and tasks that directly support the functions of the Board.

All stays were approved in accordance with the policy.

Board committees

Audit and Risk Committee

The Audit and Risk Committee (ARC) comprises Board Members (three) and is attended by; Chief Executive Officer; Executive Director; Director, Corporate Services; and Manager, Audit and Risk. The ARC met seven times during the reporting period.

The ARC oversees all material aspects of RIA's risk management and audit functions to ensure integrity of the organisation's governance framework.

Contracts and Infrastructure Committee

The Contracts and Infrastructure Committee comprises Board Members (three) and is attended by; Executive Director; and Director, Contracts and Planning and met seven times during the reporting period.

The key responsibilities of the Contracts and Infrastructure Committee include reviewing all major proposed EOIs, lease options and other contracts and reviewing the performance of existing major contracts and any proposed variations.

Information, Communications & Technology, Brand and Marketing Committee

The Information, Communications & Technology, Brand and Marketing (ICTBM) Committee comprises Board Members (three); Chief Executive Officer; Executive Director; Director, Corporate Services; Director, Visitor Services; Director, Marketing & Events; and ICT Manager. The ICTBM Committee met seven times during the reporting period.

The key responsibilities of the ICTBM Committee include overseeing the implementation of RIA's Digital & IT Plan and Destination Marketing Strategic Plan 2020-2024; and monitoring ICT, brand and marketing project implementations including the achievement of project objectives, timing and budget.

RISK MANAGEMENT

Risk management is a critical component of RIA's corporate governance due to the unique risk environment associated with balancing a Class A Reserve with delivering utility, infrastructure, and tourism activities and products for Western Australia.

The ARC provides a formal mechanism for risk management discussions and decision-making, with reporting of risks and risk treatment progress provided on a quarterly basis. RIA's Corporate Executive oversee the risk management processes and provide ongoing assurance to the Board that RIA's significant risks are being addressed in a timely and appropriate manner.

RIA's Corporate Risk Management Framework was formally endorsed by the RIA Board in January 2018. The Corporate Risk Management Framework (Framework) enables RIA to identify, assess and treat risk in a systemic and consistent manner, and in accordance with ANZ/NZS ISO 31000.

Under the framework, risks and controls are analysed and evaluated against set criteria to ensure risks that exceed acceptable levels are treated accordingly. As at 30 June 2022, RIA is monitoring 179 risks, which are being managed and reported on a continual basis.

As at 30 June 2022, the risk statistics are as follows:

- 179 risks are captured in RIA's risk registers.
- The overall risk profile for RIA remains as moderate. Of the 179 risks recorded, 129 (72%) are rated as moderate or low.
- Of the 179 risks identified across RIA, 14 risks require Treatment Action Plans. There are 11 risks exceeding RIA's tolerance level of moderate and three risks that have been assessed as having inadequate controls. As of this reporting period, 14 Treatment Action Plans are in place.

BUSINESS CONTINUITY PLAN

RIA maintains a comprehensive Business Continuity Plan (BCP) which provides documented procedures for the agency to respond, recover, resume and restore to a predefined level of operations following disruption.

During 2021-22 RIA finalised a major review of the BCP following activation to establish Rotttnest Island as a quarantine facility in 2020. RIA also developed COVID-19 response plans to protect RIA workers and the critical activities, and ensure contingencies were in place for all Island operations. When Western Australia moved to a level-2 response with the COVID-19 case numbers increasing in the community in February 2022, RIA and Island businesses activated the plans which were successful in aiding the continuation of Island operations and services.

WADJEMUP ABORIGINAL REFERENCE GROUP

The Wadjemup Aboriginal Reference Group provides cultural guidance to the Executive Director and Board on cultural heritage management and reconciliation matters.

Four meetings of the Wadjemup Aboriginal Reference Group took place during the reporting period.

Name	First appointed	No. of meetings eligible to attend	No. of meetings attended	Gross remuneration
Walter McGuire	2017	5	4	\$926
Brendan Moore	2017	5	4	\$1,296
Pamela Thorley	2017	5	5	\$2,089
Lindsay Dean	2017	5	5	\$2,537
Casey Kickett	2022	2	1	Nil
Kathleen Musulin	2022	2	2	Nil
TOTAL				\$6,848

MINISTERIAL DIRECTIVES

No Ministerial directives were received during 2021-22.



**ROTTNEST
ISLAND
AUTHORITY**

Annual Report

2022–23

Statement of Compliance

For year ended 30 June 2023

Hon Rita Saffioti MLA

Deputy Premier, Treasurer, Minister for Tourism, Minister for Transport.

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Rottnest Island Authority for the reporting period ended 30 June 2023.

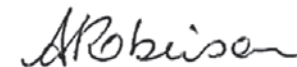
The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Hamish R Beck

Chair
Rottnest Island Authority

15 September 2023



Ann Robinson

Deputy Chair
Rottnest Island Authority

15 September 2023

Certification of Financial Statements for the Reporting Period Ended 30 June 2023

The accompanying financial statements of Rottnest Island Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

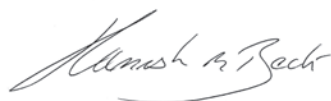
At the date of signing we are not aware of any circumstances which would render the particulars included within the financial statements misleading or inaccurate.



Lyn Cassettai

Chief Finance Officer
Rottnest Island Authority

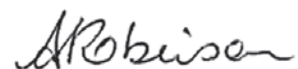
15 September 2023



Hamish R Beck

Chair
Rottnest Island Authority

15 September 2023



Ann Robinson

Deputy Chair
Rottnest Island Authority

15 September 2023



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

Rottnest Island Authority

To the Parliament of Western Australia

Report on the audit of the financial statements

Opinion

I have audited the financial statements of the Rottnest Island Authority (Authority) which comprise:

- the Statement of Financial Position at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are:

- based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Rottnest Island Authority for the year ended 30 June 2023 and the financial position at the end of that period
- in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board for the financial statements

The Board is responsible for:

- keeping proper accounts
- preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (applicable to Tier 2 Entities), the *Financial Management Act 2006* and the Treasurer's Instructions
- such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500

In preparing the financial statements, the Board is responsible for:

- assessing the entity's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's responsibilities for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on the audit of controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Rottnest Island Authority. The controls exercised by the Board are those policies and procedures established to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with the State's financial reporting framework (the overall control objectives).

In my opinion, in all material respects, the controls exercised by the Rottnest Island Authority are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with the State's financial reporting framework during the year ended 30 June 2023.

The Board's responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property and

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the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagement ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and were implemented as designed.

An assurance engagement involves performing procedures to obtain evidence about the suitability of the controls design to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including an assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of controls

Because of the inherent limitations of any internal control structure, it is possible that, even if the controls are suitably designed and implemented as designed, once in operation, the overall control objectives may not be achieved so that fraud, error or non-compliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the audit of the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Rottnest Island Authority for the year ended 30 June 2023. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Rottnest Island Authority are relevant and appropriate to assist users to assess the Authority's performance and fairly represent indicated performance for the year ended 30 June 2023.

The Board's responsibilities for the key performance indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal controls as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate, having regard to their purpose in accordance with Treasurer's Instructions 904 *Key Performance Indicators*.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the entity's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments, I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My independence and quality management relating to the report on financial statements, controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other information

Those charged with governance are responsible for the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial statements, key performance indicators and my auditor's report.

My opinions on the financial statements, controls and key performance indicators do not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, controls and key performance indicators my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and key performance indicators or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

The auditor's report relates to the financial statements and key performance indicators of the Rottnest Island Authority for the year ended 30 June 2023 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial statements, controls and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
15 September 2023

Statement of Comprehensive Income for the Year Ended 30 June 2023

	Note	2023 \$000	2022 \$000
Cost of services			
Expenses			
Employee benefits expense	2.1(a)	16,263	13,313
Supplies and services	2.2	39,294	32,960
Depreciation and amortisation expense	4.1, 4.2, 4.3	8,167	6,758
Cost of sales	3.3	849	824
Finance costs	6.3	9	3
Accommodation expenses	2.3	535	241
Loss on disposal of non-current assets	3.7	-	30
Other expenses	2.3	1,711	2,329
Total cost of services		66,828	56,458
Income			
User charges and fees	3.2	56,860	46,771
Sale of goods	3.3	1,149	1,101
Commonwealth grants	3.4	7,630	4,899
Interest income	3.5	1,185	136
Other income	3.6	463	370
Gain on disposal of non-current assets	3.7	57	-
Total income		67,344	53,277
Net cost of services		(516)	3,181

	Note	2023 \$000	2022 \$000
Income from State Government			
Income from other public sector entities	3.1	5,596	6,257
Resources received	3.1	120	369
Total income from State Government		5,716	6,626
Surplus for the period		6,232	3,445
Other comprehensive income			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	4.1	22,018	35,515
Total other comprehensive income		22,018	35,515
Total comprehensive income for the period		28,250	38,960

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

Statement of Financial Position as at 30 June 2023

	Note	2023 \$000	2022 \$000
Assets			
Current assets			
Cash and cash equivalents	6.4	12,167	20,746
Restricted cash and cash equivalents	6.4	161	-
Inventories	3.3	308	407
Receivables	5.1	2,808	2,847
Other financial assets	6.5	17,000	12,000
Capital grant receivable	5.6(b)	3,130	-
Other assets	5.2	293	256
Total current assets		35,867	36,256
Non-current assets			
Restricted cash and cash equivalents	6.4	235	-
Infrastructure, property, plant and equipment	4.1	370,031	328,751
Intangible assets	4.2	1,328	989
Right-of-use assets	4.3	177	101
Receivables	5.1	101	118
Total non-current assets		371,872	329,959
Total assets		407,739	366,215

	Note	2023 \$000	2022 \$000
Liabilities			
Current liabilities			
Payables	5.3	8,509	11,247
Lease liabilities	6.1	58	31
Employee related provisions	2.1(b)	2,544	2,245
Contract liabilities	5.5	4,937	4,478
Capital grant liability	5.6(a)	-	-
Other liabilities	5.4	1,418	1,194
Total current liabilities		17,466	19,195
Non-current liabilities			
Lease liabilities	6.1	123	71
Employee related provisions	2.1(b)	835	698
Other liabilities	5.4	3,116	3,316
Total non-current liabilities		4,074	4,085
Total liabilities		21,540	23,280
Net assets		386,199	342,935
Equity			
Contributed equity		86,346	71,332
Reserves		263,406	241,388
Accumulated surplus		36,447	30,215
Total equity		386,199	342,935

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Year Ended 30 June 2023

	Contributed equity \$000	Reserves \$000	Accumulated surplus \$000	Total Equity \$000
Balance at 1 July 2021	57,032	205,873	26,770	289,675
Surplus	-	-	3,445	3,445
Other comprehensive income	-	35,515	-	35,515
Total comprehensive income for the period	-	35,515	3,445	38,960
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriations	14,300	-	-	14,300
Total	14,300	-	-	14,300
Balance at 30 June 2022	71,332	241,388	30,215	342,935
Balance at 1 July 2022	71,332	241,388	30,215	342,935
Surplus	-	-	6,232	6,232
Other comprehensive income	-	22,018	-	22,018
Total comprehensive income for the period	-	22,018	6,232	28,250
<i>Transactions with owners in their capacity as owners:</i>				
Capital appropriations	18,300	-	-	18,300
Distribution to owners	(3,286)	-	-	(3,286)
Total	15,014	-	-	15,014
Balance at 30 June 2023	86,346	263,406	36,447	386,199

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

Statement of Cash Flows for the Year Ended 30 June 2023

	Note	2023 \$000	2022 \$000
Cash flows from/to the State Government			
Funds from other public sector entities		5,658	6,257
Capital appropriations		18,300	14,300
Return of excess capital appropriations — distribution to owners		(3,286)	-
Net cash provided by the State Government		20,672	20,557
<i>Utilised as follows:</i>			
Cash flows from operating activities			
Payments			
Employee benefits		(15,895)	(13,328)
Supplies and services		(40,130)	(30,707)
Finance costs		(9)	(3)
GST payments on purchases		(7,092)	(5,452)
GST payments to taxation authority		-	-
Other payments		(1,719)	(1,493)
Receipts			
Sale of goods		1,149	1,101
User charges and fees		54,282	45,463
Commonwealth grants		4,500	4,899
Interest received		1,011	104
GST receipts on sales		5,430	4,754
GST receipts from taxation authority		1,940	623
Other receipts		266	370
Net cash provided by/(used in) operating activities		3,733	6,331

	Note	2023 \$000	2022 \$000
Cash flows from investing activities			
Payments			
Purchase of non-current assets		(27,466)	(22,259)
Purchase of term deposits		(5,000)	-
Receipts			
Proceeds from sale of non-current assets		112	28
Proceeds from maturing term deposits		-	5,000
Net cash provided by/(used in) investing activities		(32,354)	(17,231)
Cash flows from financing activities			
Payments			
Principal elements of lease payments		(72)	(192)
ARENA loan repayment		(162)	(162)
Net cash provided by/(used in) financing activities		(234)	(354)
Net increase/(decrease) in cash and cash equivalents		(8,183)	9,303
Cash and cash equivalents at the beginning of the period		20,746	11,443
Cash and cash equivalents at the end of the period	6.4	12,563	20,746

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

Notes to the Financial Statements for the Year Ended 30 June 2023

1. Basis of preparation

Rotttnest Island Authority (**RIA**) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. RIA is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' section of the Annual Report, which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of RIA on 15 September 2023.

Statement of compliance

These general-purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**)
- 2) The Treasurer's Instructions (**TIs**)
- 3) Australian Accounting Standards — Simplified Disclosures
- 4) Where appropriate, those Australian Accounting Standards paragraphs applicable to for not-for-profit entities have been applied.

The FMA and TIs take precedence over Australian Accounting Standards. Several Australian Accounting Standards are modified by the TIs to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$000).

Fair Values

The details in relation to the fair value of various assets and liabilities are provided in the respective notes relating to those assets and liabilities.

Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) Amount of GST incurred by RIA as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Financial Statements for the Year Ended 30 June 2023

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, as designated as contributions by owners (at the time of, or prior to, transfer) be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly-Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. AASB 1060 provides relief from presenting comparatives for:

- Property, Plant and Equipment reconciliations;
- Intangible Asset reconciliations; and
- Right-of-Use Asset reconciliations.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how RIA's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by RIA in achieving its objectives and the relevant notes are:

	Notes
Employee benefits expense	2.1(a)
Employee related provisions	2.1(b)
Supplies and services	2.2
Other expenditure	2.3

Notes to the Financial Statements for the Year Ended 30 June 2023

2.1 (a) Employee benefits expense

	2023 \$000	2022 \$000
Employee benefits	14,621	11,990
Termination benefits	126	97
Superannuation — defined contribution plans	1,474	1,191
Superannuation — defined benefit plans	42	35
Employee benefits expense	16,263	13,313
Add: AASB 16 Non-monetary benefits	71	47
Less: Employee contributions	(10)	(1)
Total employee benefits provided	16,324	13,359

Employee benefits include wages, salaries and social contributions, accrued and paid leave entitlements, and paid sick leave, and non-monetary benefits (such as medical care, housing, cars, and free or subsidised goods or services) for employees.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when RIA is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation is the amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

AASB 16 non-monetary benefits are non-monetary employee benefits, predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 and are excluded from the employee benefits expense.

Employee contributions are contributions made to RIA by employees towards employee benefits that have been provided by RIA. This includes both AASB 16 and non-AASB 16 employee contributions.

Notes to the Financial Statements for the Year Ended 30 June 2023

2.1 (b) Employee related provisions

	2023 \$000	2022 \$000
Current		
<u>Employee benefits provision</u>		
Annual leave	1,357	1,207
Long service leave	994	866
Time in lieu	8	8
Defined benefit liability	41	37
	2,400	2,118
<u>Other provisions</u>		
Employment on-costs	144	127
Total current employee related provisions	2,544	2,245
Non-current		
<u>Employee benefits provision</u>		
Long service leave	635	498
Defined benefit liability	162	170
	797	668
<u>Other provisions</u>		
Employment on-costs	38	30
Total non-current employee related provisions	835	698
Total employee related provisions	3,379	2,943

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liabilities are unconditional long service leave provisions and are classified as current liabilities as RIA does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because RIA has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as RIA does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Defined benefit liability — RIA has recognised the unfunded superannuation liability for a Pension Scheme relating to a former employee. This obligation has been measured using actuarial assumptions and on a discounted basis.

Employment on-costs involve settlements of annual and long service leave liabilities which gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Notes to the Financial Statements for the Year Ended 30 June 2023

Employment on-costs, including workers' compensation insurance premiums, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenditure', Note 2.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of RIA's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2023 \$000	2022 \$000
Employment on-costs provision		
Carrying amount at start of period	157	174
Additional provisions recognised	94	74
Payments/other sacrifices of economic benefits	(71)	(82)
Unwinding of the discount	2	(9)
Carrying amount at end of period	182	157

Key sources of estimation uncertainty – long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating RIA's long service leave provision. These include:

- Expected future salary rates;
- Discount rates;
- Employee retention rates; and
- Expected future payments.

Changes in these estimations and assumptions may impact the carrying amount of the long service leave provision. Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Supplies and services

	2023 \$000	2022 \$000
Contractors — facilities operations and utilities	15,971	14,222
Contractors — housekeeping	3,786	3,532
Contractors — other	6,848	4,369
Administration expense	2,242	2,157
Other staff costs	854	659
Repairs and maintenance — building, infrastructure & equipment	5,689	5,166
Assets under \$5,000 expensed	1,745	915
Marketing expenses	1,381	1,241
Other supplies and services costs	778	699
Total supplies and services expenses	39,294	32,960

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Other supplies and services costs generally represent the day-to-day running costs incurred in normal operations.

Notes to the Financial Statements for the Year Ended 30 June 2023

2.3 Other expenditure

	2023 \$000	2022 \$000
Accommodation expenses		
Office rental — short term	150	156
Office rental — long term	317	-
Cleaning and other accommodation expenses	68	85
Total accommodation expenses	535	241
Other expenses		
Expected credit losses expense	10	-
Employment on-costs	1,006	846
Bank and merchant fees	424	373
Software implementation costs	271	1,102
Bad debts written off	-	8
Total other expenses	1,711	2,329
Total other expenditure	2,246	2,570

Short term office rental includes leases with a lease term of 12 months or less.

Long term office rental is expensed as incurred, as the Memorandum of Understanding Agreement between RIA and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

Cleaning and other accommodation expenses are recognised as expenses as incurred.

Expected credit losses are recognised for movement in allowance for impairment of trade receivables. Please refer to Note 5.1 Receivables for more details.

Employment on-costs include workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee related provisions. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Software implementation costs are recognised as expenses as incurred.

Notes to the Financial Statements for the Year Ended 30 June 2023

3. Our funding sources

How we obtain our funding

This section provides additional information about how RIA obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by RIA and the relevant notes are:

	Notes
Income from State Government	3.1
User charges and fees	3.2
Sale of goods	3.3
Commonwealth grants	3.4
Interest income	3.5
Other income	3.6
Gain/(loss) on disposal of non-current assets	3.7

3.1 Income from State Government

	2023 \$000	2022 \$000
Income from other public sector entities during the period:		
— Grants received from Department of Biodiversity, Conservation and Attractions (DBCA) ^(a)	5,533	4,782
— Grants received from other government entities ^(b)	63	1,475
Total income from other public sector entities	5,596	6,257
Resources received from other public sector entities during the period:		
— Assets received free of charge ^(c)	-	227
— Services received free of charge ^(d)	120	142
Total resources received	120	369
Total income from State Government	5,716	6,626

Income from other public sector entities is recognised as income when RIA has received a recurrent appropriation through a central department (i.e. Department of Biodiversity, Conservation and Attractions) and/or when RIA has satisfied its performance obligations under the funding agreement. If there is no performance obligation, income will be recognised when RIA receives the funds.

(a) Relates to RIA's recurrent service appropriation received via DBCA.

(b) The 2021–22 balance principally related to a grant received from the Department of Transport for Hotspot Coastal Adaptation and Protection, which was used for the construction of a seawall at South Thomson Bay.

Notes to the Financial Statements for the Year Ended 30 June 2023

Resources received from other public sector entities are recognised as income equivalent to the fair value of the assets, or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

(c) Assets received free of charge relates to road works performed on the island's roads by Main Roads WA at no cost to RIA in 2021–22.

(d) Services received free of charge relates to legal services received from State Solicitor's Office and services received from Landgate.

3.2 User charges and fees

	2023 \$000	2022 \$000
Accommodation revenue	24,732	23,749
Equipment hire and tours	8,283	5,300
Admission fees	14,113	9,034
Other fees and charges	2,773	2,211
Commercial lease and licence income	3,356	3,341
Utility charges	2,496	2,084
Residential lease income	1,107	1,052
Total user charges and fees	56,860	46,771

Revenue is recognised at the transaction price when RIA transfers control of the services to customers. Revenue is recognised for the major business activities as follows:

- Accommodation revenue is recognised over the course of the visitors' stay on the island.
- Admission fees are generally recognised when the visitors arrive on the island.
- Other revenue, including residential and commercial rental income, is recognised as the goods/services are provided.

3.3 Sale of goods

	2023 \$000	2022 \$000
Sale of goods	1,149	1,101
Cost of sales:		
Opening inventory	(141)	(152)
Purchases	(814)	(813)
	(955)	(965)
Closing inventory	106	141
Cost of goods sold	(849)	(824)
Gross profit	300	277
Closing inventory comprises:		
Current inventories		
Inventories held for resale		
— Merchandise	106	141
Inventories not held for resale		
— Fuel	202	266
Total current inventories	308	407
Total inventories	308	407

Sale of Goods

Revenue is recognised at the transaction price when RIA transfers control of the goods to customers.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate for each class of inventory, with the majority being measured on a first in first out basis.

Inventories not held for resale are measured at cost unless they are no longer required, in which case they are measured at net realisable value.

Notes to the Financial Statements for the Year Ended 30 June 2023

3.4 Commonwealth grants

	2023 \$000	2022 \$000
Commonwealth grants:		
— Capital grants – Enhancing National Tourism Icons	7,630	4,880
— Other	-	19
Total Commonwealth grants	7,630	4,899

Capital grants are recognised as income to the extent that the obligations relating to the grant have been satisfied.

3.5 Interest income

	2023 \$000	2022 \$000
Interest income	1,185	136
Total interest income	1,185	136

Interest income is recognised as the interest accrues.

3.6 Other income

	2023 \$000	2022 \$000
Insurance claims	9	47
Expected credit losses provision written back	-	6
Non-government grants/sponsorships	55	18
Public donations	30	24
Assets received free of charge	200	-
Other income ^(a)	169	275
Total other income	463	370

(a) Includes miscellaneous income and recoups.

3.7 Gain/(loss) on disposal of non-current assets

	2023 \$000	2022 \$000
Net proceeds from disposal of non-current assets		
Plant, equipment and vehicles	112	28
<u>Carrying amount of non-current assets disposed</u>		
Plant, equipment and vehicles	(55)	(58)
Gain/(loss) on disposal of non-current assets	57	(30)

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the Statement of Comprehensive Income.



 Bathurst Lighthouse, Pinky Beach

4. Key Assets

This section includes information regarding the key assets RIA utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes
Infrastructure, property, plant and equipment	4.1
Intangible assets	4.2
Right-of-use assets	4.3

Notes to the Financial Statements for the Year Ended 30 June 2023

4.1 Infrastructure, property, plant and equipment

Year ended 30 June 2023	Land \$000	Buildings \$000	Computers and electronic equipment \$000	Furniture and fittings \$000	Plant and vehicles \$000	Infrastructure \$000	Works of art \$000	Work in progress \$000	Total \$000
1 July 2022									
Gross carrying amount	159,000	85,615	1,437	3,120	4,678	68,382	497	13,675	336,404
Accumulated depreciation	-	-	(1,417)	(2,743)	(3,489)	-	(4)	-	(7,653)
Carrying amount at start of period	159,000	85,615	20	377	1,189	68,382	493	13,675	328,751
Additions	-	-	-	-	-	200	-	27,463	27,663
Transfers	-	7,953	61	171	231	16,283	-	(24,699)	-
Disposals	-	-	-	(4)	(17)	(34)	-	-	(55)
Adjustments	-	-	-	-	-	-	-	(401)	(401)
Revaluation increments/(decrements)	2,000	4,039	-	-	-	15,979	-	-	22,018
Depreciation	-	(2,578)	(26)	(95)	(260)	(4,977)	(9)	-	(7,945)
Carrying amount at end of period	161,000	95,029	55	449	1,143	95,833	484	16,038	370,031
Gross carrying amount	161,000	95,029	1,163	3,236	4,593	95,833	497	16,038	377,389
Accumulated depreciation	-	-	(1,108)	(2,787)	(3,450)	-	(13)	-	(7,358)
	161,000	95,029	55	449	1,143	95,833	484	16,038	370,031

Notes to the Financial Statements for the Year Ended 30 June 2023

Initial recognition

Items of property, plant and equipment and infrastructure costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition.

Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- Land;
- Buildings; and
- Infrastructure.

Land is carried at fair value.

Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Landgate) to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2022 by Landgate. The valuations were performed during the year ended 30 June 2023 and recognised at 30 June 2023. In undertaking revaluation, fair value of land was determined by reference to current use based on comparable utility basis. The fair value of buildings was determined by reference to current use based on current replacement cost.

Infrastructure is independently valued every three to five years. Infrastructure assets (excluding water, wastewater and power assets) were independently revalued by Landgate as at 1 July 2022. These valuations were performed during the year ended 30 June 2023 and recognised at 30 June 2023. The fair value for infrastructure assets was determined by reference to current use based on current replacement cost.

RIA is seeking approval for the transfer of its power, water generation and distribution assets and the provision of those services from RIA to Horizon Power and Water Corporation. The transfer is anticipated to occur by late 2023-24. Water, wastewater and power assets were valued by RIA management at 30 June 2023 with reference to independent assessments.

Significant assumptions and judgements

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

Useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exception to this rule is land.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the following table.

Notes to the Financial Statements for the Year Ended 30 June 2023

Asset	Useful life: years
Buildings	20 to 40 years
Computers and electronic equipment	3 to 5 years
Furniture and fittings	3 to 15 years
Vehicles	4 to 20 years
Plant and equipment	4 to 25 years
Infrastructure	4 to 50 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Land, works of art, and Cultural Heritage Assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of infrastructure, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As RIA is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

As at 30 June 2023, there were no indications of impairment to infrastructure, property, plant and equipment.

Notes to the Financial Statements for the Year Ended 30 June 2023

4.2 Intangible assets

Year ended 30 June 2023	Right to receive the Rottnest Dome Building \$000	Website costs and computer software \$000	Total \$000
1 July 2022			
Gross carrying amount	778	2,468	3,246
Accumulated amortisation	-	(2,257)	(2,257)
Carrying amount at start of period	778	211	989
Additions	-	494	494
Amortisation expense	-	(155)	(155)
Carrying amount at end of period	778	550	1,328

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

Acquired and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria of AASB 138 *Intangible Assets* are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful lives

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by RIA have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Software	3 to 5 years
Website costs	3 to 5 years

Computer Software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Website Costs

Website costs are expensed when incurred unless they directly relate to the acquisition or development of an intangible asset. In this instance they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase, are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

Impairment of intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually or when an indication of impairment is identified. As at 30 June 2023, there were no indications of impairment to intangible assets.

The policy in connection with testing for impairment is outlined in Note 4.1.

Notes to the Financial Statements for the Year Ended 30 June 2023

4.3 Right-of-use assets

Year ended 30 June 2023	Vehicles \$000	Plant & equipment \$000	Total \$000
Carrying amount at beginning of period	80	21	101
Additions	159	-	159
Disposals	-	(16)	(16)
Depreciation	(62)	(5)	(67)
Net carrying amount at end of period	177	-	177

RIA has leases for vehicles. The lease contracts are typically made for fixed periods of 3 to 6 years. There are generally no options to renew the leases after the lease end date.

RIA has also entered into a Memorandum of Understanding Agreement with the Department of Finance for the leasing of office accommodation. The lease is not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Initial recognition

At the commencement date of the lease, RIA recognises right-of-use assets and a corresponding lease liability for most leases. Right-of-use assets are measured at cost, comprising of:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 6.1.

RIA has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to RIA at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.1.

Notes to the Financial Statements for the Year Ended 30 June 2023

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from RIA's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes
Receivables	5.1
Other assets	5.2
Payables	5.3
Other liabilities	5.4
Contract liabilities	5.5
Capital grant receivable/liability	5.6

5.1 Receivables

	2023 \$000	2022 \$000
Current		
Trade receivables	1,332	1,597
Allowance for impairment of trade receivables	(16)	(6)
GST receivable	969	945
Interest receivable	212	39
Other receivables	311	272
Total current	2,808	2,847
Non-current		
Accrued revenue	101	118
Total non-current	101	118
Total receivables at end of the period	2,909	2,965

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

For trade receivables, RIA recognises an allowance for expected credit losses (ECLs) measured at the lifetime expected credit losses at each reporting date. RIA has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 2.3 for the amount of ECLs expensed in this financial year.

Notes to the Financial Statements for the Year Ended 30 June 2023

5.2 Other assets

	2023 \$000	2022 \$000
Current		
Prepayments	293	256
Total other assets at end of period	293	256

Other current assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.3 Payables

	2023 \$000	2022 \$000
Current		
Trade payables	2,960	2,452
Accrued expenses	4,806	8,072
Accrued salaries	457	268
Payroll related payables	216	443
Other payables	70	12
Total payables at end of period	8,509	11,247

Payables are recognised at the amounts payable when RIA becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 20 to 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. RIA considers the carrying amount of accrued salaries to be equivalent to its fair value.

5.4 Other liabilities

	2023 \$000	2022 \$000
Current		
Leases in advance	-	33
Deferred income	842	928
Unclaimed money	-	8
Funds held in trust (Note 6.4)	162	-
Tenancy bonds received (Note 6.4)	235	-
Sinking fund provision	-	40
General provisions	17	23
ARENA loan ^(a)	162	162
Total current	1,418	1,194
Non-current		
Deferred income	156	195
ARENA loan ^(a)	2,960	3,121
Total non-current	3,116	3,316
Balance at end of period	4,534	4,510

(a) RIA entered into a financial arrangement with the Australian Renewable Energy Agency (ARENA) to construct a power generation asset in 2018. The initial financial liability recognised was based on the value of the contract at the date of the initial recognition of the asset.

Notes to the Financial Statements for the Year Ended 30 June 2023

5.5 Contract liabilities

	2023 \$000	2022 \$000
Current		
Opening balance at the beginning of the period	4,478	4,768
Additions	25,191	23,459
Income recognised in the reporting period	(24,732)	(23,749)
Closing balance at the end of period	4,937	4,478

RIA's contract liabilities relate to refundable accommodation deposits for booking dates after the reporting period.

5.6 (a) Capital grant liability

	2023 \$000	2022 \$000
Opening balance at the beginning of the period	-	-
Additions - grants received	4,500	4,880
Income recognised in the reporting period	(4,500)	(4,880)
Closing balance at the end of period	-	-
Current	-	-
Non-current	-	-

The capital grant liability relates to a capital grant received from the Commonwealth for Enhancing National Tourism Icons projects. Income is recognised as the obligations of the grant agreement are satisfied.

5.6 (b) Capital grant receivable

	2023 \$000	2022 \$000
Current	3,130	-

The capital grant receivable relates to the amount receivable from the Commonwealth for Enhancing National Tourism Icons projects at the end of the reporting period. RIA had satisfied its obligations under the grant agreement at the end of the reporting period.

Notes to the Financial Statements for the Year Ended 30 June 2023

6. Financing

This section sets out the material balances and disclosures associated with RIA's financing and cashflows.

	Notes
Lease liabilities	6.1
Assets pledged as security	6.2
Finance costs	6.3
Cash and cash equivalents	6.4
Other financial assets	6.5
Capital commitments	6.6

6.1 Lease Liabilities

	2023 \$000	2022 \$000
No later than one year	58	31
Later than one year and not later than five years	120	71
Later than five years	3	-
	181	102
Current	58	31
Non-current	123	71
	181	102

Initial measurement

At the commencement date of the lease, RIA recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, RIA uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by RIA as part of the present value calculation of lease liability include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options (where these are reasonably certain to be exercised);
- payments for penalties for terminating a lease, where the lease term reflects RIA exercising an option to terminate the lease; and
- periods covered by extension or termination options are only included in the lease by RIA if the lease is reasonably certain to be extended (or not terminated).

Notes to the Financial Statements for the Year Ended 30 June 2023

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales, an index or a rate are recognised by RIA in profit or loss in the period in which the condition that triggers those payments occurs.

Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

This section should be read in conjunction with Note 4.3.

	2023 \$000	2022 \$000
Lease expenses recognised in the Statement of Comprehensive Income		
Lease interest expense	9	3
Short-term accommodation leases	150	156
Low-value leases	22	-
Total lease expense	181	159

Short-term leases with a lease term of 12 months or less are recognised on a straight-line basis.

Low-value leases with an underlying value of \$5,000 or less are recognised on a straight-line basis.

6.2 Assets pledged as security

	2023 \$000	2022 \$000
Assets pledged as security		
The carrying amounts of non-current assets pledged as security are:		
Right-of-use asset — vehicles	177	80
Total assets pledged as security	177	80

RIA has secured the right-of-use assets against the related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

6.3 Finance costs

	2023 \$000	2022 \$000
Lease interest expense	9	3
Finance costs expensed	9	3

'Finance costs' includes the interest component of lease liability repayments.

Notes to the Financial Statements for the Year Ended 30 June 2023

6.4 Cash and cash equivalents

	2023 \$000	2022 \$000
Cash and cash equivalents	12,167	10,746
Short-term deposits ^(a)	-	10,000
Total unrestricted cash and cash equivalents	12,167	20,746
Restricted cash and cash equivalents	396	-
Balance at end of period	12,563	20,746

(a) For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

Restricted cash and cash equivalents

	2023 \$000	2022 \$000
Current		
Funds held in trust ^(a)	161	-
Non-current		
Tenancy bonds received ^(b)	235	-
Balance at end of period	396	-

(a) Promotional fund levy charged to commercial tenants which is held in trust by RIA for use in promoting Rottnest Island. Refer Note 5.4.

(b) Tenancy bonds held for commercial properties leased by RIA. Refer to Note 5.4.

6.5 Other financial assets

	2023 \$000	2022 \$000
Term deposits (current) ^(a)	17,000	12,000
Balance at end of period	17,000	12,000

(a) Other financial assets comprise term deposits with original maturities of greater than three months.

6.6 Capital commitments

	2023 \$000	2022 \$000
Capital commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	6,317	17,744
	6,317	17,744

The totals presented for capital commitments are GST inclusive.

Notes to the Financial Statements for the Year Ended 30 June 2023

7. Financial instruments and contingencies

This note sets out key risk management policies and measurement techniques of RIA.

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1 Financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2023 \$000	2022 \$000
Financial assets		
Cash and cash equivalents	12,563	20,746
Receivables at amortised cost ^(a)	5,087	2,020
Term deposits	17,000	12,000
Total financial assets	34,650	34,766
Financial liabilities		
Financial liabilities measured at amortised cost ^(b)	9,160	11,349
Total financial liability	9,160	11,349

(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

(b) The amount of financial liabilities excludes GST payable to the ATO (statutory payable).

Notes to the Financial Statements for the Year Ended 30 June 2023

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

RIA does not have any contingent assets at the end of the reporting period.

7.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

Contaminated sites

Under the *Contaminated Sites Act 2003*, RIA is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the level of risk, including potential impacts on human health, the environment and environmental values.

Where sites are classified as contaminated and requiring remediation, or possibly contaminated, investigation is required, RIA may have a liability in respect to investigation or remediation expenses. RIA has one contaminated site that is under investigation. During the 2022–23 financial year, no additional sites were reported to DWER. RIA has commenced a program to investigate the listed potential contaminated site which has been classified by DWER as requiring further investigation. RIA continues to invest in monitoring activities to address financial and environmental management commitments.

Other

A number of claims have been lodged against RIA in respect to alleged personal injuries sustained on the island. Based on legal advice, the contingent liabilities could amount to \$1,108,000, all of which would be reimbursable under RIA's public liability insurance.

Notes to the Financial Statements for the Year Ended 30 June 2023

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Correction of prior period errors/changes in accounting policy	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies and affiliated bodies	8.5
Remuneration of auditors	8.6
Supplementary financial information	8.7

8.1 Events occurring after the end of the reporting period

There are no events that occurred after the end of the reporting period which would materially affect the financial statements.

8.2 Correction of prior period errors/changes in accounting policy

There were no corrections of prior period errors or changes in accounting policies during the reporting period.

8.3 Key management personnel

RIA has determined that key management personnel include the responsible Minister, members of the accountable authority and senior officers of RIA. However, RIA is not obligated to compensate Ministers and therefore those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for members of the accountable authority and senior officers of RIA for the reporting period are presented within the following bands:

Notes to the Financial Statements for the Year Ended 30 June 2023

Compensation of members of the accountable authority Compensation bands (\$)	2023	2022
30,001–40,000	1	-
20,001–30,000	-	1
10,001–20,000	5	4
0–10,000	1	2
	2023 \$000	2022 \$000
Total compensation of members of the accountable authority	109	106

Compensation of senior officers Compensation bands (\$)	2023	2022
250,001–300,000	1	-
200,001–250,000	-	1
150,001–200,000	6	7
50,001–100,000	1	1
0–50,000	2	1
	2023 \$000	2022 \$000
Total compensation of senior officers	1,546	1,503

Total compensation included the superannuation expense incurred by RIA in respect of members of the accountable authority.

8.4 Related party transactions

RIA is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of RIA include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all members of the accountable authority, senior officers and their close family members and their controlled or jointly controlled entities;
- other departments and public-sector entities, including related bodies that are included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with RIA, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5 Related bodies and affiliated bodies

RIA has no related bodies or affiliated bodies.

Notes to the Financial Statements for the Year Ended 30 June 2023

8.6 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2023 \$000	2022 \$000
Auditing the accounts, financial statements, controls and key performance indicators	155	147

8.7 Supplementary financial information

(a) Write-offs

During the financial year, \$408.59 (2022: \$8,336.34) of bad debts were written off RIA's books under the authority of:

	2023 \$000	2022 \$000
The accountable authority	-	8
The Minister	-	-
The Treasurer	-	-
	-	8

(b) Losses through theft, defaults and other causes

	2023 \$000	2022 \$000
Losses of public money, other money and public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-

(c) Forgiveness of debts

	2023 \$000	2022 \$000
Forgiveness (or waiver) of debts by RIA	-	-
	-	-

(d) Gifts of public property

	2023 \$000	2022 \$000
Gift of public property by RIA	-	-
	-	-

Notes to the Financial Statements for the Year Ended 30 June 2023

9. Explanatory statement

This section explains variations in the financial performance of RIA.

	Notes
Statement of comprehensive income variances	9.1
Statement of financial position variances	9.2
Statement of cash flow variances	9.3

This explanatory statement section explains variations in the financial performance of RIA undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2023, and between the actual results for 2023 and 2022, are shown below. Narratives are provided for key major variances which vary more than 10% from their comparative and where the variation is more than 1% of the following variance analyses for the:

1. Estimate and actual results for the current year:

- Total Cost of Services of the estimate for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$57,027,000, being \$570,270); and
- Total Assets of the estimate for the Statement of financial position (i.e. 1% of \$356,685,000, being \$3,566,850).

2. Actual results for the current year and the prior year actual:

- Total Cost of Services for the previous year for the Statement of comprehensive income and Statement of cash flows (i.e. 1% of \$56,458,000, being \$564,580); and
- Total Assets for the previous year for the Statement of financial position (i.e. 1% of \$366,215,000, being \$3,662,150).

Notes to the Financial Statements for the Year Ended 30 June 2023

9.1 Statement of comprehensive income variances

	Variance note	Estimate 2023 \$000	Actual 2023 \$000	Actual 2022 \$000	Variance between estimate and actual \$000	Variance between actual results for 2023 and 2022 \$000
Expenses						
Employee benefits expense	1, A	14,249	16,263	13,313	2,014	2,950
Supplies and services	2, B	32,036	39,294	32,960	7,258	6,334
Depreciation and amortisation expense	C	8,404	8,167	6,758	(237)	1,409
Cost of sales		584	849	824	265	25
Finance costs		25	9	3	(16)	6
Accommodation expenses		53	535	241	482	294
Loss on disposal of non-current assets		51	-	30	(51)	(30)
Other expenses	D	1,625	1,711	2,329	86	(618)
Total cost of services		57,027	66,828	56,458	9,801	10,370
Income						
User charges and fees	3, E	50,612	56,860	46,771	6,248	10,089
Sale of goods		673	1,149	1,101	476	48
Commonwealth grants	4, F	1,730	7,630	4,899	5,900	2,731
Interest income	5, G	187	1,185	136	998	1,049
Other income		379	463	370	84	93
Gain on disposal of non-current assets		-	57	-	57	57
Total income		53,581	67,344	53,277	13,763	14,067
Net cost of services		3,446	(516)	3,181	(3,962)	(3,697)
Income from State Government						
Income from other public sector entities	H	5,118	5,596	6,257	478	(661)
Resources received		100	120	369	20	(249)
Total income from State Government		5,218	5,716	6,626	498	(910)
Surplus for the period		1,772	6,232	3,445	4,460	2,787
Other comprehensive income						
<i>Items not reclassified subsequently to profit or loss</i>						
Changes in asset revaluation surplus		-	22,018	35,515	22,018	(13,497)
Total other comprehensive income		-	22,018	35,515	22,018	(13,497)
Total comprehensive income for the period		1,772	28,250	38,960	26,478	(10,710)

Notes to the Financial Statements for the Year Ended 30 June 2023

9.1 Statement of comprehensive income variances — continued

Major estimate and actual (2023) variance narratives

1. Employee benefits expense is higher than the Estimate by \$2.0m (14%) due to the higher public sector payrise and one-off cost of living payment paid than what was budgeted in the Estimate. There were also new additional positions paid in 2023 that were not included in the Estimate.
2. Supplies and services expense is higher than the Estimate by \$7.3m (23%) principally due to increased contractor costs and repairs & maintenance costs.
3. User charges and fees income is higher than the Estimate by \$6.2m (12%) due to higher than estimated visitor numbers to the Island in 2023 (2023 Actual: 729,588, 2023 Estimate: 470,000) which resulted in an increase in admission fees, accommodation and bike hire revenue.
4. Commonwealth grants income is higher than the Estimate by \$5.9m (341%) due to the Estimate not being adjusted for the late payment of \$4.5m for the Enhancing National Tourism Icons program that was expected in late 2022 but was paid in early 2023.
5. Interest income is higher than the Estimate by \$1.0m (534%) due to higher than estimated cash balance during the 2023 year as a result of an increase in own source revenue and delayed spending.

Major actual (2023) and comparative (2022) variance narratives

- A. The increase in employee benefits expense of \$2.9m (22%) is due to the higher public sector payrise, one-off cost of living payment paid and new additional positions in 2023.
- B. The increase in supplies and services expense of \$6.3m (19%) is principally due to increased contractor costs and repairs & maintenance costs. Assets under \$5,000 expensed was also higher due to furniture and fittings required for South Thomson accommodation unit refurbishment in 2023.
- C. The increase in depreciation expense of \$1.4m (21%) is due to the revaluation increment of building and infrastructure assets as at 30 June 2022.
- D. The decrease in other expenses of \$0.6m (27%) is principally due to the higher software implementation costs in 2022.
- E. The increase in user charges and fees income of \$10.1m (22%) is due to higher visitor numbers to the Island in 2023 (2023 Actual: 729,588, 2022 Actual: 424,441) which resulted in an increase in admission fees, accommodation and bike hire revenue.
- F. The increase in Commonwealth grants income of \$2.7m (56%) is due to higher revenue recognised for the Enhancing National Tourism Icons program in 2023 as the projects reached completion.
- G. The increase in interest income of \$1.0m (771%) is due to the higher cash balance throughout 2023, principally due to an increase in own source revenue and delayed spending. Interest rates were also higher in 2023 compared to the prior year.
- H. The decrease in income from other public sector entities of \$0.7m (11%) is due to the grant received from Department of Transport for the construction of a seawall at South Thomson Bay in 2022 which was partially offset by an increase in RIA's service appropriation received via DBCA in 2023.

Notes to the Financial Statements for the Year Ended 30 June 2023

9.2 Statement of financial position variances

	Variance note	Estimate 2023 \$000	Actual 2023 \$000	Actual 2022 \$000	Variance between estimate and actual \$000	Variance between actual results for 2023 and 2022 \$000
Assets						
Current assets						
Cash and cash equivalents		11,990	12,167	20,746	177	(8,579)
Restricted cash and cash equivalents		-	161	-	161	161
Inventories		315	308	407	(7)	(99)
Receivables		2,514	2,808	2,847	294	(39)
Other financial assets	I	17,000	17,000	12,000	-	5,000
Capital grant receivable		-	3,130	-	3,130	3,130
Other assets		326	293	256	(33)	37
Total current assets		32,145	35,867	36,256	3,722	(389)
Non-current assets						
Restricted cash and cash equivalents		-	235	-	235	235
Infrastructure, property, plant and equipment	6, J	321,978	370,031	328,751	48,053	41,280
Intangible assets		1,970	1,328	989	(642)	339
Right-of-use assets		467	177	101	(290)	76
Receivables		125	101	118	(24)	(17)
Total non-current assets		324,540	371,872	329,959	47,332	41,913
Total assets		356,685	407,739	366,215	51,054	41,524

Notes to the Financial Statements for the Year Ended 30 June 2023

9.2 Statement of financial position variances — continued

	Variance note	Estimate 2023 \$000	Actual 2023 \$000	Actual 2022 \$000	Variance between estimate and actual \$000	Variance between actual results for 2023 and 2022 \$000
Liabilities						
Current liabilities						
Payables		7,041	8,509	11,247	1,468	(2,738)
Lease liabilities		194	58	31	(136)	27
Employee related provisions		2,310	2,544	2,245	234	299
Contract liabilities		6,367	4,937	4,478	(1,430)	459
Capital grant liability		-	-	-	-	-
Other liabilities		148	1,418	1,194	1,270	224
Total current liabilities		16,060	17,466	19,195	1,406	(1,729)
Non-current liabilities						
Lease liabilities		287	123	71	(164)	52
Employee related provisions		779	835	698	56	137
Other liabilities		3,283	3,116	3,316	(167)	(200)
Total non-current liabilities		4,349	4,074	4,085	(275)	(11)
Total liabilities		20,409	21,540	23,280	1,131	(1,740)
Net assets		336,276	386,199	342,935	49,923	43,264
Equity						
Contributed equity		89,629	86,346	71,332	(3,283)	15,014
Reserves	7	205,876	263,406	241,388	57,530	22,018
Accumulated surplus		40,771	36,447	30,215	(4,324)	6,232
Total equity		336,276	386,199	342,935	49,923	43,264

Notes to the Financial Statements for the Year Ended 30 June 2023

9.2 Statement of financial position variances — continued

Major estimate and actual (2023) variance narratives

6. Infrastructure, property, plant and equipment is \$48.1m (15%) higher than the Estimate due to an increase in the valuation of land, buildings and infrastructure at 30 June 2023, which was not included in the 2023 Estimate.
7. Reserves are \$57.5m (28%) higher than the Estimate due to an increase in the asset revaluation reserve following the revaluation of land, buildings and infrastructure at 30 June 2023, which was not included in the 2023 Estimate.

Major actual (2023) and comparative (2022) variance narratives

- I. Other financial assets (being term deposits with original maturities of more than three months) are \$5.0m (42%) higher than the prior year due to more cash being held in term deposits (maturing in over 3 months) at 30 June 2023 than at 30 June 2022.
- J. Infrastructure, property, plant and equipment is \$41.3m (13%) higher than the prior year due to an increase in the valuation of land, buildings and infrastructure at 30 June 2023.

Notes to the Financial Statements for the Year Ended 30 June 2023

9.3 Statement of cash flow variances

	Variance note	Estimate 2023 \$000	Actual 2023 \$000	Actual 2022 \$000	Variance between estimate and actual \$000	Variance between actual results for 2023 and 2022 \$000
Cash flows from/to State Government						
Funds from other public sector entities		5,117	5,658	6,257	541	(599)
Capital appropriations	K	18,300	18,300	14,300	-	4,000
Return of excess capital appropriations — distribution to owners	8, L	-	(3,286)	-	(3,286)	(3,286)
Net cash provided by State Government		23,417	20,672	20,557	(2,745)	115
<i>Utilised as follows:</i>						
Cash flows from operating activities						
Payments						
Employee benefits	9, M	(14,330)	(15,895)	(13,328)	(1,565)	(2,567)
Supplies and services	10, N	(35,419)	(40,130)	(30,707)	(4,711)	(9,423)
Finance costs		(25)	(9)	(3)	16	(6)
GST payments on purchases	11, O	(4,504)	(7,092)	(5,452)	(2,588)	(1,640)
GST payments to taxation authority		-	-	-	-	-
Other payments		(1,718)	(1,719)	(1,493)	(1)	(226)
Receipts						
Sale of goods		673	1,149	1,101	476	48
User charges and fees	P	51,394	54,282	45,463	2,888	8,819
Commonwealth grants	12	1,730	4,500	4,899	2,770	(399)
Interest received	13, Q	223	1,011	104	788	907
GST receipts on sales	14, R	3,504	5,430	4,754	1,926	676
GST receipts from taxation authority	15, S	1,000	1,940	623	940	1,317
Other receipts		479	266	370	(213)	(104)
Net cash provided by/(used in) operating activities		3,007	3,733	6,331	726	(2,598)

Notes to the Financial Statements for the Year Ended 30 June 2023

9.3 Statement of cash flow variances — continued

	Variance note	Estimate 2023 \$000	Actual 2023 \$000	Actual 2022 \$000	Variance between estimate and actual \$000	Variance between actual results for 2023 and 2022 \$000
Cash flows from investing activities						
Payments						
Purchase of non-current assets	16, T	(34,558)	(27,466)	(22,259)	7,092	(5,207)
Purchase of term deposits	17, U	-	(5,000)	-	(5,000)	(5,000)
Receipts						
Proceeds from sale of non-current assets		-	112	28	112	84
Proceeds from maturing term deposits	V	-	-	5,000	-	(5,000)
Net cash provided by/(used in) investing activities		(34,558)	(32,354)	(17,231)	2,204	(15,123)
Cash flows from financing activities						
Payments						
Principal element of lease payments		(325)	(72)	(192)	253	120
ARENA loan repayment		(162)	(162)	(162)	-	-
Net cash provided by/(used in) financing activities		(487)	(234)	(354)	253	120
Net increase/(decrease) in cash and cash equivalents		(8,621)	(8,183)	9,303	438	(17,486)
Cash and cash equivalents at the beginning of the period		37,611	20,746	11,443	(16,865)	9,303
Cash and cash equivalents at the end of the period		28,990	12,563	20,746	(16,427)	(8,183)

Notes to the Financial Statements for the Year Ended 30 June 2023

9.3 Statement of cash flow variances — continued

Major estimate and actual (2023) variance narratives

8. The 2023 Actual of \$3.3m is due to the return of capital appropriation received in 2023 for the State funded Water Projects due to the delay of planned capital expenditure in 2023.
9. Employee benefits is higher than the Estimate by \$1.6m (11%) due to the agreed public sector payrise and one-off cost of living payment being higher than the amount included in the Estimate. There were also new additional positions that were not included in the 2023 Estimate.
10. Supplies and services is higher than the Estimate by \$4.7m (13%) principally due to increased contractor and repairs & maintenance costs.
11. GST payments on purchases is higher than the Estimate by \$2.6m (57%) principally due to increased spending on supplies and services in 2023, namely contractor and repairs & maintenance costs.
12. Commonwealth grant income is higher than the Estimate by \$2.8m (160%) mainly due to the late receipt of grant income of \$4.5m which was not included in the 2023 Estimate.
13. Interest received is higher than the Estimate by \$0.8m (354%) due to higher than estimated cash balance due to an increase in own source revenue and delayed capital spending in 2023.
14. GST receipts on sales is \$1.9m (55%) higher than the Estimate due to an increase in sale of goods, user charges and fees revenue in the current year.
15. GST receipts from taxation authority is \$0.9m (94%) higher than the Estimate due to the increased purchases of taxable supplies in 2023 which was not reflected in the Estimate.
16. Purchase of non-current assets is less than the Estimate by \$7.1m (21%) due to the delay of planned capital expenditure in 2023 on the Water and Electrical Projects.
17. The term deposits of \$5.0m (100%) were purchased in 2023 to invest a higher balance of cash in term deposits at year end.

Major actual (2023) and comparative (2022) variance narratives

- K. The increase of capital appropriations of \$4.0m (28%) is principally due to the capital appropriation received for the new State funded Electrical project in 2023.
- L. The 2023 Actual of \$3.3m is due to the return of capital appropriation received in 2023 for the State funded Water Projects due to the delay of planned capital expenditure in 2023.
- M. The increase in employee benefits of \$2.6m (19%) is due to the agreed public sector payrise and one-off cost of living payment paid as part of the public sector wages policy in 2023. There were also new additional positions that were not included in the prior year.
- N. The increase in supplies and services expense of \$9.4m (31%) is principally due to increased contractor, repairs & maintenance, fuel and waste barge costs in 2023.
- O. The increase in GST payments on purchases of \$1.6m (30%) is principally due to increased spending on supplies and services in 2023, namely contractor, repairs & maintenance, fuel and waste barge costs.
- P. The increase in user charges and fees of \$8.8m (19%) is principally due to higher accommodation occupancy, admission fees and hire revenue as a result of increased visitation to the Island compared to the prior year.
- Q. The increase in interest received of \$0.9m (873%) is principally due a higher cash balance through 2023 due to an increase in own source revenue and delayed capital spending. Interest rates were also higher in 2023 compared to the prior year.
- R. The increase in GST receipts on sales of \$0.7m (14%) is due to higher sales of goods, user charges and fee income than the prior year.
- S. The increase in GST receipts from taxation authority of \$1.3m (211%) is due to the increase in GST payments on purchases as a result of higher spending in 2023.
- T. The increase in purchase of non-current assets of \$5.2m (23%) is due to higher spending on capital projects including Commonwealth, Electrical and Water Projects than the prior year.
- U. Term deposits of \$5.0m (100%) were purchased in 2023 to invest a higher balance of cash in term deposits at year end.
- V. The decrease in proceeds from maturing term deposits of \$5.0m (100%) is due to the investment in higher balance of term deposits in 2023. Refer Note U.