

Annual Report 2013–14



Thank you

The Nature Parks' achievements are a tribute to the generous and loyal support of our sponsors and colleagues. We are indebted to our many dedicated volunteers who tirelessly dedicate their time and efforts. Particular thanks go to the following organisations and volunteer groups for their exceptional support in 2013–14:

Local community and volunteers

Barb Martin Bushbank
Bass Coast Shire Council
Bass Coast Landcare Network
BirdLife Bass Coast
Churchill Island volunteer guides
Coast Action/ Coast Care groups
Destination Phillip Island
Friends of Churchill Island Society
Friends of the Koalas
Heritage Victoria
Hooded Plover Watch
Local schools and students
National Surfing Reserve Community Working Group
Newhaven, Wonthaggi & Cowes Vet Clinics
Penguin Foundation volunteers
Penguin Study Group
Phillip Island Boardriders Club
Phillip Island Conservation Society
Phillip Island and District Historical Society
Phillip Island Landcare Group
Phillip Island Tourism and Business Association
Ramada Phillip Island
San Remo District Financial Services
Shearwater Rescue Volunteers
Silverleaves Conservation Association
Smiths Beachcomber Association Inc
Westernport Water
Wildlife carers
Wildlife rescue volunteers
Wildlife shelter operators
Woolamai Beach Surf Life Saving Club

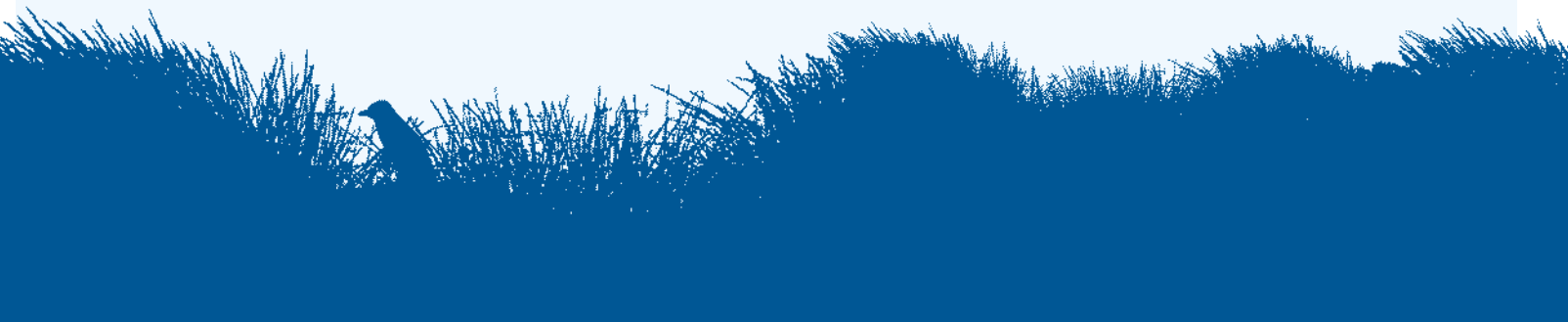
Supporting organisations

Australian Antarctic Division
Australian Geographic
Banksia Foundation
Bidvest
Biologica de Donana (Spain)
BirdLife Australia
Boon Wurrung Foundation
Bureau of Meteorology
Conservation Volunteers Australia
Country Fire Authority (CFA)
CSIRO
Deakin University
Ecotourism Australia
Garden History Society
Green Flag Australia
Ian Potter Foundation
Institut Pluridisciplinaire Hubert Curien (France)
International Student Volunteers (ISV)
Kean Electronics
Kids Teaching Kids Program Management Team
Latrobe University
Macquarie University
Mazda Foundation
R.F. McLaughlin
Melbourne Water
Melbourne University
Monash University
Mount Baw Baw Alpine Resort
Museum Victoria
National Surfing Reserves Board
National Trust of Australia (Victoria)
Norman Wettenhall Foundation
Office of the Environmental Monitor
Parks Victoria
Peters
PFD Foods
Port Phillip and Westernport Catchment Management Authority
Royal Botanic Gardens
San Remo Fisherman's Cooperative
South Australian Research and Development Institute
SP AusNet

Surfing Victoria
Sylvania Lighting
Tourism Victoria
University of Tasmania
Universite de Strasbourg (France)
Victoria Strategy
VicRoads
Victoria Government – Department of Planning and Community Development
Victorian Ornithological Research Group
Victorian Tourism Industry Council
Wildlife Victoria
Zoos Victoria

Major supporters

AAT Kings
BHP Billiton
Chisholm Institute
Department of Environment and Primary Industries (DEPI)
Department of Education and Early Childhood Development
Department of Resources, Energy and Tourism (Commonwealth)
ExxonMobil
Penguin Foundation
Regional Development Victoria
Schweppes
State Government of Victoria
Wildlife Coast Cruises
World Wide Fund for Nature Australia (WWF)



Contents

INTRODUCTION – About us	2
Chair’s report	5
CEO’s message	6
OPERATIONAL REVIEW - Year in review	7
Finance	8
Planning	10
Conservation	11
Sustainability	11
Environment	12
Research	14
Visitor attraction and experience	16
Marketing	16
Education	17
Community	18
Organisation	20
Governance and compliance	22
Manner of establishment and relevant Minister	22
Board committees	23
Compliance matters	25
FINANCIAL STATEMENTS	28
APPENDICES	61
Disclosure index	62
Publications	63
Thank you	Inside back cover

ISSN 2200-8756

This report available at www.penguins.org.au

Printed on environmentally sustainable stock using natural inks.

© State of Victoria, Phillip Island Nature Parks 2014. This publication is copyright.

No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

About us

❖ Our business

Phillip Island Nature Parks (the Nature Parks) operates Australia's most popular natural wildlife attraction and manages important natural assets for Victoria and Australia.

The Nature Parks operates four main visitor attractions: the world-famous Penguin Parade, the Koala Conservation Centre, Churchill Island Heritage Farm and the Nobbies Centre. Each attraction offers memorable experiences that bring our visitors closer to the natural environment and Phillip Island's unique wildlife.

In 2013–14, we welcomed a total of 1,224,057 visitors. This was made up of 900,193 visitors to our ticketed venues and an additional 323,864 visitors to our free venue, the Nobbies Centre. Over 56% of our visitors were from overseas. The Nature Parks also manages many natural areas, with visitor facilities such as boardwalks and beach access for the local community and visitors to Phillip Island to utilise and enjoy.

Phillip Island Nature Park (now known as Phillip Island Nature Parks for marketing purposes) was formed in 1996 to manage over 1,800 hectares of Crown Land on Phillip Island "for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest".

As a not-for-profit organisation, the Nature Parks uses financial surpluses, generated from its tourism attractions, to fund these conservation activities.

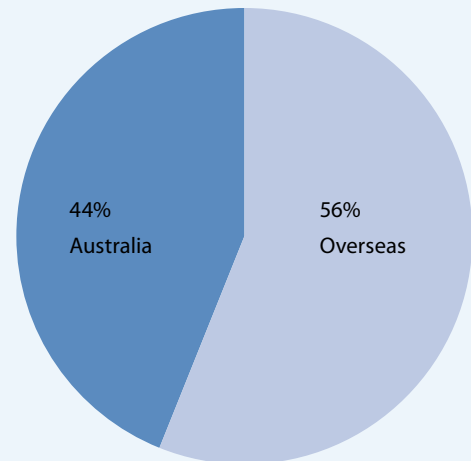
In the 18 years since its formation, the Nature Parks has achieved significant gains for the ecology of Phillip Island. Through our research and environmental management programs, habitats have been enhanced and pest plants and predators have been significantly reduced.

The Nature Parks cares for significant vegetation communities and populations of little penguins, hooded plovers, short-tailed shearwaters, international migratory birds and key mammal species, including koalas and Australian fur seals.

We acknowledge that the Crown Land managed by the Nature Parks forms a part of the traditional lands of the Boon Wurrung people.

We are proud to be Phillip Island's largest employer with a diverse team that is committed to the Nature Parks' success.

We are committed to working with our community and volunteers to ensure Phillip Island's environment and wildlife are protected for future generations.



Our Visitors

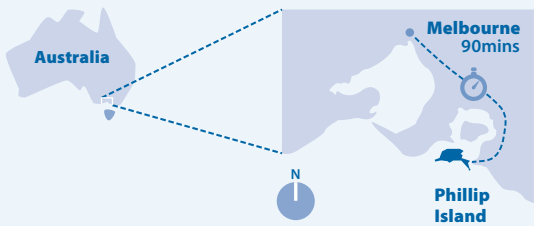
About us

Our location

Phillip Island Nature Parks



For a more detailed map refer to map LEGL/10-005 on the www.penguins.org.au website



- Phillip Island Nature Parks
 - Route from Melbourne
- Maps not to scale

About us

❖ Our guiding principles

Our vision

To be a world-recognised place of conservation excellence, providing outstanding and authentic experiences for all.

Our mission

To conserve and enhance the Nature Parks' environment for current and future generations, whilst achieving a balanced environmental, economic and social outcome.

Nature Parks strategic goals

The Nature Parks has six key strategies for 2012 – 2017:

1 Planning

We will provide the detail needed to outline our vision for the future and will involve the community and stakeholders in this process. We will pursue major capital funding to allow us to deliver the full potential of this special place.

2 Conservation

We will further strengthen the protection of the natural and cultural assets in our care. We will work with public and private sector partners and build community awareness to achieve conservation gains across the whole island. We will build the profile and capacity of our research to underpin and sustain the conservation effort.

3 Visitor attraction and experience

We will move towards providing immersive, authentic experiences, allowing our conservation priority and ecotourism business model to sit comfortably together and more strongly share our core messages.

4 Community

We will deepen our engagement with our region and community, seeking to achieve trust through increased communication and transparency. We will develop stronger partnerships in the region and be clearer about roles and responsibilities.

5 Organisation

We will make sure our organisation is skilled and confident and that our staff feel supported and connected to each other.

6 Governance

We will advocate the formation of a new governance framework which is more appropriate for an organisation of our size, significance and breadth.

Our values

Communication

Being open and transparent, sharing ideas and being consultative.

Growth and development

Providing opportunity, embracing new ideas and encouraging personal and professional development.

Leadership and team work

Supporting and inspiring one another, the community, the environment and our visitors in everything we do.

Respect and integrity

Treating people and our environment with fairness and integrity.

Responsibility

Personal ownership of behaviors to create solutions and taking action to create a better future for the environment, community and our organisation.

Sustainability

A commitment to balance environmental, social and economic interests for now and the future.

From the Chair

Chair's report

This was a year of significant achievements for the Nature Parks. I would like to acknowledge the great work done by all of our wonderful staff and volunteers. The successes of the past year are ultimately their successes. I also acknowledge the invaluable information and advice provided by our community-based advisory groups, which have been critical to our success.

Our management team, led by CEO Matthew Jackson, has not only ensured that day-to-day operations have remained on track, but has also successfully managed a large number of significant projects which will greatly enhance our future as a leading ecotourism business.

During the year, we continued to focus on effectively balancing our environmental, commercial and social responsibilities. The Nature Parks is a not-for-profit business, but it is important that it generates a sufficient surplus. This is to ensure that adequate financial provisions are made and investments are undertaken to both protect the environment and achieve adequate visitor levels. I am pleased to report the achievement of an operating surplus of \$1.97M and a record 1,224,057 visitors for 2013-14. This result will allow the Nature Parks to continue to invest in key environmental and commercial initiatives.

A highlight for the year was the completion of the Churchill Island Key Area Plan. This plan provides a strategic vision for Churchill Island that will maximise its potential, cater for a range of key user groups and ensure that Churchill Island's existing environmental and cultural values are upheld. The Nature Parks has committed an initial capital investment of \$2.5M towards the implementation of this plan.

Another strategic capital investment commitment is the planned redevelopment of the premium Penguin Parade product 'Penguins Plus'. The infrastructure for this signature product is proposed to be upgraded at an estimated cost of \$1.5M.

In March 2014, the Victorian Government announced two major new tourism developments at the Nature Parks:

- A partnership between the Nature Parks and the World Wide Fund for Nature Australia (WWF). This will see the development of a state-of-the-art multimedia 'Antarctic Journey' interpretive display at the Nobbies Centre at a total cost of \$3M. This world-class attraction is scheduled to open in December 2015.

- An eco boat tour from Cowes to Seal Rocks and around the Summerland Peninsula will be introduced by the Nature Parks in partnership with Wildlife Coast Cruises. The new boat tours will commence operations in December 2014.

I would like to acknowledge the Victorian Government's funding commitment of \$1.2M towards these two key projects.

Our environmental excellence continues to be a driving force. The world-leading research program on little penguins is now in its 46th year. This ongoing research informs our environmental management programs to ensure the ongoing survival of little penguins.

The Nature Parks is committed to working with the local community. The fourth annual Community Open Day saw a record number of Bass Coast Shire residents with over 2,000 attending the Nature Parks' venues and activities throughout the day.

The second annual 'Biyadin' Indigenous Festival was held in November 2013. The event celebrates short-tailed shearwaters and Indigenous culture on Phillip Island. I applaud the efforts of the festival organisers for presenting an exciting celebration of Aboriginal culture and our connections to the local environment.

The Nature Parks' Board Advisory Committees; the Community, Environment, Education and Scientific and Research Advisory Committees provided much invaluable advice and insight. I would like to sincerely thank committee members for their valuable contributions.

The Nature Parks and Bass Coast Shire Council signed a new Memorandum of Understanding in April 2014. This formal acknowledgement between the two parties ensures ongoing commitment and joint planning in areas of common interest, which greatly benefits Phillip Island.

The Nature Parks continued to maintain a close collaboration with key Government agencies, local traders and local organisations. This includes working with the Phillip Island Tourism and Business Association and Destination Phillip Island to attract more visitors and increase their stay on Phillip Island.

I would like to sincerely thank my fellow Board members for their counsel, time, expertise and dedication. Each has played a critical role in the Board's oversight of the Nature Parks.

On behalf of the Board, I welcome new Board member Kevin Love who brings his substantial experience to the Nature Parks. I particularly wish to acknowledge the ten years of service to date by Board member Stella Axarlis and thank her for her major contribution in a wide range of areas.

In accordance with the *Financial Management Act 1994*, I am pleased to present this Annual Report for the year ended 30 June 2014.



Jeff Floyd
Chair
Phillip Island Nature Park Board of Management Inc.

From the CEO

CEO's message

This was an exceptional year for the Nature Parks, with major achievements leading to positive outcomes for Phillip Island's natural environment, wildlife and the local community. Despite the continuing challenges facing the tourism market, I am very proud of our record visitation this year.

The total number of paying visitors of 900,193 was a 4% increase on the previous year. There were also record numbers to the Penguin Parade with a total of 575,476 visitors. This represents a 9.3% increase over 2012-13. International markets generated 56% of these visitors, with 44% of visitors coming from Australia.

Revenue increased by 13.5% and overall yield by 7.5%. This excellent result, together with a continual focus on cost management, allowed the Nature Parks to post a strong operating surplus.

It is also pleasing to report on a number of key achievements and milestones:

A total of 88,363 visitors bought our 3 Parks Pass tickets. This pass incorporates entry into all of the Nature Parks' paid attractions and assists in increasing the length of stay on Phillip Island, benefiting the Nature Parks, the community and local traders.

A strong focus on social media and online strategies via www.penguins.org.au resulted in 25% of ticketed sales being online. A state-of-the-art multilingual interpretation 'App' featuring information in six languages was introduced for the Penguin Parade.

The Nature Parks, in conjunction with Victoria University, won the inaugural 'Business and Not-for-Profits - In Collaboration' category of the 2013 Banksia Sustainability Awards. The award was for the development of a revolutionary process of treating oiled seabirds. This makes the Nature Parks the most successful Australian organisation in the Banksia Award's 25-year history; winning in 2002 (including the prestigious Gold Banksia Award), 2011 and 2013.

The Nature Parks was also awarded the 2013 Victorian Coastal Awards for Excellence; 'Natural Environment Award' for the restoration of the Summerland Peninsula along with the international 'Green Flag' award for the second year running. This award recognises the quality of visitor services, efforts in environmental management and conservation, and engagement with the local community.

The Nature Parks continued its focus on strategic planning in conjunction with community and key stakeholders. We completed the Churchill Island Key Area Plan and commenced development of the South and North Coast Key Area Plan.

Over 800 staff hours were spent on extensive environmental works at Cape Woolamai. Nature Parks Rangers conducted repairs and upgrades to over 8,000 metres of walking tracks at Churchill Island, Rhyll and Oswin Roberts Reserve to benefit recreational users of these key areas.

Our commitment to the vision of making Phillip Island 'fox free' continued. We progressed the implementation of our fox eradication strategy. This included the introduction of two fox scent dogs to assist rangers in fox eradication efforts.

In November 2013, the Nature Parks commenced testing of its oil spill response capabilities through an exercise called 'Exercise Pinguino'. This successful exercise involved multiple agencies, key stakeholders and volunteers and was designed to test and enhance the organisation's capabilities in responding to a marine pollution event.

The Phillip Island National Surfing Reserve community working group, in partnership with the Nature Parks, developed and launched Victoria's first National Surfing Reserve in March 2013. The group celebrated the first year anniversary with a community surfing challenge event held in April 2014.

As part of the Nature Parks' ongoing commitment to reconciliation, we continued the implementation of our Reconciliation Action Plan. A key initiative was the engagement of an Indigenous trainee environmental ranger, in partnership with AFL Sports Ready and Surfing Victoria.

The Nature Parks continued to be Phillip Island's largest employer and maintained a strong focus on the learning and professional development of our staff. This year's outstanding achievements would not have been possible without the passion, dedication and support of the Board, the management team, staff, volunteers, community and sponsors.

I would like to personally thank them all for striving towards a future where Phillip Island and its unique ecosystems are restored and protected for future generations through demonstrating world-class management of biodiversity and natural asset protection.



Matthew Jackson
Chief Executive Officer

Annual Report 2013-14
Operational review



Operational review - Finance

❖ Financial review

As a not-for-profit organisation, the Nature Parks relies on the success of its ecotourism attractions to deliver ongoing funding for important social, environmental, conservation, research and education outcomes.

Summary of financial results

The Nature Parks' attractions demonstrated strong growth over the past year with an overall increase in visitors of 4% and in particular a 9.3% increase in visitors at the Penguin Parade. This exceptional growth, combined with ongoing cost control measures, resulted in a surplus of \$1.97M.

The Nature Parks has taken advantage of its strong cash position to plan for the future by setting aside funds for future defined benefit superannuation fund shortfalls, the renewal of aging infrastructure and investment in significant new attractions.

Tourism operations

Revenue from tourism operations increased by 13.5% on the previous year with 34,576 additional visitors attending the Nature Parks' ticketed attractions. The increase in visitors was predominantly from growth from international markets; in particular China.

The Nature Parks operates retail outlets in each of its tourism attractions. These retail outlets capitalised on the increase in visitor numbers and achieved revenue growth of 12.1% on the previous year. Retail operations achieved all targets for the year including; revenue growth, inventory management, growth in yield and net result. Retail initiatives continue to focus on the introduction of new product lines which are more closely aligned with our growing international visitor markets.

The Nature Parks operates food and beverage outlets at the Penguin Parade, Koala Conservation Centre and Nobbies Centre. Revenue from these activities achieved growth of 13.8% and exceeded targets.

Conservation, research and education activities

During the year the Nature Parks invested \$3.603M into conservation, research and education activities. Grants from government bodies and other organisations provided \$0.729M towards these activities, with the majority of the expenditure being funded from our ongoing tourism operations.

Significant changes in financial position

The Nature Parks has allocated \$600,000 (including accrued interest) to cover future possible calls on its defined benefit superannuation funding.

There were no other significant changes in the Nature Parks' financial position compared to the previous year.

Operational review - Finance

❖ Operating statement

Comprehensive operating statement for the financial year ended 30 June 2014

	2014	2013	2012	2011	2010
	30 June	30 June	30 June	30 June	30 June
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue					
Sales revenue	7,915	7,019	6,587	6,401	5,462
Admissions revenue	12,528	10,988	9,895	9,635	8,813
Total operating revenue	20,443	18,007	16,482	16,036	14,275
Other income					
Interest	287	275	321	305	164
Other operating income	1,392	1,961	2,118	3,209	1,669
Total other income	1,679	2,236	2,439	3,514	1,833
Operating expenditure					
Employee benefits	(10,010)	(9,552)	(10,236)	(8,945)	(7,680)
Cost of Sales	(3,155)	(2,721)	(2,591)	(2,555)	(2,235)
Materials and supplies	(723)	(794)	(709)	(834)	(849)
Depreciation	(1,682)	(1,585)	(1,848)	(1,739)	(1,757)
Other operating expenses	(4,613)	(4,234)	(4,160)	(4,499)	(2,518)
Total operating expenses from continuing activities	(20,183)	(18,886)	(19,544)	(18,572)	(15,039)
Net gain/(loss) on non-financial assets	31	13	49	8	(213)
Total other economic flows included in net result	31	13	49	8	(213)
Net result for the year	1,970	1,370	(574)	986	856
Increase/(decrease) in Asset Revaluation Reserve	(44)	-	-	19,735	-
Total comprehensive income for the year	1,926	1,370	(574)	20,721	856

Operational review - Planning

❖ A strategic approach

The Nature Parks' Strategic Plan 2012-2017 outlines our exciting vision.

Our planning for the year focused on the future of the Summerland Peninsula along with working on 'Key Area Plans' for Churchill Island and the South and North Coast precincts of the Nature Parks.

Key Goal	Measure	Result
Outline the steps required to achieve the Nature Parks' vision	Complete the Churchill Island Key Area Plan	Achieved 
	Commence the development of the South and North Coast Key Area Plan	Achieved 

Churchill Island Key Area Plan

The Key Area Plan for this significant historic attraction was approved by the Board in March. The Plan provides a 15-year strategic overview for Churchill Island, detailing a 'big picture' vision that maximises the island's potential, caters for varying user groups and ensures Churchill Island's existing values are upheld.

South and North Coast Key Area Plan

Key stakeholder information sessions to provide input into the development of the Nature Parks' South and North Coast Key Area Plan were completed in March.

The planning area includes the Nature Parks' beaches from Cape Woolamai to Summerland Peninsula, in the south and from Ventnor to Summerland Peninsula on the north coast. This high level strategic planning framework will make recommendations for future studies as required. The final draft will be presented to the community in October 2014.

Summerland Peninsula

The Summerland Peninsula Master Plan 2012 outlines the vision for the Peninsula to become a place of conservation excellence that can be utilised for both recreation and tourism experiences.

This vision was progressed this year when in March 2014, the Hon Ryan Smith MP, Minister for the Environment and Climate Change, and the Hon Louise Asher MP, Minister for Tourism and Major Events, announced funding of \$1.2M towards two new tourism attractions for the area. This includes a new 'Antarctic Journey' attraction at the Nobbies Centre in partnership with the World Wide Fund For Nature Australia (WWF) and an immersive eco boat tour from Cowes to the Summerland Peninsula in partnership with local operator Wildlife Coast Cruises.

Towards 2014-15

The South and North Coast Key Area Plan will be completed and recommendations from this and the Churchill Island Key Area Plan will begin to be implemented. Further key area planning will be undertaken across the Nature Parks in conjunction with key stakeholders and our community.

The Nobbies and Summerland Tourism Expansion Project will be an exciting addition to the Nature Parks' operations and play a key role in the organisation's future success.

Operational review - Conservation

Sustainability

Our commitment to sustainability, conservation and improving the natural environment in which we operate is core to our organisation’s vision and mission.

This year, our key challenge was to instill our commitment to the environment into all areas of operations – especially balancing our tourism and sustainability objectives.

Key Goal	Measure	Result
Integrate environmental sustainability principles into our organisation	Reduce waste by 5%	Achieved ● ● ● ● ●
	Implement a solar energy system at the Koala Conservation Centre.	Achieved ● ● ● ● ●
	Reduce electricity usage by 30%	Achieved ● ● ● ● ●

Carbon reporting and reduction targets

The Nature Parks strives to minimise its impact on the environment by reducing its emissions through efficiency programs rather than through the purchase of carbon offsets. Our carbon reduction initiatives for the year focused on the key emission sources of electricity and waste. To this end, we purchased 10% of green energy across our four main visitor sites. The Nature Parks’ Sustainability Committee is made up of staff members from all parts of the organisation. The Committee met regularly to focus on continually working on ways to reduce the impact of our operations on the environment and meet sustainability targets. Initiatives included energy efficiency and savings, a focus on reducing paper consumption, efficient office procedures, ‘ride to work’ days and mobile phone and battery recycling programs.

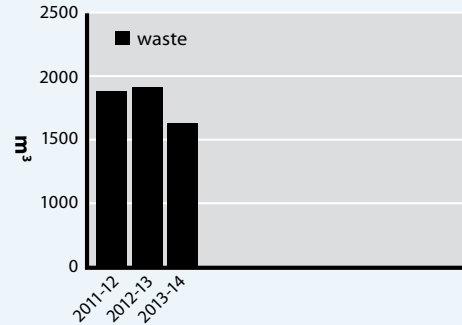


Figure 1. – Waste to Landfill - Phillip Island Nature Parks

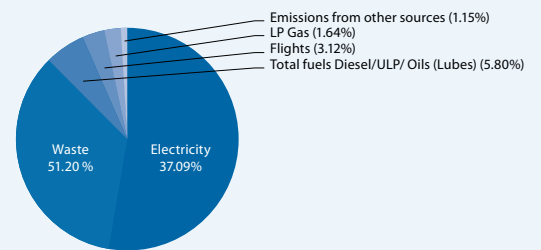


Figure 2. – CO² emissions sources (tonnes)

Waste reduction

This year, our commitment to reduce waste to landfill was challenged by an increase in visitors. Despite this, we are proud to report an 8% reduction in waste produced. This was predominantly due to the installation and careful management of a new system of recycling bins across all attractions. We also reduced the amount of packaging in our food and beverage operations to assist in waste reduction.

Solar energy

Through the introduction of a 35 kilowatt solar system at the Koala Conservation Centre in October, we have recorded a 42% reduction in electricity over the ‘baseline year’ of 2010-11 and a 35% usage reduction from 2012-13.

We produced 35,500 kWh of electricity for the nine months from October 2013 until June 2014. This is the equivalent to the planting of 581 trees.

Towards 2014–15

We will continue our strong commitment to sustainability through new initiatives and investing in renewable energy. Planned further rollouts of solar electricity projects across the Nature Parks will result in substantial energy savings.

Operational review - Conservation

Environment

Our award-winning, research-led environmental management programs and our Environment Plan 2012-2017 aim to maintain and improve the Nature Parks' habitat and protect its landscapes, environmental, social and cultural assets for future generations.

Key Goal	Measure	Result
Return the natural values to key environmentally significant sites on Phillip Island	Complete vegetation management and fire management plans	Achieved
	Update fire strategy and perform ecological burn program	Achieved
	Implement a continuous program of weed control on Summerland Peninsula	Achieved
	Ensure the former Rhyll transfer station is managed in accordance with approved plans	Achieved - ongoing
Continue to protect our natural environment through directed management and conservation based research	Initiate the five-year Fox Eradication Strategy endorsed by the Board	Achieved

Returning natural values

Ecological burn program

- Planned burns were conducted for ecological purposes at Cape Woolamai, Kitty Miller Bay, Berrys Beach and Churchill Island totalling 7.47 hectares.
- Nature Parks staff attended 11 small fire-related incidents over the fire danger period.
- We commissioned two Fire Management Plans which were completed by external consultants.
- The Nature Parks' Fire Operations Plan was updated and refreshed to become a three-year rolling plan.
- The Nature Parks maintained its membership on the Bass Coast Municipal Fire Management Planning Committee.

Parkwide habitat restoration

- Work focused on restoring habitat at 16 individual sites throughout the Nature Parks.
- Over 68,000 indigenous seedlings (including over 60,000 from our nursery) were planted and over 15kg of indigenous seed was collected from 15 species.
- Major projects included the ongoing Summerland Peninsula restoration project with 110,000 plants being established over the past three years and the Kitty Miller Bay revegetation project where 21,200 plants were planted over three days with the help of volunteers.

Rhyll transfer station site

The former Rhyll transfer station and landfill site is adjacent to the Western Port Ramsar wetland. The transfer station closed on 30 June 2013 and final capping is complete.

- Stage 3 of the revegetation commenced with a total of 13,000 plants. Work also concentrated on weed and erosion control.
- An extensive environmental monitoring program is in place managed by Bass Coast Shire Council.
- The Nature Parks will continue to liaise and work with Bass Coast Shire Council to ensure the best environmental outcomes for this important area.

Pest plants

- Over the year our rangers spent 3,688 hours on weed control.
- Weed management focused on major projects on the Summerland Peninsula, the Ramsar coast from Observation Point to Churchill Island and Cape Woolamai.
- Over 50 species of weeds were treated throughout the Nature Parks.
- Several new weeds such as African Lovegrass and Sicilian Sea Lavender were identified and contained. New and emerging weeds such as Caper Spurge and Cretian Trefoil at Cape Woolamai pose a risk to Nature Parks' assets and studies into their control are ongoing.

Protecting our natural environment

Exercise Pinguino

The Nature Parks' risk management and business continuity plans have identified wildfire and oiling/contamination of little penguins as two of the greatest risks to the Nature Parks' environmental, social and economic values.

This year we conducted very successful desktop and field exercises to test our oil spill response plan and capabilities including building partnerships with key agencies and volunteers. Follow up training workshops will be held in 2014-15.

Fox eradication and pest animal management

Foxes

We increased our investment and commitment to fox eradication with the addition of two fox detection dogs to aid in the detection and removal of the remaining foxes on Phillip Island.

As the fox population has dramatically declined, no foxes were removed from Phillip Island during the year.

Feral cats

A total of 150 feral cats was removed from the Nature Parks which is consistent with the previous year (153).

Rabbits

Rabbit control occurred at various locations with techniques including baiting, spotlighting and warren destruction.

Operational review - Conservation

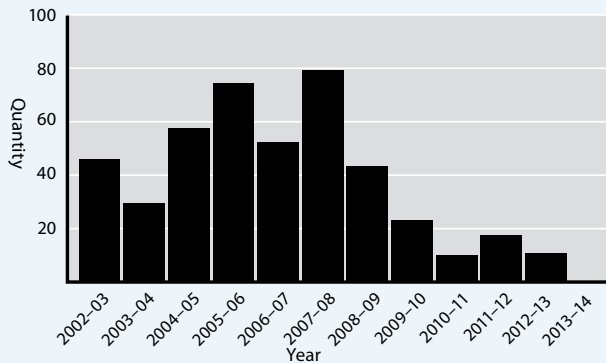


Figure 3. Number of foxes culled 2002–2014

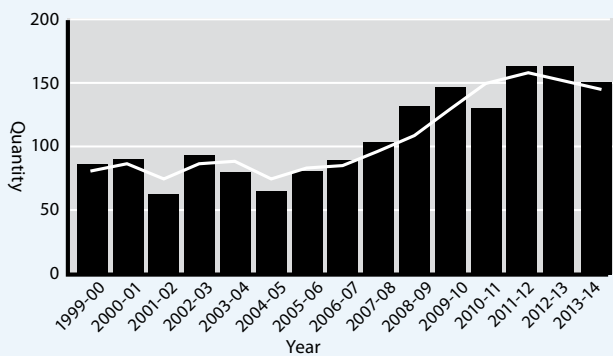


Figure 4. Number of feral cats removed from the Nature Parks 1999–2014

Wildlife rehabilitation

The Nature Parks operates a Wildlife Rehabilitation Centre for little penguins and other native local wildlife which includes a wildlife rescue service.

This year, the Centre cared for:

- 96 little penguins (144 in 2012-13). This is lower than the long term average of 133 birds and can in part be attributed to the lower than average breeding success resulting in fewer juveniles or chicks being present. Malnourishment continued to be the primary cause for care.
- A total of 356 animals other than penguins were treated including possums and birds. This is more than double the long term average of 170.
- Due to the poor breeding season, only a few juvenile short-tailed shearwaters were admitted.
- Wildlife Rehabilitation rangers responded to 658 wildlife rescue calls and provided advice to the public and other wildlife carers.
- The Nature Parks formed a partnership with Wildlife Victoria to ensure the availability of 24-hour response for injured wildlife on Phillip Island.

Protecting local wildlife populations

Hooded plovers

- A total of eight chicks fledged on Phillip Island this breeding season. This is from 21 nests and 50 eggs (22 hatched).
- All fledging was from nests on the north coast. Four island-wide counts were completed with numbers ranging from 39 - 52 sightings per count.
- There have been 53 island wide counts since April 2001 resulting in an average of 38 birds.

The ongoing success of protecting hooded plovers on Phillip Island relies on dedicated volunteers and cooperation with key partners.

Crested terns

There was another period of food shortage for crested terns around Phillip Island in November. This seems to have contributed to the early cessation of egg-laying. The tern colony at The Nobbies reached only 2,500 pairs - the lowest level for more than 10 years.

Koala conservation

There were 30 koalas at the Koala Conservation Centre this year. The population currently consists of 50% male and 50% female koalas. During the year, 72 reports of koalas in the wild were received compared with 35 and 31 reports over the previous two years. It should be noted that many of these reports concern multiple sightings of the same individuals. However this increase is encouraging as it demonstrates raised awareness in the community. The wild population on Phillip Island is still estimated to be between 40 and 50 koalas.

Towards 2014–15

Fox eradication continues to be our highest priority. We will move into the second year of our five-year strategy towards the eradication of foxes on Phillip Island.

Maintaining and continuing weed control efforts on the Summerland Peninsula and northern coastline, which abuts the Western Port Ramsar site, is also crucial to ensure that revegetation and restoration works over previous years within these areas are not compromised. A native vegetation management plan will be developed for Observation Point and the adjacent saltmarsh areas.

Operational review - Conservation

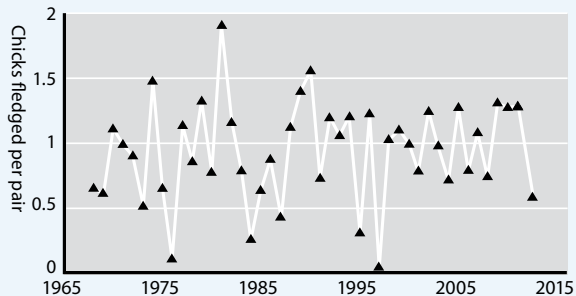


Figure 7. Annual breeding success, measured in terms of chicks raised per pair of penguins between 1968-69 and 2013-14.

Climate change and little penguins a blueprint for future action

During the year a significant paper was published in *Climate Research* (2013 Volume 58) a major environmental journal, which reviewed the ecological effects of climate change on little penguins and the potential economic impact on the associated tourism industry over the next century and recommendations for actions to buffer potential effects.

Using the demographic database on the penguin population at Phillip Island, the study predicted a small loss of penguin breeding habitat due to sea level rise but insufficient to limit breeding population. Overall, many aspects of little penguin biology are likely to be affected by climatic change but no net negative effect on population size is projected. However, some erosion in the vicinity of tourism infrastructure will undoubtedly occur, which may have economic implications.

Magnetic particle technology

The process of magnetic particle technology for cleaning oiled wildlife was developed further during the year in conjunction with Victoria University.

The project won the prestigious 2013 Banksia Environmental Foundation Award in the 'Business and Not-for-Profits - In Collaboration' category.

A paper was published on modelling the process of magnetic particle collection during the year. (See publications list in Appendices on page 61).

Research-led management of short-tailed shearwaters

A population census of short-tailed shearwaters was conducted on Phillip Island. The estimated population is 1,800,000 birds (900,000 burrows) which is one of the world's largest populations and up from 1,080,000 birds (540,000 burrows) recorded in 1978. Monitoring will continue.

Data collected over the last 10 years identifying where, when and how many fledgling shearwaters are attracted to lights was submitted for publication.

Wallaby population research

We continued a research program to better understand how wallabies are distributed across Phillip Island. The study aims to evaluate the effect wallabies have on plant communities and to determine the types of significant human/wallaby interactions such as vehicle collisions. The study is being undertaken in conjunction with University of Melbourne and involves both PhD and MSc students.

Pup census for Australian and New Zealand fur seals

One of the world's largest Australian fur seal colonies is at the western end of Phillip Island, at Seal Rocks. This year, the five-yearly estimate of live pup numbers was conducted throughout the breeding range of the Australian fur seal. The first overall drop in pup production since seal harvesting ceased in the early 1900s was recorded. The estimate of live Australian fur seal pups recorded a 6% per annum drop since 2007-08.

International excellence

During the year, 26 papers were published along with 20 students undergoing post-graduate studies and one post-doctoral fellow under the supervision of the Nature Parks' research department.

Over 36 presentations at Australian and international forums were given along with widespread media coverage of achievements. A full listing of publications is given in the Appendices on page 61.

Towards 2014-15

We will continue our important studies on little penguin breeding, foraging and survival. We will also start an exciting Australian Research Council funded project in conjunction with Monash University and Australian Antarctic division to look for penguin feeding 'hotspots' in Bass Strait.

A large monitoring site for shearwaters will be established to record breeding success and survival.

We will continue our studies of the populations and ecology of swamp wallabies, the effects of artificial lighting on penguins and shearwaters and start investigating the feasibility of translocating threatened fauna to Phillip Island now that foxes are close to being eradicated.

We will continue our work into making the magnetic particle technology for oiled wildlife field-ready.

Operational review – Visitor attraction and experience

Marketing

Providing quality, immersive nature-based experiences of the Nature Parks' special places and wildlife in its natural habitat is central to our goals.

Key Goal	Measure	Result
Maintain strong visitor numbers across all Nature Parks attractions	Achieve 844,612 visitors across our paid attractions	Achieved
Attract high yield international visitors	Strengthen international marketing	Achieved
Focus on Tourism Victoria's growth markets	Drive www.penguins.org.au and increase online bookings	Achieved
	Complete App at the Penguin Parade	Achieved
Extend immersive nature based experiences	Investigate opportunities for a boat tour with a private partner	Achieved
	Prepare Business Case for display at the Nobbies Centre	Achieved
Enhance visitor experience	Launch new and immersive visitor experiences	Achieved
	Introduce mobile devices for premium ranger guided tours	Achieved

Strong visitation

Visitor numbers 2013-2014

	Penguin Parade	Koala Conservation Centre	Churchill Island	Nobbies Centre	Total
2013-14	575,476	196,099	128,618	323,864	1,224,057
2012-13	526,683	203,938	134,996	311,514	1,177,131

This was a record year with a total of 1,224,057 visitors across all attractions - an increase of 3.8% compared to last year.

This number was made up of 56% international and 44% domestic visitors and the increase is primarily attributed to the intrastate and Asian markets as well as major events.

The Nature Parks experienced a 9.3% increase at the Penguin Parade due to substantial international market growth. We had a 3.8% decline in visitors to the Koala Conservation Centre due to strong competition in this segment. Churchill Island decreased by 4.7%, reflecting the major events held in the previous year.

Domestic market visitation at the Penguin Parade decreased by 1.0% compared to 2012-2013. This decrease is consistent with the overall decline of domestic visitation experienced on Phillip Island of 3.2% compared to 2012-2013.

Visitation trends in relation to Phillip Island as a whole continue to see day trip visitation numbers increase but overall numbers decreasing.

We achieved impressive media coverage throughout the year with a total reach of over \$10M in value and \$100M in circulation.

Focus on Tourism Victoria's growth markets

Growth in Chinese visitation to the Penguin Parade was 23.2%, which exceeded the growth of 15.3% of Chinese visitors into Victoria (source: Tourism Victoria). We experienced a successful winter period (July-August) and achieved strong visitation results during Chinese New Year. This was mainly due to our new sales office in Beijing and the extension of the Shanghai office to Southern China along with new online and social media distribution channels.

Attract high yield international visitors

We saw a significant increase in the India market with the commencement of direct flights to Melbourne. We also experienced a substantial growth in visitors from Malaysia and Singapore mainly due to business incentive groups and Free Independent Travellers.

Maximise digital opportunities

Our focus towards online strategies continued to drive www.penguins.org.au which increased our online bookings to 25% of sales. A new responsive design provides access to online bookings from all platforms and devices.

We completed the implementation of our state of the art multilingual interpretation 'App' at the Penguin Parade and extended our free WI-FI area to the Penguin Parade boardwalks.

Enhance visitor experience

Person-to-person communication increased by launching two new and exciting nature based immersive experiences – the Wildlife Rehabilitation Tour and Bird Watching Tour. New mobile information devices were introduced to all of our Premium Guided Ranger Tours.

Towards 2014-15

The next year will provide exciting opportunities for product and market development across all areas of the Nature Parks. These include; new multilingual interpretation at the Penguin Parade, new and immersive nature-based experiences, exciting events at Churchill Island and market development across our key areas.

We will focus on Tourism Victoria's growth markets, increasing length of stay, increasing yield, maximising digital opportunities and excellence in customer service.

Operational review - Visitor attraction and experience

Education

The Nature Parks' education program aims to promote a sense of stewardship for the natural environment in every visitor.

Key Goal	Measure	Result
Extend immersive nature-based activities	Increase the delivery of appropriate high-yield, immersive experiences	Achieved
Increase online resources	Increase and improve content for online teaching and learning resources	Achieved
Increase community participation, visitation and involvement	Promote areas of the Nature Parks for community events	Achieved
Strengthen connections with the Indigenous community	Ensure factual and respectful representation of local Indigenous history and culture	Achieved

Immersing in nature

Engaging interpretation and curriculum-based activities ensure that our education team is a leader in the field of nature-based eco-accredited experiences.

A total of 34,365 school students visited the Nature Parks, with 22,586 attending the Penguin Parade. This is a 13% increase on last year.

We delivered face-to-face education tours to over 18,000 students - an 8.4% increase on the previous year.

The increase in student numbers is a reflection upon a steady growth in ranger talks (AusVELS levels 5-10) across our three visitor attractions and in VCE ranger talks. We have also seen an increase in the number of international student groups.

We enhanced our offering in two of our VCE specialist areas of biology and environmental science and strengthened partnerships with the Geography Teachers Association of Victoria.

Online

Throughout 2013-14 we improved the content of our online Teaching and Learning Resources and continued to keep abreast of the AusVELS curriculum rollout by ensuring all of our Teachers Notes were up to date.

Community participation, visitation and involvement

- We strengthened our partnerships with local schools through the support of the *Norman Wettenhall Foundation supporting community education in biodiversity conservation* grant. Over 200 Grade Prep students undertook hands-on activities to discover the ecosystems of Phillip Island.

- Our award winning Coastal Ambassadors Camp grew this year with three junior programs incorporating a total of 75 Grade 5 and 6 student leaders as well as a four-day camp for Year 9 students.

- The Research Tour was successfully re-launched in February to include a short visit to the media room of the Wildlife Rehabilitation Centre.

- Our popular school holiday programs continued to develop.

Strengthening Indigenous connections

We continued to work with the Boon Wurrung Foundation to ensure correct and respectful representation of Indigenous culture. This included the development of an Indigenous Tour at the nightly Penguin Parade.

Towards 2014-15

The coming year will feature the development of the eco boat tour and the World Wide Fund for Nature Australia (WWF) 'Antarctic Journey' interpretive experiences.

A review of interpretive experiences at Churchill Island will also be undertaken.

We will continue to expand our immersive, authentic nature-based experiences in sustainability and extend programs to encompass the AusVELS cross-curricular priorities of 'Aboriginal and Torres Strait Islander histories and cultures,' and 'Asian and Australia's engagement with Asia.'

Operational review - Community

❖ Our community and volunteers

The local community plays a vital role in supporting the Nature Parks and we are committed to ongoing community consultation and involvement.

Key Goal	Measure	Result
Increase community participation, visitation and involvement	Conduct the fourth annual Community Open Day	Achieved 
	Encourage and foster volunteers	Achieved 
	Ensure public engagement is built into the planning processes	Achieved 
	Ensure inclusiveness for all	Achieved 
Increase the depth and frequency of support and communication with the local community	Provide regular community information updates including online presence	Achieved 
	Provide meaningful opportunities for community involvement in planning	Achieved 
Strengthen connections with the Indigenous community through our Reconciliation Action Plan.	Meet with local elders and invite their ongoing involvement with Nature Parks staff.	Achieved 
	Introduce an indigenous trainee program.	Achieved 
	Introduce Aboriginal cultural activities.	Achieved 

Involving our community

We engaged a Community and Stakeholder Engagement Officer to further community relations. This role involves facilitating community information sessions and providing opportunities for involvement in the implementation of the Nature Parks' major planning documents.

A 'Community News' section to inform the community was maintained within the Nature Parks' website www.penguins.org.au

Friends and volunteers

During 2013-14, over 6,000 volunteer hours (770 days) were spent in the Nature Parks. This included individuals and groups from the community along with corporate groups. Activities included monitoring wildlife populations, wildlife rescue and rehabilitation, assisting with visitors at locations such as Churchill Island, habitat restoration and more. A full list of our wonderful volunteers and supporters can be found on the inside back cover of this report.

Community Open Day

Our fourth Community Open Day held in March was the most successful to date. Over 2,000 local community members attended the attractions and activities throughout the day. An interactive Indigenous performance held at the Penguin Parade was a highlight.

Phillip Island National Surfing Reserve

Victoria's first National Surfing Reserve was formally declared at Cape Woolamai by the The Hon Ryan Smith MP, Minister for Environment and Climate Change, in March 2013. This marked the result of over 18 months work by a community group, in consultation with the Nature Parks.

This year the group met regularly to continue to promote the Reserve and surfing culture on Phillip Island. A 'Surfing Tag Team Challenge' was held in early April to celebrate the first anniversary of the declaration of the Reserve. The group was also the first in Australia to develop a Code Of Conduct and worked on creating communications to educate people about the Reserve and how to care and protect these sensitive coastal areas. More information can be found at www.surfingreserves.org

Informing our community

All community information can be found on the community pages of www.penguins.org.au Ongoing updates are also distributed through local groups' publications and local media outlets.

Community inclusiveness and support

Reconciliation

The Nature Parks acknowledges the Traditional Owners, elders past and present, the ancestors and their spirits of the land on which we live, work and learn.

Our Reconciliation Action Plan (RAP) 2012-14 identifies actions, timelines and measurable targets that will help our organisation achieve a closer connection with the Traditional Owners of the land we care for, as well as the wider local and national community of First Australians. Significant progress was made on a number of key RAP actions this year:

Relationships

Throughout the year we met with representatives of our local Aboriginal community and invited their participation in events and feedback on projects.

Operational review - Community

Respect

An acknowledgement of traditional owners has been incorporated into every All Staff and Board meeting, and conducted on ranger guided tours. We have a Welcome to Country ceremony performed by Traditional Owners at major events and a recording of a Welcome to Country on our Penguin Parade App.

Opportunities

In early 2014 we recruited our first Aboriginal trainee.

Cultural diversity

Over 56% of visitors to the Nature Parks are international and we cater for these groups with publications and audio information in up to six languages. Our signage uses international symbols and we acknowledge cultural celebrations and beliefs such as Chinese New Year and various religious observances.

Young people

We provide special information and programs for young people including events, education programs, work experience and publications. We encourage employment of local young people in that we offer part time work supporting students to work on weekends and holidays.

Community support

We support many community groups through donations and ongoing programs. This includes sponsoring Bass Coast Landcare projects, the Friends of Churchill Island curator role and local sporting events such as the Channel Challenge and Cowes Classic. We also supported the work of Barb Martin Bushbank and Woolamai Beach Surf Life Saving Club.

Towards 2014-15

The ongoing implementation of our RAP and community involvement in the Nature Parks' future directions will remain an important focus. The Phillip Island National Surfing Reserve community working group will continue to foster surfing and coastal protection.

Operational review – Organisation

Our team

The Nature Parks is the largest employer on Phillip Island, employing over 200 staff across a range of functions including environmental and conservation management, research, education, visitor services, marketing, food and beverage, retail, administration and facilities management. We value and recognise the contribution of our staff and aim to become an employer of choice for our region.

Goal	Measure	Result
Instil a learning culture within the organisation to develop staff potential	Implement a two-year learning and development strategy to meet the requirements of the Workforce Strategic Plan	Achieved 
	Reduce lost time injuries to staff by 25%	Partially achieved 
	Complete 20 proactive safety audits across all operations with a minimum 10 high risk tasks	Achieved 
Build a strong organisational culture	Implement actions included in the Staff Survey Action Plan to improve communication internally	Achieved 
Strengthen connections with the Indigenous Community	Implement an Indigenous Traineeship and Cultural Awareness Program. Conduct an Indigenous Cultural Development Program	Achieved 

Learning culture

This year we undertook significant leadership development to support our managers and supervisors in day-to-day management of teams as well as strategic thinking. It is this development which will support ongoing effective management of our workforce.

Increasing our skills for managing our customer base was achieved through a number of diversity, equal opportunity and communications programs.

Occupational health and safety training has again been a priority with significant programs being delivered to further develop our skills. This included tree climbing and rescue; working at heights; first aid and anaphylaxis and asthma management; emergency management and food safety.

Indigenous connections

At the start of 2014 we recruited our first Aboriginal trainee through a program administered by AFL SportsReady and funded by Surfing Victoria. The trainee is undertaking a Certificate III in Conservation and Land Management.

Strong organisational culture

Our strong culture is the result of managers and staff working together within our values structure. The staff survey participation rate of 62% continues to demonstrate a willingness to support improvement and feedback. The implementation of a staff ideas forum has strengthened our capacity to work across boundaries as has other ongoing initiatives such as our leading light program for recognising exceptional behavior and participation. Our improved induction program will also support maintaining our culture.

Occupational health and safety

The Nature Parks continues to demonstrate its commitment and positive approach to health and safety through the Occupational Health and Safety (OH&S) Committee, staff training, safety audits and reviewing the policies and procedures which are part of the Nature Parks' safety management system.

The Nature Parks also seeks to promote a pro-active culture of safety awareness and to this end encourages all staff to report hazards and near misses as well as incidents. Total incident reports increased by 23.7% from the previous year partially as a result of an increased reporting culture by our staff. Lost time for injuries sustained in the workplace was 4.5% lower than for 2012-13.

Safety representatives from all departments and levels of the organisation met on a monthly basis to assess and improve health and safety throughout the Nature Parks.

The Nature Parks has a full time OH&S Coordinator who is responsible for all OH&S matters, as well as providing Return To Work services for improved injury management of all employees.

Workforce data

Nature Parks' workforce profile

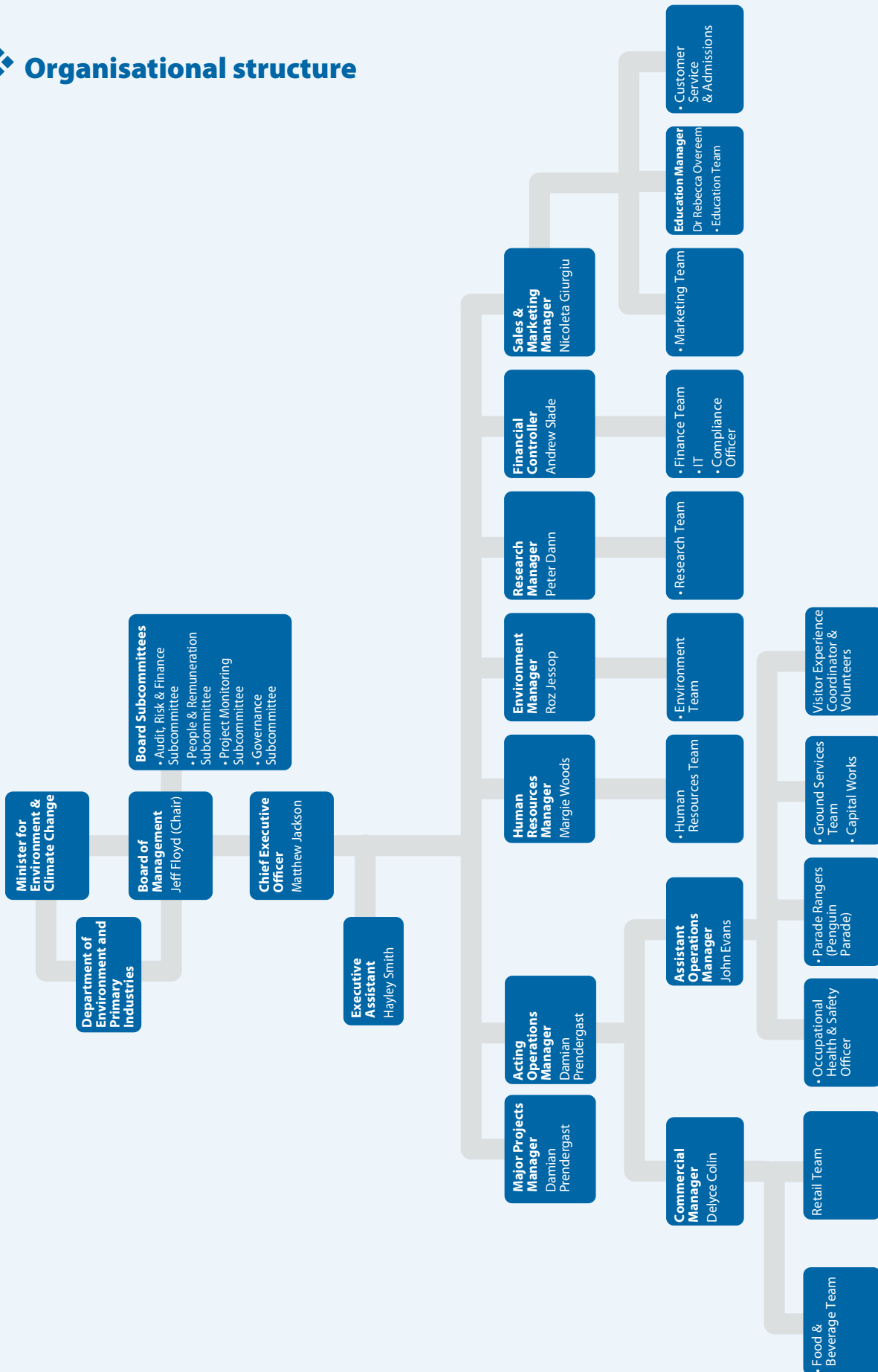
Staff	2013-14	2012-13
Executive officers	6	6
Senior managers	5	4
Supervisors	11	11
Administration	19	15
Commercial	120	115
Field	52	54
Total	213	205
Male	82	83
Female	131	122

Towards 2014-15

Our priority will continue to focus on providing opportunities for ongoing learning, in managing, recognising and rewarding performance and continuing to encourage diversity in our organisation. In particular our learning will focus on skilling up for new initiatives and programs to be implemented.

Operational review - Organisation

Organisational structure



Governance and compliance

❖ Manner of establishment and relevant Minister

Phillip Island Nature Park was created by the State Government in 1996 and is the only 'Nature Park' in Victoria. The term means that all conservation areas are managed under the *Crown Land (Reserves) Act 1978*.

The Nature Parks is governed by a Board of Management established under the *Crown Land (Reserves) Act 1978*. The responsible Minister for the period from 1 July 2013 to 30 June 2014 was the Hon Ryan Smith MP, Minister for Environment and Climate Change.

❖ Our Board

Objectives, functions, powers and duties

Board members are appointed by the Responsible Minister under the *Crown Land (Reserves) Act 1978* Section 15 Powers of Committees of Management (1). 'A Committee of Management of any land appointed under Section 14–(a) shall manage, improve, maintain and control the land for the purposes for which it is reserved.'

Board member attendance

Our Board met eight times this year to provide governance and strategic direction.

Board members	Number of meetings eligible to attend	Number of meetings attended	Appointment date
Jeff Floyd (chair)	8	7	21 Jul 2010 *Chair from 5 Sept 2012
Stella Axarlis AM	8	7	17 Jul 2003
Dr Catherin Bull AM	8	8	5 Sept 2009
Alan Gostelow	8	8	5 Sept 2012
Andrew Paxton	8	8	5 Sept 2012
Stephen Davie	8	8	5 Sept 2012
Kevin Love	8	8	9 Aug 2013

Our Board members

Jeff Floyd (Chair) is the CEO of Strategic Advisory and Facilitation Services Pty Ltd, a management, governance and risk consulting business. He is an Adjunct Professor at Victoria University and has had a distinguished career as a CEO and Board Director in both the public and private sectors; including extensive experience in environmental management and tourism. As the former CEO of Parks Victoria, Tourism Victoria and AAA Tourism, Jeff understands the critical need to pursue tourism growth within a framework of environmental excellence and community consultation.

Stella Axarlis AM has extensive board and business experience and is a strong advocate for the community and organisational excellence underpinned by good governance. In November 2011 Stella was awarded the national inaugural preminent Lifetime Achievement Award. In 2013, Stella was appointed co-chair of CitiOpera and successfully directed Verdi's Opera Otello.

Governance and compliance

Dr Catherin Bull AM MAICD FAILA brings specialist expertise in landscape planning and architecture to the Board, with a focus on environmental tourism. She is Emeritus Professor of Landscape Architecture at the University of Melbourne and, as a researcher on and advocate for development and spatial management that better addresses contemporary challenges, she advises governments and industry nationally on urban and open space planning and design, including chairing reviews and serving on juries.

Andrew Paxton brings extensive experience and qualifications in Landscape Architecture, Business and Organisational Leadership. His MBA thesis explored the application of triple bottom line principles to park management. Andrew is the Director of Planning, Building & Health at Yarra Ranges Council. His previous roles in design, capital works and sustainability included Chief Ranger and Business Manager at Parks Victoria and management roles in local government.

Stephen Davie is a practising Chartered Accountant on Phillip Island and has extensive governance, community leadership and commercial tourism experience. He is also currently an Executive Board member of the Phillip Island RSL. He has previously been involved in establishing the Cowes Coast Action Group and was Treasurer of Phillip Island Tourism and Business Association for over ten years. He has expertise in fostering collaborative community relationships that contribute to a sustainable environment.

Alan Gostelow is the Chairman of Inverloch & District Financial Enterprises Ltd. A former army officer, he holds Graduate Diplomas in both Business and Health Administration. He also holds a Company Director's Diploma and is a Fellow of the Australian Institute of Company Directors and a former Fellow of the Australian Institute of Management and the CEO Institute. Alan has broad ranging experience as a senior manager and Chief Executive Officer across a variety of organisations and industry sectors and has also undertaken a number of consultancy assignments on issues such as human resource management, business growth, risk management and policy development.

Kevin Love operates his own advisory business, specialising in project management, policy advice and governance. For over 20 years he worked at the Department of Agriculture in regional Victoria, including 12 years at Leongatha. Mr Love also worked with the Department of Premier and Cabinet as the executive with principal responsibility for advising Premiers Kennett and Bracks on policies, programs, institutional reform and major projects related to resources and infrastructure. In late 2002 he moved to the Department of Sustainability and Environment as Deputy Secretary, and led significant institutional and organisational reform, had responsibility for the State's public land estate and assets and established himself as a national leader in natural resource management policy.

Board committees

The Nature Parks' committees listed below provided advice to the Board throughout the reporting period.

Audit, Risk and Finance Subcommittee

Stephen Davie – Chair

Alan Gostelow

Jeff Floyd

Stella Axarlis

Helen Adair (independent member) *from 14 November 2013*

People and Remuneration Subcommittee

Stella Axarlis – Chair

Andrew Paxton

Stephen Davie

Governance Subcommittee

Alan Gostelow – Chair

Jeff Floyd

Kevin Love *from 31 October 2013*

Project Monitoring Subcommittee

Dr Catherin Bull – Chair

Andrew Paxton

Kevin Love *from 29 August 2013*

Governance and compliance

❖ Advisory committees

The Nature Parks has established a number of committees to provide a channel for communication with key stakeholders and our community.

Terms of reference for these committees can be found at www.penguins.org.au/about/local-community

These committees include:

Community Advisory Committee

Stella Axarlis (Board and Chair)
 Stephen Davie (Board)
 Deborah Holland
 Cr Kimberley Brown
 Christine Grayden
 Stephen Fullarton
 Jane Daly
 Pauline Taylor
 Margaret Hancock
 Gill Hardman
 Michael Whelan
 Patsy Hunt
 Anne Davie

Environment Advisory Committee

Dr Catherin Bull (Board and Chair)
 Andrew Paxton (Board)
 Louise Parsons
 Penny Manning
 Joel Geoghegan
 Paul Smith
 Mike Cleeland
 Bessie Tyers
 Tania Maddigan
 Jan Fleming
 Tim Ealey
 Kay and Mohan Nair *retired 26 May 2014*
 Gayle Seddon and Gavan O'Connor *from 26 May 2014*
 Alison Creighton *retired 17 January 2014*
 Deirdre Griepsma *from 12 March 2014*

Education Advisory Committee

Stella Axarlis (Board and Chair)
 Wendy Major
 Rob Higgins
 Donald Paproth
 Ric Pearce
 Linda Thompson
 Karen Bowker
 Helen Lechte *retired June 2014*
 Paul Boys *from July 2014*

Scientific & Research Advisory Committee

Dr Catherin Bull (Board and Chair)
 Alan Gostelow
 Dr Kath Handasyde
 Dr Robin (Ras) Lawson
 Dr Stephen Swearer
 Adrian Moorrees
 Dr Simon Goldsworthy
 Prof Ian Beveridge
 Peter Menkhorst

Animal Experimentation & Ethics Advisory Committee

Dr Kath Handasyde (Chair)
 Anne Davie
 Dr Jennifer Hibble
 Clare Davis

The Animal Experimentation Ethics Committee (AEEC) is a statutory committee required to be convened by the Nature Parks to oversee the conduct of the organisation's activities with regards to the care and use of animals for scientific purposes.

Governance and compliance

❖ Compliance matters

Risk management

The Nature Parks' Audit, Risk and Finance Committee meets quarterly to discuss risk management and other financial and compliance related matters. The Chief Executive Officer and Financial Controller attend these meetings. The Board and management have identified the major risks to the organisation and the assets it manages and have documented detailed strategies to mitigate these risks. It is incumbent on the Board and staff to proactively identify and act upon risks as they arise – for themselves and visitors.

Externally performed internal audits were conducted during the year to provide assurance over the Nature Parks' internal controls and processes. These audits are approved by the Audit, Risk and Finance Committee and selected with reference to the risk of each activity. Financial controls, tax compliance, Board reporting, integration of Nature Parks activities with its Strategic Plan and asset management were all reviewed in the last 12 months. Findings from each review are actioned by management and monitored by the Board on the advice of the Audit, Risk and Finance Committee.

I, Jeff Floyd certify that Phillip Island Nature Parks has risk management processes in place consistent with AS/NZS ISO 31000:2009 (or an equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit, Risk and Finance Committee verifies this assurance and that the risk profile of the Nature Parks has been critically reviewed within the last 12 months.



Jeff Floyd

Chair, Phillip Island Nature Park Board of Management Inc.



Stephen Davie

Chair, Audit, Risk & Finance Committee

Insurance

The Nature Parks reviews its exposure to risk and assesses the adequacy of its insurance regularly. During the year we engaged a third party expert to review our insurance coverage and make recommendations to minimise the Nature Parks' exposure.

The Ministerial Direction 4.5.5.1 relating to insurance does not apply to our organisation as we are not insurable under the *Victorian Managed Insurance Authority Act 1996*.

Employment and conduct principles

Nature Parks staff are employed under the Phillip Island Nature Parks Agreement 2010–13. The applicable union is the Australian Services Union. No industrial relations claims were applicable during the reporting period.

The new agreement 'Phillip Island Nature Parks Agreement 2014-2017' is currently in negotiation with staff and the Australian Services Union.

Nature Parks staff work in accordance with the Nature Parks code of conduct and employment policies which include diversity, recruitment, grievance management and performance and development.

Our recruitment policy continues to support equity in the ongoing recruitment of a highly skilled and capable workforce.

Freedom of Information Act 1982

The *Freedom of Information Act 1982* allows the public a right to access documents held by the Nature Parks. The Nature Parks makes public information about our operations available by creating a general right of access to the information in a document or electronic form. All Freedom of Information requests are subject to a \$26.50 application fee.

There were no Freedom of Information requests during the reporting period.

Written requests, as detailed in Section 17 of the *Freedom of Information Act*, should be forwarded, with the prescribed fee, to:

Andrew Slade, Freedom of Information Officer

Phillip Island Nature Parks

PO Box 97, Cowes, Victoria 3922

A written response will be sent to the applicant in accordance with the Act.

Victorian Information Privacy Act 2000

The Nature Parks is committed to ensuring that the *Victorian Information Privacy Act 2000* is adhered to. This Act applies to all Nature Parks' operations including websites and emails. Our Privacy Policy is available to all staff, visitors and stakeholders as requested. A summary of the policy is also available on our website www.penguins.org.au

Governance and compliance

Gifts, benefits and hospitality

I, Jeff Floyd certify that:

- Phillip Island Nature Parks has policies and procedures in place that are consistent with the minimum requirements and accountabilities outlined in the Gifts, Benefits and Hospitality Framework issued by the Public Sector Standards Commissioner;
- Staff are informed about these gifts, benefits and hospitality policies and procedures; and
- The Audit, Risk and Finance Committee reviews the operation of the policies and procedures at least once a year to ensure transparent reporting of accepted gifts, benefits and hospitality.



Jeff Floyd

Chair, Phillip Island Nature Park Board of Management Inc

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012 (PD Act)* enables people to make disclosures about improper conduct by public officers and public bodies. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. The Nature Parks is a "public body" for the purposes of the Act.

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'protected disclosure'?

You can make a protected disclosure about the Nature Parks or its Board members, officers or employees by contacting IBAC on the contact details provided below:

Independent Broad-Based Anti-Corruption Commission (IBAC)
Victoria Address: Level 1, North Tower, 459 Collins Street,
Melbourne Victoria 3001.

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. Phillip Island Nature Parks continues to implement this principle in accordance with Victorian Government Policy.

Building Act 1993

Phillip Island Nature Parks complies with building management provisions of the *Building Act 1993*. The Nature Parks management ensures that all works requiring building approval have plans certified, works in progress inspected and Occupancy Permits issued by independent building surveyors engaged on a local job by job basis. The Nature Parks management requires all building practitioners engaged on building works to be registered and maintain registration throughout the course of the works.

Public Administration Act 2004

The Nature Parks adheres to the merit and equity principles of the *Public Administration Act 2004* to ensure recruitment decisions are based on merit, that employees are treated fairly and reasonably, that equal employment opportunities are provided and that procedures are in place to deal with disputes.

To ensure employees were aware of their responsibilities, the following policies and procedures have been adopted by the Nature Parks and are available to staff:

- Recruitment and Appointment Policy and Procedures
- Training and Development Policy and Procedures
- Employees 'Performance and Development Review Policy and Procedures'
- Termination and Settlement of Disputes Procedure
- Employee Equal Opportunity Procedure
- Code of Practice for Employees.

Human rights

The Nature Parks is committed to upholding the principles of human rights as established by the United Nations. Human rights are rights inherent to all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, color, religion, language or any other status.

Governance and compliance

Major contracts

No contracts of over \$10M were entered into during the reporting period.

Consultancies over \$10,000

Lambert and Rehbein (Vic) P/L	Structural engineering review	\$10,000
Tract Consultants	Churchill Island Key Area Plan	\$16,353
Blacksheep Strategic Group	Branding Briefs	\$25,430
Inspiring Place Pty Ltd	South and North Coast Key Area Plan	\$74,807

Consultancies under \$10,000

During the year the Nature Parks engaged nine consultants for contracts under \$10,000 with total aggregate fees of \$44,235.

Government advertising expenses

Government policy requires disclosure of all government advertising expenditure with a total media buy of \$150,000 or greater (exclusive of GST). No government advertising expenditure was incurred by the Nature Parks during the reporting period.

Fee policy

Entry fees to Nature Parks attractions are regulated under the *Crown Land Reserves Act (1978)* and increased by an average of 5.3% during the reporting period. Details of entry fees and tour product prices are available at www.penguins.org.au

Statement of availability of other information

Publications are listed on pages 63 and research activities on pages 14-15 of this report. Marketing and promotion activities are detailed on page 16.

Subsequent events

There were no matters subsequent to the financial report being finalised that significantly affect the operating performance or financial position of the Nature Parks as at 30 June 2014 or its operations into the future.

Victorian Industry Participation Policy Act 2003

The Victorian Industry Participation Policy Act 2003 (VIPP) requires public bodies and Departments to report on the implementation of the Act.

Departments and public bodies are required to apply VIPP in all tenders over \$3M in metropolitan Melbourne and \$1M in regional Victoria.

The Nature Parks has not commenced or completed any contracts during 2013-14 to which VIPP applied.

Data Vic Access Policy

Consistent with the Data Vic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at: <http://www.data.vic.gov.au> in machine readable format.

Annual Report 2013-14
Financial statements
30 June 2014



Financial statements 30 June 2014

Comprehensive operating statement for the financial year ended 30 June 2014

	NOTES	2014	2013
Operating revenue		\$	\$
Sales	2	7,914,903	7,019,076
Admissions	2	12,527,869	10,988,358
Total operating revenue		20,442,772	18,007,434
Other income			
Interest	2	287,556	274,607
Other operating income	2	1,392,001	1,960,623
Total other income		1,679,557	2,235,230
Expenses			
Employee benefits		(10,009,665)	(9,551,702)
Cost of sales		(3,155,233)	(2,721,094)
Materials and supplies		(723,213)	(793,829)
Depreciation and amortisation	8, 9	(1,682,172)	(1,584,821)
Other operating expenses	3b	(4,612,710)	(4,234,388)
Total expenses	3a	(20,182,993)	(18,885,834)
Net result from operations		1,939,336	1,356,830
Other economic flow included in net result			
Net gain/(loss) on non financial assets	4	31,062	12,740
Net result for the year		1,970,398	1,369,570
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8(a)	(43,530)	-
Comprehensive result		1,926,868	1,369,570

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 33-57.

Financial statements 30 June 2014

Balance sheet as at 30 June 2014

	NOTES	2014	2013
		\$	\$
Current assets			
Cash and cash equivalents	11(i), 17	12,316,664	8,919,179
Receivables	5, 17	795,042	854,340
Inventory	6	788,305	688,728
Other current assets	7	96,992	92,946
Total current assets		13,997,003	10,555,193
Non-current assets			
Property, plant and equipment	8	69,194,399	69,986,602
Intangibles	9	154,436	115,618
Other non-current assets	7	37,360	-
Total non-current assets		69,386,195	70,102,220
Total assets		83,383,198	80,657,413
Current liabilities			
Payables	10, 17	1,939,070	1,456,841
Employee provisions	13	1,790,655	1,483,776
Total current liabilities		3,729,725	2,940,617
Non-current liabilities			
Employee provisions	13	281,483	271,674
Total non-current liabilities		281,483	271,674
Total liabilities		4,011,208	3,212,291
Net assets		79,371,990	77,445,122
Equity			
Contributed capital	1(r)	29,759,634	29,759,634
Accumulated surplus		11,217,687	9,247,289
Asset revaluation reserve	1(s)	38,394,669	38,438,199
Total equity		79,371,990	77,445,122
Commitments for expenditure	18		
Contingent asset and contingent liabilities	15		

The balance sheet should be read in conjunction with the accompanying notes included on pages 33 to 57.

Financial statements 30 June 2014

Statement of changes in equity for the financial year ended 30 June 2014

	Contributed Capital	Asset revaluation reserve	Accumulated surplus	Total equity
	\$	\$	\$	\$
Balance at 30 June 2012	29,759,634	38,438,199	7,877,719	76,075,552
Transactions with owner in its capacity as owner	–	–	–	–
Total comprehensive result	–	–	1,369,570	1,369,570
Balance at 30 June 2013	29,759,634	38,438,199	9,247,289	77,445,122
Transactions with owner in its capacity as owner	–	–	–	–
Total comprehensive result	–	(43,530)	1,970,398	1,926,868
Balance at 30 June 2014	29,759,634	38,394,669	11,217,687	79,371,990

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 33 to 57.

Financial statements 30 June 2014

Cash flow statement for the financial year ended 30 June 2014

	NOTES	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from customers and other entities (incl GST)		24,172,519	21,614,333
Payments to suppliers and other expenses (incl GST)		(8,955,088)	(8,165,719)
Goods and services tax paid to ATO		(1,333,425)	(1,153,695)
Interest received		287,556	274,607
Salaries and other payments to employees		(9,763,069)	(10,077,228)
Net cash flows from operating activities	11(ii)	4,408,493	2,492,298
Cash flows from investing activities			
Payments for property, plant and equipment	8	(995,437)	(1,447,367)
Payments for intangibles	9	(41,743)	(8,268)
Payments for other non-current assets	7	(38,850)	-
Proceeds from property, plant and equipment	8	65,022	64,754
Net cash flows used in investing activities		(1,011,008)	(1,390,881)
Net increase in cash and cash equivalents		3,397,485	1,101,417
Cash and cash equivalents at the beginning of the financial year		8,919,179	7,817,762
Cash and cash equivalents at the end of financial year	11(i)	12,316,664	8,919,179

The cash flow statement should be read in conjunction with the accompanying notes included on pages 33-57.

Financial statements 30 June 2014

1 Summary of significant accounting policies

The annual financial statements of Phillip Island Nature Parks Board of Management Incorporated are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which includes interpretations (AAS's).

The financial report also complies with relevant Financial Reporting Directions (FRDS) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance.

The financial statements were authorised for issue by Matthew Jackson (Accountable Officer) on 27 August 2014.

a) Basis of preparation

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Financial statements have been prepared on a going concern basis.

These financial statements are presented in Australian dollars, the functional and presentation currency of Phillip Island Nature Park Board of Management Incorporated (the 'Nature Parks').

In the application of AAS's, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. Revisions to the estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 8); and
- superannuation expense (refer to Note 16); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 13).

There were no other estimates made by management in preparation of the financial statements.

The financial report has been prepared on an historical cost basis, except for the revaluation of certain non-current assets. Historical cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented for the year ended 30 June 2013.

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of financial statements.

'Transactions' and 'other economic flows' are defined by the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 (Cat. No. 5514.0 published by the Australian Bureau of Statistics).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets and actuarial gains and losses arising from defined benefit superannuation plans.

The net result is equivalent to profit or loss derived in accordance with AAS.

Balance sheet

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of cash flows.

Financial statements 30 June 2014

1 Summary of significant accounting policies (continued)

b) Sales of Goods and Services

Revenue from the rendering of services, including tourism admissions, is recognised upon the delivery of the service to the customer.

Revenue from the sale of goods is recognised upon the delivery of goods to the customer.

c) Other income

Rental income from leasing of land and facilities is recognised on a straight-line basis over the term of the agreement.

Interest revenue includes interest received on cash at bank and bank term deposits. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Grants from third parties (including government departments) are recognised as income in the period in which the Nature Parks gains control over the contribution. For reciprocal grant agreements that require the fulfillment of performance obligations in exchange for cash, control over the cash is gained when the Nature Parks satisfies the conditions of the agreement. Cash received from the grantor is recognised as a liability on the balance sheet until the agreement conditions have been satisfied.

For non-reciprocal grants, the Nature Parks is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant agreement.

Donations and sponsorship revenue is recognised in the period received, except where monies are received to fund projects either for contracted periods of time or specific projects irrespective of the period of time required to complete those projects

d) Employee expenses

Employee expenses include superannuation expenses in respect of employee memberships in defined benefit or defined contribution superannuation plans.

The expense recognised for defined contribution superannuation plans is the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period.

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Nature Parks to the relevant superannuation plans in respect to the services of the Nature Parks staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Nature Parks is required to comply with.

e) Maintenance and repairs

Plant and equipment and boardwalks are reviewed as part of a cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(f). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

f) Depreciation

All physical non current assets, with the exception of land, have limited useful lives and are depreciated. Depreciation is generally calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

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

The following estimated useful lives are used in the calculation of depreciation for the years ended 30 June 2014 and 30 June 2013.

Boardwalks	10 years
Buildings	40 years
Car parks	20 years
Motor vehicles	5 years
Furniture, fittings & equipment	5 years
Computer hardware & software	3 years

g) Impairment of assets

Property, plant and equipment and intangible assets are assessed annually for indicators of impairment. If there is an indicator of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and deposits at call. Deposits that mature within 3 months of balance date are considered to be 'at call'.

i) Receivables

Contractual receivables consist predominantly of trade debtors in relation to the provision of services. Contractual receivables are recognised at fair value less an allowance for impairment. A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Statutory receivables include amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. There are no statutory receivables as at 30 June 2014 (2013: \$0)

j) Other financial assets

Other financial assets are valued at cost and are classified between current and non-current assets based on the Nature Parks' intention at balance date with respect to the timing of disposal of each investment. Interest revenue from other financial assets is brought into account when it is earned.

The Nature Parks assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Financial statements 30 June 2014

1 Summary of significant accounting policies (continued)

k) Inventory

Inventory is measured at the lower of cost and net realisable value. Cost has been assigned to inventory on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense. Obsolete and slow moving stocks are provided for, to ensure the inventories are recorded at net realisable value where such value is below cost.

l) Property plant & equipment

All non financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. More details about the valuation techniques and inputs used in determining the fair value of non financial physical assets are discussed in Note 8 Property, plant and equipment.

Consistent with AASB 13 Fair Value Measurement, the Nature Parks determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Nature Parks has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Nature Parks determines whether transfers have occurred between levels in the hierarchy by re assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the Department's independent valuation agency.

The Nature Parks, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

i) Revaluation

Non-current physical assets measured at fair value are revalued in accordance with FRD 103E issued by the Minister of Finance. This revaluation process normally occurs every five years based upon the asset's Government Purpose Classification. Revaluation increments or decrements arise from differences between carrying value and fair value.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in other comprehensive income and accumulated in equity under the revaluation surplus, except that the net revaluation increase shall be recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decreases are recognised immediately as expenses (other economic flows) in the net result, except that the net revaluation decrease shall be recognised in other comprehensive income to the extent that a credit balance exists in the revaluation surplus in respect of the same class of property, plant and equipment. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment, are offset against one another within that class but are not offset in respect of assets in different classes. Any revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset.

ii) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

m) Intangible assets

Purchased intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

n) Payables

Contractual payables consist predominantly of creditors and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Nature Parks prior to the end of the financial year that are unpaid, and arise when the Nature Parks becomes obliged to make future payments in respect of the purchase of these goods and services.

Statutory payables consist of Goods and Services Tax and Fringe Benefits Tax payables.

o) Provisions

Provisions are recognised when there is a present obligation, a future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Financial statements 30 June 2014

1 Summary of significant accounting policies (continued)

p) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Employee benefit on-costs (payroll tax, workers compensation and superannuation) are recognised separately from provision for employee benefits.

i) Wages, salaries and annual leave

Liabilities for wages and salaries, including annual leave, are recognised in the provision for employee benefits.

Those liabilities which are expected to be settled within 12 months of reporting date are classified as current liabilities and measured at their nominal values.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave are measured at:

- undiscounted value if the Nature Parks expects to wholly settle within 12 months; or
- present value if the Nature Parks does not expect to wholly settle within 12 months.

ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

- Current liability – unconditional LSL (representing 7 or more years of continuous service) is disclosed as a current liability even when the Nature Parks does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Present value – component that is not expected to be settled within 12 months
- Nominal value – component that is expected to be settled within 12 months.
- Non-current liability – conditional LSL (representing less than 7 years continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Present value is calculated as the present value of expected future payments to be made. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using a weighted average of indicative mid rates for selected commonwealth government securities.

q) Comparative figures

Where applicable, comparative figures have been restated to aid comparison.

r) Contributed capital

Additions to net assets which have been designated as contribution by the Victorian State Government are recognised as contributed capital.

s) Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of non-current physical assets.

t) Changes in accounting policy

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Nature Parks is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Nature Parks has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Nature Parks has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Nature Parks. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments: Disclosures.

AASB 119 Employee benefits

In 2013-14, the Nature Parks has applied AASB 119 Employee benefits (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Nature Parks.

The revised standard also changes the definition of short term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. In line with this change, accrued annual leave balance calculations were reviewed by the Nature Parks. This review indicated that all employee annual leave balances are expected to be settled wholly within twelve months after the end of the reporting period.

Financial statements 30 June 2014

1 Summary of significant accounting policies (continued)

u) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the taxation authority. In this case it is recognised as part of the acquisition cost of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from or payable to, the taxation authority, are presented as operating cash flow.

v) Rounding

Amounts in the financial report have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statement may not equate due to rounding.

w) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Exchange differences are recognised in profit or loss in the period in which they arise.

x) Events after reporting date

Assets, liabilities or expenses arise from past transactions or other past events. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results subsequent reporting periods.

y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Department of Treasury and Finance [DTF] assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

Certain new AASs have been published that are not mandatory for the 30 June 2014 reporting period. DTF assesses the impact of all these new standards and advises the Department of their applicability and early adoption where applicable.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning	Impact on public sector entity financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will not be reported through other comprehensive income (OCI) and no longer recycled to profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

Financial statements 30 June 2014

2 Operating revenue and other income

	2014	2013
	\$	\$
Sales		
Food and beverage sales	2,972,094	2,611,195
Retail and souvenir sales (including photography)	4,942,809	4,407,881
Total sales	7,914,903	7,019,076
Admissions	12,527,869	10,988,358
Interest		
Interest from cash at bank	287,556	274,607
Total interest revenue	287,556	274,607
Other operating income		
Rental income	72,377	58,423
Donation, grants and sponsorship	338,367	126,445
Grants from government authorities	390,944	825,312
Miscellaneous income	590,313	950,443
Total other operating income	1,392,001	1,960,623

3 (a) Expenses from operating activities

	2014	2013
	\$	\$
By function		
Penguin Parade	6,449,212	6,192,547
Nobbies	1,926,118	1,737,628
Churchill Island	1,119,744	1,076,932
Koala Conservation Centre	1,161,467	1,136,440
Grounds services	780,160	786,951
Environment	2,303,040	2,120,202
Research	762,994	647,298
Education	537,874	487,506
Marketing	1,600,258	1,370,388
Parkwide administration	3,542,126	3,329,942
Total expenses from operating activities	20,182,993	18,885,834

Financial statements 30 June 2014

3 (b) Other operating expenses

	2014	2013
	\$	\$
Advertising	310,656	345,249
Bank charges	131,356	115,782
Conferences	27,606	16,578
Consultants	384,190	491,352
Contractors	1,785,073	1,553,104
Entertainment	30,790	29,592
Fringe benefits tax	46,212	40,480
Impairment of non current asset	32,393	11,825
Motor vehicle expenses	154,690	140,276
Repairs & maintenance	211,929	172,307
Utilities	254,007	247,782
Training	69,514	89,894
Telephone	90,096	82,118
Travel & accommodation	159,409	132,308
Doubtful debts	(5,440)	15,948
Miscellaneous expenses	930,229	749,793
Total other operating expenses	4,612,710	4,234,388

4 Other economic flows included in net result

	2014	2013
	\$	\$
Net gain on disposal of property plant and equipment	31,062	12,740
Total net gain/(loss) on non financial assets	31,062	12,740

5 Receivables

	2014	2013
	\$	\$
Current Receivables		
Contractual		
Sale of Goods and Services	722,392	722,469
(Less) provision for doubtful debts	(23,475)	(28,851)
Accrued interest income	77,893	92,241
Other receivables	18,232	68,481
Total current receivables	795,042	854,340

Financial statements 30 June 2014

5 Receivables (continued)

(a) Movement in provision for doubtful debts

	2014	2013
	\$	\$
Balance at the beginning of the year	(28,851)	(22,654)
Amounts written off during the year	936	9,751
Decrease/(Increase) in allowance recognised in profit or loss	4,440	(15,948)
Balance at end of the year	(23,475)	(28,851)

6 Inventory

Penguin Parade	492,765	424,554
Koala Conservation Centre	74,779	67,071
Nobbies	147,678	131,644
Churchill Island	99,618	91,077
Total inventory at cost	814,840	714,346
(Less) provision for inventory obsolescence	(26,535)	(25,618)
Total inventory	788,305	688,728

6 (a) Movement in provision for inventory obsolescence

Balance at the beginning of the year	(25,618)	(21,798)
Amounts written off during the year	-	10,885
Decrease/(increase) in provision recognised in profit or loss	(917)	(14,705)
Balance at end of the year	(26,535)	(25,618)

7 Other assets

	2014	2013
	\$	\$
Current		
Prepayments	96,992	92,946
Total other current assets	96,992	92,946
non-current		
Other assets	38,850	-
Less amortisation	(1,490)	-
Total other non-current assets	37,360	-

Financial statements 30 June 2014

8 Property, plant and equipment

	Crown land	Buildings	Boardwalks	Car parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware	Work in progress	Total property, plant & equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2014										
At fair value	42,376,000	22,545,138	1,611,998	3,293,648	1,159,712	2,322,794	5,231,658	1,568,566	218,177	80,327,691
Less accumulated depreciation and impairment	-	(1,729,914)	(435,319)	(547,174)	(638,778)	(1,747,208)	(4,596,296)	(1,438,603)	-	(11,133,292)
Total property, plant and equipment	42,376,000	20,815,224	1,176,679	2,746,474	520,934	575,586	635,362	129,963	218,177	69,194,399
2013										
At fair value	42,376,000	22,482,008	1,573,760	3,241,146	1,070,551	2,284,940	4,966,387	1,506,462	177,925	79,679,179
Less accumulated depreciation and impairment	-	(1,171,017)	(284,533)	(386,678)	(564,207)	(1,548,839)	(4,418,133)	(1,319,170)	-	(9,692,577)
TOTAL	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602
Total property, plant and equipment	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602

Financial statements 30 June 2014

8 Property, plant and equipment (continued)

2014										
Carrying amount as at 1/07/13	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602
Additions	-	110,130	38,238	52,502	217,793	40,742	309,965	15,795	210,272	995,437
Transfer from work in progress	-	-	-	-	-	-	9,818	46,309	(137,627)	(81,500)
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(33,960)	-	-	-	-	(33,960)
Impairments	-	(43,530)	-	-	-	-	-	-	(32,393)	(75,923)
Depreciation and amortisation expense	-	(562,367)	(150,786)	(160,496)	(169,243)	(201,257)	(232,675)	(119,433)	-	(1,596,257)
Carrying amount as at 30/06/14	42,376,000	20,815,224	1,176,679	2,746,474	520,934	575,586	635,362	129,963	218,177	69,194,399
2013										
Carrying amount as at 1/07/12	42,376,000	21,786,142	1,322,873	2,948,516	496,097	219,713	468,345	268,853	238,164	70,124,703
Additions	-	85,562	106,422	63,044	218,782	563,118	169,141	63,373	177,925	1,447,367
Transfer from work in progress	-	-	545	-	-	96,050	106,569	-	(226,339)	(23,175)
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(52,014)	-	-	-	-	(52,014)
Impairments	-	-	-	-	-	-	-	-	(11,825)	(11,825)
Depreciation and amortisation expense	-	(560,713)	(140,613)	(157,092)	(156,521)	(142,780)	(195,801)	(144,934)	-	(1,498,454)
Carrying amount as at 30/06/13	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602

- a) An independent valuation of Crown Land, buildings, boardwalks and car parks was performed in accordance with FRD103D in the financial year ended 30 June 2011. The valuation was conducted by Patel Dore Valuers Pty Ltd (Certified Practising Valuers) on instructions received from the Valuer-General Victoria (VGV). Assets were valued on the basis of market value by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

The fair value of motor vehicles, plant & equipment, furniture & fittings, computer hardware and computer software was determined by reference to the asset's depreciated cost. In accordance with FRD103E, depreciated cost is used to approximate fair value where there is no evidence to suggest that a reliable market based fair value exists for these assets. During the year a previously revalued asset was identified as having been impaired and adjustment to the asset revaluation reserve had to be made in relation to this item.

Financial statements 30 June 2014

b) Profit / (Loss) on Sale of Assets

	2014	2013
	\$	\$
Gross proceeds of assets sold	65,022	64,754
Less book value of assets sold	(33,960)	(52,014)
Gain / (loss) on sale of assets	31,062	12,740

c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount at 30 June 2014	Fair value measurement at end of reporting period using		
		Level 1	Level 2	Level 3
Land at fair value	42,376,000	-	42,376,000	-
Building at fair value	20,815,224	-	19,580,118	1,235,106
Boardwalks at fair value	1,176,679	-	655,903	520,776
Car parks at fair value	3,746,474	-	3,60,155	486,319
Motor vehicles at fair value	520,934	-	-	520,934
Furniture and fittings at fair value	575,586	-	-	575,586
Plant and equipment at fair value	635,362	-	-	635,362
Computer hardware	129,963	-	-	129,963

Buildings, Boardwalks and Car Park asset categories have used both Level 2 and Level 3 valuations for fair value measurement. Land, Buildings, Boardwalks and Car Park asset categories are independently valued every five years in accordance with Financial Directions issued by the Minister of Finance and this forms the basis of Fair Value Measurement for asset categories classified as Level 2. Level 3 methods have been used for these categories where there has been additions since the last Independent Valuation performed in 2011. For these items, direct cost of construction per square metre and useful life of those assets are the significant unobservable inputs into their valuation.

d) Reconciliation of Level 3 fair value

2014	Buildings	Boardwalks	Car Parks	Motor vehicles	Furniture and fittings	Plant and equipment	Computer hardware
Opening Balance	1,156,034	551,414	461,313	506,344	736,101	548,254	187,292
Additions	110,130	38,238	52,502	217,793	40,742	319,783	62,104
Transfers in(out) of level 3	-	-	-	-	-	-	-
Depreciation	(31,058)	(68,875)	(27,496)	(169,234)	(201,257)	(232,675)	(119,433)
Disposal	-	-	-	(33,960)	-	-	-
Closing Balance	1,235,106	520,777	486,319	520,934	575,586	635,362	129,963

Financial statements 30 June 2014

8 Property, Plant and Equipment (continued)

e) Description of significant unobservable inputs to level valuations

2014	Valuation technique	Significant unobservable inputs	Average	Sensitivity of fair value measurement to changes in significant unobservable inputs
Buildings	Depreciated replacement cost	Direct cost per square metre	\$3,000 per m2	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful Life	40 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Boardwalks	Depreciated replacement cost	Direct cost per square metre	\$250 per m2	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful Life	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Car Parks	Depreciated replacement cost	Direct cost per square metre	\$75 per m2	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value
		Useful Life	20 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Motor Vehicles	Depreciated replacement cost	Cost per unit	\$12,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful Life	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Furniture and fittings	Depreciated replacement cost	Cost per unit	\$3,500 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful Life	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Plant and equipment	Depreciated replacement cost	Cost per unit	\$2,000 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful Life	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation
Computer hardware	Depreciated replacement cost	Cost per unit	\$500 per unit	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful Life	3 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly high or lower valuation

9 Intangible Assets

	2014	2013
	\$	\$
Software at cost	984,730	861,487
Less accumulated amortisation and impairment	(830,294)	(745,869)
Total intangible assets	154,436	115,618
Carrying amount at beginning of period	115,618	170,542
Additions	41,743	8,268
Transfer from work in progress	81,500	23,175
Revaluation	-	-
Disposals	-	-
Impairments	-	-
Amortisation expense	(84,425)	(86,367)
Carrying amount at end of period	154,436	115,618

Financial statements 30 June 2014

10 Payables

	2014	2013
	\$	\$
Current Payables		
Contractual		
Supplies and services	1,258,340	797,526
Accrued expenses	472,150	452,108
	1,739,490	1,249,634
Statutory payables		
GST Payable	208,580	207,207
Total current payables	1,939,070	1,456,841

a) Maturity analysis of contractual payables.

Please refer Note 17(f) for the maturity analysis of contractual payables

b) Nature and extent of risk arising from contractual payables

Please refer to Note 17 for the nature and extent of risks arising from contractual payables

11 Cash flow information**(i) Reconciliation of cash**

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	2014	2013
	\$	\$
Cash on hand	42,000	40,000
Cash at bank – Trading account	9,664,984	6,479,179
Cash at bank – Defined Benefits contingency fund	609,680	400,000
Term Deposits at call – Asset replacement fund	2,000,000	2,000,000
Total cash and cash equivalents	12,316,664	8,919,179

(ii) Reconciliation of net cash provided by operating activities to net result for the year

	2014	2013
	\$	\$
Net result for the year	1,970,398	1,369,570
Net (gain) from sale of assets	(31,062)	(12,740)
Impairment of non current assets	32,393	11,825
Depreciation and amortisation of non current assets	1,682,172	1,584,821
Increase (decrease) in creditors & accruals	482,229	328,520
Decrease (increase) in receivables & other current assets	55,252	(291,447)
Decrease (increase) in inventory	(99,577)	27,275
Increase (decrease) in employee provisions	316,688	(525,526)
Net cash provided by operating activities	4,408,493	2,492,298

Financial statements 30 June 2014

12 Auditor's remuneration

Total amounts receivable by the auditors of the Phillip Island Nature Park Board of Management Inc. for:

	2014	2013
	\$	\$
External Audit – Victorian Auditor General	15,400	15,300
Total auditor's remuneration	15,400	15,300

13 Provisions

Employee benefits	2014	2013
	\$	\$
Current		
Employee benefits		
Unconditional and expected to be settled within 12 months	611,521	606,109
Unconditional and expected to be settled after 12 months	360,509	224,631
	972,030	830,740
Provisions related to employee benefits on–costs		
Unconditional and expected to be settled within 12 months	105,818	102,040
Unconditional and expected to be settled after 12 months	64,461	37,347
	170,279	139,387
Accrued wages	648,346	513,649
Total current employee benefits	1,790,655	1,483,776
Non–current		
Conditional long service leave	238,786	232,945
Provisions related to employee benefit on–costs	42,697	38,729
Total non–current employee benefits	281,483	271,674
Total employee benefits	2,072,138	1,755,450

13 a) Employee benefits and related on–costs

	2014	2013
	\$	\$
Current employee benefits		
Annual leave entitlements	482,670	462,905
Unconditional long service leave entitlements	489,360	367,835
Accrued wages	648,346	513,649
Total current employee benefits	1,620,376	1,344,389
Non–current employee benefits		
Conditional long service leave entitlements	238,786	232,945
Total non–current employee benefits	238,786	232,945
On Costs		
Current on–costs	170,279	139,387
Non–current on–costs	42,697	38,729
Total on–costs	212,976	178,116
Total employee benefits and related on–costs	2,072,138	1,755,450

Financial statements 30 June 2014

13 Provisions (continued)

a) Employee benefits and related on-costs (continued)

	Long Service Leave	Annual Leave	Accrued Wages	Total Provisions
	\$	\$	\$	\$
Closing balance at 30 June 2013	700,665	541,137	513,648	1,755,450
Payments	(29,173)	(583,594)	(513,648)	(1,126,415)
Increase in provision	186,852	607,905	648,346	1,443,103
Closing balance at 30 June 2014	858,344	565,448	648,346	2,072,138

The following assumptions were adopted in measuring the present value of the long service leave liability.

	2014	2013
Weighted average discount rate	3.57%	3.79%
Weighted average terms to settlement	13.0 years	13.0 years

14 Responsible persons and related party disclosures

The names of persons who were responsible persons at any time during the financial year are:

Responsible Minister

The Hon Ryan Smith MP, Minister for Environment and Climate Change

Accountable officer

Matthew Jackson, Chief Executive Officer

Board members

The names of each person holding the position of Board member during the financial year are:

- Jeff Floyd (appointed 21 July 2010)
- Stella Axarlis (appointed 17 July 2003)
- Dr Catherin Bull (appointed 5 September 2009)
- Andrew Paxton (appointed 5 September 2012)
- Alan Gostelow (appointed 5 September 2012)
- Stephen Davie (appointed 5 September 2012)
- Kevin Love (appointed 9 August 2013)

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Phillip Island Nature Park Board of Management Inc has a Related Party relationship with the Penguin Foundation Limited due to the Accountable Officer and Research Manager volunteering their time to hold a Board position with the Foundation. During 2013-14, the Nature Parks received \$309,097 (2013: \$66,274) from the Penguin Foundation.

Remuneration

(i) Accountable Officer

Total remuneration received or receivable by the Accountable Officer in connection with the management of the Nature Parks during the reporting period was in the range: \$250,000 - \$259,999 (2012: \$230,000 - \$239,999)

Matthew Jackson occupied the position as Chief Executive Officer for the full financial year.

Financial statements 30 June 2014

14 Responsible persons and related party disclosures (continued)

Remuneration

(ii) Board members

Members' remuneration received or due and receivable was \$58,500 (2013: \$60,000).

The following table shows the number of members of the Board receiving gross remuneration from the Nature Parks in the range stated:

Remuneration bands of responsible persons

	2014	2013
\$0 to \$9,999	6	8
\$10,000 to \$19,999	1	1
Total Number	7	9

There were no transactions outside the normal course of business during the financial year to report as related party transactions.

(iii) Amounts relating to the Ministers are reported in the financial statements of the Department of Premier and Cabinet.

15 Contingent liabilities

The Board is not aware of any material threatened or existing legal actions or other contingencies between Phillip Island Nature Park Board of Management Inc and third parties as at 30 June 2014.

16 Superannuation

The Nature Parks makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Nature Parks and the Nature Parks' legal or constructive obligation is limited to these contributions.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the superannuation guarantee legislation (9.25% in 2013-14 and 9.0% in 2012-13). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5% and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal budget, this progressive increase to 12% will be delayed until 2022.

The Fund's defined benefit plan is a multi-employer sponsored plan. As the plan's assets and liabilities are pooled and are not allocated by employer, the actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119, the Nature Parks does not use defined benefit accounting for these contributions.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Nature Parks in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119

The Nature Parks makes employer contributions to the defined benefit category of the Fund at rates determined by the trustee on advice of the Fund's actuary. The Fund's employer funding arrangements comprise of three components which are:

1. Regular contributions – which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments of which are additional contributions to cover the increase in liability arising from retrenchments.

The Nature Parks is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, the Nature Parks makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries (2013: 9.25%). This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

Financial statements 30 June 2014

16 Superannuation (continued)

In addition, the Nature Parks reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit)

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its Vested Benefit Index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (Phillip Island Nature Parks) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993. The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

During 2013-14, the Nature Parks was not required to make payments to the Fund in respect to retrenchment increments.

The Local Authority Superannuation Fund latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a contributing employer. The Nature Parks was made aware of the expected shortfall through the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. The Nature Parks has not been advised of any further adjustments.

The projected value of the Nature Parks' contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$771,520 which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities Provisions. No further amount has been accounted for in the 2013/14 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities Provisions (see Note 13). The Nature Parks received an early payment discount of \$43,226 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits.

Financial statements 30 June 2014

16 Superannuation (continued)

Fund surplus or deficit (i.e. the difference between Fund assets and liabilities) are calculated differently for funding purposes (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Nature Parks' financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date with no allowance for future benefits that may accrue.

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follow:

31 Dec 2011	\$'000
	\$
Net market value of assets	4,315,324
Accrued Benefit	4,642,133
Difference between Assets & Accrued Benefits	(326,809)
Vested Benefits (Minimum sum which must be paid to Members when they leave the fund)	4,838,503

The financial assumptions used to calculate the accrued benefits for the defined benefit category of the Fund were:

Net investment returns	7.50% p.a
Salary inflation	4.25% p.a
Price inflation	2.75% p.a

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

Employer superannuation contributions made by the Nature Parks were:

	2014	2014
	\$	\$
Accumulation Funds (Vision Super)	381,287	378,159
Accumulation Funds (Other)	343,608	291,412
Defined Benefit Fund (Vision Super)	85,005	81,022
Total Employer Superannuation Contributions	809,900	750,593

17 Financial instruments

The Nature Parks' principal financial instruments comprise of cash assets, receivables (excluding statutory receivables) and payables (excluding statutory payables).

The Nature Parks' main financial risks include credit risk, liquidity risk and interest rate risk. The Nature Parks manages these financial risks in accordance with its overall risk management policy.

The following table discloses the carrying amounts of the Nature Parks' contractual financial assets and financial liabilities by category.

Financial statements 30 June 2014

(a) Categorisation of financial instruments

	Notes	Category	2014 Carrying Amount \$	2013 Carrying Amount \$
Contractual financial assets				
Cash assets	11	Cash & cash equivalents	12,316,664	8,919,179
Receivables	5	Loans & receivables	795,042	854,340
Total financial assets			13,111,706	9,773,519
Contractual financial liabilities				
Payables			1,730,490	1,249,634
Total financial liabilities	10	Financial liabilities measured at amortised costs	1,730,490	1,249,634
Net financial assets			11,381,216	8,523,885

(b) Interest rate risk

The Nature Parks' exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and liability is set out below:

	Notes	Floating interest rate \$	Non- interest bearing \$	2014 Total \$	2013 Total \$
Contractual financial assets					
Cash assets	11	12,274,664	42,000	12,316,664	8,919,179
Receivables	5	-	795,042	795,042	854,340
Total financial assets		12,274,664	837,042	13,111,706	9,773,519
Contractual financial liabilities					
Payables	10	-	1,730,490	1,730,490	1,249,634
Total financial liabilities		-	1,730,490	1,730,490	1,249,634
Net financial assets		12,274,664	(893,445)	11,381,216	8,523,885

The weighted average interest rate for each class of asset is:

Floating Interest Rate 2.68% (2013: 3.29%)

The Nature Parks adopts a policy of allowing 30 day credit on trading accounts and paying creditors in full within 30 days of month end.

(c) Sensitivity disclosure analysis

Taking into account past performance and future expectations a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$122,746 (2013: \$88,792).

(d) Foreign currency risk

The Nature Parks is exposed to an insignificant amount of foreign currency risk through its payables relating to purchases from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short time frame between commitment and settlement.

Financial statements 30 June 2014

17 Financial instruments (continued)**(e) Credit risk exposure**

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. Maximum exposure to credit risk is the carrying amount of financial assets.

Credit Risk associated with the Nature Parks' financial assets is minimal as the risk is spread across a large number of small debtors. In addition, each debtor must undergo a credit checking process before credit is provided and the outstanding balance is reviewed on a regular basis.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Nature Parks will be unable to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payment and changes in credit ratings.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of financial assets that are past due but not impaired:

	Notes	Carrying amount	Not past due and not impaired	Past due but not impaired Less than 1 month	Impaired financial assets 1-3 months	3 months – 1 year	1-5 years	Impaired financial assets
		\$	\$	\$	\$	\$	\$	\$
2014								
Cash assets	11	12,316,664	12,316,664	-	-	-	-	-
Receivables	5	795,042	628,700	161,152	5,190	-	-	23,475
		13,111,706	12,945,364	161,152	5,190	-	-	23,475
2013								
Cash assets	11	8,919,179	8,919,179	-	-	-	-	-
Receivables	5	854,340	610,939	237,819	5,582	-	-	28,851
		9,773,519	9,530,118	237,819	5,582	-	-	28,851

(f) Liquidity risk exposure

Liquidity risk arises when the Nature Parks is unable to meet its financial obligations as and when they fall due.

The Nature Parks adopts a policy of paying creditors within 30 days of month end. Maximum exposure to liquidity risk is the carrying amount of financial liabilities, which have a maturity of less than one (1) month based on contractual undiscounted cash flows.

The Nature Parks' exposure to liquidity risk is insignificant based on prior period's data and current assessment of risk. Cash is deposited to the trading account offering a competitive interest rate with at call accessibility of funds.

The following table discloses the maturity of contractual financial liabilities:

	Notes	Carrying amount	Nominal amount	Maturity dates Less than 1 month	Maturity dates 1-3 months	Maturity dates 3 months – 1 year	Maturity dates 1-5 years
		\$	\$	\$	\$	\$	\$
2014							
Payables	10	1,730,490	1,730,490	1,730,490	-	-	-
		1,730,490	1,730,490	1,730,490	-	-	-
2013							
Payables	10	1,249,634	1,124,634	1,249,634	-	-	-
		1,249,634	1,249,634	1,249,634	-	-	-

Financial statements 30 June 2014

17 Financial instruments (continued)

(g) Fair value

The Nature Parks considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of all of the contractual financial assets and liabilities are the same as the carrying amounts.

	2014 Carrying Amount	2014 Fair value	2013 Carrying Amount	2013 Fair value
	\$	\$	\$	\$
Contractual financial assets	2014	2014	2013	2013
Cash and deposits	12,316,664	12,316,664	8,919,179	8,919,179
Sale of goods and services	722,392	722,392	722,469	722,469
Accrued investment income	77,893	77,893	92,241	92,241
Other receivables	18,232	18,232	68,481	68,481
Total contractual financial assets	13,135,181	13,135,181	9,802,370	9,802,370
Contractual financial liabilities				
Supplies and services	1,258,340	1,258,340	797,526	797,526
Accrued expenses	472,150	472,150	452,108	452,108
Total contractual financial liabilities	1,730,490	1,730,490	1,249,634	1,249,634

18 Commitments

The Nature Parks received funding for specific purposes from various sources throughout the financial year. This funding is recognised as a liability on the balance sheet until it is utilised as prescribed in the funding agreement.

Expenditure commitments

	2014	2013
Expenditure commitments		
Payable within 1 year	161,116	311,928
Total expenditure commitments	161,116	311,928

In addition to the above, the Board has nominated three major capital projects for which it intends to utilise \$7,000,000 of its current cash reserves.

19 Subsequent Events

The Board of Management is not aware of any circumstances that have arisen since 30 June 2014 that have significantly affected or may significantly affect the Nature Parks' operations in financial years subsequent to 30 June 2014.

Financial statements 30 June 2014

20 Glossary of terms and style conventions

Glossary

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- b) the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an other economic flow.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia payments

Ex gratia expenses mean the voluntary payment of money or other non monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial statements 30 June 2014

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements; and
- (g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non financial assets

Non financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Financial statements 30 June 2014

20 Glossary of terms and style conventions (continued)

Net acquisition of non financial assets (from transactions)

Purchases (and other acquisitions) of non financial assets less sales (or disposals) of non financial assets less depreciation plus changes in inventories and other movements in non financial assets. It includes only those increases or decreases in non financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non financial assets

Non financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Other economic flows

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- gains and losses from disposals, revaluations and impairments of non financial physical and intangible assets;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non produced) from their use or removal.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of nonproduced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Nature Parks.

Financial statements 30 June 2014

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x-0x	year period

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Phillip Island Nature Parks

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Phillip Island Nature Parks which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Phillip Island Nature Parks are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Phillip Island Nature Parks as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Phillip Island Nature Parks for the year ended 30 June 2014 included both in the Phillip Island Nature Parks' annual report and on the website. The Board Members of the Phillip Island Nature Parks are responsible for the integrity of the Phillip Island Nature Parks' website. I have not been engaged to report on the integrity of the Phillip Island Nature Parks' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
2 September 2014



John Doyle
Auditor-General

Financial statements 30 June 2014

Statutory declaration

We certify that the attached financial statements for the Phillip Island Nature Parks have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Phillip Island Nature Parks as at 30 June 2014.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 27 August 2014.

On behalf of the Phillip Island Nature Park Board of Management Inc:



Matthew Jackson

Chief Executive Officer (Accountable Officer)

Phillip Island

27 August 2014



Andrew Slade

Financial Controller

Phillip Island

27 August 2014



Jeff Floyd

Chair

Phillip Island Nature Park Board of Management Inc

Phillip Island

27 August 2014

Annual Report 2013-14

Appendices



Appendices

◆ Disclosure index

Legislation	Requirement	Page reference
Accountable Officer's declaration		
SD 4.2(j)	Sign off requirements	60
Charter and purpose		
FRD 22E	Objectives, functions, powers and duties	2
FRD 22E	Manner of establishment and responsible Minister	22
FRD 22E	Nature and range of services provided	2
Financial information		
FRD 22E	Operational and budgetary objectives	8
FRD 22E	Summary of the financial results	9
FRD 22E	Major changes or factors affecting performance	8
FRD 22E	Subsequent events	27 & 53
FRD 22E	Significant changes in financial position during the year	8
Governance and organisational structure		
FRD 22E & SD2.2(f)	Organisational structure	21
FRD 22E	Occupational health and safety policy	20
FRD 22E	Employment and conduct principles	25
FRD 29 & 22E	Workforce Data disclosures	20
FRD 15E	Executive officer disclosures (NOTE: Only applies to departments)	20, 47-48
Other information		
FRD 10	Disclosure index	62
FRD 25	Victorian Industry Participation Policy disclosures	27
FRD 22E	Details of consultancies in excess of \$10 000	27
FRD 22E	Details of consultancies under \$10 000	27
FRD 22E	Disclosure of government advertising expenditure	27
FRD 12A	Disclosure of major contracts	27
FRD 22E	Application and operation of <i>Freedom of Information Act</i> 1982	25
FRD 22E	Compliance with <i>Building Act</i> 1993	26
FRD 22E	Statement on National Competition Policy	26
FRD 22E	Application and operation of <i>Protected Disclosures Act</i> 2012	26
FRD 22E	Summary of environmental performance	11
FRD 22E	Statement of availability of other information	27
SD 4.5.5	Risk management compliance attestation	25
SD 4.5.5.1	Insurance attestation	25
PC 2012/02	Gifts, benefits and hospitality attestation	26
SD 4.2(g)	General information requirements	25-27
Legislation		
<i>Crown Lands (Reserves) Act</i> 1978		22
<i>Building Act</i> 1993		26
<i>Financial Management Act</i> 1994		5 & 33
<i>Freedom of Information Act</i> 1982		25
<i>Protected Disclosures Act</i> 2012		26
<i>Victorian Industry Participation Policy Act</i> 2003		27
Print and design		
FRD 30	Standard requirements for the design and print of annual reports	✓
Acronyms	FRD - Financial Reporting Direction SD – Standing Direction PC – Premier's Circular	

Appendices

Publications

In press

1. Evans, J. K., Dann, P. and Frankel, T. (in press). Variation in innate immune function during incubation, chick-rearing and moult in Little Penguins (*Eudyptula minor*). Emu
2. Dewar, M.L., Arnould, J.P.Y., Krause, L., Dann, P., Smith, S.C. (in press). Inter-Specific Variations in the Faecal Microbiota of Procellariiform Seabirds. FEMS Microbiology Ecology
3. Fuentes, M.M.P.B., Chambers, L.E., Chin, A., Dann, P., Dobbs, K., Poloczanska, E., Maisson, K., Turner, M., Pressey, R. L and Marsh, H. (in press). Adaptive management of marine mega-fauna in a changing climate. Mitigation and Adaptation Strategies for Global Change DOI: 10.1007/s11027-014-9590-3
4. Pelletier L, Chiaradia A, Kato A and Ropert-Coudert Y (in press) Fine-scale spatial age segregation in the limited foraging area of an inshore seabird species, the little penguin. Oecologia
5. Sutherland, D.R., and Bryant, G.L. (in press) Reptilian predators: the forgotten majority? In 'Carnivores of Australia: past, present and future.' (Eds. AS Glen and CR Dickman). (CSIRO Publishing)
6. Trathan, P. N., García-Borboroglu, P., Boersma, D., Bost, C-A., Crawford, R. J.M., Crossin, G.T., Cuthbert, R.J., Dann, P., Davis, L.S., De la Puente, S., Lynch, H.J., Mattern, T., Pütz, K., Seddon, P.J., Trivelpiece, W. and Wienecke, B. (in press). In the face of climate change, pollution, habitat loss and fishing remain as critical threats for penguins. Biological Conservation

2014 (Jan-June)

1. Chambers, L. E., Patterson, T., Hobday, A. J., Arnould, J. P. Y., Tuck, G., Wilcox, C. and Dann, P. (2014). Determining trends and environmental drivers from long-term marine mammal and seabird data: examples from Southern Australia. Regional Environmental Change 14 (3): DOI 10.1007/s10113-014-0634-8
2. Chiaradia A, Forero M, McInnes J and Ramirez F (2014). Searching for the True Diet of Marine Predators: Incorporating Bayesian Priors into Stable Isotope Mixing Models. PLOS ONE: Doi 10.1371/journal.pone.0092665
3. Cowling M, Kirkwood R, Boren L & Scarpaci C (2014) The effects of seal-swim activities on the New Zealand fur seal (*Arctophoca australis forsteri*) in the Bay of Plenty, New Zealand, and recommendations for a sustainable tourism industry. Marine Policy 45: 39-44
4. Dann, P., Sidhu, L., Jessop, R., Renwick, L., Healy, M., Dettmann, B., Baker, G. B. and Catchpole, T. (2014). The effects of flipper bands and injected transponders on the survival of adult Little Penguins *Eudyptula minor*. Ibis 156, 73–83. DOI: 10.1111/ibi.12122
5. Kowalczyk N D, Chiaradia A, Preston T J and Reina R D (2014). Linking dietary shifts and reproductive failure in seabirds: a stable isotope approach. Functional Ecology: DOI: 10.1111/1365-2435.12216.
6. Rendall, A., White, J., Sutherland, D.R., and Cooke, R. (2014) Camera trapping: A contemporary approach to monitoring invasive rodents in high conservation priority ecosystems. PLOS ONE 9(3), e86592.

7. Rout, T.M., Kirkwood, R., Sutherland, D.R., Murphy, S., and McCarthy, M.A. (2014) When to declare successful eradication of an invasive predator. Animal Conservation 17(2), 125–132.
8. Schumann, N., Dann, P. and Arnould, J.P.Y. (2014). The significance of north-central Bass Strait in south-eastern Australia as seabird habitat –Emu DOI.10.1071/MU13048
9. Sutherland, D. R. and Dann, P. (2014). Population trends in a substantial colony of Little Penguins: three independent measures over three decades. Biodiversity and Conservation 23:241-250. DOI: 10.1007/s10531-013-0597-y

2013

1. Bigger, S. W., Munaweera, K, Ngeh, L. N., Dann, P. and Orbell, J. D. (2013). Mathematical Model for the Sequential Pick-Up of Chemical Contaminants by Magnetic Particles. Journal of Environmental Engineering 139, 796-802.
2. Brasso R L, Drummond B E, Borrett S R, Chiaradia A, Polito M J, and Raya Rey A. (2013). Unique pattern of molt leads to low intra-individual variation in feather mercury concentrations in penguins. Environmental Toxicology and Chemistry. DOI: 10.1002/etc.2303
3. Cardilini, A. P., Weston, M. A., Nimmo, D. G., Dann, P. and Sherman, C. D. H. (2013). Surviving in sprawling suburbs: suburban environments represent high quality breeding habitat for a widespread shorebird. Landscape and Urban Planning 115, 72–80.
4. Chambers, L. E., Dann, P., Cannell, B. & Woehler, E. (2013). Climate as a driver of phenological change in southern seabirds. International Journal of Biometeorology. DOI 10.1007/s00484-013-0711-6.
5. Chiaradia A (2013). The smallest penguin faces big challenges. Book chapter in: Penguins: their world, their ways by Tui de Roy. CSIRO Publishing.
6. Cruz, J., Sutherland, D.R., Anderson, D.P., Glen, A.S., De Tores, P.J., and Leung, L.K.-P. (2013) Antipredator responses of koomal (*Trichosurus vulpecula hypoleucus*) against introduced and native predator species. Behavioral Ecology and Sociobiology 67(8), 1329-1338.
7. Dann, P. (2013). Book Chapter-17. Little Penguins (*Eudyptula minor*). In Penguins: Natural History and Conservation (Garcia-Borboroglu, P. & Boersma, D. eds.). Pp. 305-319. University of Washington Press, Seattle, USA.
8. Dann, P. and Chambers, L., E. (2013). Ecological effects of climate change on Little Penguins *Eudyptula minor* and the potential economic impact on tourism. Climate Research 58, 67-79. DOI 10.3354/cr01187
9. Dewar, M.L., Arnould, J.P.Y., Dann, P., Trathan, P., Groscolas, R. and Smith, S.C. (2013). Inter-specific variations in the gastrointestinal microbiota of penguins. Microbiology Open 2, 195–204.
10. Lees, D., Weston, M. A., Sherman, C., Maguire, G., Dann, P., Cardilini, A. P. and Tan, L. (2013). Occurrences of co-operative breeding in the Masked Lapwing *Vanellus miles*. Victorian Naturalist 130, 84-85.
11. Lees, D., Sherman, C. D. H., Maguire, G. S., Dann P., Cardilini, A. P. and Weston, M. A. (2013). Swooping in the Suburbs; Parental Defence of an Abundant Aggressive Urban Bird against Humans. Animals 3(3), 754-766. DOI: 10.3390/ani3030754

Appendices

12. MacIntosh A, Pelletier L, Chiaradia A, Kato A and Ropert-Coudert Y (2013) Temporal fractals in seabird foraging behaviour: diving through the scales of time. *Nature Scientific Reports* 3, 1884; DOI:10.1038/srep01884 (first online June 2013)
13. McIntosh, R. R., Arthur, T., Dennis, T., Berris, M., Goldsworthy, S. D., Shaughnessy, P. D. and Teixeira, C. E. P. (2013). Survival estimates for the Australian sea lion: Negative correlation of sea surface temperature with cohort survival to weaning. *Marine Mammal Science* 29, 84-108.
14. McIntosh, R. R. and Kennedy, C. W. (2013). Morphology, sex ratio and cause of death in Australian sea lion (*Neophoca cinerea*) pups. *Australian Mammalogy*, 35, 93-100.
15. Rodríguez, A., Broggi, J., Alcaide, M., Negro, J.J. and Figuerola, J. (2014) Determinants and short-term physiological consequences of PHA immune response in lesser kestrel nestlings. *Journal of Experimental Zoology Part A: Ecological Genetics and Physiology*, DOI: 10.1002/jez.1868
16. Schumann, N., Dann, P., Hoskings, A. and Arnould, J.P.Y. (2013). Optimising survey effort for burrow-nesting seabirds. *Journal of Field Ornithology* 84, 69-85.
17. Schumann, N., Dann, P. and Arnould, J.P.Y. (2013). Use of terrestrial habitats by burrow-nesting seabirds in south-eastern Australia. *Emu* 113, 133-144.
18. Taylor, A. R., Dann, P. and Arnould, J.P.Y. (2013). Timing of breeding and diet of the Black-faced Cormorant *Phalacrocorax fuscescens*. *Marine Ornithology* 41, 23-27.
19. Warneke, R. and Dann, P. (2013). Birds of Seal Rocks in northern Bass Strait: changes over forty years (1965-2005). *Victorian Naturalist* 130, 4-21.