

# Annual Report 2010–11



**Nature Park mission**

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

**Nature Park vision**

As a team, we will achieve the vision 'to be a world leader in environmental, economic and socially sustainable nature-based and ecotourism experiences' as well as to be a great place to visit and work.

**Nature Park goals**

- 1 Integrate environmental sustainability principles into all areas of our operations
- 2 Enhance and expand the delivery of education, training and research both within and outside the Nature Park
- 3 Strive to achieve long term financial security
- 4 Optimise the ways we meet the needs of visitors and our community.

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This report available at [www.penguins.org.au](http://www.penguins.org.au)

## Chair's message

In accordance with the Financial Management Act 1994, I am pleased to present this Annual Report for the year ended 30 June 2011. The Board continued to yield positive triple-bottom line outcomes through remaining strategically focussed on its environmental, community and commercial responsibilities. We were also able to successfully manage Phillip Island Nature Parks' affairs and interests for the short, medium and long term.

Despite the world economic crisis and uncertain global and national events still having a negative impact on tourism and spending, we are proud of our financial and environmental contribution to Victoria - most notably an increase in international and overall visitor and Little Penguin numbers.

International visitation comprised over 55% of our total visitors and once again we are Victoria's number one international attraction. We continued to meet our international visitors' changing needs by offering unique and quality ecotourism experiences and services.

Throughout the year we remained vigilant in our approach to promoting our commercial activities whilst ensuring our environmental and community responsibilities remained at the forefront. This is demonstrated by our total expenditure of over \$2.4 million for research, environment and education programs (plus \$1.6 million for Summerland Peninsula project). Our work included important scientific research about penguins, seals and endangered flora. Our valued collaborations with universities ensured this work was shared through scientific publications and enhanced by collaboration with PhD and Honours students.

It was a significant milestone for the State Government to complete the land buy-back program on the Summerland Peninsula in 2010. This year we progressed that vision by removing all remaining houses and redundant powerline infrastructure, whilst continuing critical rehabilitation works within this important Little Penguin and native wildlife habitat.

Considerable efforts were made this year to enhance our practices, particularly in human resources. The Board is confident that the changes introduced will further enhance our reputation as an employer, as well as strengthen its fraud prevention and procurement procedures.

We commenced two crucial strategic planning processes this year. The first is a topographical study as a prelude to a Master Plan for the Summerland Peninsula, taking into consideration the Nobbies Centre and Penguin Parade precinct. The second is a comprehensive consultation process designed to deliver a new five-year Strategic Management Plan for Phillip Island Nature Parks. This will guide our directions and initiatives from 2012-2017.

We continued to invest in key infrastructure with over \$1.9 million of capital investments being allocated, including a new boardwalk at the Penguin Parade and Wildlife Rehabilitation Centre.

We secured a new Memorandum of Understanding (MOU) with Bass Coast Shire Council which will provide our community with enhanced management of Crown Land across Phillip Island, as well as ensuring ongoing Council input and joint planning of areas of common interest. One of the outcomes of this MOU is regular monthly meetings with Council representatives and officers. Further consultation has brought us to the resolution that Council will cease operations of the Rhyll Transfer Station by June 2013. A further ten-year, post-closure rehabilitation program will then commence to secure the internationally-recognised natural values of the Rhyll Inlet area.

The new visitor centre at the Koala Conservation Centre continued to be a success educating visitors and providing quality ecotourism experiences. Churchill Island Heritage Farm grew in popularity through new visitor initiatives whilst retaining the significant values of this unique, historic attraction.

We maintained our collaborations with key agencies including Zoos Victoria, Mt Baw Baw Alpine Resort and Royal Botanic Gardens. We contributed to the community through working with local traders and organisations such as Phillip Island Tourism and Business Association and Destination Phillip Island to work together to attract more visitors and increase their stay on Phillip Island. Our Community, Environment, Education and Scientific and Research Advisory Committees supported Phillip Island Nature Parks in its operations and initiatives and we thank them for their valuable contribution.

I thank my fellow Board Members for their counsel, time, expertise and dedication. Each has played a critical role in the ongoing business and conservation needs of the organisation and ensured that our local community has remained informed and involved. On behalf of the Board, I wish to acknowledge the significant contribution made by former Board Member and Audit Committee Chair, Jason Perry, and to thank retired member Christine Wardle for her contribution. We are pleased to welcome new Board members Jeff Floyd and Ralph Booth.

The Board wishes to acknowledge the contribution made by retiring Chief Executive Officer, Mark Manteit. Mark is largely responsible for Phillip Island Nature Parks' successes over the past seven years and we express our gratitude to him. Mark's strong foundation has been well supported and further enhanced by the current Management team, led by new CEO Matthew Jackson. They and the entire team are to be congratulated for their hard work and dedication in contributing to the Nature Park's continuing success.

I, Irene Irvine, certify that Phillip Island Nature Parks has risk management processes in place consistent with the Australian Risk Management Standard AS ISO 31000-2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. Phillip Island Nature Parks' Audit Committee verifies this assurance and that the risk profile of Phillip Island Nature Parks has been critically reviewed within the last 12 months.



Dr Irene Irvine,  
Chair, Phillip Island Nature Parks Board of Management

## CEO's message

A record-breaking year for Phillip Island Nature Parks! We received record visitor numbers, whilst achieving significant environmental outcomes. We completed the removal of all remaining houses and powerline infrastructure from the Summerland Peninsula and completed our new Wildlife Rehabilitation Centre. Key revegetation initiatives resulted in the planting of over 85,000 seedlings and significant weed removal. These are just a few of this year's highlights.

It was a significant year for the Nature Park with a key focus on demonstrating the critical balance between our ecotourism and conservation activities.

Overall, total visitor numbers across our ticketed attractions increased by 8% to achieve a record-breaking result of 785,657 visitors. This is an extremely pleasing outcome with visitors to the Penguin Parade also increasing by 5%. This exceptional result was primarily driven by an overall increase of 14% in international visitation.

Our 3 Parks Pass ticket continued to be popular with a 15% increase in tickets sold. This ticket offers our visitors value and has significantly benefited visitor numbers to Churchill Island and Koala Conservation Centre. The pass also creates an increase in length of stay to Phillip Island by visitors which benefits our local community.

We achieved a credible operating surplus of \$985,831 which was a significant outcome given the current difficult economic climate.

The Nature Park continued to be the largest employer on Phillip Island and our commitment to funding key scientific research, conservation and environmental initiatives was a priority to continue to protect our natural environment.

Our restoration and revegetation initiatives continued with 4,269 hours of weed control works and 85,000 seedlings planted by our staff, volunteers and external contractors.

Our pest animal control measures continued with a total of 129 feral cats and 11 foxes being removed from within the Nature Park. We are extremely proud of the significant milestone that continued through the year with no recorded deaths of Little Penguins by foxes on the Summerland Peninsula.

The conclusion of the buyback and removal of all remaining houses and powerline infrastructure from the Summerland Peninsula is a significant achievement towards the restoration of this critical penguin habitat and ensuring the Little Penguins' ongoing survival.

In another milestone, we conducted a Penguin Population Survey and are proud to announce that there are now 32,000 Little Penguins in the Summerland Peninsula colony - an increase from 18,000 in 1985 - the future of this important penguin colony has been secured for generations to enjoy.

The completion of our new Wildlife Rehabilitation Centre will assist the Nature Park to strengthen its protection of Phillip Island's unique wildlife and specifically our Little Penguin colony in the event of any unforeseen oil spill incident.

On behalf of the staff and management team, our appreciation goes to our many sponsors, volunteers and our community who all have made considerable contributions to the conservation achievements of the Nature Park.

On a closing note, the significant achievements within this reporting period would not have been possible without the passion, dedication and commitment of our staff, management team and Board. 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

# Our profile

Just 90 minutes from Melbourne, Phillip Island Nature Parks (the Nature Park) is the renowned home of Australia's most popular natural wildlife attraction – the iconic Penguin Parade, along with a range of quality ecotourism experiences and 1,805 hectares of significant natural areas and wildlife.

We acknowledge that the Nature Park forms part of the traditional lands of the Boon Wurrung and Bunurong people.

## Manner of establishment

Created by the State Government in 1996, it is the only 'Nature Park' in Victoria. The term means that all conservation areas are managed under the *Crown Land (Reserves) Act 1978*.

## Relevant Ministers

The Nature Park is managed by a Board of Management that was established under the *Crown Land (Reserves) Act 1978*. The responsible Ministers during the 2010-11 reporting period were Gavin Jennings MLC, Minister for Environment and Climate Change for the period from 1 July 2010 to 1 December 2010 and Ryan Smith MP, Minister for Environment and Climate Change for the period from 2 December 2010 to 30 June 2011.

## Nature and range of services

The Nature Park is part of the UNESCO Western Port Biosphere Reserve and encompasses wildlife sanctuaries, wetlands, woodlands and breathtaking coastlines which are protected and managed by quality environmental and research programs. Most of the native vegetation on Phillip Island is contained within the Nature Park and this habitat supports significant populations of Little Penguins, Hooded Plovers, Short-tailed Shearwaters, and other international migratory bird species and mammals such as koalas, possums, wallabies, Australian Fur Seals and bats.

The Nature Park protects a range of plant communities that includes over 330 native species. Sections of the Nature Park also fall within or are adjacent to wetlands protected under the inter-governmental Ramsar Convention as wetlands of international importance.

The Nature Park is dedicated to ecotourism and wildlife management and features the highest number of Advanced Ecotourism accredited types of tours of any tourism operator in Victoria.

Self-funded by revenue generated from our four main attractions (Penguin Parade, Koala Conservation Centre, Churchill Island Heritage Farm and Nobbies Centre), we welcomed 785,657 paying visitors in 2010-11. A further 299,312 people visited the Nobbies Centre where entry is free, bringing the total number of visitors to 1,084,969. These visitors came from both around Australia (45%) and from international destinations (55%).

Profits generated by our main attractions are reinvested into conservation, research, ecotourism, environmental and educational initiatives within the Nature Park. We are also proud to be Phillip Island's largest employer with a diverse team that is committed to the success of the organisation.

## Our mission

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

## Our vision

As a team, we will achieve our vision to be a 'world leader in environmental, economic and socially sustainable nature-based and ecotourism experiences' as well as to be a great place to visit and work.

## Nature Park goals

1. Integrate environmentally sustainable principles into all areas of our operations.
2. Enhance and expand the delivery of education, training and research both within and outside the Nature Park.
3. Strive to achieve long term financial security.
4. Optimise the ways we meet the needs of visitors and our community.

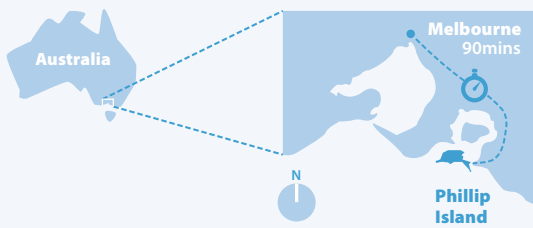
## Nature Park values

- **Communication** – open communication is a two-way street
- **Respect** – honouring the values of others
- **Teamwork** – camaraderie and support
- **Leadership** – approachable, empowering, supportive
- **Opportunity** – growth for all
- **Balance** – life and work – environment and economy
- **Sustainability** – commitment to conservation and the future
- **Recognition** – appreciation for effort
- **Innovation** – think smart
- **Achievement** – pride in accomplishment
- **Enjoyment** – like what you do
- **Integrity** – action speaks louder than words
- **Transparency** – what you see is what you get

# Our location



For a more detailed map refer to map LEGL./10-005 on the [www.penguins.org.au](http://www.penguins.org.au) website



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

# Management

## Our Board of Management

### 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.

Our Board meets at least 10 times a year to establish policies and strategic directions.

There were 11 Board meetings held in 2010–11.

**Dr Irene Irvine** (Chair) is a highly experienced senior executive and a company director widely respected for her strategic and innovative thinking. Prior to establishing her own consultancy she held a series of senior management positions in the education, not for profit, government and commercial sectors.

Chair from 5 September 2009.

**Stella Axarlis AM** has extensive Board and business experience and is a strong advocate for organisational excellence underpinned by good governance. In 2006 the Stella Axarlis Australian School-Based Apprenticeship Award of the Year was named in the National Training Awards to recognise her contribution to Vocational Education and Training.

Board Member from 17 July 2003.

**Jeff Floyd** is the General Manager, Strategy and Risk, at the Victorian Managed Insurance Authority and an Adjunct Professor at Victoria University. He has had a distinguished career as a CEO in both the public and private sector.

Board Member from 21 July 2010.

**Kirsty Mawer** has experience with business turnarounds, mergers, risk management and governance. She also has 12 years Board experience for not-for-profit, community and industry boards.

Board Member from 5 September 2009.

**Ralph Booth** is the Chairperson of Lake Mountain and Baw Baw Alpine Resorts and also a member of the Alpine Resorts Coordinating Council. He has founded several corporate advisory businesses and held a senior executive position for 13 years with the Department of Treasury and Finance.

Board Member from 21 July 2010.

**Dr Catherin Bull** brings expertise in landscape, architecture, design and planning to the Board. She is Emeritus Professor of Landscape Architecture at The University of Melbourne.

Board Member from 5 September 2009.

**Jason Perry** is a chartered accountant and partner of Ernst & Young accounting and advisory firm. He has extensive experience in corporate finance, audit, due diligence and consulting related projects.

Resigned as Board Member and Audit and Risk Committee Chair in October 2010.

## Board Member attendance

- Dr Irene Irvine attended 11 of 11;
- Stella Axarlis attended 11 of 11;
- Jeff Floyd attended 10 of 11 (appointed July 2010);
- Kirsty Mawer attended 11 of 11;
- Ralph Booth attended 9 of 11 (appointed July 2010);
- Jason Perry attended 0 of 2 (resigned Oct 2010),
- Dr Catherin Bull attended 9 of 11.

There are seven committees that provide advice to the Board. (Each committee is chaired by a current or former member of the Board. These committees are listed in detail on page 67.)



## Our strategy

Our strategic plan guides our commitment to integrate environmental sustainability principles into all areas of our operations.

### Nature and range of services

The Nature Park's overarching objective is to become a world leader in sustainable park management. In all that we do, we aim to be environmentally sustainable, financially viable and socially responsible.

The Nature Park's Strategic Plan 2006-2011 is also a key document for our future and was developed with extensive consultation with Board Members, management and staff.

Our Management Plan 2006-2011 which was achieved with extensive community and stakeholder consultation, describes 386 environmental actions across all aspects of the Nature Park and is available at [www.penguins.org.au](http://www.penguins.org.au)

### Strategic goals

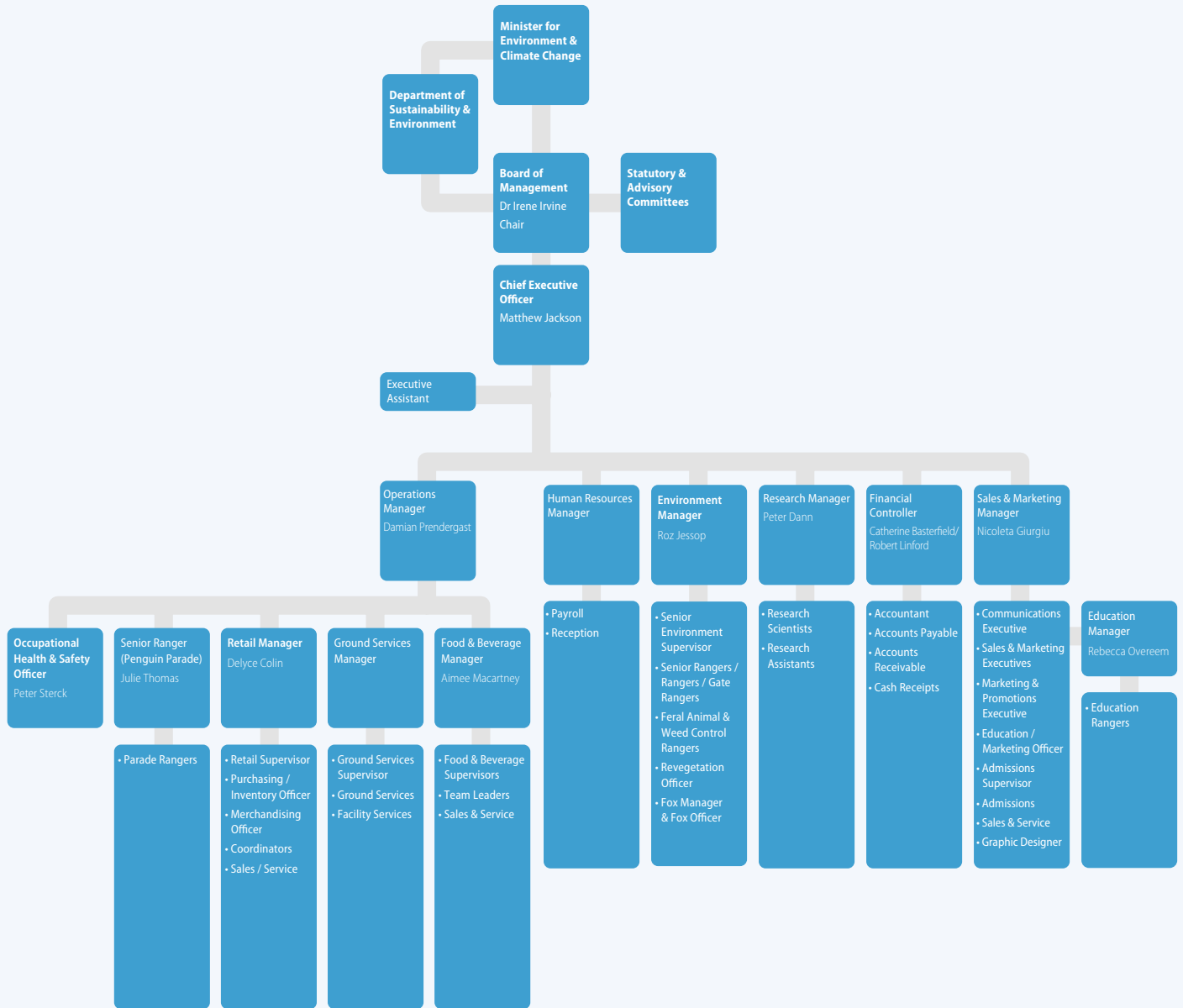
1. Integrate environmental sustainability principles into all areas of our operations.
2. Enhance and expand the delivery of education, training and research both within and outside the Nature Park.
3. Strive to achieve long-term sustainability.
4. Optimise the ways we meet the needs of visitors and our community.

# Our achievements

## Snapshot of achievements against our Key Performance Indicators

Action area	Objective	Measure	Performance Indicator	Target	Result
<b>Conservation</b>	Return the natural values to key environmentally significant sites on Phillip Island	Removal of existing infrastructure and revegetation within Summerland Peninsula	<ul style="list-style-type: none"> <li>&gt; Number of houses removed</li> <li>&gt; Completion of penguin distribution map</li> <li>&gt; Numbers of trees planted</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 8/16 houses removed</li> <li>&gt; Penguin distribution map completed</li> <li>&gt; 25,000 trees planted</li> </ul>	<ul style="list-style-type: none"> <li>&gt; 15 houses removed</li> <li>&gt; Penguin distribution map completed</li> <li>&gt; 40,000 trees planted</li> </ul>
<b>Conservation</b>	Protect our natural environment through directed management and conservation based research	Number of research papers published	Number of research papers published	2.5 research papers published by each scientist within the research department	Achieved
<b>Conservation</b>	Protect the Little Penguin and Phillip Island flora and fauna from animal and human threats	Number of Little Penguins killed by foxes on the Summerland Peninsula	Number of Little Penguins killed	No penguins killed	Achieved
<b>Visitors</b>	To maintain total admission numbers	Number of visitors	Total number of visitors (including school visitors)	699,950	785,657
<b>Visitors</b>	To increase 3 Parks Pass visitors to increase length of stay on Phillip Island	Number of visitors	Number of 3 Parks Passes sold	75,528	86,693
<b>People</b>	Continue to create opportunities for learning and development	Attendance at learning and development courses	Number of employees who completed internal and external training	<ul style="list-style-type: none"> <li>&gt; 100% internal training</li> <li>&gt; Support external training</li> </ul>	100% internal and 9% external achieved
<b>Financial stability</b>	Continue to grow our cash surplus to secure our financial future	Increase in cash surplus from previous financial year	Total cash balance greater than \$5.3 million	> \$5.3 million	\$7.5 million
<b>Risk Management</b>	Ensure our organisational risks are managed effectively and transparently	Risk Management framework updated and implemented across all areas of the Nature Park	Risk Management framework updated and implemented across all areas	Risk Management framework updated and implemented	Achieved

# Organisational structure





# Efficient business

## Summary of financial results

Despite the difficult economic conditions, we exceeded many of our business goals and targets including net operating surplus, control of wages and overheads and completion of many infrastructure capital projects. We also targeted key visitor markets and increased yields.

## Operating position

The Nature Park's operating revenue increased by 12.3% on the previous year. Gross profit from operations also increased by 12.0%.

The operating surplus was \$985,831 (2010:\$856,081), which includes all abnormal and extraordinary items. The Nature Park received \$1,888,212 in grants from Government authorities during 2011 (2010:\$468,843). The increase predominantly relates to operational funding from the Victorian Government for the revegetation of the Summerland Peninsula. The Nature Park incurred \$1,568,908 in expenses regarding the Summerland Peninsula project during the year.

The areas of research and environment remain strongly supported with a total expenditure of \$3,645,881 (2010: \$2,092,836).

## Significant changes in financial position

The Nature Park received \$878,015 in contributed capital during the financial year.

During the financial year an independent valuation of Crown Land, buildings, boardwalks and car parks was performed. Revaluation increments and decrements have been recognised as a result of the fair value assessment resulting in an increase of \$19,735,186 to non-current assets.

There were no other significant changes in our operating position.

## Commercial operations

### Revenue

The Nature Park has four main revenue generating attractions: Penguin Parade, Koala Conservation Centre, Churchill Island Heritage Farm and Nobbies Centre. Revenue is generated from these attractions through visitor entry fees, souvenir and food sales, photography and educational programs. The Nobbies Centre has free entry and revenue is generated through its café, gift shop and tours.

### Expenses

The Nature Park's most significant expense is employee benefits as it continues to be the largest employer on Phillip Island.

### Retail

The Nature Park's retail operations consist of sales and service in retail outlets at the Penguin Parade, Koala Conservation Centre, Churchill Island and Nobbies Centre. The Penguin Parade also continues to manage an online store and 'Greenscreen' photography operation.

All retail outlets across the Nature Park performed strongly in 2010-11 returning a 9% increase on budget and 20% increase on last year's result as well as improved margins.

New product lines, improved in-store visuals and themes were a major contributing factor to the Penguin Parade's results, as was improved customer service and staff product knowledge, resulting in a better retail experience for all visitors.

Churchill Island showed a strong growth on last year. The implementation of product lines complimenting the activities on the Island resulted in a 60% increase in sales against last year.

The Koala Conservation retail store showed continued improvement over the past year achieving an increase in sales during its second year in the new visitor centre.

## Food and beverage

Our Food and Beverage operations continued to improve in terms of revenue, visitor experience and yield. The Boardwalk Café at the Penguin Parade promoted meal deals and improved its customer service levels. A significant increase in value-added meals and group bookings contributed to the increase in yield. A highlight of the year was the ongoing support from our key suppliers, in particular Schweppes (beverages) and Nestlé Peters (ice cream). All suppliers strongly supported the Food and Beverage team and assisted us with promotional strategies.

The Nobbies Centre café and function centre continued to grow during its fourth year of operation. Continued menu improvements and changes to services resulted in revenue, yield and contribution margin improvements. The Nobbies function centre saw a steady increase in comparison to the previous year and hosted several weddings and corporate events. The functions team took part in several trade shows and increased exposure for the centre and its facilities.

## Admissions and bookings

Our Admissions and Bookings team continued to focus on improving visitor service, up-selling tours and packages and product knowledge and training. This approach led to a significant increase in pre-paid ticket sales, particularly from our premium tour product range.

A key achievement was an 15% increase in 3 Parks Pass sales which increased visitor length of stay across Nature Park attractions and Phillip Island. Online ticket sales increased from 15% - 22% during the year.

## Abridged financial statements



## Abridged financial statements

## Comprehensive operating statement for the financial year ended 30 June 2011

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	30,June	30,June	30,June	30,June	30,June
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating revenue</b>					
Sales revenue	6,401	5,462	5,771	5,680	4,942
Admissions revenue	9,635	8,813	8,461	8,062	7,527
<b>Total operating revenue</b>	<b>16,036</b>	<b>14,275</b>	<b>14,232</b>	<b>13,742</b>	<b>12,469</b>
Cost of sales	(2,555)	(2,235)	(2,330)	2,304	2,121
<b>Gross profit</b>	<b>13,481</b>	<b>12,040</b>	<b>11,902</b>	<b>11,438</b>	<b>10,348</b>
<b>Other income</b>					
Interest	305	164	187	251	253
Other operating income	3,209	1,669	777	2,308	2,219
<b>Total other income</b>	<b>3,514</b>	<b>1,833</b>	<b>964</b>	<b>2,559</b>	<b>2,472</b>
<b>Operating expenditure</b>					
Employee benefits	(8,945)	(7,680)	(7,250)	(7,505)	(6,847)
Materials and supplies	(834)	(849)	(866)	(1,109)	(981)
Depreciation	(1,739)	(1,757)	(1,721)	(1,671)	(1,213)
Other operating expenses	(4,499)	(2,518)	(2,617)	(3,360)	(3,227)
<b>Total operating expenses from continuing activities</b>	<b>(16,017)</b>	<b>(12,804)</b>	<b>(12,454)</b>	<b>(13,646)</b>	<b>(12,268)</b>
Net gain/(loss) on non-financial assets	8	(213)	5	-	-
<b>Total other economic flows included in net result</b>	<b>8</b>	<b>(213)</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Net result for the year</b>	<b>986</b>	<b>856</b>	<b>417</b>	<b>351</b>	<b>552</b>
Increase/(decrease) in asset revaluation reserve	19,735	-	(1,702)	4,007	-
<b>Total comprehensive income for the year</b>	<b>20,721</b>	<b>856</b>	<b>(1,285)</b>	<b>4,358</b>	<b>552</b>

## Abridged financial statements

## Balance sheet as at 30 June 2011

	2011	2010	2009	2008	2007
	30,June	30,June	30,June	30,June	30,June
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>					
Cash assets	7,501	5,317	4,340	4,926	799
Other financial assets	-	-	-	-	3,051
Receivables	822	640	357	361	734
Other current assets	145	49	64	59	56
Inventory	701	583	839	697	758
<b>Total current assets</b>	<b>9,169</b>	<b>6,589</b>	<b>5,600</b>	<b>6,043</b>	<b>5,398</b>
<b>Non-current assets</b>					
Property, Plant & Equipment	70,903	50,576	50,346	51,621	48,101
<b>Total non-current assets</b>	<b>70,903</b>	<b>50,576</b>	<b>50,346</b>	<b>51,621</b>	<b>48,101</b>
<b>Total assets</b>	<b>80,072</b>	<b>57,165</b>	<b>55,946</b>	<b>57,664</b>	<b>53,499</b>
<b>Current liabilities</b>					
Payables	1,819	1,054	806	1,025	1,262
Employee entitlements	1,433	860	768	1,022	923
<b>Total current liabilities</b>	<b>3,252</b>	<b>1,914</b>	<b>1,574</b>	<b>2,047</b>	<b>2,185</b>
<b>Non-current liabilities</b>					
Employee entitlements	171	201	178	138	193
Total non-current liabilities	171	201	178	138	193
<b>Total liabilities</b>	<b>3,423</b>	<b>2,115</b>	<b>1,752</b>	<b>2,185</b>	<b>2,378</b>
<b>Net assets</b>	<b>76,649</b>	<b>55,050</b>	<b>54,194</b>	<b>55,479</b>	<b>51,121</b>
<b>Equity</b>					
Contributed capital	29,760	28,881	28,881	28,881	28,881
Accumulated surplus	8,451	7,466	6,610	6,193	5,842
Asset revaluation reserve	38,438	18,703	18,703	20,405	16,398
<b>Total equity</b>	<b>76,649</b>	<b>55,050</b>	<b>54,194</b>	<b>55,479</b>	<b>51,121</b>



Sustainable business



## Sustainable business

The Nature Park is guided by the principles of sustainability in all of its activities and aims to create a positive and sustainable environment for all staff and visitors.

In January, we established a Sustainability Committee with wide staff representation. The Committee's purpose is to implement plans and actions to reduce our carbon footprint, to conserve and enhance the Nature Park's environment for current and future generations whilst achieving a balanced environmental, economic and social outcome. The committee meets bi-monthly and reports to the Board and staff on a regular basis.

### Sustainable future

The Nature Park has an important role in demonstrating and educating visitors about climate change challenges. However, given the size of the Nature Park's operations, high levels of resources are required to maintain each site including power, water, temperature-control and waste management. Our challenge is to build environmentally sustainable practices across all Nature Park operations and reduce our carbon footprint as much as possible. The initial focus of the Board and Management has been in the areas of energy, water, paper consumption and waste generation.

We are committed to:

- Reducing our carbon footprint by 10% by 30 June 2012.
- Sustainable procurement.
- Greater resource efficiency.
- Staff training in sustainability practices.
- Reducing landfill waste.
- Inspiring people to take conservation action.
- Enhancing and protecting the flora, fauna and landscapes within our care.
- Striving to minimise and mitigate the impact and adverse effects of our activities.
- Encouraging innovation and best practice sustainable design for infrastructure.

### Sustainable actions

**We implemented several resource-saving measures during the year. We:**

- Conducted a parkwide lighting audit in collaboration with Victorian Employers' Chamber of Commerce and Industry (VECCI). Findings were then implemented.
- Conducted a parkwide waste audit. This involved collecting all waste generated across the Nature Park in a 24 hour period. We were able to categorise the waste into seven categories (cardboard, mixed soiled paper, glass, recyclables, compostable organics, non-compostable organics and residual waste). A detailed waste strategy is now being developed based on the findings.
- Initiated a 10% offset of green power at our two largest consumption sites.

**We maintained sustainable infrastructure through:**

- Solar energy infrastructure at the Nobbies site and solar hot water at all sites.
- Water tanks at all sites with total capacity of over half a million litres.
- Sourcing of sustainable packaging.
- Ensuring new capital works and purchases consider environmentally sustainable principles.
- Encouraging staff to reduce environmental impacts.
- De-lamping and installation of low emission globes.

**We continued our commitment to promoting a sustainable community through:**

- Sponsoring local events and clubs.
- Supporting and sponsoring local community groups including Landcare and Barbara Martin Bush Bank community indigenous plant nursery.
- Maintaining walking and cycling tracks, car parks, and toilet and picnic facilities at non fee-paying areas across Phillip Island for residents and visitors.
- Working with the community for a sustainable future.
- Maintaining support for the Mornington Peninsula and Western Port Biosphere project.
- Continuing our involvement in local planning applications and planning hearings which had the potential to impact Nature Park values and the natural environment of Phillip Island.

### Environmental performance

The data represented below was collected through energy retailer billing information and represents all sites. The Nature Park has two employees accredited in carbon accounting and is continuing to develop systems to collect data more comprehensively.

Resource	2010-11
Electricity (Greenhouse Gas tonnes)	1,670.60
LPG (litres)	34,482.46
Fuel (litres)	89,448.08
Waste to landfill (m3)	1,645.50
Water (litres)	11,230.00
Paper (reams)	590.00
<b>Total Greenhouse Gas (tonnes CO2)</b>	<b>2,806.90</b>

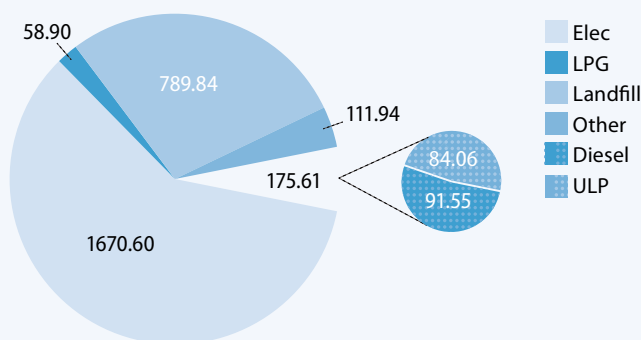


Fig 1 CO2-e Emissions (tonnes) 2010-11

Ratio indicator	CO2-e	Total No. visitors*	CO2-e / visitor (kg)
CO2-e per visitor	2,806.90	1,084,969	2.59

\*Represents visitors who have entered our attractions only and not recreational visitors to Nature Park facilities and managed land.

### Business risk assessment

We are committed to identifying, monitoring and assessing the risks under our control to ensure the safety of both staff and visitors. Nature Park staff members undertake risk management inspections and address issues as they are identified. We also conduct independent risk management studies at three-year intervals.

This results in a comprehensive, proactive maintenance and repairs program for all areas of operation including machinery, coastal boardwalks and the physical structure of our visitor centres.

During 2010-11 the Nature Park engaged Deloitte Touche Tohmatsu to perform a fraud and risk review. The results of the review did not identify any significant internal control deficiencies.

During the year the Nature Park received restitution of \$75,000 of misappropriated funds, resulting from misconduct from a former employee.

The Nature Park's Fraud Risk Control Plan 2011-12 was developed which will strengthen internal controls in order to further reduce the likelihood of fraud and theft and/or to enhance the ability to detect fraud and theft.

### Whistleblowers Protection Act

In 2010-11, there was one disclosure under the Act, Deloitte Touche Tohmatsu reviewed our Act and found it to be fully compliant. See page 68 for more details and the full Act can be found in this report on page 72 or online at [www.penguins.org.au](http://www.penguins.org.au)

#### In 2010-11 we:

- Ensured health and safety responsibilities, policies and procedures were followed by all staff. A Safety Systems Manual was used by staff to actively monitor risks across all precincts.
- Updated the Emergency Management plans for all precincts and provided updates to staff to ensure compliance to standards.
- Updated the Risk Management Framework to meet legislative changes.

### Capital works

Capital works were undertaken to improve safety, provide amenities and protect natural resources. Major capital works additions for 2010-11 were \$1,951,498 including the following:

- Wildlife Rehabilitation Centre. This new centre is an important addition and can cater for up to 1,500 Little Penguins in the event of an oil spill.
- Boardwalk extension at the Penguin Parade to improve visitor experience and provide access for all.
- New section of boardwalk at the Nobbies.

# Conservation

This was a milestone year as the buy-back of the Summerland was completed and we recorded no Little Penguins killed by foxes – ensuring the future protection of Little Penguins on the Summerland Peninsula.

## Summerland Estate buyback completion

The State Government's commitment to reclaiming the Summerland Peninsula for Little Penguins was realised this year. The buyback and removal of houses was completed along with a concentrated effort on habitat rehabilitation.

The Nature Park was allocated \$3.4 million by the Victorian State Government in the 2010-11 budget for the rehabilitation of the Summerland Peninsula into penguin habitat over three years. All objectives for 2010-11 were completed including planting of 40,000 plants.

### Major activities included:

- Completion of a Vegetation Management Plan for the Summerland Peninsula by external consultants.
- Completion of a fire assessment study by external consultants to advise on fire behavior and strategies to protect Little Penguins and built assets
- Independent Risk Assessment of the rock platforms and cliffs within the Summerland Peninsula to provide advice towards conservation and visitor safety.
- Completion of an assessment of the potential effectiveness of wet firebreaks to protect built assets and penguin habitat by external consultants.
- Completion of a pollen analysis of sediments in and around Swan Lake by Melbourne University to provide information on vegetation at the time of European settlement.
- Completion of a baseline population survey of Little Penguins on the Summerland Peninsula.
- Removal of 15 of the 16 remaining houses by specialist asbestos contractors.
- Improvement of the visual landscape by removal of all low-voltage powerlines and powerpoles which have been a source of fires in recent years. High-voltage powerlines were also removed.
- A total of 4,269 hours of weed control was undertaken by contractors (2,750 hours) and Nature Park staff (1,519 hours). Works focussed on removing grassy and woody weeds.
- 40,000 plants of local provenance were grown in our nursery and planted throughout the estate.
- Over 523 artificial penguin homes were installed by volunteer groups to encourage penguin breeding.

## Habitat revegetation

Revegetation projects were carried out at over 20 sites throughout the Nature Park over the last 12 months. Major sites include the Summerland Estate and Penguin Parade and works continued at Fishers Wetland and Ventnor Koala Reserve.

In consultation with Bass Coast Shire Council, an agreement was reached to cease the operations of the Rhyll Transfer station by 30 June 2013. A further 10-year, Post Closure and After Care Management Plan was developed that meets the Environmental Protection Authority publication 'Best Practice Environmental Management - Siting, Design, Operation and Rehabilitation of Landfills, September 2010' to ensure that this significant environmental site is rehabilitated for its natural values. We provided support to Council relating to the revegetation strategy of this site, but no planting was carried out during this financial year.

### Other activities included:

- Employing a revegetation team of four with a major focus on the Summerland Peninsula Rehabilitation Project.
- Planting of over 85,000 indigenous seedlings (including over 75,000 propagated in our own nursery) and collection of over 15kg of indigenous seed from 20 plant species.
- Propagating seed or plant material from seven rare or threatened plant species for future revegetation projects and biodiversity enhancement.

Much of our revegetation work was undertaken by volunteers.

A Native Vegetation Management Plan for Conservation Hill was completed by external consultants. This plan builds on recent botanical surveys completed by the Nature Park to increase our knowledge of local environmental assets and provides a five-year works plan for the area.

## Wetlands and waterways

The eradication of weeds such as Bridal Creeper, Asparagus Fern and Kikuyu and fencing at the Ventnor Koala Reserve were facilitated by grants from Melbourne Water and Bush Guardians (DSE). This area is part of the upper catchment for an arm of Saltwater Creek.

The eradication of Tall Wheat-grass at Fishers Wetland near Churchill Island continued throughout the year and was followed by planting of wetland and floodplain indigenous grassy vegetation species. This work was supported by a grant from Melbourne Water. Rabbit control was undertaken to assist revegetation works funded by a Commonwealth 'Caring for our Country' grant in partnership with the Port Phillip and the Western Port Catchment Management Authority.

Water quality monitoring of waterways continued monthly. Information will be shared with Melbourne Water to help establish the overall health of waterways in the south-east region.

Weed control, particularly Kikuyu at Swan and Green Lake has continued to help reduce the spread of this very insidious species. Natural regeneration and planting of indigenous species will assist in increasing the biodiversity at these sites.

### Pest plants

The number of hours spent on weed control was the highest since our records began.

A total of 2,654 hours (1,041 hours more than last year) was spent on weed control. This figure excludes contract spraying associated with the implementation of grants. Much of this increase can be attributed to extra staff and improved equipment.

The capacity to control woody weeds increased enormously with capital purchases and a contractor crew dedicated to manual removal.

We experienced an end to the drought with a wet summer, followed by a wet, cool, windy autumn. This caused the postponement of autumn prescribed burns and also caused difficulty treating Kikuyu in Short-tailed Shearwater habitat before it went dormant.

The main boxthorn projects were at Berry's Beach, and along the south-eastern coastline where very large bushes were mechanically removed by a local contractor. Follow-up, assisted by volunteers, continued at Forrest Caves, Swan Bay, Green Lake and Swan Lake.

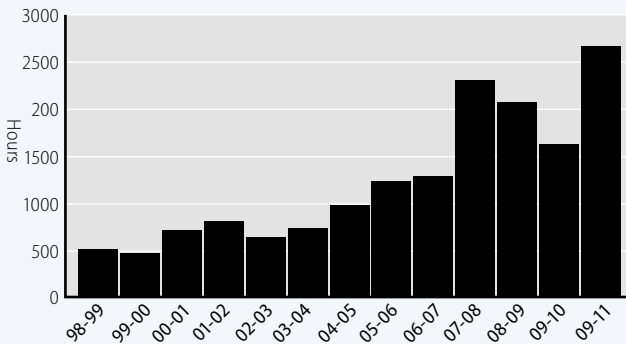


Fig 2 Weed control by hours

Boxthorn, Gorse, Sea Spurge, and Bridal Creeper control works continued, for the Western Port Ramsar Project, from Rhyll Inlet to Churchill Island, and the adjacent Churchill Marine National Park. Contractors worked on woody weed and vine removal at Observation Point and have been spreading the Bridal Creeper rust fungus to reduce biomass and seeding of this highly invasive species.

Work on Gorse at Sunderland Bay commenced as part of a regional vegetation management plan launched in September. The Gorse between Pyramid Rock and Sunderland Bay was treated through the Good Neighbour Grant (DSE) and careful Gorse removal commenced at the Crimson Berry plant site.

Other weed control works targeted Couch Grass, blackberry, agapanthus, senecio, Fat Hen, Rough Oxe-tongue, smokeweed, stinkwort, deadly nightshade, polygala, pittosporum, pampas and Umbrella Sedge (a new and emerging weed) and the continued removal of pine trees from Newhaven Swamp.

### Pest animals

Another triumph was that once again, no Little Penguin deaths due to foxes were recorded on Summerland Peninsula during the year.

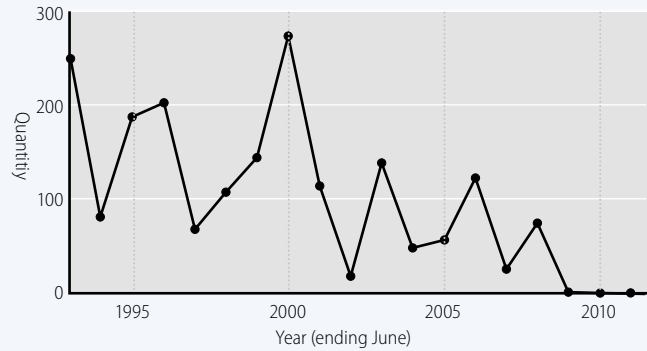


Fig 3 Number of Little Penguins killed by foxes on Summerland Peninsula

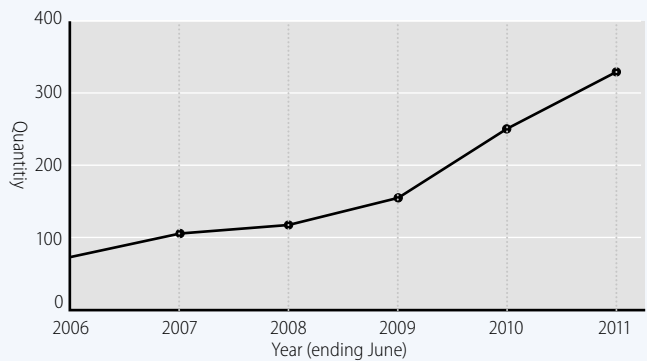


Fig 4 Number of Masked Lapwings seen across Phillip Island Foxes

No fox-killed penguins were recorded again this year on the Summerland Peninsula. Other species benefiting from the fox eradication program include ground-nesting birds such as Masked Lapwings and Hooded Plovers.

Baiting on private and public land continued and was supplemented by trapping, spotlighting and den fumigation. A total of 11 foxes were culled this year. An active den discovered near Rhyll in November resulted in the removal of five fox pups and it is estimated that six foxes were destroyed in baiting programs over the year.

One of the challenges with the project is detecting the few remaining foxes that are covering large distances in the search for other foxes. These foxes have survived to date by avoiding our control techniques and are extremely wary of human presence. It is hoped that by utilising new technology such as night vision equipment and DNA analysis these foxes can be located and culled.

# Conservation

A partnership with the Tasmanian Fox Eradication Program allows members to visit Phillip Island to maintain the training regime of their scent dogs whilst assisting us to detect areas of fox activity and collect fox scats for DNA analysis. This is considered an important technique in mapping the distribution of foxes on Phillip Island and by analysing trace DNA on scats we can obtain a better estimate of the remaining fox population.

## Feral and roaming cats

The success of our fox control program is resulting in an increase in feral cat activity in the short term. A total of 129 feral and roaming cats were removed from the Nature Park this year with a focus on protecting breeding areas of Little Penguins, Short-tailed Shearwaters and Hooded Plovers. This was supplemented by a project funded by a Commonwealth 'Caring for Our Country' grant to protect migratory shorebirds which live along the Western Port Ramsar coastline.

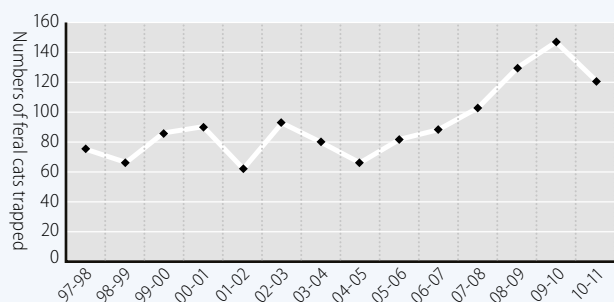


Fig 5 Number of feral cats trapped

This large number of feral cats trapped highlights the importance of addressing the issue of responsible cat ownership on Phillip Island. Abandoned and stray cats contribute to the influx of these predators into native habitat areas. This work continues with Bass Coast Shire Council, Landcare and the Phillip Island community to reduce feral cats on Phillip Island.

## Rabbits

Rabbit numbers were high this year due to the abundance of grass and herbs available to them as a result of the wet unseasonable summer and autumn. A broad scale rabbit control program utilising Pindone™ oat bait was not possible due to the available feed. Rabbit control concentrated on harbour removal, warren fumigation and destruction. Observation Point and the northern shore of Phillip Island (a Ramsar site) were targeted with the support of a Commonwealth 'Caring for Our Country' grant.

## Other pest animals

In conjunction with the Bass Coast Shire Council Mosquito Program, the Nature Park again used 'VectoBac®' as a biological control of mosquito larvae (when in plague numbers) at Newhaven and Churchill Island salt marshes.

## Phillip Island Nature Parks legislation

The Nature Park's legislation, *Crown Land Reserves (Phillip Island Nature Park) Regulations 2010*, was released in May 2010. Much of this new legislation is analogous to the Nature Park's previous regulations, with protection and conservation of wildlife, habitat and key environmental areas as the principal focus.

Rangers continued to operate under the existing system in conjunction with Bass Coast Shire Council and are working to be authorised to issue Infringement Notices under the provision of this new legislation. A total of seven Infringement Notices was issued - all were breaches of dog regulations. Rangers spent hundreds of hours patrolling beaches and public land, speaking to people primarily about dogs at large in public places and the reasoning behind our legislation.

## Emergency management

No emergency incidents were reported this year. Staff attended Shoreline Clean Up and Oil Spill Emergency management training and ran a two-day oiled wildlife-training day for 20 people.

Nature Park staff attended Western Port Oil Spill and Emergency Management meetings, Bass Coast Shire Council Community Safety Committee meetings and the Bass Coast Shire Municipal Fire Management Planning Committee.

## Wildlife rehabilitation

### We treat Little Penguins and other wildlife in our Wildlife Rehabilitation Centre.

This year, 131 Little Penguins were admitted to the centre. This was up from 90 in the previous year and is consistent with the long-term yearly average of 133 admissions.

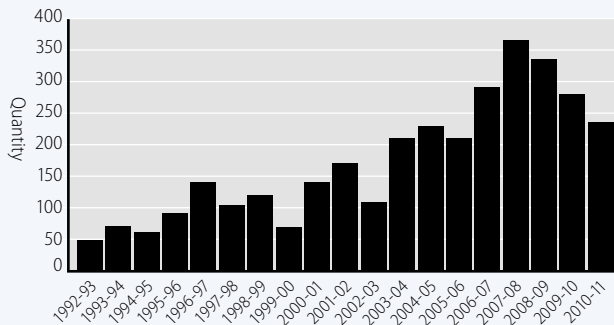


Fig 6 Number of Little Penguins in care

Malnourishment on land and at sea continued to be the biggest cause of Little Penguins coming into care. This is often an indicator of additional illness or internal problems that are not initially apparent, including internal parasites and eye problems. This category also includes moulters and young, fledgling birds found on beaches around Phillip Island and surrounds. Many of these birds are not waterproof and are often exhausted and in poor body condition. If rescued promptly, these birds have a good chance of survival.

Consistent with other years, cuts, abrasions and broken limbs were the second highest cause of Little Penguins being brought into care. This category included four birds with suspected propeller wounds. Two of these were euthanased due to severe infection and extent of wounds, the other two underwent surgery - one was successfully released the other remained in care.

### Other seabirds and wildlife

During the April – May 2011 fledging of juvenile Short-tailed Shearwaters we treated only 31 individuals. This was significantly lower than previous years and consistent with very low numbers of birds fledging from Phillip Island colonies. Many were in poor body condition with 17 birds released and a remaining 14 either died in care or were euthanased due to significant injuries.

Two seabirds were brought into the centre with confirmed ingested fishing hooks, a Silver Gull and a Pacific Gull. Both underwent surgery at Newhaven Vet clinic to remove the hooks, recovered well and were released shortly after.

234 animals other than Little Penguins were admitted to the Wildlife Rehabilitation Centre. This is down on last year but still above the long-term average of 170.

Four Crested Terns were bought into care with broken wings and legs; unfortunately due to the extent of their injuries all were euthanased.

Road accidents continued to be a major factor of injured wildlife. Swamp Wallabies and possums appeared to be the most at risk of being injured and not killed outright. During the year, ten Swamp Wallabies were brought to the rehabilitation centre after being hit by traffic or being found injured beside the island's roads. The majority of these were euthanased due to severe injuries. One viable joey was transferred to a specialist wildlife shelter.

Numerous other animals were brought to the hospital due to road trauma.

An unusually high number of micro bats were admitted to the Centre. Many were disturbed from their roosts during renovations or had become trapped in vacant holiday houses.

A number of orphaned ducklings was also brought into the rehabilitation centre and were released.

The rescue/transport volunteers continue to provide excellent support to the rehabilitation staff by providing after hours rescue and advice to the public on Phillip Island. Without them we could not provide a 24-hour service.

Additional volunteers were recruited and a training day was held in conjunction with Wildlife Victoria. Our research team took part in training of DSE & Parks Victoria staff as part of our commitment as the official seabird rehabilitation centre in Victoria during 2010-11.

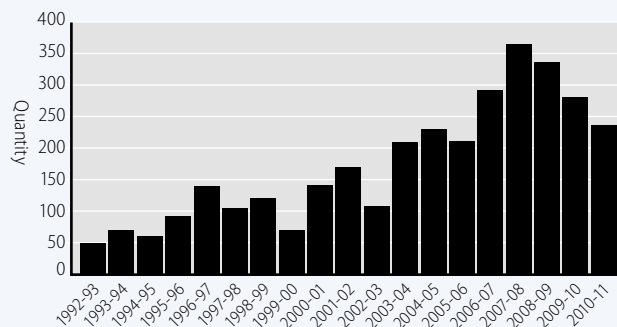


Fig 7 Number of animals other than Little Penguins treated.

# Conservation

## Significant species

### Hooded Plovers

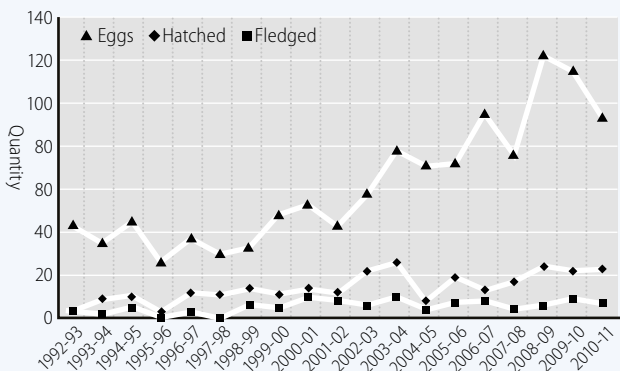
**Staff and volunteers spent many hours protecting Hooded Plovers on Phillip Island’s beaches.**

The trend of high egg production but low fledging success continued. During the 2010-11 breeding season, there were 93 eggs producing 23 chicks of which seven fledged. There were 38 nests (33 failed), by 20 pairs. This compares with 12 pairs at seven beaches in 2002 when monitoring began. The fledged per clutch was 0.18 - marginally lower than the 19-year average of 0.21. Chicks fledged mainly from the south-west corner of Phillip Island. Investigation into the possible causes began with the use of remote cameras at a few nests throughout the season.

Nature Park staff and Hooded Plover Watch volunteers were involved in four Hooded Plover and gull counts, along with nest protection and public education. Nest records and photos were completed for all nesting attempts and rangers erected temporary beach closures, nest progress signage and chick shelters as required. Nine chicks were banded and leg-flagged and six of the seven fledged chicks were banded.

Staff worked closely with Bass Coast Shire Council to protect a nest at Grossard Point which resulted in the Council allocating funds for Hooded Plover protection in their coming budget. Staff also assisted in the attempted capture of an oiled Hooded Plover on the Bass Coast.

Staff and volunteers attended the Victorian statewide Hooded Plover workshop in April. The Nature Park gave a presentation and a PhD student outlined her project on Hooded Plover feeding ecology on Phillip Island.



**Fig 8 Number of Hooded Plover eggs: Hatched and fledged**

### Crested Terns

Prior to 1994, Crested Terns on Phillip Island only bred at Seal Rocks. In 1966, 40 nests were recorded at Seal Rocks, but the colony had declined to only six nests by 1978. The tern colony at the Nobbies first appeared in the 1994-95 breeding season when 900 nests were recorded. Many new recruits, as shown by band recoveries, came from the main Victorian colony at Mud Island in Port Phillip Bay. This year, breeding commenced by mid October and 3,371 tern chicks were banded by the end of January in collaboration with the Victorian Wader Study Group. This year, the colony was estimated at 4,800 pairs, the same as last year. Crested Terns are listed under Japan-Australia Migratory Bird Agreement (JAMBA) and the Marine Provisions of the *Environment Protection and Biodiversity Conservation Act*.

### Koala conservation

The Nature Park managed 35 koalas within the protected habitat of the Koala Conservation Centre. Five koalas born in the centre reached independence during the year. Three confirmed births during 2010-11 put us on track to record our 100th birth at the Koala Conservation Centre since it was established in 1991. Twenty reports of wild koalas were received from the public throughout the year (compared with 16 and 18 reports from the previous two years). One of these koalas had been killed by a car. Phillip Island’s wild koala population (outside the Centre) is currently estimated to be less than 50 individuals.

### Grants

Successful grant applications were made to:

- Commonwealth Government ‘Caring for Our Country’ (Regional Investment Fund) through the Port Phillip and Western Port Catchment Management Authority: ‘Ramsar Protection Plan’ - \$262,620 over three years (incl GST). Partners include Parks Victoria, Mornington Peninsula Shire Council, City of Casey and the UNESCO Western Port Biosphere Foundation.
- Melbourne Water \$13,728 (incl GST) which is new funding for the rehabilitation of four wetlands. The grant will be used to employ contractors to control larger weed infestations, particularly Bridal Creeper which is a nationally listed weed species.
- Coastal Risk Mitigation Grant (DSE) \$58,300 (excl GST) to assist with re-alignment of the Nobbies boardwalk and \$20,800 (excl GST) towards the costs of construction of a staircase at Right Point on the Summerland Peninsula to improve public safety.
- Good Neighbour grant (DSE) to assist with Gorse control on Phillip Island’s South Coast.



# Research

Research is a crucial component of our management through integrated programs focussing on current threats to key species, future challenges and frontier science.

The research team is committed to disseminating results to the wider community through public presentations, seminars and talks at conferences, published scientific papers, books and articles and engagement with the Education and Environment teams and the media. Much of the research conducted at the Nature Park relates to local environmental issues. A full listing of these for 2010-11 is provided in the Publications List (Refer p. 34).

We maintained an international profile in Little Penguin and Australian Fur Seal research through the year. Formal links with universities were highlighted by the co-supervision of 18 higher degree and honours students during the year and the honorary academic positions of research scientists at four universities.

The main research directions for the year included:

- Population size of Little Penguins on Phillip Island.
- Foraging behavior of Little Penguins.
- Climate change and Little Penguins.
- Development of technology for cleaning oiled seabirds.
- Foraging of Australian Fur Seals.
- Management of Hooded Plovers.

The Nature Park Board was assisted by a Scientific and Research Advisory Committee which included external scientists who advised on scientific issues and research directions. The committee met three times during the year to review current projects, research programs and budgets for the coming year. We also acknowledge the generous support of major research sponsors including BHP Billiton, Toyota and the Penguin Foundation and the funding of a technical position by the Office of the Environmental Monitor (DSE).

## Research highlights

- 7<sup>th</sup> International Penguin Conference, Boston.
- New insights into the foraging ecology of Little Penguins.
- Comprehensive study of disease in Australian Fur Seals.
- Highest number of Little Penguins crossing the beach at the Penguin Parade since records began.

## 7<sup>th</sup> International Penguin Conference, Boston

Held in Boston in September, the research team made a remarkable contribution in terms of spoken papers including one plenary lecture, chairing two sessions, authorship on a further nine papers and five posters. In addition, a review of the conservation status of Little Penguins worldwide was presented as a talk but also as a chapter in a book to be produced on the world's penguins. At the meeting, the first gathering of the Global Penguin Society was held, an organisation that is committed to protecting penguins throughout the world and Dr Peter Dann was invited to be a founding committee member.

## Ecology of Little Penguins

Research into Little Penguin ecology focussed on their breeding biology, foraging activity (satellite & GPS tracking, diving and trip duration monitoring) and diet, their predicted response to climate change, changes in population size, and monitoring the impact of channel deepening in Port Phillip Bay. Particular attention was directed at several management issues at the Parade such as penguin access to breeding areas, lighting at the Parade and the mortality of penguins on roads. The latter is now the most important human-related cause of penguin deaths on Summerland Peninsula and will be the target of particular research attention in the coming year.

## Farewell Penguin Study Group founder

Pauline Reilly, the founder of the Penguin Study Group in 1968, passed away in April 2011. Pauline was a remarkable, energetic woman whose boundless enthusiasm and drive influenced ornithology in Australia for over 50 years. She began the Penguin Study Group fieldwork in 1968 and it has continued for 43 years under the auspices of the Nature Park's' research department until the present day. She began the study at the request of the manager of the Parade, Bert West who wanted to be able to answer the many questions that visitors asked at the nightly Parade. It is quite probable that the number of penguins would be greatly diminished today without Pauline's pioneering work and identification of the serious threats facing penguins at the time.

# Research

## Breeding ecology of Little Penguins

In 2010-11, the average annual number of penguins crossing the beach at the Penguin Parade (784) was the highest since nightly counting started 34 years ago in 1977 (Figure 9). This figure indicates that increasing numbers of penguins are breeding at the Penguin Parade (and on the Summerland Estate) and is a reflection of the greater than average breeding success in the past year. In years of plentiful food, more crossings per bird occur as they come ashore every night to feed chicks and may breed more than once in the season.

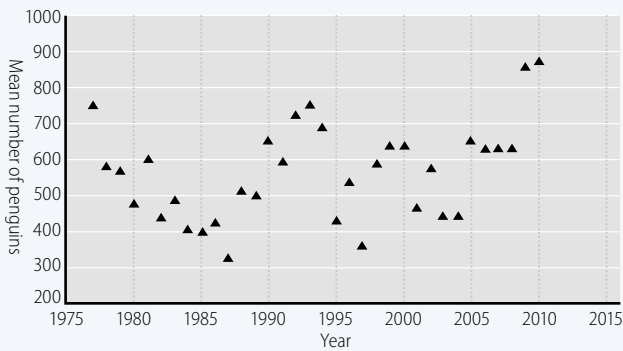


Figure 9. The annual mean numbers of penguins crossing the Penguin Parade beach between 1977 and 2011

The seasonal pattern of penguin attendance has remained predictable over the past three years with higher numbers in spring/summer (breeding season) and lower numbers in autumn/winter (non-breeding season) - Figure 10.

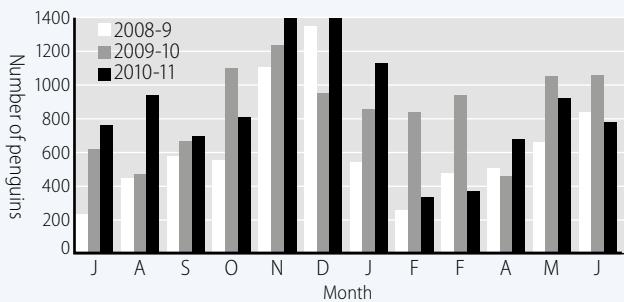


Figure 10. Monthly mean numbers of penguins at the Penguin Parade 2008–2011

Breeding success was examined at six study sites around the Summerland Peninsula and 1.28 chicks fledged per pair (Figure 11) which was above the long-term average of 0.95. The average laying date of the first clutch was 16 September (15 September in 2010) and a fortnight earlier than the long-term average. Chicks weighed 1,033g (1,028g last year) on average, just prior to fledging, which is higher than the average of 919g for the last 43 years.

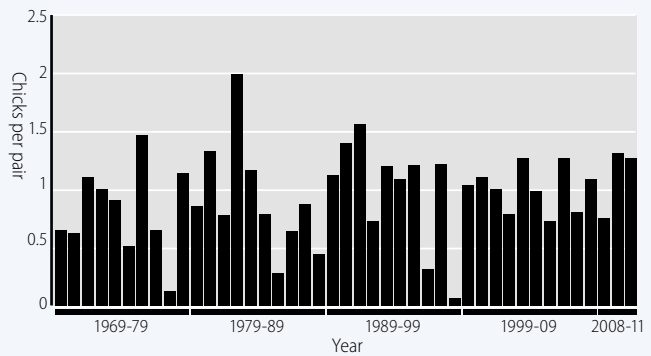


Figure 11. Annual breeding success, measured in terms of chicks raised per pair of penguins between 1968–2011

## Penguin foraging ecology

### Unequal parenting – not a trivial matter

A study published this year showed that some individual penguins work harder than their partners to feed their chicks. This was a surprise, since it was previously thought both parents contributed equally to raising chicks. In fact, over-achieving individuals pairing with under-achievers appear to be the norm (75% of the cases). The inequality in parenting effort is most likely because one parent is actually better at foraging for food, perhaps they are fitter or simply put more effort in. Interestingly, gender and age seem to make no difference. The importance of high-performing parents is particularly evident in non-favourable years - when food is hard to find. In those years, if one parent is able to do more in raising the offspring, then all involved have more chance of surviving. Finding such individual qualities in animals contributes to understanding the reproduction and survival resilience of species to changes in their environment.

### Foraging trips – balancing short and long trips

This year we finalised a study which revealed that Little Penguins alternate between long and short trips when chick feeding. Penguins face important time and energy limitations when caring for themselves and their offspring. Parents should favour survival over breeding; so they first invest in their own maintenance before provisioning for their young. Previously, long feeding trips were observed in years of bad food supply. Surprisingly, we found that Little Penguins can alternate between two consecutive long and several short foraging trips all through chick rearing, a strategy rarely observed for inshore marine birds. Short trips allowed for frequent provisioning of chicks (and larger meals). Long trips were taken when parent body mass was low so they could regain condition. The pattern of long and short trips was repeated over all years regardless of whether feeding conditions were good or bad. Thus, Little Penguin foraging is more sophisticated than previously thought.

## Looking at diet through DNA analysis

Understanding the penguins' diet is an important part of monitoring the health of the population. We have been investigating less invasive ways to determine their diet. An emerging approach is to amplify DNA bar-coding markers from faeces to determine prey species. We trialed this technique on captive penguins in our Wildlife Rehabilitation Centre; penguins were fed a known diet of constant proportions. We then compared the diet with what the DNA in their faeces told us they had eaten. We detected all fish given to the penguins, showing that the technique can be useful for future diet studies.

### Fine scale tracking of Little Penguins

Thanks to advances in technology, we can now track Little Penguins at high resolution. We compared satellite transmitters and GPS loggers combined with time depth recorders (TDR) to study their foraging area. A distinct advantage of the combined GPS and TDR was that it provided simultaneous information on the penguin's three-dimensional space usage, which is essential in conservation applications for Little Penguins with limited foraging ranges.

### Monitoring penguin weights

We continued to contribute penguin weight data to the Bay-wide Little Penguin monitoring program using remote weighbridge technology at the Penguin Parade. This is one of several programs monitoring the health of the environment during and for two years following the Port Phillip Bay Channel Deepening Project. During late 2010, the daily average weight of the penguins was generally above the long-term average weight 1,187g. The weights of males and females followed a similar trend, confirming the generally good condition of the penguins throughout this period.

One likely explanation for the relative increase in weights during this time is that there was an increase in food availability compared to previous years. High breeding success in the study site adjacent to the weighing device confirms the relatively high food availability at this time. During February-March, daily average weight was erratic due to few penguins crossing the weighing device and these penguins being at different stages of their annual breeding cycle. Following moult, weights fluctuated around the long-term average, suggesting average food availability between April-June.

# Research

## Population size and trends

The distribution of Little Penguins on Phillip Island has contracted substantially over the last century and is now restricted almost entirely to the Summerland Peninsula. Trends in penguin numbers on the peninsula have been assessed near the periphery of the colony and suggest two-fold fluctuations since 1977.

Due to the large number of penguins and area they spread over the peninsula, deriving a reliable estimate of penguin numbers is surprisingly difficult. Not all penguins come on land on a given day and the percentage that remain at sea changes throughout the year.

The number of penguins on the Summerland Peninsula has been estimated by conducting surveys for active burrows at 148 plots during the breeding season. Surveys have been repeated in eight years between 1984 and 2011. Corrections to these counts are then made to allow for penguins absent from their burrows on the survey days and for any active burrows missed in the count. The project uses demographic modelling of marked penguins at six or seven permanent study sites to estimate penguin numbers and burrow occupancy rates at each site, and then compares this to how many penguins would have been estimated from active burrow counts alone.

During the 2010-11 breeding season we estimated the number of breeding penguins on Phillip Island to be  $32,000 \pm 5,000$ . Estimates from the mid 1980s suggest numbers have more than doubled since. The distribution of penguins over the peninsula, measured as part of the active burrow surveys, has expanded inland and into the Summerland Estate area since the estate buy-back commenced.

Estimates are being compared with other measures of population change such as counts of penguins crossing the parade on Summerland beach and demographic trends in survival and recruitment. Regulating factors associated with the observed population trends are also being compared to identify candidate drivers of population change. Such factors may include marine food resources, predation by introduced carnivores, altered reproductive output, and various management actions aimed at conserving the population. One research papers describing the method is in review, and two papers, one describing the trends in population size through time and a second comparing the results with a habitat specific model, are in progress.

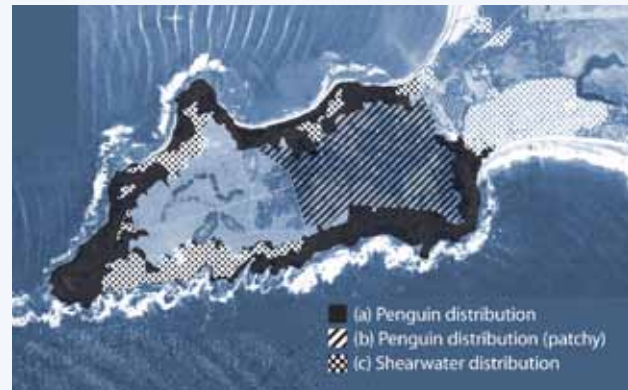


Figure 12. **Breeding areas of penguins and shearwaters on the Summerland Peninsula 2011. Penguins (a, b); shearwaters (c);**

## Penguins and artificial burrows

Little Penguins on Phillip Island first occupied artificial nesting boxes in 1969 when boxes were installed in the Penguin Parade area. Since 1986, artificial burrows have been placed in the Summerland Estate to provide shelter and breeding sites for birds displaced by the removal of houses as part of the Estate buy-back. Uptake of these boxes has been monitored since 1986 to determine burrow occupancy rates and to compare breeding success with natural burrows.

Artificial burrows were rapidly occupied with over 60% of boxes supporting resident penguins within the first year and most of those showed breeding activity. This rose to around 98% after only three years. Comparisons are being made between natural and artificial burrows in terms of occupancy rates, breeding success, penguin fidelity to burrows, burrow longevity and the transition rates between burrows. Such comparisons will reveal the effectiveness of artificial burrows as a management tool for conserving breeding sites of Little Penguins.

### Ecology of other seabirds and waders

The Nature Park also conducted research on the ecologies of gulls, terns and plovers that have resident populations on Phillip Island. Research continues on two species of particular concern on the island, Crested Terns and Hooded Plovers. A new PhD student, commenced a long-awaited study of the foraging ecology of Hooded Plover. It is hoped this study may explain why some beaches are used much more by Hooded Plovers than others and if food availability determines when breeding starts each year. During the year a scientific knowledge and potential threat review for seabirds and marine mammals in Western Port was conducted as part of a wider study of the ecology of the bay being undertaken by Melbourne Water.

### Marine ecology of Australian Fur Seals

Research on Australian Fur Seals continued in the areas of foraging activity, diet, entanglement and diseases and was funded through Phillip Island Nature Parks' operating budget. Two key papers were published on Australian Fur Seal population recovery and genetic diversity following the over-harvesting in the 18th and 19th centuries, and two studies on fur seal diet and response to ecotourism have been completed.

### Tracking project – juveniles

This was the seventh and final year of the winter, juvenile Australian Fur Seal foraging study. In July 2010, we deployed six satellite trackers at Seal Rocks, bringing the total juveniles tracked so far to 39 from Seal Rocks and 19 from Lady Julia Percy Island. The seals' movements this year were followed for periods of 65-69 days. All six devices were later recovered.

Diet monitoring continued at Seal Rocks with samples collected at near monthly intervals.

### Entanglement rates

Entanglement monitoring continued at Seal Rocks during 2010-11. Five entangled seals were seen and material was removed from three of these. Since 1997, we have seen 306 individually identifiable seals at Seal Rocks that were entangled in marine debris and we removed debris from 142 (46%) of these. The incidence of entanglement appears to follow the declining trend of recent years from an average of three seals per visit to Seal Rocks to less than two seals per visit. This is largely due to a drop in the prevalence of trawl-net entanglements. In 2010-11, the debris seen around seals was fishing line (2 cases), string (2) and trawl net (1).

### Disease research

Four papers were submitted on Australian Fur Seal disease research, conducted in collaboration with Melbourne Zoo and others, during the year. These studies greatly enhance our knowledge of diseases in the seals and our ability to recognise and moderate the effects of disease outbreaks in their population.

### Animal experimentation ethics committee

The Committee met three times during the year. One new project was approved on Short-tailed Shearwaters. Eleven previously approved projects continued through the year. The Committee conducted inspections of rehabilitation facilities at the Penguin Parade and Koala Conservation Centre.

### Honours and postgraduate research

An integral part of our strategy of continuing high quality research and maintaining a reputation as a research institute is to develop strong links with tertiary institutions and to supervise honours and postgraduate students. We were successful in attracting students from a variety of universities. See page 37 for a full listing.

# Marketing

Revenue generated through our ecotourism activities goes toward management of the Nature Park's land and wildlife.

We are proud to report record visitor numbers at all our attractions with a total of 1,084,969 visitors.

Our marketing team focussed on increasing paying visitor numbers to Phillip Island, selling tours and packages to maximise yield, developing new products, implementing promotional campaigns and increasing education and online bookings.

In 2010-11, ticketed Nature Park visitation increased by 8% to 785,657 and yield increased by 2%. Nature Park visitation consisted of 45% domestic and 55% international visitors.

We also worked very closely with other organisations such as Tourism Victoria, Destination Phillip Island, Phillip Island Tourism and Business Association and Bass Coast Shire Council to increase tourism for the benefit of the region.

We were finalists in the 2010 Victorian Tourism Award Major Tourist Attraction category.

## Domestic marketing

**Our domestic marketing activities focussed on:**

- Achieving an audience circulation of 50 million and a value of \$6 million through our national PR and media program. The Nature Park featured in 16 major travel and leisure TV shows, all major Metro newspapers, 12 major interstate media and numerous features in other media outlets. The highlight of the year was launching 'Penguin Island', a world class BBC, ABC, National Geographic and Arte France documentary about the life of the Little Penguin on Phillip Island.
- Promoting the 3 Parks Pass as the preferred ticket type to increase awareness, length of stay on Phillip Island and visitor yields. Sales of our 3 Parks Passes increased by 15%, from 75,528 to 86,693 passes sold this year.
- Providing new viewing opportunities for visitors across our attractions and building our ecotourism brand. We achieved significant increases in premium tour capacity throughout the year and developed new and exciting Ranger-guided tours such as Family Penguin Tour, Penguin Island Tour and Ranger for a day. New 'Virtual Ranger in your pocket' 3 Parks Pass Audio Guided Tours in four languages were developed.
- Fully integrated major sales and marketing promotions which included Major Winter promotion with Moto GP Circuit on Phillip Island, School Holidays promotions, Major summer promotion in partnership with Peregrine Adventures, Penguin Month celebrating 80 years of the first Penguin Parade, Easter 3 Parks Pass promotion and ongoing website promotions.
- Development of new event concepts at Churchill Island - 'Dads and Lads', 'Dads and Daughters' and continuing with the Easter Fun Festival and Garden Lovers Festival as a great value for families events.
- Development of a new Local Pass as an affordable option for Bass Coast Shire residents to enjoy all Nature Park attractions.
- Building and enhancing relationships with local accommodation providers, Bass Coast Shire Visitor Information Centres and Federation Square and collaborating with them on cross promotions.

## International marketing

The highlight of the year was hosting Oprah Winfrey's 100 guests whilst in Victoria and having coverage of the Penguin Parade and the Nobbies on two episodes of the Oprah show broadcasted in 150 countries.

**Other international marketing activities focussed on:**

- Increasing visitation from eastern markets and maintaining our status as the leading attraction in Victoria for the China market. Appointment of Chinese representation based in Shanghai.
- Introducing trade marketing initiatives – Chinese New Year promotion, Penguins and Snow package in partnership with Mt Baw Baw, Nature Crew promotion for both Eastern and Western markets, major promotions with various airlines such as China Southern, China Eastern, Air Asia, Emirates and Qatar. We also initiated and developed ongoing promotional campaigns with key wholesalers and retail agents.
- Improving our product knowledge in key western markets by focussing on new penguin viewing options. This resulted in sales increases across all of our premium tours and several ranger-guided tours.
- Partnerships with Melbourne Convention and Visitor Bureau and selected International Tour Operators resulted in a substantial increase in the incentive and conference market coming from Asia.
- Strong representation at major international sales missions organised by Tourism Australia and Tourism Victoria.
- Forging strong relationships with international wholesalers, key tour operators and day tour companies. New packages were developed to include the 3 Park Passes and overnight stay on Phillip Island.
- Strong representation at Australian Tourism Exchange in Sydney. New and targeted collateral was produced in appropriate languages and customised itineraries were developed to target eastern and western hemisphere buyers.
- Launching new tours and products – Conservation Volunteers Australia package, Volunteer Package with overnight stay on the island, Penguin Island Tour, Best of Phillip Island.

# Education

Our Education Team utilises the diverse range of ecosystems located within the Nature Park to deliver a variety of ranger-guided activities for school students, international visitors and the public.

Every activity and resource produced by the team aims to develop a greater understanding of the natural environment through exploration, investigation and hands-on activities.

Educational ranger talks increased this year with 22,162 visitors and students participating in education programs such as Little Penguin Investigations, Rockpool Rambles, Koala Capers and Churchill Island Historical tours.

A total of 29,014 students visited the Nature Park, with 67% of these students attending the Penguin Parade.

We implemented internal training sessions for staff including penguin and wildlife information and cross-cultural training.

## Award winning programs

The Education Team had a very successful year, winning National and State awards in the significant areas of education, environmental protection and heritage interpretation. We were proud to receive the following awards:

- Victorian Coastal Councils Award for Excellence in Environmental Education for the 'Coastal Ambassadors' Year 9 camp.
- Interpretation Australia Bronze Award for Excellence in Interpretation for the Churchill Island 'Historic Farm Ranger Talk.'
- Finalist for Victorian Coastal Councils Award for Excellence in Environmental Education for the 'Project Penguin Homes.'

Partnerships with local kindergartens and schools included both excursions to the Nature Park as well as incursions by education rangers in their curriculum. Local students also assisted education rangers with the filming of two stories for television including Channel 10 'Totally Wild'.

The team expanded their expertise to incorporate Teacher Professional Development. Sessions included mathematics, bushland ecology, wetland ecology and geography. Education rangers held sessions at the Education Show, local schools and conferences including the Geography Teachers Association of Victoria Conference, Australian Council for Health, Physical Education and Recreation Conference and the Science Teachers Association of Victoria Conference.

The Lewin Education Centre (Singapore) sponsored an Education Ranger to visit their school and teach 500 students about Little Penguins and the pressure that humans put on their environment. The trip demonstrated our programs for the Singapore curriculum and how we can attract more visitors from the Singapore school market.

In conjunction with the Marketing team, we undertook the 'World's Biggest Penguin Burrow' day at Federation Square including an environmental grant. Over 80 schools applied, and local school San Remo Primary won the \$5,000 grant to assist the school in reaching their conservation goals.

The Easter, September and Summer School Holiday programs saw approximately 2,000 visitors enjoy Rockpool Spotlights, Koala Prowls and 'Arty and Crafty' activities. The Education Team was also involved in several festivals including 'The Easter Fun Festival' and 'The Garden Lovers Festival'.

## Community education

Education staff were involved in a number of community events including the Phillip Island Nature Parks Community Open Day, Penguin Foundation Member's Day, 'Kids are Family Festival', Woolamai Surf Life Saving Club Nippers Environmental Training and School's National Tree Day.

Over the past year, 14 Year 10 students from schools in the region have undertaken Work Experience with our team.

Rangers participated in the Newhaven College Careers Expo where students ranging from Year 9–12 discussed career paths and opportunities with us. Education and research staff participated in an ocean awareness seminar for Wonthaggi Secondary College and rangers were also interviewed by Community Radio Station 3BBR FM.

We hosted the Department of Education and Early Childhood Development (DEECD) Strategic Partners Regional Network Meeting in May. The two day workshop included guest speakers and a visit to Cowes Primary School, a local five star Resource Smart AuSSI Vic school.

Our Reconciliation Action Program (RAP) Committee members attended the Zoos Victoria RAP launch which highlighted Zoos Victoria's efforts to protect, celebrate and share Aboriginal culture. The Nature Park hosted 12 Aboriginal students from Wonthaggi Secondary College, engaging them in local Boon Wurrong and Bunurong history.

We thank ExxonMobil for their generous and ongoing financial support to promote the Australian Fur Seal Teaching and Learning Resource Package. We thank the DEECD for funding our 'Wild Island' Program. We also thank Coastcare, Victoria Community Grants Program for funding to assist the Coastal Ambassadors Program.

# Education

## Coastal Ambassadors program turns ten

Coastal Ambassadors celebrated its 10th birthday this year. The successful program saw 83 Year Nine students from 14 schools across Victoria participate in activities such as surfing while learning about the fragile coastal environment through our education, research and environment teams.

The Coastal Ambassadors Teachers Professional Development camp was held over three days during the September school holidays. Education rangers demonstrated the different methods used in order to engage Year Nine students with their environment.

The Coastal Ambassadors Reunion took place in October. Students showcased the hard work they had undertaken for the environment. Amazing projects included building penguin boxes, teaching primary school students and raising money for the Penguin Foundation.

## Eco tours and programs

The Nature Park continued to provide a range of interpretive services and programs to welcome visitors and interpret our natural and cultural values. A total of 33,368 visitors including school students attended ranger-guided eco tours across our four precincts.

These tours include the 'Ultimate Penguin Tour', 'Penguin Parade Eco Tour', 'Penguin Skybox' and 'Private Penguin Parade Experience' and others, which provided visitors with unique ranger-led experiences and a greater understanding of the Nature Park and its environment and conservation.

The team was busy over the summer period designing two new tours for the general public. The 'Feathers, Flippers and Families' tour was run during the summer and Easter School Holidays and showcased the new boardwalk. This ranger-led tour incorporated indigenous culture, Short-tailed Shearwater and Little Penguin biology as well as the rehabilitation of the Penguin Parade area.

The 'Making Penguin Island' Tour commenced in February and immerses Penguin Parade visitors into the world of the Little Penguin as portrayed in the 'Penguin Island' documentary. Participants will visit sites from the documentary and learn about the research methods that helped produce the amazing footage and data.

## Chisholm Institute

The Nature Park continued to work collaboratively and strategically with Chisholm Institute of TAFE.

We continued a Memorandum of Understanding and commenced the first pilot project of the unique Post Graduate Certificate in Ecotourism developed by both parties with external students and Nature Park staff.



## Our team

Our strength lies in our team. We are leaders in ecotourism best practice and deliver exceptional customer service to our visitors and stakeholders.

The Board acknowledges the vast diversity in skills and significant contribution that the Nature Park staff make to the environment and the whole of Phillip Island including tourism, accommodation, local businesses and volunteering.

### Workforce data

The Nature Park's workforce profile:

Staff	2010-11	2009-10
Executive Officers	5	4
Senior Managers	5	7
Supervisors	10	9
Administration	14	15
Commercial	115	117
Field	40	33
<b>Total</b>	<b>189</b>	<b>185</b>
Male	81	71
Female	108	114
<b>Total</b>	<b>189</b>	<b>185</b>

### Employment and conduct principles

The Nature Park had 189 employees at 30 June and continued to be the largest employer on Phillip Island.

The annual turnover of employees for 2010-11 was 16% compared to 22% for the previous year (excluding seasonal staff).

Staff induction is an ongoing and critical program for the Nature Park and the program was redeveloped this year with a focus on employee rights and responsibilities. A further priority was the delivery of Code of Conduct training to all staff in early 2011. Human Resources policies were updated to support people management and ongoing governance.

### Staff training

We are pleased to report that 100% of staff completed training last year. All staff attended Whistleblower & Code of Conduct Training. Our ongoing commitment to staff training saw many staff undertaking tertiary and further training to improve their skills and contribution to our organisation. This included the following:

- Certificate IV Tourism
- Diploma Marketing
- Conflict Management
- Chainsaw Safety
- First Aid
- OH&S
- Hospitality
- Fire Training Whistleblower & Code of Conduct Training

### Conferences

Nature Park managers and staff attended and made presentations at a variety of national and international conferences and seminars during the year. Research and environment staff presented papers at several forums and our Education team attended specialised conferences and educational forums to promote Nature Park programs.

## Friends and community

Friends and volunteers contributed hundreds of hours to Nature Park programs this year.

During 2010-11 there were over 1,000 volunteer days spent in the Nature Park. Below are some significant volunteer activities:

- The Victorian Wader Study Group (VWSG) undertook studies of resident and migratory shorebirds at Rhyll and Crested Terns at the Nobbies.
- Penguin Study Group Volunteers monitored penguins monthly.
- Toyota, National Australia Bank and KPMG employees undertook seven habitat restoration days with the Nature Park.
- Bird counts were undertaken by volunteers including members of Westernport Bird Observation and Conservation (WESBOC) and the Victorian Wader Study Group on key species including Cape Barren Geese, international waders, Hooded Plovers, gulls and wetland birds.
- The volunteer Wildlife Rescue and Transport Group provided 24 hour rescue and transport to the Nature Park's Wildlife Rehabilitation Centre. Volunteers and wildlife shelter trainees assisted with day-to-day activities.
- Friends of Koalas spent hundreds of hours assisting with monthly habitat days and koala counts.
- International Student Volunteers projects constituted eight weeks of plant propagation, weed control, revegetation and habitat rehabilitation.
- Friends of Churchill Island Society volunteers contributed to restoration projects, gardening, tree planting, signage and ongoing conservation and promotion of Churchill Island.
- Churchill Island Guides wore period costumes and provided information to visitors. They also helped protect the historic collection from theft and damage.
- Tertiary Work Placement students from Holmesglen TAFE, Chisholm TAFE, Latrobe University, Monash University and Deakin University assisted the Nature Park's environmental programs. They assisted with cat trapping, nursery works, weed control, seed collection and planting.
- Activities and Events Program volunteers assisted with school holiday activities programs.
- Coast Action Groups contributed to education programs and assisted with extensive seedling planting, erosion control, wildlife habitat restoration and conservation works across Phillip Island.
- Local schools including San Remo Primary School and Newhaven College participated in revegetation and National Tree Day activities. Many other schools and colleges participated in revegetation, weeding and plant propagation, seed collection and beach cleaning activities.
- A total of 23 joint working bees, were held with Coast Action Groups (Sunderland Bay/Surf Beach, Smiths Beach, West Woolamai), Friends of the Koalas and Friends of Churchill Island.
- Valuable feedback was received from the Environment, Education, Community and Scientific advisory committees which assisted the Board and Nature Park managers.

### Community inclusiveness

#### The Nature Parks supported:

- Bass Coast Landcare sponsored projects and donated \$27,000.
- Barbara Martin Bushbank through provision of a venue and services. The Bushbank produced thousands of indigenous plants and seedlings for revegetation projects across Phillip Island.
- Woolamai Surf Lifesaving Club, which provided life saving services at Cape Woolamai beach during the summer months (payment of fees to Surf Life Saving Victoria - \$16,000).
- Phillip Island Tourism and Business Association and Destination Phillip Island to bring more visitors to the region.
- Visiting school groups.
- Sponsorship of key community events including Channel Challenge and Cowes Classic.
- Local businesses, contractors and suppliers to provide economic benefit.
- Local community sporting groups.
- South Gippsland Bass Coast Local Learning and Employment Network with engaging students in school and career pathways through programs such as 'Math's Matters to Little Penguin', 'Try a Trade Days' and the 'Inspiring Young Women' dinners.
- Placements of 20 work experience students and four Duke of Edinburgh students.
- Visits by 12 Aboriginal students from Wonthaggi Secondary College.

## Friends and community

### Community open day

To celebrate 80 years of the Penguin Parade, the inaugural Community Open Day was held in March. The day allowed local residents to visit the Nature Park free of charge and to learn more about what we do and how they can be involved.

### Community engagement

In 2010-11 the Nature Park engaged a Community and Stakeholder Engagement Officer to further develop and improve community relations.

### Cultural diversity

We welcome visitors from around the world and cater for them with publications and audio information in up to 11 languages. Our signage uses symbols and we acknowledge cultural celebrations and beliefs such as Chinese New Year and various religious observances.

### Gender inclusiveness

We employ more women (57%) than men in our organisation which is spread across each department and our team. Women are strongly represented at management level (seven out of ten) and also at Board level led by Board Chair Dr Irene Irvine.

### Young people

We provide special information and programs for young people including events, education programs, work experience and publications.

### Indigenous affairs

The Nature Park acknowledges the Boon Wurrung and Bunurong people on which the Nature Park lies. We are proud to have completed and signed off our Reconciliation Action Plan during the year.

### MOU with Bass Coast Shire Council

The Nature Park Board entered into a Memorandum of Understanding with Bass Coast Shire Council. This was a significant milestone that had not been formally recognised since the last MOU in 2000.

Phillip Island Nature Parks Chair of the Board and Bass Coast Shire Council Mayor meet monthly to discuss issues on a strategic level and both CEOs meet regularly for collaborative decision making on relevant issues.

There are many areas where both organisations recognise working together to achieve better efficiencies and outcomes for the local community and the environment in:

- Improved community consultation and public participation in the planning associated with conservation and public land management on Phillip Island.
- Better facilities and appropriate access across Phillip Island conservation and land management strategies and precincts (e.g. both parties have environmental and land management obligations, feral animal and weed strategies, asset maintenance, by laws and public use facilities.
- Better alignment of policies and procedures where there are mutual obligations.
- Better education strategies for the local community.
- Staff training and development planning and development in tourism and ecotourism.

# Publications

## A. Reviewed publications (staff in bold)

### Little Penguins

**Chiaradia, A.**, Forero, M. G., Cullen, M. & Hobson, K. A. (2010). Changes in diet and trophic position of a top predator ten years after a mass mortality of a key prey. *ICES Journal of Marine Science*. DOI:10.1093/icesjms/fsq067.

**Dann, P.**, Sidhu, L., **Jessop, R.**, **Renwick, L.**, **Healy, M.**, Dettmann, B., Baker, G. B. & Catchpole, T. (in press). The effects of marking with flipper bands and injected transponders on the survival of adult Little Penguins *Eudyptula minor*. *Auk*

Deagle, B. E., **Chiaradia, A.**, **McInnes, J.** & Jarman, S. N. (2010). Pyrosequencing faecal DNA to determine diet of little penguins: is what goes in what comes out? *Conservation Genetics*. DOI: 10.1007/s10592-010-0096-6.

McCutcheon, C., **Dann, P.**, **Salton, M.**, **Renwick, L.**, Gormley, A. & Arnould, J. (2011). Winter foraging of Little Penguins. *Emu* (in press).

Norman, F. I., Unthank, S., Montague, T. & **Dann, P.** (2011). Movements of Little Penguins *Eudyptula minor* banded at Rabbit Island and the Seal Island Group, Wilsons Promontory, Victoria. *Corella* (in press).

Preston, T. J., **Chiaradia, A.** & Reina, R. (2010). Fine scale tracking and bio-logging for conservation of an inshore marine animal. *Journal of Experimental Marine Biology and Ecology*. DOI 10.1016/j.jembe.2010.04.034.

Ritchie, W J, Green, J. A., **Dann, P.** & Frappell, P. (2010). Do implanted data-loggers affect the time spent at sea by Little Penguins (*Eudyptula minor*) during winter? *Emu* 110, 71–77.

Saraux, C., **Chiaradia, A.**, Le Maho, Y. & Ropert-Coudert, Y. (2011). Everybody needs somebody: unequal parental effort in little penguins. *Behavioral Ecology* DOI:10.1093/beheco/arr049.

Saraux, C., Robinson-Laverick, S. M., Le Maho, Y., Ropert-Coudert, Y. & **Chiaradia, A.** (in press). Plasticity in foraging strategies of inshore birds: how little penguins maintain body reserves while feeding the chicks. *Ecology* DOI:10.1890/11-0407.1.

Sidhu, L., Catchpole, E. & **Dann, P.** (2011). Modelling banding effect and tag loss for Little Penguins *Eudyptula minor* using Matlab. *Australian & New Zealand Industrial and Applied Mathematics Journal* 52, 206-221. <http://anziamj.austms.org.au/ojs/index.php/ANZIAMJ/article/view/3941>.

Zimmer, I.; Ropert-Coudert, Y.; Kato, A., Ancel, A. & **Chiaradia, A.** (2011). Does Foraging Performance Change with Age in Female Little Penguins (*Eudyptula minor*)? *PLoS ONE* 6(1): e16098. DOI:10.1371/journal.pone.0016098.

Zimmer, I., Ropert-Coudert, Y., Poulin, N., Kato, A. & **Chiaradia, A.** (2011). Evaluating the relative importance of intrinsic and extrinsic factors on the foraging activity of top predators: a case study on female little penguins. *Marine Biology* 158: 715–722. DOI 10.1007/s00227-010-1594-2.

### Climate change

Chambers, L.E., **Renwick, L.** & **Dann, P.** (2011). Climate, fire and Little Penguins. *Climate Change: Global Risks, Challenges and Decisions* (Eds. K. Richardson, W. Steffen and D. Liverman), Cambridge University Press, Cambridge. pp 275-276.

Chambers, L. E., Congdon, B. C., Dunlop, N., Woehler, E, Devney, C. & **Dann, P.** (2011). Trends in Australian Seabirds as indicators of climatic variation and change: an interspecific review. *Emu* (in press).

### Marine mammals

**Kirkwood, R.**, Pemberton, D., Gales, R., Hoskins, A., Mitchell, T. & Shaughnessy, P. D. & Arnould, J. P. Y. (2010). Continued population recovery by Australian Fur Seals. *Marine & Freshwater Research* 61: 695-701.

Lancaster, M., Arnould, J. & **Kirkwood, R.** (2010). Genetic status of the Australian Fur Seal following historical over-harvesting. *Animal Conservation* 13(3): 247-255.

Lynch, M., Duignan, P. J., Taylor, T., Nielsen, O., **Kirkwood, R.**, Gibbens, J. & Arnould, J. P. Y. (2011). Epidemiology of *Brucella* infection in Australian Fur Seals. *Journal of Wildlife Diseases* 47(2): 352-363.

Lynch, M., **Kirkwood, R.**, Mitchell, A. & Arnould, J. P. Y. (2011). Prevalence and significance of an alopecia syndrome in Australian Fur Seals (*Arctocephalus pusillus doriferus*). *Journal of Mammalogy* 92(2): 342-351.

Lynch, M., Nielsen, O., Duignan, P. J., **Kirkwood, R.**, Hoskins, A. J. & Arnould, J. P. Y. (2011). Serologic survey for potential pathogens and assessment of disease risk in Australian Fur Seals. *Journal of Wildlife Diseases* 47(3): 555-565.

Lynch, M., Taylor, T., Duignan, P. J., **Kirkwood, R.**, Marena, M., Swingler, J. & Arnould, J. P. Y. (in press). *Mycoplasma* spp. in Australian Fur Seals: prevalence and association with gestational failure. *Journal of Vet Diagnostic Investigation* 23(6): .

### Foxes and feral cats

Berry, O. & **Kirkwood, R.** (2010). An assessment of eradication potential: demographics of recruitment in an invasive species revealed by serial sampling, dental aging and microsatellite genotyping. *Journal of Wildlife Management* 74(8): 1661-1670.

de Tores, P.J., **Sutherland, D.R.**, Clarke, J. R., Hill, R. F., Garretson, S.W., Bloomfield, L., Strumpher, L., Glen, A.S. & Cruz, J. 2011 Assessment of risks to non-target species from an encapsulated toxin in a bait proposed for control of feral cats. *Wildlife Research* 38, 39-50.

**Sutherland D.R.**, Glen A.S. & de Tores P.J., 2011. Could controlling mammalian carnivores lead to mesopredator release of carnivorous reptiles? *Proceedings B* 278:641-648. DOI:10.1098/rspb.2010.2103

### Other studies

**Sutherland D.R.**, 2011. Dietary niche overlap and size partitioning in sympatric varanid lizards. *Herpetologica* 67:42-49. DOI: 10.1655/HERPETOLOGICA-D-10-00053.1

**B. Reports and theses****Little Penguins**

Preston, T. J. (2011). Relationships between foraging behaviour, diet and reproductive success at an urban colony of little penguins (*Eudyptula minor*), St Kilda, Australia. PhD Thesis, Monash University.

Mason, A. (2011). The response of Little Penguins in Australia and New Zealand to geographic variation in male calls: do the different subgroups of Little Penguins recognise each other? BSc(Hons) thesis, University of Waikato, New Zealand.

**Marine mammals**

**Kirkwood, R.** & others (2010). Australian Fur Seals. CD and web-page education package <http://www.sealeducation.org.au>

Garlepp, L. (2010). Climatic correlates of haul-out by the Australian Fur Seal (*Arctocephalus pusillus doriferus*). BSc Hons Thesis, Monash University.

Back, J. (2010). The effects of boat-based ecotourism on the behaviour of Australian Fur Seals (*Arctocephalus pusillus doriferus*) at colonies. MSc Thesis, Deakin University.

**C. Books, book chapters & book reviews**

**Kirkwood, R.** (2010). 'The Emperor's Kingdom: penguins on ice'. Black Dog Books, Melbourne. (shortlisted in Wilderness Society Environmental Awards for Children's literature)

**Dann, P.** (2011). Book Chapter-Little Penguins. In *Global Penguin Society review of World's Penguins* (Boroboroglu & Boersma eds.). (in press).

**D. Conference presentations****Little Penguins**

**7th International Penguin Conference, Boston, Massachusetts, USA.**

**Dann, P.** The Conservation Status of Little or Blue Penguins *Eudyptula minor*.

**Salton, M., Chiaradia, A., Saraux, C. & Dann, P.** (2010). Non-breeding season body mass and reproduction.

**Wasiak P, Chiaradia A** and Reina R D. The role of shell grit ingestion in the reproductive biology of Little Penguins.

**Chiaradia A,** Forero M G, Kato A, Hobson K A, Nisbet ICT and Ropert-Coudert Y. The marine life of the smallest penguin in a changing world

Nisbet I C T and **Chiaradia A.** Growth of Little penguin in relation to hatching date, parental age, parental quality and mate change.

Saraux C, **Chiaradia A,** Le Maho Y and Ropert-Coudert Y. Unequal parental investment in breeding Little penguins.

**Plenary lecture**

**Dann, P.,** Parry, G., McCutcheon, C., Arnould, J., **Renwick, L.,** Salton, M., **Wasiak, P., Chiaradia, A.** and **Kirkwood, R.** . Foraging areas of Little Penguins and the distribution of their main prey in winter. 7<sup>th</sup> International Penguin Conference, USA.

# Publications

## Little Penguins

**First World Seabird Conference, Canada, 2010.**

**Dann, P.**, Sidhu, L., Chambers, L. and Catchpole, T. The effects of ocean temperature in south-eastern Australia on the survival of Little Penguins. Opening address.

**25<sup>th</sup> International Ornithological Congress, Brazil.**

**Chiaradia A**, M G Forero, A Kato, K A Hobson, ICT Nisbet and Y Ropert-Coudert. Foraging ecology of an inshore seabird: how can the smallest penguin help to answer big questions in a changing world?

**4<sup>th</sup> International Science Symposium on Bio-logging. Hobart, March**

Pelletier L, Ropert-Coudert Y, Kato A and **Chiaradia A**. Can thermoclines be a cue to distribution of prey for Little Penguins?

## Other birds

**National symposium on Gulls & Terns, Phillip Island, May 2010.**

- Leitch, T., Arnould, J. and **Dann, P.** The diet of breeding Pacific gulls *Larus pacificus* in northern Bass Strait.
- Dann, P.** and Loyn R. The Status of Kelp and Pacific Gulls in Victoria.
- Jessop, R.** and Minton C. Crested Terns in Victoria.
- Weller, D., Swearer, S., **Jessop, R.** and **Chiaradia, A.** Inter-colony movements of the Crested Tern as a result of food resource quality and availability.

## Marine mammals

**Kirkwood, R.** & Arnould, J. P. Y. (2010). Individual and colony variation in foraging trip strategies of female Australian Fur Seals. Symposium on Emerging Directions in the Analysis and Modelling of Animal Location Data. Melbourne, March.

**Kirkwood, R.** & Lynch, M. (2011). Winter foraging areas of different sized Australian Fur Seals in the shallow waters of Bass Strait – is there segregation? 4th International Science Symposium on Bio-logging. Hobart, March.

Lynch, M., Taylor, T., Duignan, P., Marenda, M., Swingler, J., Arnould, J. P. Y. & **Kirkwood, R.** (2010). Identification of mycoplasmas in Australian Fur Seals and possible association with gestational failure. Proceedings of the annual conference of the Wildlife Disease Association, Australasian Section. Dover, Tasmania. Pp. 50.

## Foxes

Murphy, S., **Kirkwood, R.**, **Sutherland, D. R.** & Fahnle, B. (2011). Signs of success: 'knock-down' of foxes in a local eradication program. Australasian Vertebrate Pest Conference. Sydney, June.

Rout, T. M., **Sutherland, D. R.**, **Kirkwood, R.**, Murphy, S. & McCarthy, M. A. (2011). When to declare fox eradication on Phillip Island. Australasian Vertebrate Pest Conference. Sydney, June.

**E. Theses completed and in progress (supervisor in brackets)**

Topic	Candidate	Institution
<b>Completed</b>		
Examining the thermal structure of the coastal waters using Little Penguins (Andre Chiaradia, Yan Ropert-Coudert & Akiko Kato)	Laure Pelletier	MSc Université de Strasbourg
Distribution and overlap between two sympatric species the Little Penguin and the Short-tailed Shearwater– potential displacement and consequences for management (Andre Chiaradia, Duncan Sutherland, Jon Fallaw & Sylvie Massemin)	Nora Loudiyi	MSc Université de Strasbourg
Effect of tides on the arrival pattern of Little Penguins (Andre Chiaradia & Richard Reina)	Sandi Laaksonen	BSc(Hons). Monash University
The response of Little Penguins in Australia and New Zealand to geographic variation in male calls: do the different subgroups of Little Penguins recognise each other? (Peter Dann & Jo Waas)	Abbie Mason	BSc(Hons).University of Waikato
<b>In Progress</b>		
Gastrointestinal microflora of seabirds: phylogenetic and dietary relationships (Peter Dann & John Arnould)	Megan Dewar	PhD Deakin University
Disease surveillance and epidemiological investigations in Australian Fur Seal populations (Roger Kirkwood & John Arnould)	Michael Lynch	PhD Deakin University
Resource partitioning of breeding seabirds in Bass Strait (Peter Dann & John Arnould)	Nicole Schumann	PhD Deakin University
Modelling foraging performance of three penguin species in relation to climate changes (Andre Chiaradia & Yvon Le Maho)	Claire Saraux	PhD Université de Strasbourg
Trophic interaction of little penguins at St Kilda predator-prey relationships in limited foraging zone and specialised diet: (André Chiaradia & Richard Reina)	Nicole Kowalczyk	PhD Monash University
Trace metal accumulation in Little Penguins (Peter Dann & Carol Scarpaci)	Annett Finger	PhD Victoria University
The relationship between wind strength (and direction) and survival in Little Penguins (Peter Dann & Leesa Sidhu)	Billie Hays	MSc. University of NSW
The foraging ecology of Little Penguins in relation to the Bonney Upwelling in western Bass Strait (Peter Dann & John Arnould)	Lauren Angel	BSc(Hons).Deakin University
Spatial patterns of genetic relatedness in a breeding colony of Little Penguins on Phillip Island (Peter Dann & Raoul Mulder)	Krista Brovedani	MSc. Melbourne University
The foraging behavior of juvenile Australian Fur Seals (Roger Kirkwood & John Arnould)	Victoria Dixon	BSc(Hons).Deakin University

# Financial statements





## Financial statements

**Comprehensive operating statement for the financial year ended 30 June 2011**

	Notes	2011 \$	2010 \$
<b>Operating Revenue</b>			
Sales	2	6,400,823	5,462,213
Admissions	2	9,634,785	8,812,606
<b>Total Operating Revenue</b>		<b>16,035,608</b>	<b>14,274,819</b>
<b>Cost Of Sales</b>			
Cost Of Sales		(2,554,278)	(2,234,636)
<b>Gross Profit</b>		<b>13,481,330</b>	<b>12,040,183</b>
<b>Other Income</b>			
Interest	2	305,388	163,625
Other Operating Income	2	3,209,401	1,669,054
<b>Total Other Income</b>		<b>3,514,789</b>	<b>1,832,679</b>
<b>Expenses</b>			
Employee Benefits		(8,945,215)	(7,679,867)
Materials And Supplies		(833,890)	(848,703)
Depreciation	8	(1,739,429)	(1,756,508)
Other Operating Expenses	3(b)	(4,499,382)	(2,518,474)
<b>Total Expenses</b>	3(a)	<b>(16,017,916)</b>	<b>(12,803,552)</b>
<b>Net Result From Operations</b>		<b>978,203</b>	<b>1,069,310</b>
<b>Other Economic Flow Included In Net Result</b>			
Net Gain/(Loss) On Non Financial Assets	4	7,628	(213,229)
<b>Net Result For The Year</b>		<b>985,831</b>	<b>856,081</b>
<b>Other Non Owner Changes In Equity</b>			
Increase in Asset Revaluation Reserve	8(a)	19,735,186	-
<b>Comprehensive Result</b>		<b>20,721,017</b>	<b>856,081</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 43 to 63.

# Financial statements

## Balance sheet as at 30 June 2011

	Notes	2011	2010
		\$	\$
<b>Current Assets</b>			
Cash And Cash Equivalents	10(i), 16	7,501,089	5,316,842
Receivables	5, 16	822,370	640,131
Inventory	6	700,176	582,521
Other Current Assets	7	145,171	49,105
<b>Total Current Assets</b>		<b>9,168,806</b>	<b>6,588,599</b>
<b>Non-Current Assets</b>			
Property, Plant And Equipment	8	70,903,210	50,576,009
<b>Total Non-Current Assets</b>		<b>70,903,210</b>	<b>50,576,009</b>
<b>Total Assets</b>		<b>80,072,016</b>	<b>57,164,608</b>
<b>Current Liabilities</b>			
Payables	9, 16	1,818,936	1,053,571
Employee Provisions	12	1,433,321	859,633
<b>Total Current Liabilities</b>		<b>3,252,257</b>	<b>1,913,204</b>
<b>Non-Current Liabilities</b>			
Employee Provisions	12	170,695	201,372
<b>Total Non-Current Liabilities</b>		<b>170,695</b>	<b>201,372</b>
<b>Total Liabilities</b>		<b>3,422,952</b>	<b>2,114,576</b>
<b>Net Assets</b>		<b>76,649,064</b>	<b>55,050,032</b>
<b>Equity</b>			
Contributed Capital	1(p)	29,759,634	28,881,619
Accumulated Surplus		8,451,231	7,465,400
Asset Revaluation Reserve	1(q)	38,438,199	18,703,013
<b>Total Equity</b>		<b>76,649,064</b>	<b>55,050,032</b>

The balance sheet should be read in conjunction with the accompanying notes included on pages 43 to 63.

## Financial statements

## Statement of changes in equity for the financial year ended 30 June 2011

	Contributed Capital	Asset revaluation reserve	Accumulated surplus	Total equity
	\$	\$	\$	\$
<b>Balance at 30 June 2009</b>	<b>28,881,619</b>	<b>18,703,013</b>	<b>6,609,319</b>	<b>54,193,951</b>
Total comprehensive result	-	-	856,081	856,081
<b>Balance at 30 June 2010</b>	<b>28,881,619</b>	<b>18,703,013</b>	<b>7,465,400</b>	<b>55,050,032</b>
Transactions with owner in its capacity as owner	878,015	-	-	878,015
Total comprehensive result	-	19,735,186	985,831	20,721,017
<b>Balance at 30 June 2011</b>	<b>29,759,634</b>	<b>38,438,199</b>	<b>8,451,231</b>	<b>76,649,064</b>

*The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 43 to 63.*

# Financial statements

## Cash flow statement for the financial year ended 30 June 2011

	Notes	2011	2010
		\$	\$
<b>Cash Flows From Operating Activities</b>			
Receipts From Customers And Other Entities (Incl GST)		21,494,182	17,292,280
Payments To Suppliers And Other Expenses (Incl GST)		(10,143,231)	(7,120,195)
Interest Received		305,388	163,625
Salaries And Other Payments To Employees		(8,026,292)	(7,160,344)
<b>Net Cash Flows From Operating Activities</b>	<b>10(ii)</b>	<b>3,630,047</b>	<b>3,175,366</b>
Cash Flows From Investing Activities			
Payments For Property, Plant And Equipment		(1,951,498)	(2,246,650)
Proceeds From Property, Plant And Equipment		95,683	47,636
<b>Net Cash Flows Used In Investing Activities</b>		<b>(1,855,815)</b>	<b>(2,199,014)</b>
Cash Flows From Financing Activities			
Contributed Capital From Government		410,015	-
<b>Net Cash Flows From Financing Activities</b>		<b>410,015</b>	<b>-</b>
<b>Net Increase / In Cash And Cash Equivalents</b>		<b>2,184,247</b>	<b>976,352</b>
<b>Cash And Cash Equivalents At The Beginning Of The Financial Year</b>		<b>5,316,842</b>	<b>4,340,490</b>
<b>Cash And Cash Equivalents At The End Of Financial Year</b>	<b>10(i)</b>	<b>7,501,089</b>	<b>5,316,842</b>

The cash flow statement should be read in conjunction with the accompanying notes included on pages 43 to 63.

## 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 25 August 2011.

### 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.

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

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 including estimates are disclosed throughout the notes of the financial statements.

The financial report has been prepared on a 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 2011 and the comparative information presented for the year ended 30 June 2010.

## 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 AASs.

### Balance sheet

Assets and liabilities are presented in liquidity order. 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.

### 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.

# Financial statements

## 1 Summary of significant accounting policies (continued)

### 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 Park gains control over the underlying assets. For reciprocal grant agreements that require the fulfilment of performance hurdles in exchange for cash, control over the cash is gained when the Nature Park 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 Park 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 defined benefit superannuation plans represents the contributions made by the Nature Park to the superannuation plan in respect to the current services of employees. Superannuation contributions are made to the plans based on the relevant rules of each plan.

### 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 2011 and 30 June 2010.

<b>Boardwalks</b>	<b>10 years</b>
<b>Buildings</b>	<b>40 years</b>
<b>Car Parks</b>	<b>20 years</b>
<b>Motor Vehicles</b>	<b>5 years</b>
<b>Furniture, Fittings &amp; Equipment</b>	<b>5 years</b>
<b>Computer Hardware &amp; Software</b>	<b>3 years</b>

### g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; cash in banks and deposits at call.

### h) Receivables

Receivables consist predominantly of trade debtors in relation to the provision of services. 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.

### i) Other financial assets

Other financial assets are valued at cost and are classified between current and non-current assets based on the Nature Park's 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 Park assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

### j) Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### 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.

## 1 Summary of significant accounting policies (continued)

### l) Property plant & equipment

All non-current physical assets are measured initially at cost and then subsequently measured at fair value less accumulated depreciation.

The fair value of motor vehicles, plant & equipment, furniture & fittings, computer hardware and computer software is normally determined by reference to the asset's depreciated cost. Depreciated historical cost is generally a reasonable proxy for depreciated replacement costs because of the short lives of the assets within these asset categories.

#### i) Revaluation

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D 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 normally 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.

#### iii) Impairment of assets

Property, plant and equipment 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 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.

### m) Payables

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

Other liabilities included in payables mainly consist of unearned/prepaid income and services and fringe benefit payables.

### n) 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.

### o) 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.

#### 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 Park 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.

# Financial statements

## 1 Summary of significant accounting policies (continued)

### o) Employee benefits (continued)

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.

### p) Comparative figures

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

### q) Contributed capital

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

### r) Asset revaluation reserve

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

### s) Changes in accounting policy

There have been no changes to accounting policies during the year ended 30 June 2011.

### t) 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.

### u) 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.

### v) 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.

### w) 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.

### x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.



## Financial statements

**1 Summary of significant accounting policies (continued)****x) New accounting standards and interpretations (continued)**

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2011. The Nature Park has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 1053 Application of Tiers of Australian Accounting Standards	The Standard establishes a differential reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
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).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

# Financial statements

## 2 Operating revenue and other income

	2011	2010
	\$	\$
<b>Revenue from commercial trading</b>		
Food and beverage sales	2,451,689	2,166,067
Retail and souvenir sales (including photography)	3,949,134	3,296,146
<b>Total revenue from commercial trading</b>	<b>6,400,823</b>	<b>5,462,213</b>
<b>Admissions</b>	9,634,785	8,812,606
<b>Interest</b>		
Interest from cash at bank	305,388	163,625
<b>Total interest revenue</b>	<b>305,388</b>	<b>163,625</b>
<b>Income from other sources</b>		
Rental income	46,988	52,159
Donation, grant and sponsorship	387,165	404,837
Grants from government authorities	1,888,212	468,843
Proceeds from insurance claims	95,000	287,963
Miscellaneous income	792,036	455,252
<b>Total income from other sources</b>	<b>3,209,401</b>	<b>1,669,054</b>

## 3 (a) Expenses from operating activities

	2011	2010
<b>By function</b>	<b>\$</b>	<b>\$</b>
Penguin Parade	3,704,718	3,369,539
Nobbies	1,557,725	1,421,494
Churchill Island	594,834	600,608
Koala Conservation Centre	736,984	599,577
Grounds services	755,546	718,831
Environment	2,993,763	1,438,991
Research	652,118	653,845
Education	372,806	357,839
Marketing	1,278,579	1,118,350
Parkwide administration	3,370,843	2,524,478
<b>Total expenses from operating activities</b>	<b>16,017,916</b>	<b>12,803,552</b>

## Financial statements

**3 (b) Other operating expenses**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Advertising	288,684	244,283
Audit fees (refer note 11)	143,062	62,754
Bank charges	101,043	83,102
Conferences	21,522	15,314
Consultants	473,536	189,096
Contractors	1,745,144	667,495
Entertainment	31,015	20,203
Fringe benefits tax	25,692	14,589
Memberships & subscriptions	24,672	21,800
Motor vehicle expenses	137,460	128,357
Postage & cartage	19,226	18,016
Repairs & maintenance	262,739	255,262
Staff procurement	61,223	30,811
Utilities	214,676	201,855
Training	88,657	28,119
Telephone	98,580	116,632
Travel & accommodation	142,091	115,160
Doubtful debts	(6,172)	7,987
Miscellaneous expenses	626,532	297,639
<b>Total other operating expenses</b>	<b>4,499,382</b>	<b>2,518,474</b>

**4 Other economic flows included in net result**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Net gain/(loss) on non-financial assets</b>		
Impairment of property plant and equipment	-	(218,247)
Net gain on disposal of property plant and equipment	7,628	5,018
<b>Total net gain/(loss) on non financial assets</b>	<b>7,628</b>	<b>(213,229)</b>

# Financial statements

## 5 Receivables

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Trade debtors	629,481	406,598
(Less) provision for doubtful debts	(15,537)	(28,117)
	<u>613,944</u>	<u>378,481</u>
Sundry debtors	208,426	261,650
<b>Total receivables</b>	<b>822,370</b>	<b>640,131</b>

### 5(a) Movement in provision for doubtful debts

Balance at the beginning of the year	(28,117)	(23,306)
Amounts written off during the year	6,408	3,176
(Increase)/decrease in allowance recognised in profit or loss	6,172	(7,987)
<b>Balance at end of the year</b>	<b>(15,537)</b>	<b>(28,117)</b>

## 6 Inventory

<b>Inventory</b>		
Penguin Parade	441,286	373,897
Koala Conservation Centre	60,420	49,255
Nobbies	144,965	121,149
Churchill Island	84,780	72,588
<b>Total inventory at cost</b>	<b>731,451</b>	<b>616,889</b>
(Less) provision for inventory obsolescence	(31,275)	(34,368)
<b>Total inventory</b>	<b>700,176</b>	<b>582,521</b>

### 6(a) Movement in provision for inventory obsolescence

Balance at the beginning of the year	(34,368)	(34,481)
Amounts written off during the year	9,644	23,172
(Increase)/decrease in provision recognised in profit or loss	(6,551)	(23,059)
<b>Balance at end of the year</b>	<b>(31,275)</b>	<b>(34,368)</b>

## 7 Other current assets

<b>Prepayments</b>	<b>145,171</b>	<b>49,105</b>
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## Financial statements

**8 Property, plant and equipment**

	<b>Crown land</b>	<b>Buildings</b>	<b>Boardwalks</b>	<b>Car parks</b>	<b>Motor vehicles</b>	<b>Furniture &amp; fittings</b>	<b>Plant &amp; equipment</b>	<b>Computer Hardware/ Software</b>	<b>Work in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2011 at cost</b>	-	446,863	353,115	263,206	956,578	1,571,941	4,542,585	1,934,695	945,277	11,014,260
Less accumulated depreciation and impairment	-	(26,489)	(17,510)	(34,011)	(519,461)	(1,290,459)	(3,729,492)	(1,665,828)	-	(7,283,250)
<b>Total</b>	<b>0</b>	<b>420,374</b>	<b>335,605</b>	<b>229,195</b>	<b>437,117</b>	<b>281,482</b>	<b>813,093</b>	<b>268,867</b>	<b>945,277</b>	<b>3,731,010</b>
<b>At valuation</b>	<b>42,376,000</b>	<b>21,243,700</b>	<b>893,300</b>	<b>2,700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,213,000</b>
Less accumulated depreciation and impairment	-	-	-	(40,800)	-	-	-	-	-	(40,800)
<b>Total</b>	<b>42,376,000</b>	<b>21,243,700</b>	<b>893,300</b>	<b>2,659,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,172,200</b>
<b>Total property, plant and equipment</b>	<b>42,376,000</b>	<b>21,664,074</b>	<b>1,228,905</b>	<b>2,888,395</b>	<b>437,117</b>	<b>281,482</b>	<b>813,093</b>	<b>268,867</b>	<b>945,277</b>	<b>70,903,210</b>
<b>2010 at cost</b>	32,329,957	6,023,135	285,558	567,043	887,864	1,441,615	4,394,680	1,713,953	573,401	48,217,206
Less accumulated depreciation and impairment	-	(533,164)	(76,516)	(70,391)	(536,932)	(1,156,299)	(3,145,753)	(1,504,031)	-	(7,023,086)
<b>Total</b>	<b>32,329,957</b>	<b>5,489,971</b>	<b>209,042</b>	<b>496,652</b>	<b>350,932</b>	<b>285,316</b>	<b>1,248,927</b>	<b>209,922</b>	<b>573,401</b>	<b>41,194,120</b>
<b>At valuation</b>	<b>-</b>	<b>8,208,871</b>	<b>686,373</b>	<b>2,401,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,296,744</b>
Less accumulated depreciation and impairment	-	(1,026,124)	(288,356)	(600,375)	-	-	-	-	-	(1,914,855)
<b>Total</b>	<b>-</b>	<b>7,182,747</b>	<b>398,017</b>	<b>1,801,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,381,889</b>
<b>Total property, plant and equipment</b>	<b>32,329,957</b>	<b>12,672,718</b>	<b>607,059</b>	<b>2,297,777</b>	<b>350,932</b>	<b>285,316</b>	<b>1,248,927</b>	<b>209,922</b>	<b>573,401</b>	<b>50,576,009</b>

# Financial statements

## 8 Property, plant and equipment (continued)

	Crown land	Buildings	Boardwalks	Car Parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware/software	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2011</b>										
Carrying amount as at 1/07/10	32,329,957	12,672,718	607,059	2,297,777	350,932	285,316	1,248,927	209,922	573,401	50,576,009
Additions	468,000	46,146	115,325	42,164	301,204	142,250	159,724	221,347	923,338	2,419,498
Transfer from work in progress	-	273,665	237,791	19,300	-	-	-	20,706	(551,462)	0
Revaluation	9,578,043	9,102,534	379,832	674,778	-	-	-	-	-	19,735,187
Disposals	-	-	-	-	(77,717)	(6,541)	(1,114)	(2,683)	-	(88,055)
Impairments	-	-	-	-	-	-	-	-	-	0
Depreciation expense	-	(430,989)	(111,102)	(145,624)	(137,302)	(139,543)	(594,444)	(180,425)	-	(1,739,429)
<b>Carrying amount as at 30/06/11</b>	<b>42,376,000</b>	<b>21,664,074</b>	<b>1,228,905</b>	<b>2,888,395</b>	<b>437,117</b>	<b>281,482</b>	<b>813,093</b>	<b>268,867</b>	<b>945,277</b>	<b>70,903,210</b>
<b>2010</b>										
Carrying amount as at 1/07/09	32,329,957	12,056,008	699,435	2,393,514	359,212	344,674	1,388,525	355,863	419,544	50,346,732
Additions	-	-	-	-	159,715	5,138	39,308	89,122	1,953,367	2,246,650
Transfer from work in progress	-	1,239,573	1,120	47,204	-	89,810	377,274	44,529	(1,799,510)	-
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(42,618)	-	-	-	-	(42,618)
Impairments	-	(209,482)	-	-	-	(5,837)	(2,203)	(725)	-	(218,247)
Depreciation expense	-	(413,381)	(93,496)	(142,941)	(125,377)	(148,469)	(553,977)	(278,867)	-	(1,756,508)
<b>Carrying amount as at 30/06/10</b>	<b>32,329,957</b>	<b>12,672,718</b>	<b>607,059</b>	<b>2,297,777</b>	<b>350,932</b>	<b>285,316</b>	<b>1,248,927</b>	<b>209,922</b>	<b>573,401</b>	<b>50,576,009</b>

## Financial statements

**8 Property, Plant and Equipment (continued)**

- 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.

Revaluation adjustment of \$19,735,186 has been recognised as a result of the fair value assessment during 2010-11 (2010: nil).

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 FRD103D, 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.

- b) Profit / (Loss) on Sale of Assets

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Gross proceeds of assets sold	95,683	47,636
(Less) book value of assets sold	(88,055)	(42,618)
<b>Gain / on sale of assets</b>	<b>7,628</b>	<b>5,018</b>

**9 Payables**

	<b>2011</b>	<b>2010</b>
Trade creditors	1,129,915	545,847
Accrued expenses	563,884	337,948
GST	125,137	169,776
<b>Total payables</b>	<b>1,818,936</b>	<b>1,053,571</b>

# Financial statements

## 10 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:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	38,000	36,000
Cash at bank	7,463,089	5,280,842
<b>Total cash and cash equivalents</b>	<b>7,501,089</b>	<b>5,316,842</b>

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

Net result for the year	985,831	856,081
Net (gain) from sale of assets	(7,628)	(5,018)
Impairment of non current assets	-	218,247
Depreciation and amortisation of non current assets	1,739,429	1,756,508
Increase (decrease) in creditors & accruals	765,364	246,879
Decrease (increase) in receivables & other current assets	(278,305)	(268,939)
Decrease (increase) in inventory	(117,655)	256,582
Increase (decrease) in employee provisions	543,011	115,026
<b>Net cash provided by operating activities</b>	<b>3,630,047</b>	<b>3,175,366</b>

## 11 Auditor's remuneration

Total amounts receivable by the Auditors of the Phillip Island Nature Parks Board of Management Inc. for:

External Audit – Victorian Auditor General	14,400	11,600
Internal Audit – Oakton	53,662	51,154
Internal Audit – Deloitte	75,000	-
<b>Total auditor's remuneration</b>	<b>143,062</b>	<b>62,754</b>



## Financial statements

**12 Provisions**

<b>Employee benefits</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee benefits		
Unconditional and expected to be settled within 12 months	482,834	394,972
Unconditional and expected to be settled after 12 months	158,239	157,596
	<b>641,073</b>	<b>552,568</b>
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	80,163	65,516
Unconditional and expected to be settled after 12 months	27,091	26,981
	<b>107,254</b>	<b>92,497</b>
Superannuation	171,315	20
Accrued wages	513,679	214,548
<b>Total current employee benefits</b>	<b>1,433,321</b>	<b>859,633</b>
<b>Non-current</b>		
Conditional long service leave	145,743	171,936
Provisions related to employee benefit on-costs	24,952	29,436
<b>Total non-current employee benefits</b>	<b>170,695</b>	<b>201,372</b>
<b>Total employee benefits</b>	<b>1,604,016</b>	<b>1,061,005</b>

**12(a) Employee benefits and related on-costs**

<b>Current employee benefits</b>		
Annual leave entitlements	372,896	314,057
Unconditional long service leave entitlements	268,177	238,511
Superannuation	171,315	20
Accrued wages	513,679	214,548
<b>Total current employee benefits</b>	<b>1,326,067</b>	<b>767,136</b>
<b>Non-current employee benefits</b>		
Conditional long service leave entitlements	145,743	171,936
<b>Total non-current employee benefits</b>	<b>145,743</b>	<b>171,936</b>
<b>On-costs</b>		
Current on-costs	107,254	92,497
Non-current on-costs	24,952	29,436
<b>Total on-costs</b>	<b>132,206</b>	<b>121,933</b>
<b>Total employee benefits and related on-costs</b>	<b>1,604,016</b>	<b>1,061,005</b>

# Financial statements

## 12 Provisions (continued)

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

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

	Long Service Leave	Annual Leave	Super-annuation	Accrued Wages	Total Provisions
	\$	\$	\$	\$	\$
Closing balance at 30 June 2010	480,718	365,719	20	214,548	1,061,005
Payments	(117,913)	(404,149)	(20)	(214,548)	(736,630)
Increase in provision	121,980	472,667	171,315	513,679	1,279,641
<b>Closing balance at 30 June 2011</b>	<b>484,785</b>	<b>434,237</b>	<b>171,315</b>	<b>513,679</b>	<b>1,604,016</b>
The following assumptions were adopted in measuring the present value of the long service leave liability.					
<b>Weighted average discount rate</b>				<b>5.29%</b>	<b>5.16%</b>
<b>Weighted average terms to settlement</b>				<b>13.0 years</b>	<b>13.0 years</b>

## 13 Responsible persons and related party disclosures

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

The responsible Ministers during the 2010-11 reporting period were Gavin Jennings MLC Minister for Environment and Climate Change for the period from 1 July 2010 to 1 December 2010 and Ryan Smith MP, Minister for Environment and Climate Change for the period from 2 December 2010 to 30 June 2011.

### Accountable officer

Mark Manteit occupied the position as Chief Executive Officer from 1 July 2010 to 30 September 2010.

Matthew Jackson occupied the position as Chief Executive Officer from 1 October 2010 to 30 June 2011.

### Board members

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

- Dr Irene Irvine (appointed 5 September 2009)
- Stella Axarlis (appointed 17 July 2003)
- Christine Wardle (Retired 4 August 2010)
- Jason Perry (Resigned October 2010)
- Kirsty Mawer (appointed 5 September 2009)
- Dr Catherin Bull (appointed 5 September 2009)
- Jeff Floyd (appointed 21 July 2010)
- Ralph Booth (appointed 21 July 2010)

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 Parks 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 2010-11, the Nature Parks received \$250,000 from the Penguin Foundation Limited and also provided volunteer administrative support to the Foundation.

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

**13 Responsible persons and related party disclosures (continued)****Remuneration****(i) Accountable officer**

Total remuneration received or receivable by the accountable officer in connection with the management of the Nature Park during the reporting period was in the range: \$230,000 - \$239,999 (2010: \$230,000 - \$239,999)

Mark Manteit occupied the position as Chief Executive Officer from 1 July 2010 to 30 September 2010.

Matthew Jackson occupied the position as Chief Executive Officer from 1 October 2010 to 30 June 2011.

**(ii) Board members**

Members' remuneration received or due and receivable was \$65,250 (2010: \$58,000).

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

**Remuneration bands of responsible persons**

	2011	2010
\$0 to \$9,999	7	7
\$10,000 to \$19,999	1	1
Total Number	8	8

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

**14 Contingent liabilities**

The board is not aware of any material threatened or existing legal actions or other contingencies between Phillip Island Nature Parks Board of Management Inc and third parties as at 30 June 2011.

**15 Superannuation**

The Nature Park 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 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% in 2010-11 and 2009-10). 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.

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 Park does not use defined benefit accounting for these contributions.

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 a member's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue.

The Nature Park makes employer contributions to the defined benefit category of the Fund at rates determined by the trustee on advice of the Fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2008, the Nature Park makes the following contributions:-

- 9.25% of member's salaries (2010: 9.25%).
- The difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year).

The Fund's liability for accrued benefits was determined by the actuary as of 30 June 2008 pursuant to the requirements of AAS 25, however no additional contributions were required by the Nature Parks.

Based on an interim review by the Fund's actuary at 30 June 2010 a resulting funding call of \$171,315 was made to the Nature Parks. This amount is still payable as at 30 June 2011.

A full actuarial review will be undertaken as at 31 December 2011. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

The assumptions and methods used in the interim review to calculate the accrued benefits for the defined benefit category of the Fund were consistent with the previous triennial actuarial review as at 31 December 2008 as follows:

Net investment returns	8.50% p.a
Salary inflation	4.25% p.a
Price inflation	2.75% p.a

# Financial statements

## 15 Superannuation (continued)

Employer superannuation contributions made by the Nature Park were:

	2011	2010
	\$	\$
Accumulation Funds	731,007	494,420
Defined Benefit Fund	91,086	122,998
<b>Total employer superannuation contributions</b>	<b>822,093</b>	<b>617,418</b>

## 16 Financial instruments

### (a) Categorisation of financial instruments

		Category	Carrying Amount	Carrying Amount
			2011	2010
<b>Financial assets</b>	<b>Notes</b>		<b>\$</b>	<b>\$</b>
Cash assets	10	Cash	7,501,089	5,316,842
Receivables	5	Loans & receivables	822,370	640,131
<b>Total financial assets</b>			<b>8,323,459</b>	<b>5,956,973</b>
<b>Financial liabilities</b>				
Payables	9	Financial liabilities measured at amortised costs	1,818,936	1,053,571
<b>Total financial liabilities</b>			<b>1,818,936</b>	<b>1,053,571</b>
<b>Net financial assets</b>			<b>6,504,523</b>	<b>4,903,402</b>

### (b) Interest rate risk

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

		Floating interest rate	Non-interest bearing	Total 2011	Total 2010
<b>Financial assets</b>	<b>Notes</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash assets	10	7,463,089	38,000	7,501,089	5,316,842
Receivables	5	-	822,370	822,370	640,131
<b>Total financial assets</b>		7,463,089	860,370	8,323,459	5,956,973
<b>Financial liabilities</b>					
Payables	9	-	1,818,936	1,818,936	1,053,571
<b>Total financial liabilities</b>		<b>-</b>	<b>1,818,936</b>	<b>1,818,936</b>	<b>1,053,571</b>
<b>Net financial assets</b>		<b>7,463,089</b>	<b>(958,566)</b>	<b>6,504,523</b>	<b>4,903,402</b>

**16 Financial instruments (continued)****b) Interest rate risk (continued)**

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

Floating Interest Rate 4.66% (2010: 3.41%)

Phillip Island Nature Park 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 \$74,631 (2010: \$52,806).

**(d) Foreign currency risk**

The Nature Park 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.

**(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 Park's 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 payments 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. The following table discloses the maximum exposure to credit risk without taking into account the value of any collateral obtained, stated at the carrying amounts net of any allowances for losses as indicated:

**(e) Credit risk exposure**

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
<b>2011</b>							
	Notes	\$	\$	\$	\$	\$	\$
Cash assets	10	7,501,089	7,501,089	-	-	-	-
Receivables	5	822,370	811,710	10,660	-	-	15,537
		<b>8,323,459</b>	<b>8,312,799</b>	<b>10,660</b>	-	-	<b>15,537</b>
<b>2010</b>							
Cash assets	10	5,316,842	5,316,842	-	-	-	-
Receivables	5	640,131	633,031	7,100	-	-	28,117
		<b>5,956,973</b>	<b>5,949,873</b>	<b>7,100</b>	-	-	<b>28,117</b>

**(f) Liquidity risk exposure**

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

The Nature Park 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 Park's 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.

# Financial statements

## 17 Commitments

The Nature Park 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. At 30 June 2011 The Nature Park is committed to utilising \$178,339 (2010:\$90,545) in accordance with such agreements.

## 18 Subsequent Events

The Board of Management are not aware of any circumstances that have arisen since 30 June 2011 that have significantly affected or may significantly affect the Nature Park's operations in financial years subsequent to 30 June 2011.

## 19 Glossary of terms and style conventions

### Glossary

#### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

#### 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.

#### Biological assets

Biological assets may comprise of commercial forests and also any living animal, plant or agricultural produce that is the harvested product of biological assets.

#### Borrowings

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Borrowings also include non-interest-bearing advances from government that is acquired for policy purposes.

#### 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.

#### Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-financial physical assets used in the provision of outputs.

#### 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'.

#### Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### 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 payment is the gratuitous payment of money where no legal obligation exists.

**19 Glossary of terms and style conventions (continued)****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 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**

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (September 2007), which means it may include the main financial statements and the notes.

**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.

**General government sector**

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

**Intangible produced assets**

Refer to produced assets in this glossary.

**Intangible non-produced assets**

Refer to non-produced asset in this glossary.

# Financial statements

## 19 Glossary of terms and style conventions (continued)

### 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.

### Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

### Joint ventures

Joint ventures are contractual arrangements between the Department and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

### 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 non-owner changes in equity'.

### 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 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;
  - actuarial gains and losses arising from defined benefit superannuation plans;
  - fair value changes of financial instruments and agricultural assets; and
  - depletion of natural assets (non-produced) from their use or removal.
- In simple terms, other economic flows are changes arising from market re-measurements.

### Payables

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



**19 Glossary of terms and style conventions (continued)****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 non-produced 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 Department.

**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 2011 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, including the Australian Accounting Interpretations, 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 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, 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.

#### *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.

## Independent Auditor's Report (continued)

### *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 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, 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 2011 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  
31 August 2011

*T. Ditt*  
for  
D D R Pearson  
Auditor-General

# Financial statements

## Statutory declaration

### Year Ended 30 June 2011

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 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 notes to and forming part of financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Phillip Island Nature Park as at 30 June 2011.

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 25 August 2011

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



**Matthew Jackson**

Chief Executive Officer (Accountable Officer)  
Phillip Island  
25 August 2011



**Robert Linford**

Financial Controller (Accounting Officer)  
Phillip Island  
25 August 2011



**Dr Irene Irvine**

Chair Phillip Island Nature Parks (Board of Management)  
Melbourne  
25 August 2011

# Compliance matters

## Establishment and Minister

The Nature Park was created by the State Government of Victoria in 1996 and is reserved under Section 4(1) of the *Crown Land (Reserves) Act 1978* (the Act) for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest. The Nature Park is managed by a Board of Management that was established under the *Crown Land (Reserves) Act 1978*. The responsible Ministers during the 2010 -11 reporting period, were Gavin Jennings MLC, Minister for Environment and Climate Change for the period from 1 July 2010 to 1 December 2010 and Ryan Smith MP, Minister for Environment and Climate Change for the period from 2 December 2010 to 30 June 2011.

## Committees

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

### Audit, risk and compliance committee

Chair - Board of Management	Jason Perry (*Resigned October 2010)
	Ralph Booth (*From July 2010)
Board of Management	Dr Irene Irvine
Board of Management	Stella Axarlis AM

### People and governance committee

Chair - Board of Management	Dr Irene Irvine
Board of Management	Stella Axarlis AM
Board of Management	Kirsty Mawer

### Scientific and research advisory committee

Chair - Board of Management	Dr Catherin Bull
Board of Management	Kirsty Mawer
Committee	Dr Kath Handasyde
	Dr Robin Lawson
Adrian Moorrees	Dr Simon Goldsworthy
	Peter Menkhorst
	Dr Stephen Swearer
	Prof Ian Beveridge

### Environment advisory committee

Chair - Board of Management	Dr Catherin Bull
Committee	Bob Baird
	Penny Manning
	Patsy Hunt
	Nicola Tregear
	Bessie Tyers
	Paul Smith
	Michael Cleeland
	Tim Ealey
	Tania Maddigan
	Louise Parsons

### Education advisory committee

Chair - Board of Management	Stella Axarlis AM
Board of Management	Kirsty Mawer
Committee	Jim Wilson
	Rob Higgins
	Helen Lechte
	Don Paproth
	Wendy Major
	Linda Thompson
	Rick Pearce
	Pat O'Connell (*Resigned April 2011)

### Community advisory committee

Chair - Board of Management	Stella Axarlis AM
Board of Management	Kirsty Mawer
Committee	Cr Jane Daly
	Patsy Hunt
	Stephen Fullarton
	Deborah Holland
	Pauline Taylor
	Julia Nelson
	Margaret Hancock
	Pat Baird
	Jock McKechnie
	(*Resigned October 2010)

### Animal experimentation and ethics committee

Chair - former Board member	Dr Kath Handasyde
Committee	Dr Jennifer Hibble
	Clare Davis
	Anne Davie
	Dr Russell Watson

# Compliance matters

## Risk management

The Nature Park has an Audit, Risk and Compliance Committee which consists of four Board members that meet quarterly to discuss risk management. The Chief Executive Officer and Financial Controller attend these meetings. Management have identified the major risk areas and documented detailed strategies to mitigate these risks. As well as management, it is incumbent on each team member in every department to proactively identify and act upon risks as they arise – for themselves and visitors.

Also:

- At our instigation, insurers and risk assessors visited to identify potential risks within the Nature Park. Their recommendations were taken into consideration in the risk management process.
- Our Management team and full time Occupational Health and Safety Officer used a risk register matrix that calculated, evaluated and provided an overall rating for risks based on: likelihood, consequence and significance to the Nature Park.
- Action plans were developed to address identified risks which were supported by relevant policies and procedures, i.e. safety management systems and business continuity plans.

During the reporting period, the Nature Park continued to develop its risk management systems and framework to accommodate policy changes.

## Occupational Health and Safety (OH&S)

The Nature Park demonstrates its commitment and positive approach to health and safety through the Occupational Health and Safety (OH&S) Committee, staff training, safety audits and effective policies and procedures that are enhanced by the Nature Park's safety management system.

The Nature Park also seeks to promote a proactive culture of safety awareness & to this end encourages all staff to report hazards & near misses as well as incidents. There are safety representatives from all departments & levels of the organisation who meet on a monthly basis to assess and improve health and safety throughout the park.

The Nature Park has a full time OH&S Coordinator who is responsible for all OH&S matters. Lost time for injuries sustained in the workplace during this financial year were 660 hours (2010:412 hours).

## OH&S Highlights 2010-11

- Greater focus on Injury management and return to work planning.
- Training conducted in First Aid level II, CPR & Defibrillator, Construction Industry Induction card.
- Firearms Management processes & documentation updated & Audited by Victoria Police.
- All induction processes updated for staff, contractors, volunteers with ability to be completed off-site through OH&S webpage.
- Comprehensive Departmental plans were introduced to managers during the year.
- A comprehensive Staff and Family Employee Assistance Program introduced.
- Introduction of new Issue Resolution Process.

## OH&S Current Projects

- The Organisation's Safety Manual is to be reviewed to take into account the new Model Work health & Safety Act, regulations & codes of practice due for implementation on 1 January 2012.
- Emergency Management Plan has been updated.
- First Aid, CPR, AED & Anaphylaxis Training in progress
- OH&S dedicated webpage/site has been developed. This will provide off site induction & potential E-learning capability.

## Industrial relations

Nature Park staff were employed under the Phillip Island Nature Park Agreement 2007-10 and the applicable union is the Australian Services Union. No Industrial Relations claims were applicable during the reporting period.

## Freedom of Information Act 1982

The Freedom of Information Act 1982 allows the public a right to access to documents held by Phillip Island Nature Park. The Nature Park 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 \$24.40 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:

## Freedom of Information Officer

Phillip Island Nature Park  
PO Box 97, Cowes, Victoria 3922

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

## Privacy Act 2000

The Nature Park is committed to ensuring that the Victorian Information Privacy Act 2000 is adhered to. This Act applies to all Nature Park 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](http://www.penguins.org.au)

## Whistleblowers Protection Act 2001

The Whistleblowers Protection Act 2001 is designed to encourage and facilitate disclosures of improper conduct by public officers and public bodies and to provide protection for the persons who make disclosures.

In 2010-11, there was one disclosure under the Act. During the year, the Nature Park was subject to a review of compliance by Deloitte Touche Tohmatsu, whereby the Nature Park achieved compliance.

The protected disclosure coordinator for the Nature Park acts as an agent for the Authority to receive disclosures under the Act and applies the Department of Sustainability and Environment procedures in managing disclosures. Disclosures of improper conduct by the Authority or its employees may be made to:

**Damian Prendergast**

Operations Manager  
Phillip Island Nature Parks  
PO Box 97, Cowes, Victoria 3922  
E-mail: dprendergast@penguins.org.au

**The Ombudsman Victoria**

Level 22, 459 Collins Street, Melbourne,  
Victoria 3000. Telephone: 03 9613 6222  
Toll free: 1800 806 314  
E-mail: ombudvic@ombudsman.vic.gov.au

See page 17 for more details and the full Act can be found in this report on page 72 or online at [www.penguins.org.au](http://www.penguins.org.au)

**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 and apply this principle in its business undertakings.

**Building Act 1993**

Phillip Island Nature Parks complies with building management provisions of the Building Act 1993. The Nature Park's 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 Park's management ensures all building practitioners engaged on building works to be registered and maintain registration throughout the course of the works.

**Building work**

The major building work in 2010-11 was construction of the new Wildlife Rehabilitation Centre on the Summerland Peninsula. Construction started in December 2010.

**Maintenance and conformity**

Maintenance and improvement works are necessarily carried out on the Nature Park's buildings to ensure that they are maintained in a safe and serviceable condition. Work is continuing to ensure that all existing buildings conform to standards.

**Public Administration Act 2004**

The Nature Park 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 were set out in the Human Resources Policy and Procedure Manual (which was made available to all staff):

**Section 2.0**

Recruitment and Appointment Policy and Procedures

**Section 4.0**

Training and Development Policy and Procedures

**Section 5.0**

Employees' Performance and Development Review Policy and Procedures

**Section 7.0**

Termination and Settlement of Disputes Procedure

**Section 9.0**

Employee Equal Opportunity Procedure

**Section 11.0**

Code of Practice for Employees

**Consultancies and contracts****Disclosure of Major Contracts**

No contracts of over \$10 million were entered into in the reporting period.

**Consultancies****Details of consultancies over \$100,000**

Consultant	TRACT
Project	Summerland Strategic Framework
Total approved project fee	\$150,000
Expenditure 2010-11	\$150,000
Future committed expenditure	NIL

**Details of consultancies under \$100,000**

Consultancies engaged during the year where total fees was less than \$100,000:

Number	24
Expenditure 2010-11	\$323,536
Future committed expenditure	NIL

**External reviews**

Independent internal auditors performed four internal audit assignments during the reporting period.

During the year the Nature Park Board engaged Deloitte Touche Tohmatsu to perform a Fraud and Risk Management Review. There were no significant findings or significant internal control weaknesses identified.

**Fee policy**

The Nature Park has a policy of reviewing entry fees annually.

**Statement of availability of other information**

Information not fully detailed on pages 13-14 is available in the Full Financial Statements. Publications are listed on page 34 and research activities on pages 23-27 of this report. Marketing and promotion activities are detailed on page 28.

**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 Park as at 30 June 2011 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 \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

The Nature Park has not commenced or completed any contracts during 2010-11 to which VIPP applied.

# Disclosure index

The Annual Report of Phillip Island Nature Parks is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

<b>Ministerial Directions</b>		
<b>Report of operations – FRD Guidance</b>		
<b>Legislation</b>	<b>Requirement</b>	<b>Page Reference</b>
<b>Charter and purpose</b>		
FRD 22B	Manner of establishment and the relevant Ministers	56, 67
FRD 22B	Objectives, functions, powers and duties	6–7
FRD 22B	Nature and range of services provided	4
FRD 22B	Organisational structure	9
FRD 8B	Budget portfolio outcomes	8
FRD 10	Disclosure index	70
FRD 12A	Disclosure of major contracts	69*
FRD 15B	Executive officer disclosures	NA*
FRD 22B, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	8
FRD 22B	Employment and conduct principles	31
FRD 22B	Occupational health and safety policy	68
FRD 22B	Summary of the financial results for the year	11, 13, 14
FRD 22B	Significant changes in financial position during the year	11, 13–14
FRD 22B	Major changes or factors affecting performance	11
FRD 22B	Subsequent events	60, 69
FRD 22B	Application and operation of Freedom of Information Act 1982	68
FRD 22B	Compliance with building and maintenance provisions of Building Act 1993	69
FRD 22B	Statement on National Competition Policy	69
FRD 22B	Application and operation of the Whistleblowers Protection Act 2001	17, 68, 72
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# Whistleblowers Protection Act 2001

## Whistleblowers Protection Act 2001 Phillip Island Nature Parks Policy & Procedures

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# Whistleblowers Protection Act 2001

## 1. Statement of support to whistleblowers

Phillip Island Nature Parks (Nature Park) is committed to the aims and objectives of the Whistleblowers Protection Act 2001 (the Act). It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The Nature Park recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The Nature Park will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

## 2. Purpose of these procedures

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by the Nature Park or its employees. The system enables such disclosures to be made to the protected disclosure coordinator or to one of the nominated Protected disclosure officers. Disclosures may be made by employees or by members of the public.

These procedures are designed to complement normal communication channels between supervisors and employees. Employees are encouraged to continue to raise appropriate matters at any time with their supervisors. As an alternative, employees may make a disclosure of improper conduct or detrimental action under the Act in accordance with these procedures.

## 3. Objects of the Act

The Whistleblowers Protection Act 2001 commences operation on 1 January 2002. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

## 4. Definitions of key terms

Three key concepts in the reporting system are improper conduct, corrupt conduct and detrimental action. Definitions of these terms are set out below.

### 4.1 Improper conduct

A disclosure may be made about improper conduct by a public body or public official. Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

#### Examples

- To avoid closure of a town's only industry, an environmental health officer ignores or conceals evidence of illegal dumping of waste.

- An agricultural officer delays or declines imposing quarantine to allow a financially distressed farmer to sell diseased stock.
- A building inspector tolerates poor practices and structural defects in the work of a leading local builder.
- See 4.2 below for specific examples of corrupt conduct.

### 4.2 Corrupt conduct

Corrupt conduct means:

- Conduct of any person (whether or not a public official) that adversely affects the honest performance of a public officer's or public body's functions;
- The performance of a public officer's functions dishonestly or with inappropriate partiality;
- Conduct of a public officer, former public officer or a public body that amounts to a breach of public trust;
- Conduct by a public officer, former public officer or a public body that amounts to the misuse of information or material acquired in the course of the performance of their official functions; or
- A conspiracy or attempt to engage in the above conduct.

#### Examples

- A public officer takes a bribe or receives a payment other than his or her wages or salary in exchange for the discharge of a public duty.
- A public officer favours unmeritorious applications for jobs or permits by friends and relatives.
- A public officer sells confidential information.

### 4.3 Detrimental action

- The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:
  - Action causing injury, loss or damage;
  - Intimidation or harassment; and
  - Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

#### Examples

- A public body refuses a deserved promotion of a person who makes a disclosure.
- A public body demotes, transfers, isolates in the workplace or changes the duties of a whistleblower due to the making of a disclosure.
- A person threatens, abuses or carries out other forms of harassment directly or indirectly against the whistleblower, his or her family or friends.
- A public body discriminates against the whistleblower or his or her family and associates in subsequent applications for jobs, permits or tenders.

## 5. The reporting system

### 5.1 Contact persons within the Nature Park

Disclosures of improper conduct or detrimental action by the Nature Park or its employee's may be made to the following officers:

# Whistleblowers Protection Act 2001

## The protected disclosure coordinator

### Damian Prendergast

Operations Manager

Phillip Island Nature Parks

Ventnor Rd, Cowes 3922

Ph: 5951 2821

Email: dprendergast@penguins.org.au

## The protected disclosure officers:

### Judy Tough

Administration Officer

Phillip Island Nature Parks

Ventnor Rd, Cowes 3922

Ph: 5951 2815

Email: jtough@penguins.org.au

### John Evans

Ranger

Phillip Island Nature Parks

Ventnor Rd, Cowes 3922

Ph: 5951 2800

Email: jevans@penguins.org.au

### Maureen Magill

Retail Officer

Phillip Island Nature Parks

Ventnor Rd, Cowes 3922

Ph: 5951 2800

Email: mmagill@penguins.org.au

All correspondence, phone calls and emails from internal or external whistleblowers will be referred to the protected disclosure coordinator.

Where a person is contemplating making a disclosure and is concerned about approaching the protected disclosure coordinator or a protected disclosure officer in the workplace, he or she can call the relevant officer and request a meeting in a discrete location away from the workplace.

## 5.2 Alternative contact persons

A disclosure about improper conduct or detrimental action by the Nature Park or its employees, may also be made directly to the Ombudsman:

### The Ombudsman Victoria

Level 3 (South Tower), 459 Collins St Melbourne Vic  
3000 Telephone: (03) 9613 6222 Toll Free: 1800 806 314;  
Fax: 9614 0246; DX26 Internet: www.ombudsman.vic.gov.au  
Email: ombudvic@ombudsman.vic.gov.au

The following table sets out where disclosures about persons other than employees of the Nature Park should be made.

## 6. Roles and responsibilities

### 6.1 Employees

Employees are encouraged to report known or suspected incidences of improper conduct or detrimental action in accordance with these procedures.

All employees of the Nature Park have an important role to play in supporting those who have made a legitimate disclosure. They must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a disclosure. Furthermore, they should protect and maintain the confidentiality of a person they know or suspect to have made a disclosure.

### 6.2 Protected disclosure officers

Protected disclosure officers will:

- Be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action;
- Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace;
- Receive any disclosure made orally or in writing (from internal and external whistleblowers);
- Commit to writing any disclosure made orally;
- Impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, 'a protected disclosure');
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential; and
- Forward all disclosures and supporting evidence to the protected disclosure coordinator.

### 6.3 Protected disclosure coordinator

The protected disclosure coordinator has a central 'clearinghouse' role in the internal reporting system. He or she will:

- Receive all disclosures forwarded from the protected disclosure officers;
- Receive all phone calls, emails and letters from members of the public or employees seeking to make a disclosure;
- Impartially assess each disclosure to determine whether it is a public interest disclosure;
- Refer all public interest disclosures to the Ombudsman;
- Be responsible for carrying out, or appointing an investigator to carry out, an investigation referred to the public body by the Ombudsman;
- Be responsible for overseeing and coordinating an investigation where an investigator has been appointed;
- Appoint a welfare manager to support the whistleblower and to protect him or her from any reprisals;
- Advise the whistleblower of the progress of an investigation into the disclosed matter;
- Establish and manage a confidential filing system;
- Collate and publish statistics on disclosures made;
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential; and
- Liaise with the Chief Executive Officer of the public body.

### 6.4 Investigator

The investigator will be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to the public body. An investigator may be a person from within an organisation or a consultant engaged for that purpose.

# Whistleblowers Protection Act 2001

## 6.5 Welfare manager

- The welfare manager is responsible for looking after the general welfare of the whistleblower. The welfare manager will:
- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment;
- Advise the whistleblower of the legislative and administrative protections available to him or her;
- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure; and
- Ensure the expectations of the whistleblower are realistic.

## 7. Confidentiality

The Nature Park will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against a whistleblower.

The Act requires any person who receives information due to the handling or investigation of a protected disclosure, not to disclose that information except in certain limited circumstances. Disclosure of information in breach of section 22 constitutes an offence that is punishable by a maximum fine of 60 penalty units (\$6,000) or six months imprisonment or both.

The circumstances in which a person may disclose information obtained about a protected disclosure include:

- Where exercising the functions of the public body under the Act;
  - When making a report or recommendation under the Act;
  - When publishing statistics in the annual report of a public body; and
  - In criminal proceedings for certain offences in the Act.
- However, the Act prohibits the inclusion of particulars in any report or recommendation that is likely to lead to the identification of the whistleblower. The Act also prohibits the identification of the person who is the subject of the disclosure in any particulars included in an annual report.

The Nature Park will ensure all files, whether paper or electronic, are kept in a secure room and can only be accessed by the protected disclosure coordinator, protected disclosure officer, the investigator or welfare manager (in relation to welfare matters). All printed material will be kept in files that are clearly marked as a Whistleblower Protection Act matter, and warn of the criminal penalties that apply to any unauthorised divulging information concerning a protected disclosure. All electronic files will be produced and stored on a stand-alone computer and be given password protection. Backup files will be kept on floppy disc. All materials relevant to an investigation, such as tapes from interviews, will also be stored securely with the whistleblower files.

The Nature Park will not email documents relevant to a whistleblower matter and will ensure all phone calls and meetings are conducted in private.

## 8. Collating and publishing statistics

The protected disclosure coordinator will establish a secure register to record the information required to be published in the annual report, and to generally keep account of the status of whistleblower disclosures. The register will be confidential and will not record any information that may identify the whistleblower.

The register will contain the following information:

- The number and types of disclosures made to public bodies during the year;
- The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures;
- The number and types of disclosed matters referred to the public body by the Ombudsman for investigation;
- The number and types of disclosures referred by the public body to the Ombudsman for investigation;
- The number and types of investigations taken over from the public body by the Ombudsman;
- The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the public body;
- The number and types of disclosed matters that the public body has declined to investigate;
- The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation; and
- Any recommendations made by the Ombudsman that relate to the public body.

## 9. Receiving and assessing disclosures

### 9.1 Has the disclosure been made in accordance with Part 2 of the Act?

Where a disclosure has been received by the protected disclosure officer or by the protected disclosure coordinator, he or she will assess whether the disclosure has been made in accordance with Part 2 of the Act and is, therefore, a protected disclosure.

#### 9.1.1 Has the disclosure been made to the appropriate person?

For the disclosure to be responded to by the Nature Park, it must concern an employee, member or officer of the Nature Park. If the disclosure concerns an employee, officer or member of another public body, the person who has made the disclosure must be advised of the correct person or body to whom the disclosure should be directed. (See the table in 5.2). If the disclosure has been made anonymously, it should be referred to the Ombudsman.

# Whistleblowers Protection Act 2001

## 9.1.2 Does the disclosure contain the essential elements of a protected disclosure?

To be a protected disclosure, a disclosure must satisfy the following criteria:

- Did a natural person (that is, an individual person rather than a corporation) make the disclosure?
- Does the disclosure relate to conduct of a public body or public officer acting in their official capacity?
- Is the alleged conduct either improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure?
- Does the person making a disclosure have reasonable grounds for believing the alleged conduct has occurred?
- Where a disclosure is assessed to be a protected disclosure, it is referred to the protected disclosure coordinator. The protected disclosure coordinator will determine whether the disclosure is a public interest disclosure.
- Where a disclosure is assessed not to be a protected disclosure, the matter does not need to be dealt with under the Act.

The protected disclosure officer will decide how the matter should be responded to in consultation with the protected disclosure coordinator.

## 9.2 Is the disclosure a public interest disclosure?

Where the protected disclosure officer or coordinator has received a disclosure that has been assessed to be a protected disclosure, the protected disclosure coordinator will determine whether the disclosure amounts to a public interest disclosure. This assessment will be made within 45 days of the receipt of the disclosure.

In reaching a conclusion as to whether a protected disclosure is a public interest disclosure, the protected disclosure coordinator will consider whether the disclosure shows, or tends to show, that the public officer to whom the disclosure relates:

- 1 Has engaged, is engaging or proposes to engage in improper conduct in his or her capacity as a public officer; or
- 2 Has taken, is taking or proposes to take detrimental action in reprisal for the making of the protected disclosure.

Where the protected disclosure coordinator concludes that the disclosure amounts to a public interest disclosure, he or she will:

- 1 Notify the person who made the disclosure of that conclusion; and;
- 2 Refer the disclosure to the Ombudsman for formal determination as to whether it is indeed a public interest disclosure.

Where the protected disclosure coordinator concludes that the disclosure is not a public interest disclosure, he or she will:

- Notify the person who made the disclosure of that conclusion; and;

Advise that person that he or she may request the public body to refer the disclosure to the Ombudsman for a formal determination as to whether the disclosure is a public interest disclosure, and that this request must be made within 28 days of the notification.

- In either case, the protected disclosure coordinator will make the notification and the referral within 14 days of the conclusion being reached by the public body. Notification to the whistleblower is not necessary where the disclosure has been made anonymously.

## 10. Investigations

### 10.1 Introduction

Where the Ombudsman refers a protected disclosure to the Nature Park for investigation, the protected disclosure coordinator will appoint an investigator to carry out the investigation.

The objectives of an investigation will be:

- To collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- To consider the information collected and to draw conclusions objectively and impartially;
- To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and
- To make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

### 10.2 Terms of reference

Before commencing an investigation, the protected disclosure coordinator will draw up terms of reference and obtain authorisation for those terms by the Chief Executive Officer. The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the investigator to complete the investigation within the time set. The protected disclosure coordinator may approve, if reasonable, an extension of time requested by the investigator. The terms of reference will require the investigator to make regular reports to the protected disclosure coordinator who, in turn, is to keep the Ombudsman informed of general progress.

### 10.3 Investigation plan

The investigator will prepare an investigation plan for approval by the protected disclosure coordinator. The plan will list the issues to be substantiated and describe the avenue of inquiry. It will address the following issues:

- What is being alleged?
- What are the possible findings or offences?
- What are the facts in issue?
- How is the inquiry to be conducted?
- What resources are required?

At the commencement of the investigation, the whistleblower should be:

- Notified by the investigator that he or she has been appointed to conduct the investigation;
- Asked to clarify any matters; and
- Provide any additional material he or she might have.

The investigator will be sensitive to the whistleblower's possible fear of reprisals and will be aware of the statutory protections provided to the whistleblower.

# Whistleblowers Protection Act 2001

## 10.4 Natural justice

The principles of natural justice will be followed in any investigation of a public interest disclosure. The principles of natural justice concern procedural fairness and ensure a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

The Nature Park will have regard to the following issues in ensuring procedural fairness:

- The person who is the subject of the disclosure is entitled to know the allegations made against him or her and must be given the right to respond. (This does not mean the person must be advised of the allegation as soon as the disclosure is received or the investigation has commenced);
- If the investigator is contemplating making a report adverse to the interests of any person, that person should be given the opportunity to put forward further material that may influence the outcome of the report and that person's defence should be fairly set out in the report;
- All relevant parties to a matter should be heard and all submissions should be considered;
- A decision should not be made until all reasonable inquiries have been made;
- The investigator or any decision maker should not have a personal or direct interest in the matter being investigated;
- All proceedings must be carried out fairly and without bias. Care should be taken to exclude perceived bias from the process; and
- The investigator must be impartial in assessing the credibility of the whistleblowers and any witnesses. Where appropriate, conclusions as to credibility should be included in the investigation report.

## 10.5 Conduct of the investigation

The investigator will make contemporaneous notes of all discussions and phone calls, and all interviews with witnesses will be taped. All information gathered in an investigation will be stored securely. Interviews will be conducted in private and the investigator will take all reasonable steps to protect the identity of the whistleblower. Where disclosure of the identity of the whistleblower cannot be avoided, due to the nature of the allegations, the investigator will warn the whistleblower and his or her welfare manager of this probability.

It is in the discretion of the investigator to allow any witness to have legal or other representation or support during an interview. If a witness has a special need for legal representation or support, permission should be granted.

## 10.6 Referral of an investigation to the Ombudsman

The protected disclosure coordinator will make a decision regarding the referral of an investigation to the Ombudsman where, on the advice of the investigator:

- The investigation is being obstructed by, for example, the non-cooperation of key witnesses; or
- The investigation has revealed conduct that may constitute a criminal offence.

## 10.7 Reporting requirements

The protected disclosure coordinator will ensure the whistleblower is kept regularly informed concerning the handling of a protected disclosure and an investigation.

The protected disclosure coordinator will report to the Ombudsman about the progress of an investigation.

Where the Ombudsman or the whistleblower requests information about the progress of an investigation, that information will be provided within 28 days of the date of the request.

## 11. Action taken after an investigation

### 11.1 Investigator's final report

At the conclusion of the investigation, the investigator will submit a written report of his or her findings to the protected disclosure coordinator. The report will contain:

The allegation/s:

- An account of all relevant information received and, if the investigator has rejected evidence as being unreliable, the reasons for this opinion being formed;
- The conclusions reached and the basis for them; and
- Any recommendations arising from the conclusions.

Where the investigator has found that the conduct disclosed by the whistleblower has occurred recommendations made by the investigator will include:

- The steps that need to be taken by the Nature Park to prevent the conduct from continuing or occurring in the future; and
- Any action that should be taken by the Nature Park to remedy any harm or loss arising from the conduct. This action may include bringing disciplinary proceedings against the person responsible for the conduct, and referring the matter to an appropriate authority for further consideration.

The report will be accompanied by:

- The transcript or other record of any oral evidence taken, including tape recordings; and
- All documents, statements or other exhibits received by the officer and accepted as evidence during the course of the investigation.

Where the investigator's report is to include an adverse comment against any person, that person will be given the opportunity to respond and his or her defence will be fairly included in the report.

The report will not disclose particulars likely to lead to the identification of the whistleblower.



# Whistleblowers Protection Act 2001

## 11.2 Action to be taken

If the protected disclosure coordinator is satisfied that the investigation has found that the disclosed conduct has occurred, he or she will recommend to the Chief Executive Officer the action that must be taken to prevent the conduct from continuing or occurring in the future. The protected disclosure coordinator may also recommend that action be taken to remedy any harm or loss arising from the conduct.

The protected disclosure coordinator will provide a written report setting out the findings of the investigation and any remedial steps taken to the Ombudsman, the whistleblower and the responsible Minister. Where the investigation concludes that the disclosed conduct did not occur, the protected disclosure coordinator will report these findings to the Ombudsman and to the whistleblower.

## 12. Managing the welfare of the whistleblower

### 12.1 Commitment to protecting whistleblowers

The Nature Park is committed to the protection of genuine whistleblowers against detrimental action taken in reprisal for the making of protected disclosures. The protected disclosure coordinator is responsible for ensuring whistleblowers are protected from direct and indirect detrimental action, and that the culture of the workplace is supportive of protected disclosures being made.

The protected disclosure coordinator will appoint a welfare manager to all whistleblowers who have made a protected disclosure. The welfare manager will:

- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and, where the whistleblower is an employee, seek to foster a supportive work environment;
- Advise the whistleblower of the legislative and administrative protections available to him or her;
- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure;
- Keep a contemporaneous record of all aspects of the case management of the whistleblower including all contact and follow-up action; and
- Ensure the expectations of the whistleblower are realistic.

All employees will be advised that it is an offence for a person to take detrimental action in reprisal for a protected disclosure. The maximum penalty is a fine of 240 penalty units (\$24,000) or two years imprisonment or both. The taking of detrimental action in breach of this provision can also be grounds for making a disclosure under the Act and can result in an investigation.

Detrimental action includes:

- Causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business (including the taking of disciplinary action).

### 12.2 Keeping the whistleblower informed

The protected disclosure coordinator will ensure the whistleblower is kept informed of action taken in relation to his or her disclosure, and the time frames that apply. The whistleblower will be informed of the objectives of an investigation, the findings of an investigation, and the steps taken by the Nature Park to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by the Nature Park in relation to a protected disclosure. All communication with the whistleblower will be in plain English.

### 12.3 Occurrence of detrimental action

If a whistleblower reports an incident of harassment, discrimination or adverse treatment that would amount to detrimental action taken in reprisal for the making of the disclosure, the welfare manager will:

- Record details of the incident;
- Advise the whistleblower of his or her rights under the Act; and
- Advise the protected disclosure coordinator or Chief Executive Officer of the detrimental action.

The taking of detrimental action in reprisal for the making of a disclosure can be an offence against the Act as well as grounds for making a further disclosure. Where such detrimental action is reported, the protected disclosure coordinator will assess the report as a new disclosure under the Act. Where the protected disclosure coordinator is satisfied that the disclosure is a public interest disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines the matter to be a public interest disclosure, the Ombudsman may investigate the matter or refer it to another body for investigation as outlined in the Act.

### 12.4 Whistleblowers implicated in improper conduct

Where a person who makes a disclosure is implicated in misconduct, the Nature Park will handle the disclosure and protect the whistleblower from reprisals in accordance with the Act, the Ombudsman's guidelines and these procedures. The Nature Park acknowledges that the act of whistleblowing should not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct. Section 17 of the Act specifically provides that a person's liability for his or her own conduct is not affected by the person's disclosure of that conduct under the Act. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

# Whistleblowers Protection Act 2001

The Chief Executive Officer will make the final decision on the advice of the protected disclosure coordinator as to whether disciplinary or other action will be taken against a whistleblower. Where disciplinary or other action relates to conduct that is the subject of the whistleblower's disclosure, the disciplinary or other action will only be taken after the disclosed matter has been appropriately dealt with. In all cases where disciplinary or other action is being contemplated, the Chief Executive Officer must be satisfied that it has been clearly demonstrated that:

- The intention to proceed with disciplinary action is not causally connected to the making of the disclosure (as opposed to the content of the disclosure or other available information);
- There are good and sufficient grounds that would fully justify action against any non-whistleblower in the same circumstances; and
- There are good and sufficient grounds that justify exercising any discretion to institute disciplinary or other action.

The protected disclosure coordinator will thoroughly document the process including recording the reasons why the disciplinary or other action is being taken, and the reasons why the action is not in retribution for the making of the disclosure. The protected disclosure coordinator will clearly advise the whistleblower of the proposed action to be taken, and of any mitigating factors that have been taken into account.

## 13. Management of the person against whom a disclosure has been made

The Nature Park recognises that employees against whom disclosures are made must also be supported during the handling and investigation of disclosures. The Nature Park will take all reasonable steps to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

The protected disclosure coordinator will ensure the person who is the subject of any disclosure investigated by or on behalf of a public body is:

- Informed as to the substance of the allegations;
- Given the opportunity to answer the allegations before a final decision is made;
- Informed as to the substance of any adverse comment that may be included in any report arising from the investigation; and has
- His or her defence set out fairly in any report.

Where the allegations in a disclosure have been investigated, and the person who is the subject of the disclosure is aware of the allegations or the fact of the investigation, the protected disclosure coordinator will formally advise the person who is the subject of the disclosure of the outcome of the investigation. The Nature Park will give its full support to a person who is the subject of a disclosure where the allegations contained in a disclosure are clearly wrong or unsubstantiated. If the matter has been publicly disclosed, the Chief Executive Officer of the Nature Park will consider any request by that person to issue a statement of support setting out that the allegations were clearly wrong or unsubstantiated.

## 14. Criminal offences

The Nature Park will ensure officers appointed to handle protected disclosures and all other employees are aware of the following offences created by the Act:

1. It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (\$24,000) or two years imprisonment or both.
2. It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (\$6,000) or six months imprisonment or both.
3. It is an offence for a person to obstruct the Ombudsman in performing his responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.
4. It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

## 15. Review

These procedures will be reviewed annually to ensure they meet the objectives of the Act and accord with the Ombudsman's guidelines.

# Thank you

The Nature Park's 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 2010–11:

## Local community groups and volunteers

Bass Coast Landcare Network  
Bass Coast Shire Council (BCSC)  
Coast Action / Coast Care Community Grant Program  
Destination Phillip Island  
Friends of Churchill Island Society  
Friends of the Koalas  
Heritage Victoria  
Hi-cone ECO CARRIERS  
Hooded Plover Watch  
Local schools and students  
Newhaven, Wonthaggi & Cowes Veterinary Clinics  
Penguin jumper volunteers  
Penguin Study Group  
Phillip Island and District Historical Society  
Phillip Island Conservation Society  
Phillip Island Landcare Group  
Phillip Island Parks Association  
Phillip Island Tourism and Business Association  
Shearwater Rescue Volunteers  
Silverleaves Conservation Association  
Smiths Beachcomber Association Inc  
The Barbara Martin Bush Bank  
Western Port Bird Observers Club  
Wildlife Carers  
Wildlife Rescue Volunteers  
Wildlife Shelter Operators  
Woolamai Beach Surf Life Saving Club

## Supporting organisations

Air Services Australia  
Australia Defence Force Academy at University of NSW  
Australian Antarctic Division  
Bidvest Biologica de Donana (Spain)  
Birds Australia  
Cheetham Salt Limited  
Chisholm Institute  
Conservation Volunteers Australia  
Deakin University  
Department of Primary Industries (DPI)  
Department of Sustainability and Environment (DSE)  
Environment Canada  
Environmental Protection Authority  
Estacion  
Garden History Society  
Great Barrier Reef Marine Park Authority  
Green Corps  
Healesville Sanctuary  
Institut Pluridisciplinaire Hubert Curien (France)  
International Student Volunteers (ISV)  
Japanese Penguin Fund  
Kean Electronics  
Latrobe University  
McLaughlins/Juro Pty Ltd  
Melbourne Water  
Monash University  
Mount Baw Baw Alpine Resort  
Museum Victoria  
National Institute of Polar Research (Japan)  
National Trust of Australia (Victoria)  
Nestlé Peters  
Office of the Environmental Monitor  
Parks Victoria  
Paul Vibranc  
PFD Foods  
Royal Botanic Gardens  
SP AusNet  
Surfing Victoria  
Sylvania Lighting  
Tourism Victoria  
Toyota  
Traineeship Advisory Services Australia  
Universite de Strasbourg (France)  
University of Melbourne  
Vic Roads  
Victoria Government – Department for Victorian Communities  
Victoria University Victorian Ornithological Research Group  
Wildlife Victoria  
Zoos Victoria

## Major supporters

**BHP Billiton**

**Chisholm Institute**

**Exxon-Mobil**

**Nestlé Peters**

**Penguin Foundation, Phillip Island**

**Schweppes**

**State Government, Victoria -**

**Department of Education and Early Childhood Development**

# Annual Report 2010–11

