

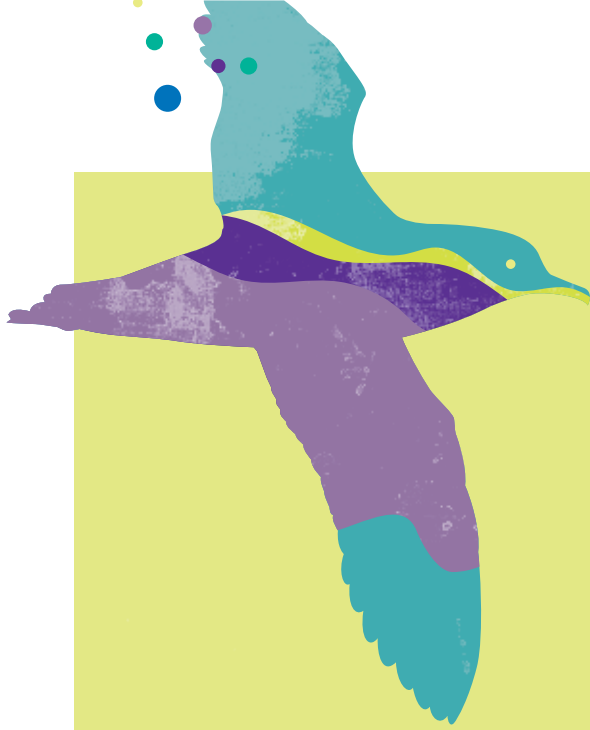
# ANNUAL REPORT 2020-21



*Phillip Island*  
**NATURE  
PARKS**



[penguins.org.au](http://penguins.org.au)



*We respectfully acknowledge the Traditional Owners of Millowl, the Bunurong and pay our respects to Elders past, present and emerging. We recognise their role in caring for Country over thousands of years and acknowledge the true history and their continued connection to place as we work and walk together.*

\*We acknowledge that there are over 60 different spellings of this Aboriginal group found in the literature, including "Bunurong", "Boonwurrung", "Boonerwung", "Bunwurrung" and more.

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# ABOUT US

## OUR BUSINESS

Phillip Island Nature Parks (the Nature Parks) is a unique conservation organisation that provides ecotourism experiences on Phillip Island (Millowl). We acknowledge that the Crown Land we are privileged to manage forms part of the traditional lands of the Bunurong People who know the Island as Millowl. We also recognise that the Land, Waters and Sea are of spiritual, cultural and economic importance to Aboriginal and/or Torres Strait Islander Peoples. We are an organisation committed to recognition and reconciliation.

The Nature Parks was created by the State Government in 1996 for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest. Since this time Phillip Island's wildlife and environment have flourished. The Summerland Peninsula is restored, securing habitat for Little Penguins, Eastern Barred Bandicoots and seabirds and creating a majestic canvas for a truly world-class visitor experience.

We manage an important iconic attraction for Victoria and Australia. The visitor experience across our Island home offers unique opportunities to interact with nature, culture and wildlife. This experience includes four main visitor attractions: the world-renowned Penguin Parade, Koala Conservation Reserve, Churchill Island and the Antarctic Journey at the Nobbies Centre. Each visitor attraction offers memorable experiences that bring our visitors closer to the natural and cultural environment and Phillip Island's unique wildlife and inspire action for conservation.

Linking our attractions is a network of reserves and beaches where visitors can wander along spectacular trails, boardwalks and viewing platforms to encounter wildlife and enjoy stunning views and wild, wide-open spaces.

Our model of funding conservation through quality tourism and education experiences is the key to our success, enabling us to invest in programs to ensure Phillip Island's landscape, habitats and wildlife are protected for future generations. Across this year, the Nature Parks operations were supported by the State Government in response to the global pandemic.

Our conservation programs on Phillip Island and beyond are future-focused and research led. Our visitor experience programs are developed to echo key messages for environmental change and inspire action. Our Little Penguin, seabird and seal research programs continue to provide a model of conservation excellence and contribute to our understanding of key global issues such as climate change impacts and marine food security.

We proudly work with our Bunurong Traditional Owners, community, visitors and partner organisations to protect this natural haven and coastal home for diverse and wondrous wildlife, and for all who live and visit here.



## *Our Purpose and Vision*

### **OUR PURPOSE:**

#### **THIS IS WHY WE ARE HERE:**

To protect nature for wildlife and inspire people to act.

### **OUR VISION:**

#### **THIS IS WHAT WE WANT TO BE:**

A place where conservation and ecotourism excellence inspire people to actively protect the environment.

## *Guiding Principles*

### **THESE ARE THE CHOICES WE MAKE:**

Our organisation is underpinned by four principles which are all integral to our success and guide our decision making.

- Nature conservation is paramount.
- Visitor experiences should be authentic and inspire action.
- Financial sustainability is key to our continued success.
- Value for our community.



## *Programs*

### **CONSERVATION EXCELLENCE**

We support the conservation of native wildlife and healthy ecosystems by demonstrating best practice on Phillip Island and sharing our knowledge globally.

### **EXTRAORDINARY VISITOR EXPERIENCES**

All attractions and natural assets tell a story that increases the conservation knowledge of our visitors and inspires action.

### **COMMUNITY PARTNERSHIPS**

Our success starts with our local community. We build upon our strong relationships through genuine engagement and proactive communications.

### **SUSTAINABLE FUTURE**

Our conservation values are reflected in all aspects of our operations as we strive for financial and environmental sustainability.

### **AGILE ORGANISATION, INSPIRED PEOPLE**

We harness the passion and values of our team to deliver extraordinary outcomes. Our organisation is resilient and agile in responding to challenges and meeting best practice.







# OUR LOCATION

## PARKS AND RESERVES

Over 1,805 hectares of Crown Land for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest.



### KOALA CONSERVATION RESERVE

Close koala viewing in natural habitat.



### ANTARCTIC JOURNEY

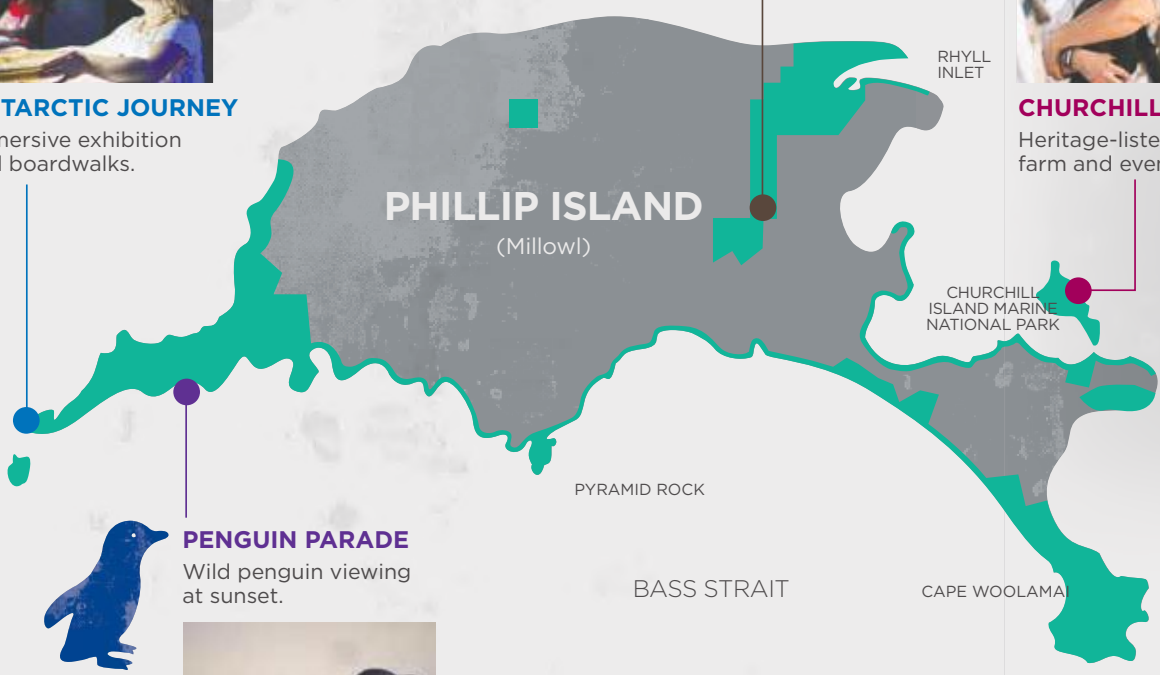
Immersive exhibition and boardwalks.

WESTERN PORT  
(Warnmarin)  
(RAMSAR WETLAND)



### CHURCHILL ISLAND

Heritage-listed working farm and events.



### PENGUIN PARADE

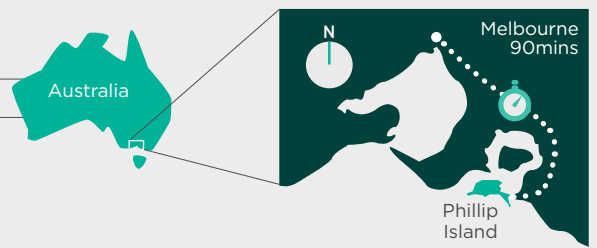
Wild penguin viewing at sunset.



Phillip Island Nature Parks

Route from Melbourne

Maps not to scale



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

# CHAIR AND CEO'S REPORT

This was another challenging year for all Victorians and the Nature Parks team, industry and stakeholders. We are, however, extremely proud to be reporting on this year's achievements, made possible by the support of the Victorian State Government and the resilience of our team, as we adapted our organisation to achieve our vision in new and innovative ways.

**The State Government made a significant contribution of \$4.4M in funding support during the year and provided a letter of comfort extending until November 2021. This has now been extended to November 2022. This funding offset the significant revenue loss during the year and allowed us to retain our valued team and continue to protect and enhance Phillip Island's environment for wildlife. We invested \$3.9M into conservation, research and education activities, partially funded by \$0.6M in grants from government bodies and other organisations. In addition, deployment of tourism and administrative staff provided an extra 12,464 hours to other Nature Parks' operations which were largely conservation based.**

Across 2020-21, the experiences we offer at the Penguin Parade, Koala Conservation Reserve, Churchill Island and Nobbies Centre were closed for a third of the year and operated with reduced capacity when opened to visitors in line with our *COVID-19 Safe Workplace Plan*. Ongoing COVID Safe Principles meant that our most popular experience - the Penguin Parade - operated at less than 30% capacity for most of its time open to visitors.

We are delighted that we were able to provide experiences for 317,589 paid visitors to our paid attractions and to offer some enjoyment for Victorians across the Nature Parks' reserves. We continued to maintain the beaches and reserves we are privileged to manage and were glad to be able to provide these recreational opportunities for the community and visitors.


We were also pleased to be able to share with our local and Victorian community some special opportunities to experience the Penguin Parade in our quieter times. We opened to our community

with free nights at the Penguin Parade in July, offered free entry for regional Victorians in August and in May we thanked Victoria's First Responders for their incredible service by providing them and their families free entry to all our attractions.

The Little Penguins were once again our little stars of the year! During COVIDSafe Settings, when visitors could not come to us, we took the Little Penguins to the world through our new initiative of Live Penguin TV. For 112 nights, our rangers provided live vision and commentary of the Penguin Parade via Facebook and YouTube with viewers able to ask questions along the way. This phenomenon provided us with the ability to showcase our conservation commitment to new audiences, and was estimated to have reached an amazing audience of 25 million people from 119 countries. Equally important to us, was that we made a strong connection with our target markets and demonstrated the magic and importance of our wildlife experiences.

When our attractions were both open and closed, our team demonstrated remarkable agility in adjusting to remote working and enabling the deployment of skills across the business to achieve significant outcomes in conservation, marketing and process improvement that were well beyond expectations. In recognising this achievement, we also want to acknowledge that the past year has taken its toll on the wellbeing of our team and we will continue to invest time into listening and responding to the needs of our staff and volunteers.

The Board undertook a review of the existing *Strategic Plan 2018-23* to help direct the organisation through this challenging time and to plan for opportunities that may emerge from adversity. This



Penguin Parade stands at dusk.  
Image: Visit Victoria.

## CHAIR AND CEO'S REPORT

review reinforced the organisation's commitment to conservation and identified some emerging opportunities in marketing, product development, conferences and events and process improvement.

The Nature Parks' partnership with the Department of Environment, Land, Water and Planning (DELWP) remains highly productive and is integral to our ongoing success. DELWP continued to provide significant support and guidance in applying COVID Safe Principles on public land and in seeking the State Government's commitment to support the Nature Parks throughout the crisis. Our organisations collaborated on several conservation projects throughout the year and worked together with Bass Coast Shire Council and the local community to develop the draft *Phillip Island (Mollusks) Wildlife Plan*. This place-based, collaborative plan will inform the process of working on the challenges of abundant wildlife together as a community.

We are very grateful for the support of the local community on Phillip Island and for the Nature Parks' extensive community of valued stakeholders. The Nature Parks' advisory committees adapted to the online environment and continued their valued input into our operations and initiatives. We were also excited to be able to hold our tenth annual Community Open Day in March with over 4,360 local community members enjoying free entry and engaging with our team, volunteers and community supporters.

Our commitment to reconciliation and recognition of Aboriginal and/or Torres Strait Islander Peoples remained strong. Together, we worked towards completing the actions for the year from our *Reconciliation Action Plan*, participated in events, signed our second Memorandum of Understanding (MOU) with the Bunurong Land Council Aboriginal Corporation and held our fourth Board Meeting On Country.

Our impressive Penguin Parade visitor centre, which opened in 2019, was given further accolades and three of our team members were short listed for Strong Sista and Young Achievers awards. In September, Phillip Island Nature Parks' CEO Catherine Basterfield was recognised as one of IPAA's Top 50 Public Sector Women in Victoria.

These awards recognise exceptional leadership and the tremendous achievements of women right across the public sector within Victoria, including statutory authorities such as the Nature Parks.

On 30 June 2021, our current Board term ended with a new Board being appointed led by Kevin Love as Board Chair. Dr Danielle Auldist, Jane Foley and Michaela Salvato were reappointed and we are delighted to welcome new appointees including Patrice Mahoney OAM, Jane Jobe and Dr Geoffrey Wescott.

We are indebted to the service of outgoing members Liz Stinson (Chair), Shelley Lavender, Andrew Paxton, Kay Spierings and David Cochrane.

We sincerely thank all Nature Parks Board members for their agility, counsel and dedication through an extraordinary time, as well as our stakeholders and community for their ongoing support.

We are confident that we will overcome our current challenges and that our incredible team of resilient people will continue to achieve greatness in the pursuit of our purpose 'to protect nature for wildlife and inspire people to act'.

In accordance with the *Financial Management Act 1994*, we are pleased to present Phillip Island Nature Parks' Annual Report for the year ending 30 June 2021.

**Kevin Love**  
Board Chair

**Catherine Basterfield**  
CEO

# OUR ACHIEVEMENTS OUR YEAR IN REVIEW

## Conservation Excellence

**Threatened Species** – The **Eastern Barred Bandicoot** is successfully establishing across Phillip Island and **28 Hooded Plover chicks** hatched from **14 nests** and **11** successfully fledged.

Our team rehabilitated **13.2 hectares** of habitat including planting **22,595 plants**, and weed control across **759 hectares**.

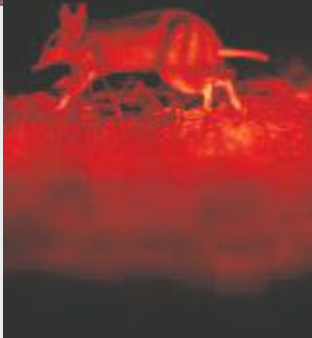
We also worked with the Bunurong Land Council Aboriginal Corporation to revegetate areas at the Penguin Parade and **maintain Short-tailed Shearwater nest boxes**.

**PLEASE DO NOT DISCARD RUBBISH OVERBOARD**

Put your rubbish in this bin to help protect our sea and industry



**Koala joeys were born!** One at the Koala Conservation Reserve – **the first in three years** and another in the wild – **the first recorded since 2007**.



It was a positive Little Penguin breeding season with a nightly average of **1,416 Little Penguins** crossing the beach at the Penguin Parade – a 4% increase and an **average 1.8 chicks per pair**.



Our Victorian State Government funded three-year **'Bins on Boats'** project concluded with **100 custom designed bins** provided for South East Trawl Fishing Industry Association (SETFIA) vessels.

## Extraordinary Visitor Experiences

**Live Penguin TV** ran over **112 nights** to **25 million viewers+** from **119 countries** to a Nature Parks' global media audience of **1.84 billion people**.

New visitor experiences launched at Churchill Island including a **daily blacksmithing demonstration** and a **ranger led tour** showcasing the conservation significance of this heritage listed site.



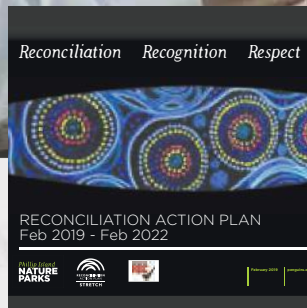
The **Koala Conservation Reserve** has a **nature play area** made from recycled materials, a **seed station** so visitors can plant natives for wildlife and a spectacular **DVATE mural** showcasing wildlife and threatened species.

# OUR ACHIEVEMENTS OUR YEAR IN REVIEW

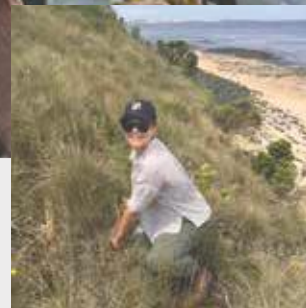
## Community Partnerships



We contributed to our community living with wildlife through the **Sharing our Beaches program** and finalising the development of the draft **Phillip Island (Mollw) Wildlife Plan**.



We progressed actions for the year from our **Reconciliation Action Plan 2019-2022** and signed a **second MOU with Bunurong Land Council Aboriginal Corporation**.



We supported **240 volunteers** to contribute **6,719 hours** over **6 months of active volunteering** and partnered with Interchange Gippsland to provide opportunities to adults with disabilities.

A record **4,362 locals** attended our **Community Open Day** in March. We offered free community nights in July 2020 and March 2021. In May 2021 we welcomed **5,122 First Responders** to thank them for their incredible service.

## Agile Organisation, Inspired People

A total of **88 team members** were redeployed across the organisation to assist in varying roles to achieve our organisational goals.



We started a **review of organisational values** with our team, taking an important step toward creating a culture that is collaborative, connected and motivated, **“a place where conservation and ecotourism excellence inspire people to actively protect the environment”**.

## Sustainability



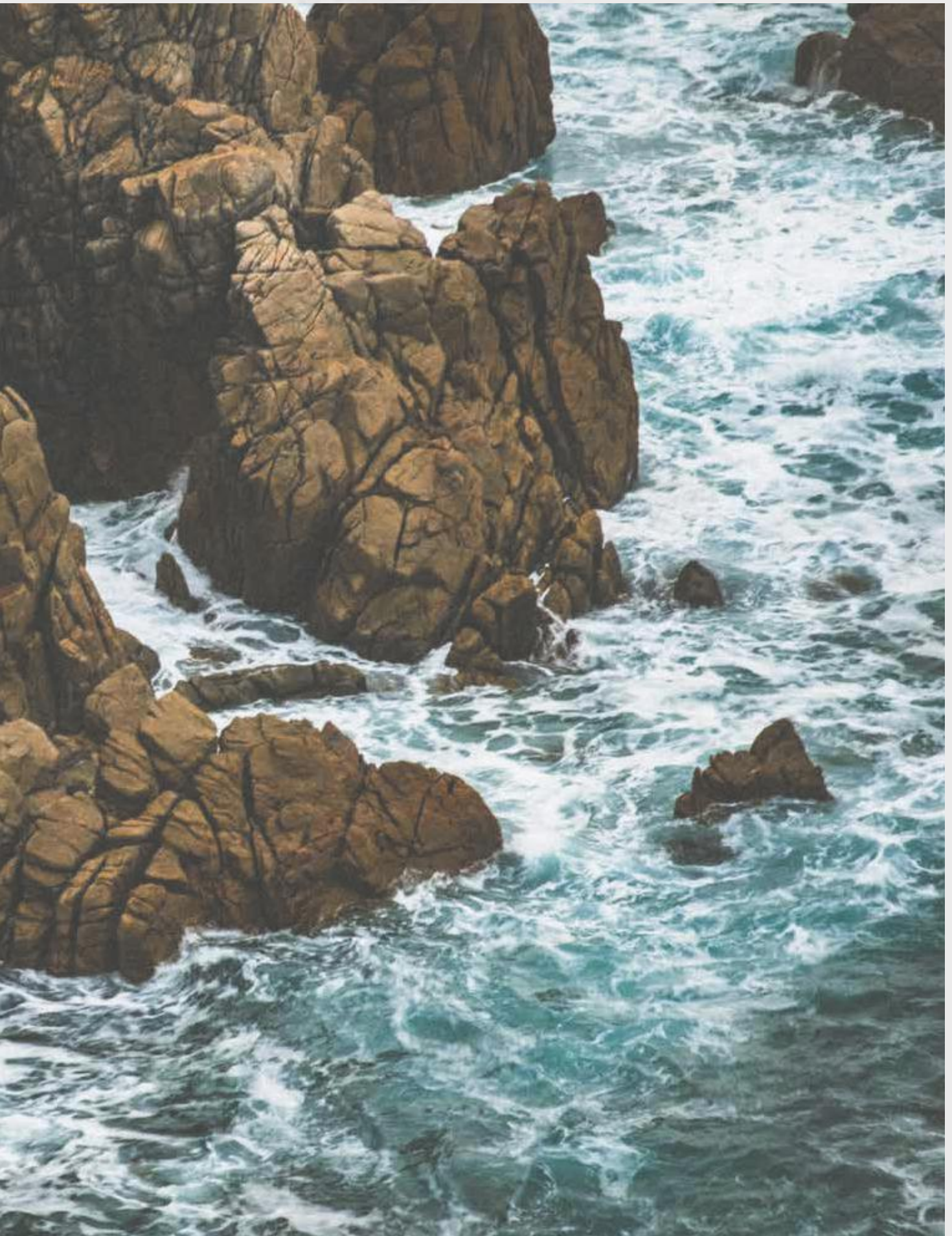
The Nature Parks invested **\$3.9M** across 2020-21 **into conservation, research and education activities**.

We signed a **green energy** deal, securing **100% renewable energy**, ensuring we meet our target of **50% reduction in carbon emissions** by 2023.



# *Report of operations*

OUR YEAR IN REVIEW



# FINANCIAL SUMMARY

Paramount to the Nature Parks' success is ensuring that our conservation values are reflected in all aspects of our operations as the organisation strives for financial and environmental sustainability. The Nature Parks relies on the success of our tourism attractions to deliver ongoing funding for conservation, the community, and education outcomes. The impact of COVID Safe Principles has significantly affected the organisation's ability to generate revenue through ticket sales for Nature Parks' attractions.

The Nature Parks acknowledges the significant contribution of the Victorian State Government of \$4.4M this year in funding support during COVID-19. This follows its contribution in the previous year of \$4.4M.

## SUMMARY OF FINANCIAL RESULTS

COVID-19 created unprecedented economic uncertainty and continues to have wide ranging impacts for the Nature Parks as well as the broader community of Phillip Island. Site attractions were closed for a third of the year and operated with greatly reduced capacity when opened. This resulted in immediate, and material impacts to the Nature Parks, and a sustained loss of revenue. Management took operational steps to mitigate the adverse impact on the business whilst supporting the workforce throughout this challenging time. The Nature Parks realised \$6.1M in revenue excluding Government funding, \$16.4M less than 2018-19 and \$12.9M less than 2019-20.

To ensure the Nature Parks' ongoing financial sustainability, all non-critical expenditure was limited and non-essential priorities deferred; continuing the immediate action taken at the commencement of the COVID-19 pandemic. As a result of this continuing action, the Nature Parks' other expenditure decreased for the reporting period by 39.8% versus 2018-19 and 27.9% versus 2019-20.

The Nature Parks considers the operating result ('net result from transactions') to be the appropriate measure of financial performance that can be directly attributable to operations. This measure excludes the effects of asset revaluations which are outside the organisation's

control. The Nature Parks' net cash flow from operations was a deficit of \$3.9M, (\$6.4M less than prior year) and \$4.4M was contributed by the State Government by way of funding support in relation to financial impacts resulting from COVID Safe Principles.

Despite the ongoing challenges faced by the organisation this financial year, we continue to plan for the future. Throughout the pandemic the Nature Parks has made managerial estimates and forecasts as to the likelihood of returning visitors, revenue and expenditures.

Based on the commitment by the State Government to support the Nature Parks in meeting its current and future obligations as and when they fall due, the Board has formed the view that the Nature Parks can continue as a going concern.

This year has challenged the business, and we thank the State Government for its ongoing support to enable us to continue working to create a better future for Phillip Island's wildlife, nature conservation and the community.

## TOURISM OPERATIONS

The Nature Parks' tourism operations continued to be significantly impacted due to COVID Safe Principles and associated travel and operating restrictions. Total tourism revenue was 70.2% less than 2019-20 and there was a 57% decrease in visitors to our ticketed attractions. The COVID Safe Principles and subsequent site closures had a direct impact on retail and food and beverage services, with a further 73.9% reduction in revenue from those sources compared with the prior year.

## CONSERVATION, RESEARCH AND EDUCATION PROGRAMS

The Nature Parks invested \$3.9M across 2020-21 into conservation, research and education activities, partially funded by \$0.6M in grants from government bodies and other organisations. Significant other resources were directed towards conservation work with 12,464 hours of redeployment of tourism and business management staff.

*This year has challenged the business, and we thank the State Government for its ongoing support to enable us to continue working to create a better future for Phillip Island's wildlife, nature conservation and the community.*



## SIGNIFICANT CHANGES IN FINANCIAL POSITION

The Valuer General Victoria (VGV) completed the valuation of the Nature Parks' land, buildings, carparks and boardwalk assets in May 2021. It was noted that the market in which the assets are transacted and/or valued in is impacted by the uncertainty that the COVID-19 pandemic has caused. In accordance with the requirements of the Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets, the Nature Parks completed a reversal of the prior period's managerial revaluation. This adjustment resulted in an overall decrease in asset value of \$7.6M.

The Nature Parks received \$4.4M funding support from the Victorian State Government in the form of cash during the year. The Nature Parks received the State Government's commitment to support

the Nature Parks throughout the crisis, committing further funding and underwriting liabilities until November 2022. The Nature Parks' revenue was \$12.9M less than the prior year excluding State Government funding support, and expenditure was reduced in immediate response to COVID Safe Principles.

The Nature Parks' sites have been impacted by COVID Safe Principles and subsequent site closures; however, we continue to work with the Victorian Government in managing the circumstances and subsequent credit, liquidity and market risks.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the Nature Parks, the results of the operations or the position of the Nature Parks in future financial years.

## COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June 2021

(\$ thousand)

	2021	2020	2019	2018	2017
<b>Continuing Operations</b>	\$	\$	\$	\$	\$
<b>Income from transactions</b>					
Supply of services and sale of goods	5,285	17,793	24,821	25,245	29,787
Grants, Donation and Sponsorship	4,963	4,917	706	733	732
Other income	176	646	1,481	2,662	635
<b>Total income from transactions</b>	<b>10,423</b>	<b>23,356</b>	<b>27,008</b>	<b>28,640</b>	<b>31,154</b>
<b>Expenses from transactions</b>					
Employee expenses	(11,072)	(12,721)	(12,286)	(13,254)	(13,082)
Cost of sales	(577)	(1,711)	(2,148)	(2,322)	(4,125)
Depreciation and amortisation	(3,797)	(3,996)	(6,865)	(4,509)	(4,345)
Other operating expenses	(4,218)	(5,851)	(7,010)	(6,890)	(6,893)
<b>Total expenses from transactions</b>	<b>(19,664)</b>	<b>(24,279)</b>	<b>(28,309)</b>	<b>(26,975)</b>	<b>(28,445)</b>
<b>Net result from transactions (net operating balance)</b>	<b>(9,241)</b>	<b>(923)</b>	<b>(1,300)</b>	<b>1,666</b>	<b>2,709</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on non-financial assets	(26)	16	(125)	141	24
<b>Total other economic flows included in net result</b>	<b>(26)</b>	<b>16</b>	<b>(125)</b>	<b>141</b>	<b>24</b>
<b>Net result</b>	<b>(9,266)</b>	<b>(907)</b>	<b>(1,425)</b>	<b>1,807</b>	<b>2,734</b>
<b>Other economic flows - other comprehensive income:</b>					
<b>Items that will not be reclassified to net result</b>					
Changes in physical asset revaluation surplus	(7,646)	7,949	(28)	6,473	-
<b>Total other economic flows - other comprehensive income</b>	<b>(7,646)</b>	<b>7,949</b>	<b>(28)</b>	<b>6,473</b>	<b>-</b>
<b>Comprehensive result</b>	<b>(16,913)</b>	<b>7,042</b>	<b>(1,452)</b>	<b>8,280</b>	<b>2,734</b>

# CONSERVATION EXCELLENCE

We support the conservation of native wildlife and healthy ecosystems by demonstrating best practice on Phillip Island (Millowl) and sharing our knowledge globally.

Our long-term vision for this is outlined in our *30-Year Conservation Vision – Beyond the Horizon* and implemented through our *5-Year Conservation Plan 2019-2023* and *Threatened Species Plan*.

## CARING FOR COUNTRY TOGETHER

**We acknowledge the Traditional Owners of the land we are privileged to manage, the Bunurong.**

- Across the year, we received Cultural Heritage Permits for a variety of conservation and infrastructure projects including weed removal, revegetation and restoration of beach access points. We worked with the Registered Aboriginal Party (RAP) for Millowl, the Bunurong Land Council Aboriginal Corporation, to revegetate areas at the Penguin Parade and maintain Short-tailed Shearwater nest boxes. Throughout both projects cultural heritage sites were found and recorded.
- We continued to work towards developing an Aboriginal Cultural Heritage Land Management Agreement (ACHLMA) with Bunurong Land Council Aboriginal Corporation and commenced a desktop survey to support this through an external Heritage Advisor. An (ACHLMA) is a voluntary agreement between a RAP and a 'public land manager' (PLM) and provides a mutually agreed framework for protecting and managing Aboriginal cultural heritage during ongoing, routine land management activities within a RAP area.
- During NAIDOC Week, we held a planting day with the local Aboriginal and/or Torres Strait Islander Community to continue works on the *Womin jeka* bush foods garden at the Penguin Parade.

- We commenced development of a Community Dancing Circle at the Scenic Estate Reserve which includes both Bass Coast Shire Council and Nature Parks managed land.
- Ranger Shani Blyth is to be congratulated for being short-listed for the *Yarn Strong Sista* Indigenous Achievement Award 2021.

## BUSHFIRE KOALAS

- We continued to care for 13 bushfire affected koalas from the Gippsland Summer 2019-20 fires.
- In December 2020, 12 of these koalas were released back into the wild in Gippsland with one male remaining in care at the Koala Conservation Reserve. A subsequent three-month tracking program revealed that 8 of the released koalas survived in their new habitat.

### *Koala Conservation Reserve*

- The Koala Conservation Reserve supported 16 resident koalas across the year with one joey being born at the Reserve – the first in three years.
- We were also delighted to record Phillip Island's first wild koala joey sighting since 2007. This joey was born outside the Koala Conservation Reserve and it will add to the estimated 20 koalas remaining in the wild on Phillip Island.

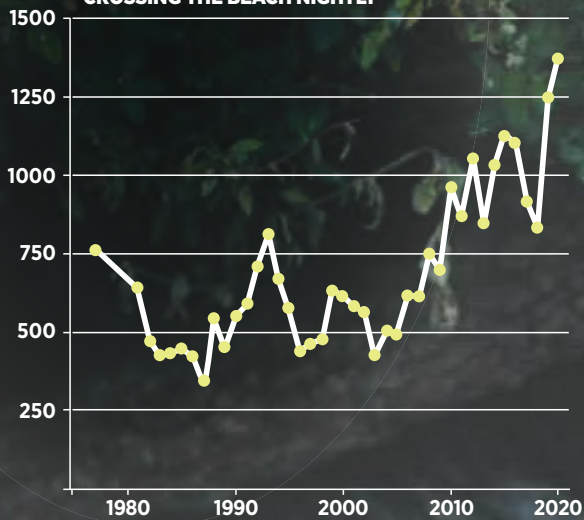


## PROTECTING LITTLE PENGUINS

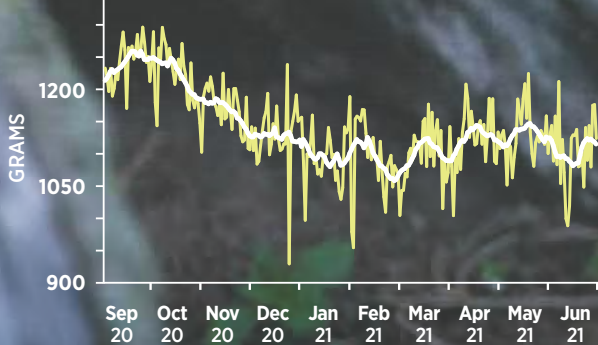
It was a positive Little Penguin breeding season:

- A nightly average of 1,416 Little Penguins crossed the beach at the Penguin Parade, this is a 4% increase from 2019-20.
- An average of 1.8 chicks were produced per pair, an increase of 20% from last year.
- A third weighbridge was installed supported by funding from Bank of Melbourne. The weighbridges automatically collect the weights of each individual Little Penguin arriving or departing the colony. We worked with our partners at the Penguin Foundation to deliver this initiative.

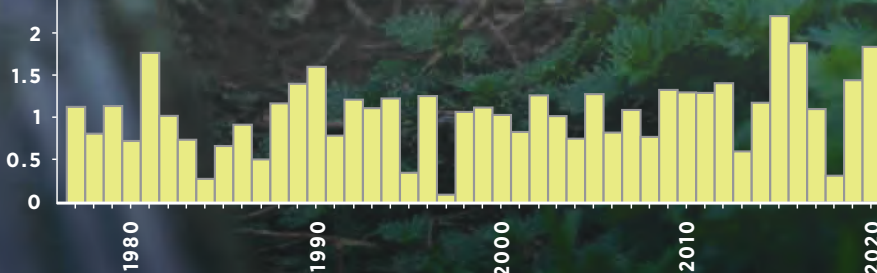
**AVERAGE NUMBER OF LITTLE PENGUINS CROSSING THE BEACH NIGHTLY**



**NIGHTLY AVERAGE LITTLE PENGUIN WEIGHTS**



**AVERAGE NUMBER OF LITTLE PENGUINS FLEDGED PER YEAR**



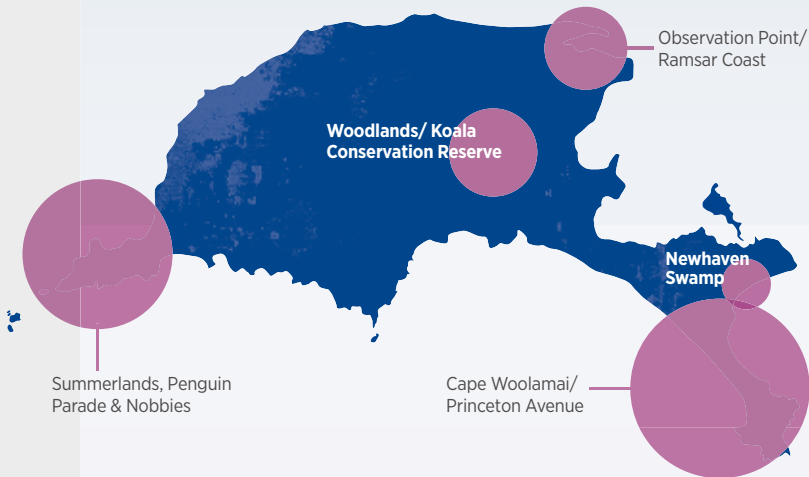
## TRANSFORMING LANDSCAPES

### Habitat works

Due to COVID Safe Principles, our conservation 'super-team' was once again deployed to assist with conservation work and helped to achieve impressive results.

This team was a major factor in achieving our overall outcomes for weed control, revegetation and firebreaks with works undertaken across the Island as shown on the map below.

Our team rehabilitated 13.2 hectares of habitat including putting 22,595 plants into the ground. Weed control was carried out across 759 hectares.



### Barb Martin Bushbank

The native plant nursery located at the Koala Conservation Reserve was closed to the public and retail sales, for most of the year. The focus turned to 'Grow To Order' sales.

Since October 2020, the Bushbank propagated 100,000 plants for the purposes of:

**35,000**  
Nature Parks revegetation programs.

**30,000**  
'Grow to Order' customers.

**10,000**  
Barb Martin Bushbank retail sales.

**10,000**  
Key stakeholders.

The team introduced seven new species to be grown in the nursery with a focus on threatened flora propagation, with the first successful trial of Crimson Berry.

The nursery continued to be supported by:

**27** deployed staff during COVIDSafe Settings.

**40** volunteers contributing 1,301 hours.

**27** university volunteers contributing **232** hours.





## PROTECTING OUR PRECIOUS RAMSAR COASTLINE

The Western Port Ramsar Site is an Internationally significant wetland supporting over 250 bird species including 102 species of migrating waterbirds each year.

Thanks to funding from the Australian Government's National Landcare Program and Port Phillip and Westernport Catchment Management Authority, we continued our work on controlling the threats of pest plants and animals along our RAMSAR coastline.

In 2020-21 works included:

**1,027**

hours spent on conservation work to reduce threats to the Western Port Ramsar Coastline.

**262**

hectares treated for weeds.

**748**

hectares treated for pest animals.

## CREATING OUR ISLAND HAVEN

Our *30-Year Conservation Vision - Beyond the Horizon and Threatened Species Plan* supports our commitment to create safe havens so that we can bring threatened species back from the brink and achieve a feral-cat-free Phillip Island.

### Eastern Barred Bandicoots

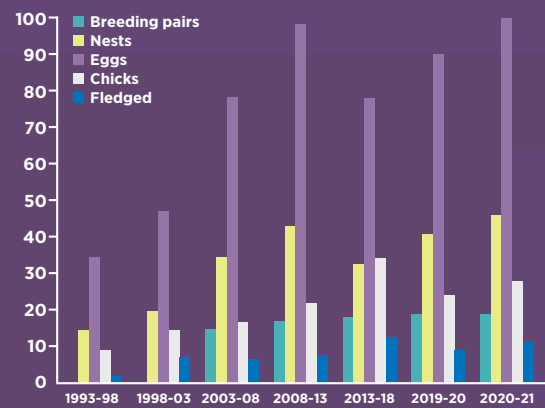
- Bandicoot populations have successfully established on Phillip Island with recorded sightings up to six kilometres beyond the original release site at Summerland Peninsula.
- Churchill Island provided 20 bandicoots as source animals for two sites on mainland Australia where trials to assess if Maremma guardian dogs can be used to protect bandicoots in the presence of foxes and cats will be undertaken.

## Hooded Plovers

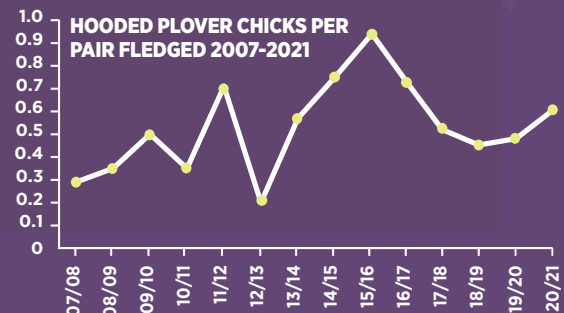
We are proud of the community effort to create a safe haven for this vulnerable shorebird. In our 29<sup>th</sup> year of Hooded Plover monitoring:

- Across the Island, 18 breeding pairs laid 101 eggs across 46 nests - a 12.2% decrease in nesting effort from the previous year.
- A total of 28 chicks hatched from 14 nests.
- Of 28 chicks hatched, 11 survived to fledge successfully from seven nests.
- The fledged-per-pair rate was 0.61 which is higher than 2019-20 and above the recorded average of 0.45-0.50 per pair.
- All fledged birds were banded and have a yellow flag numbered between 72-92 for ongoing monitoring.

### FIVE YEAR BREEDING SEASON AVERAGES



Five year breeding season averages for breeding metrics of Hooded Plovers on Phillip Island 1993-2018 and the most recent 2019-20 and 2020-21 season's data





Sand nourishment works at the Penguin Parade. An equivalent of one Olympic swimming pool of sand was used to restore the profile of the beach.

### Threatened flora

- Barb Martin Bushbank started eight trials of threatened flora propagation from the Victorian Rare or Threatened (VROT) species list. Currently these trials have produced 3,140 threatened plants to be used for revegetation.
- Recovery Action Plans for Slender Pink Fingers, One-flower Early Nancy, Currant Wood and Crimson Berry were finalised and actioned to aid the recovery of the threatened flora communities they represent.
- Works to remove boxthorn from cliffs at Cape Woolamai by the ropes access team were undertaken to improve Crimson Berry habitat.

### Fighting foxes and feral cats

- A total of 11 reports of fox sightings was received and investigated using detection dogs, camera monitoring and night-time surveillance. No physical evidence found.
- Our fox detection conservation dogs covered 280 km across the Island and 310km on the mainland surveying for evidence of foxes.

- Two mainland fox baiting programs in the San Remo region removed an estimated 95 foxes to ensure a 'buffer-zone' was maintained.
- Conservation dogs Marbee and Milly have progressed nicely through their training and are successfully indicating on feral cat activities in the field. They are valuable assets to the Nature Parks and will assist in the implementation of our *Pest Animal Management Plan*.
- We continued the Cape Woolamai GPS feral cat tracking study which will inform future management programs.
- A total of 31 feral cats were trapped from Phillip Island.



## RESEARCH LED CONSERVATION

### Little Penguins

#### CLIMATE CHANGE

Climate change continues to influence Australian and global climates and has already had an impact on Little Penguin foraging performance and dune erosion. Thanks to funding under the DELWP Coastal Public Access and Risk Grant, works recently commenced at the Penguin Parade to combat dune erosion. In collaboration with CSIRO and Monash University, we continued our work on Little Penguin food security in Bass Strait and contributed to the State Governments' Marine Spatial Planning (MSP) project.

Important areas for key marine biodiversity off Phillip Island with its rich natural marine resources, including the Little Penguin foraging zone.



## *Australian Fur Seals*

### **SEALSPOTTER**

Our Annual *SealSpotter* online Citizen Science project once again invited people to count images of Australian Fur Seals on Seal Rocks and The Skerries, that were captured in drone surveys during the breeding season.

In May 2021, 187 citizen scientists from 93 countries counted 124,800 seals from 9,280 images in 227 hours of participation.

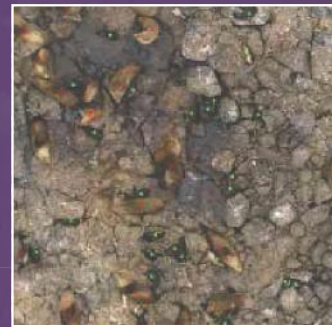


**ANNUAL  
SEALSPOTTER  
CHALLENGE**

*People-powered research*  
**9-31 MAY**

This graphic features a dark background with a photograph of several Australian fur seals resting on a rocky shore. The text is overlaid in white and yellow.

*The Annual SealSpotter Challenge was a great success. Pups and adults are marked via an online portal to monitor the size of the population.*





### Bins on Boats

Marine plastic pollution is increasing in our oceans, with commercial and recreational fishing material the major causes of entanglement for Australian Fur Seals. In partnership with South East Trawl Fishing Industry Association (SETFIA) and funded by the Victorian Government, we concluded the three-year *Bins on Boats* project, by providing 100 custom designed bins for SETFIA vessels.



### Short-tailed Shearwaters

- We recorded the most successful Short-tailed Shearwater breeding season in the past 11 years of monitoring.
- Thanks to the recovery of our geolocator devices, we discovered the reason for the late migration return of the birds in 2019. They revealed that, instead of heading south towards Phillip Island, the birds spent a few extra weeks in the Arctic Circle. While longer-term research will help to answer why this happened, it likely relates to their search for food to fuel up for the 16,000 km journey home.
- Our annual *Shearwater Rescue* program was undertaken at full capacity following last year's limited response due to COVID Safe Principles with 277 birds being rescued and relocated.

### PUBLICATIONS

Nature Parks' research scientists contribute to global studies in large collaboration initiatives, attracting collaborators and students from all continents. This year, we congratulate two PhD candidates and five Honours students for completing their degrees and celebrate the publication of 23 scientific papers. A full listing of publications and these completed can be found on page 96 of this report.



## WILDLIFE REHABILITATION

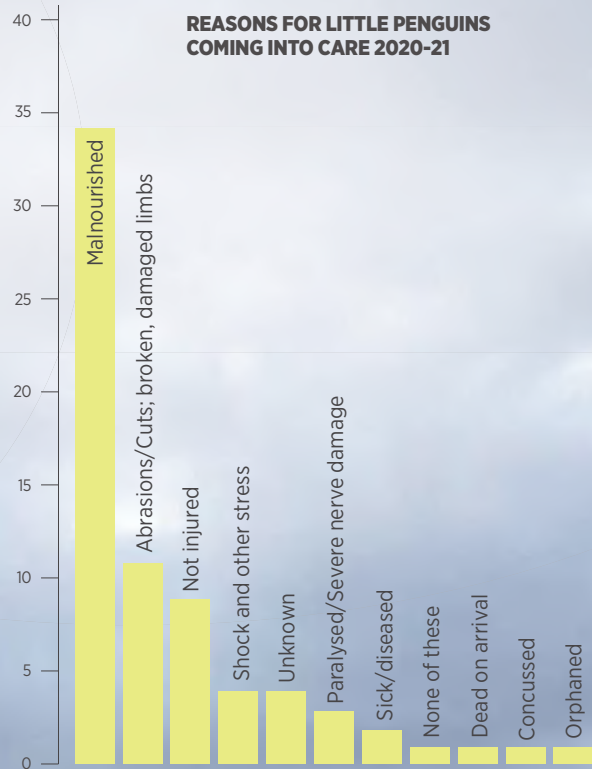
We operate a wildlife rescue, advice and rehabilitation centre for seabirds and other native wildlife.

We continued our ongoing partnership with Wildlife Victoria which coordinated after-hours wildlife rescues on Phillip Island along with Zoos Victoria Veterinary Group and Gippsland Veterinary Group who assisted with veterinary services.

In 2020-21, the Wildlife Clinic team:

- Responded to over 1,450 calls (970 in 2019-20) for wildlife rescues and advice.
- Cared for 71 Little Penguins (77 in 2019-20) and 550 other native animals from 61 different species (468 in 2019-2020).

## REASONS FOR LITTLE PENGUINS COMING INTO CARE 2020-21



## TOWARDS 2021-22

We will continue to implement our *30-Year Conservation Vision - Beyond the Horizon* and:

- Work to protect Victoria's critically endangered Bush Stone-curlews
- Host the Island Ark Symposium
- Continue to work with Victorian Government on Marine Spatial Planning
- Further our understanding of seal health.

# SUSTAINABLE FUTURE

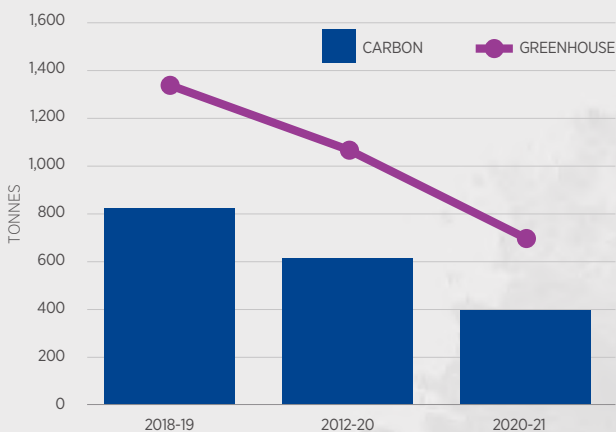
The Nature Parks is committed to the conservation and protection of Phillip Island's (Mallow's) natural environment. Our dedicated team is passionate about improving our environmental sustainability performance and minimising the environmental impact of our operations.

## EMISSIONS

We strive to minimise our environmental impact by reducing energy consumption and emissions through efficiency programs, reducing waste, maintaining a fleet of hybrid cars for ground transportation and supporting green energy initiatives.

In March 2021, the Nature Parks negotiated and signed a green energy deal, securing 100% renewable energy, ensuring that we can meet our target of 50% reduction in carbon dioxide emissions by 2023 (compared to our 2010 baseline) and taking the Nature Parks a step closer to achieving carbon neutrality by 2030.

Greenhouse gas and carbon dioxide emissions from electricity and fuels continued to decline across Nature Parks' operations. The estimated reduction of greenhouse gas emission was 33.1% in 2020-21 compared with 2019-20 and the estimated reduction of carbon dioxide was 36.3% in 2020-21 versus 2019-20. This is in part due to reduced usage of electricity and fuels due to efficiencies created by our investment in solar energy across all sites along with limited operations due to COVID Safe Principles.



Estimated greenhouse gas and carbon dioxide emissions from fuel and electricity services

## WASTE REDUCTION

Historically, waste has accounted for up to 50% of the Nature Parks' greenhouse gas emissions. During 2020-21 the impacts of COVID Safe Principles on our operations resulted in significantly less waste. However, reliable waste measurements are not available for accurate comparison due to the exceptional trading environment of the year. We will continue to take steps to reduce this impact and align our commercial activities to environmental improvements.

We are committed to our goal of becoming waste neutral and recently have implemented a six-bin waste system across all sites and offices, sorting waste into organic, paper, plastic, soft plastics, electronic and general waste and diverting waste from landfill and contributing to reduced greenhouse gas emissions.

Our Procurement Procedure promotes sustainability for our suppliers, clients, team and community. We achieved:

**70%** of retail products have sustainable packaging and single-use plastics have been removed from all retail spaces and packaging.

**100%** plastic bottle free and single-use plastic-free in all food and beverage outlets.

Retail products are **90%** single-use plastic-free as we have greater control on product selection and presentation.

**We are extremely proud of this work towards reducing waste, with our front-of-house food and beverage operations being single-use plastic free.**

We continued to work extensively with our food and beverage provider, Delaware North, to eliminate single-use plastics at the Penguin Parade and across other sites in all areas of operation.

**Office-based initiatives to reduce waste and greenhouse gas emissions included:**

- Encouraging staff to reduce environmental impacts through behaviour change.
- Recycling all office-based paper waste and reducing printing for meetings.
- Recognising the environmental impacts of the textile industry and making efforts to divert our textile waste from landfill by donating old uniforms to overseas initiatives to enable their re-use for park rangers in developing countries.

## WATER CONSERVATION

The Nature Parks is committed to saving water and achieving its goal of 50% reduction in water consumption across the next 5 years. To assist in achieving this ambitious target, this year we:

- Harvested water from the Penguin Parade visitor centre roof for flushing of toilets.
- Installed new rainwater tanks at Koala Conservation Reserve, Barb Martin Bushbank and Churchill Island.

## SUSTAINABLE DESIGN AND CONSTRUCTION

Following on from the successful completion of the sustainably focused Penguin Parade visitor centre, our project team continued to keep sustainability and environmentally sound practices at the forefront of all design, procurement and construction activities by:

- Ensuring new capital works incorporate environmentally sustainable principles.
- Making environmentally sound purchasing decisions for capital items and consumables.

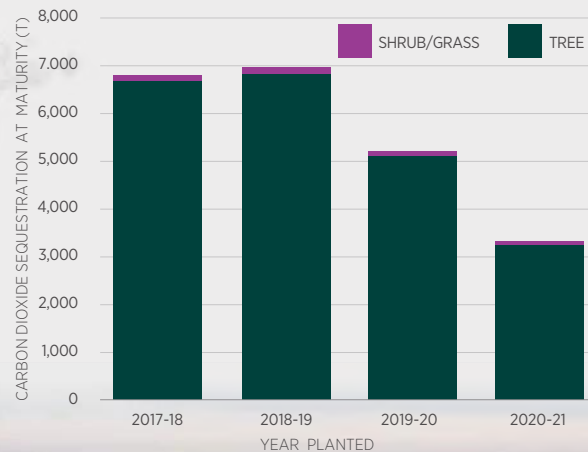
## CLIMATE CHANGE RISK

In recognition of the globally escalating climate crisis, we acknowledge that as an organisation embedded in nature-based tourism, we are not immune to the potential impacts of climate change, both physically and economically. In February 2021, we developed a formal 'climate change risk' to add to our risk register. This will assist us in mitigating impacts of climate change to our organisation.

## CARBON DIOXIDE SEQUESTRATION

Each year, we undertake significant revegetation programs across the Island, enabling us to calculate the carbon dioxide sequestration of these plantings. In 2020-21 plantings will sequester 3,330 tonnes (lifetime total) of CO<sub>2</sub> from the atmosphere once the plants reach maturity (based on the assumption that 70% of planted plants reach maturity).

*Nature Parks' carbon dioxide sequestration 2017-2021*



## TOWARDS 2021-22

Our objectives for 2021-22 include:

- Continue our transition to single-use, plastic-free food and beverage operations front and back of house across all Nature Parks sites.
- Continue our rollout of organic waste services at each site and diverting waste from landfill.
- Maintain support of, and partnership with, Totally Renewable Phillip Island (TRPI) to assist Phillip Island's aspirational carbon emissions targets.
- Improve the bin systems at public reserves and divert more waste from landfill to recycling and organic waste streams.

# EXTRAORDINARY VISITOR EXPERIENCES

All our attractions and natural assets tell a story that increases the conservation knowledge of our visitors and inspires action.

## OUR VISITOR EXPERIENCE

This was a challenging year for tourism. These challenges also created opportunities as we were able to provide a continued connection to our reserves, rangers and wildlife through digital initiatives and identifying new local and domestic market segments.

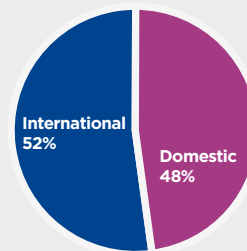
- In 2020-21, our paid attractions were completely closed for 79 days.
- Our attractions then operated under COVID Safe Principles for the remaining 286 days and at the 30 June 2021 had not returned to full capacity.
- We were delighted to welcome visitors to Nature Parks' sites whenever possible to enjoy wildlife and natural experiences. Visitor numbers across all sites were understandably lower with the Penguin Parade remaining our most popular attraction as shown below.

We are proud to have maintained connection and support for the tourism industry across the year and that we were able to create visitor experiences online to keep our visitors engaged until they could visit once again.

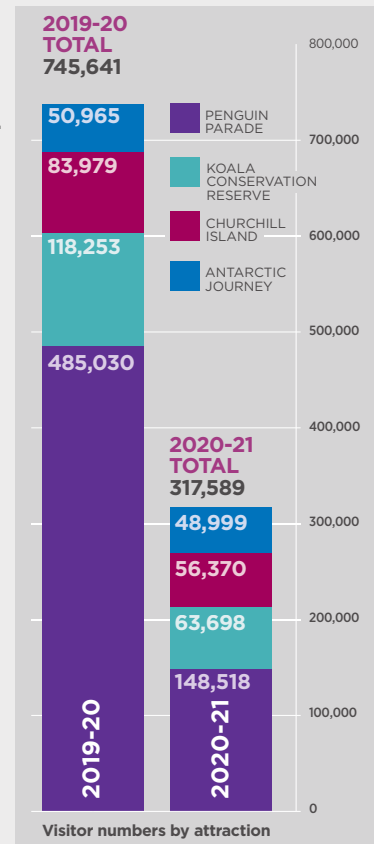
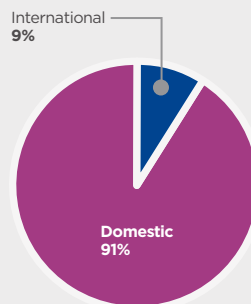
With international markets diminished, we worked to research and target new local visitor markets and refreshed our Brand Story to strengthen conservation messaging to align with these new audiences.

We developed promotional materials for weddings, events and functions to create opportunities to utilise our venues with this market and worked with collaborators in planning future events.

Visitation mix 2019-20



Visitation mix 2020-21



## A NEW VISITOR EXPERIENCE: LIVE PENGUIN TV

Across the year we planned and implemented a nightly livestream of the Penguin Parade via Facebook and YouTube with live ranger commentary to bring the Little Penguins to our visitors when they could not come to us.

The initiative was a hit from the launch night on 25 August 2020 which had over 1.03 million views. The promotional clip was also the #1 trending video on YouTube in Australia over a 4 week period.

Over the following 112 nights, we reached an estimated audience of over 25 million people from 119 countries and contributed to the Nature Parks' global media audience reach with an Advertising Value Equivalent of \$13.8M for the year.

Selected livestreams were recorded with a Japanese commentary team, and we also had streams co-hosted by UK celebrities. These helped us to ensure we remained connected and relevant with international audiences.

In December 2020, we wrapped up the nightly Live Penguin TV broadcasts to welcome visitors back to our sites and began hosting 'one-off special' events such as ABC TV's New Year's Eve broadcast and Channel 7's Good Friday Appeal.

This livestream of our tourism product was a highlight of the year. We are proud to have made a powerful connection with people and to have demonstrated the magic and importance of our wildlife experiences and wildlife conservation.

In March, this online tourism initiative provided a case study for the benefits and motivations of online tourism for Monash University's Tourism Department. The study noted that 25% of visitors said they booked tickets because of watching and that 66% were also planning to visit.

**facebook**  
Followers grew **165%**

**YouTube**  
Subscribers grew from **300 to 30,000**

**No.1** trending video in Australia over a 4 week period

**112** consecutive nights

**Audience 25 MILLION**

**119** countries

**26%** increase in new website users

*Live Penguin TV success metrics.*

### Identifying new markets

In response to the decline of our international and group markets, we researched and identified new domestic key target segments in collaboration with Visit Victoria's research department and Tourism Australia's regular 'Market Sentiment Analysis' reports.

This extensive research identified four key domestic target market segments:

- Time to Explore
- Family Time
- Holiday Maker
- Short Breakers.

### Our Brand-new Story

Live Penguin TV had boosted our social media following and connected us with viewers in Melbourne – an increasingly important target market. Viewers wanted to hear more about our environment, wildlife, conservation work and rangers. Our conservation messages had been amplified powerfully by our rangers' commentary of Live Penguin TV, and we wanted to continue sharing this.

We invested in the development of a Brand Story with renewed copy, imagery and itineraries to bring our conservation story to life for our new visitor segments. We invested in and aligned our marketing with conservation activities and successes under an overarching theme of *protecting nature for wildlife together*.

Using our increased online audience from Live Penguin TV along with media and PR initiatives, we created and shared content, itineraries and campaigns for each market. We spoke to these new audiences about our products and wildlife conservation work through multiple organic and paid digital advertising streams.

We also focused on supporting our local and wider community with a *Free Entry for First Responders* initiative in May 2021, with 5,122 workers and volunteers visiting.

#### NATURE PARKS KEY MARKETS 2021



##### TIME TO EXPLORE

Aged **over 55** years of age and living with a partner (or solo) with grown up children

##### FAMILY TIME

Aged **between 40 and 55** years of age, with secondary school kids aged under 20



##### HOLIDAY MAKER

Aged **between 30 and 45** years of age, with primary school aged kids



##### SHORT BREAKERS

Aged **between 25 and 40** years of age with no kids (or kids under school ages)

### Little Wonders - Penguin Parade

Our Penguin Parade visitor centre continued to be a visitor highlight. In line with our focus on events, the venue was used for several community and business events when safe to do so.

- In May 2021, the Hon. Lily D'Ambrosio, MP, Minister for Energy, Environment and Climate Change, officially opened the dedicated education wing of the Penguin Parade visitor centre named after the late Joan Kirner AC, in recognition of her significant contribution to saving the local Little Penguin population. The dedicated education wing includes three classrooms.

- Phillip Island Movie Club held monthly film afternoons in the theatre.
- Community and staff planting days contributed to the establishment of the Womin jeka (Welcome) to Country area at the front of the centre through the planting of native bushfood species.
- A new display of taxidermy animals was created for visitors to learn about native animals and their threats.
- A camera used for Live Penguin TV was modified to provide extra Little Penguin viewing in the Underground Viewing area.



## OUR VISITOR EXPERIENCE (CONTINUED)

### *Koala Conservation Reserve - bushland escape*

- Displays to share the story of the Nature Parks' contribution to the rehabilitation of bushfire affected koalas were added to the Reserve's visitor experience. This included a short video and interpretive panel in the visitor centre to educate and inspire visitors and acknowledge our project partners, Zoos Victoria and WWF-Australia.
- In June 2021, a new nature play area was opened. The play area is designed for children to create their own fun and be imaginative as they jump, run, sit, crawl and climb throughout the different areas that showcase some of the Island's native species. Recycled timbers were sourced from the plantation at the Koala Conservation Reserve, as well as Churchill Island, to allow for a sustainable and aesthetic design that complemented the surrounding woodland.
- Renowned contemporary artist Jimmy DVATE commenced work on a new mural artwork featuring native wildlife and threatened species.
- A new seed station activity inside the Reserve's woodland was developed for families and visitors to be immersed in protecting nature for wildlife as they choose and plant a seed to take home and grow to support wildlife habitat.
- With the arrival of a pair of Bush Stone-curlews, new interpretive panels were created incorporating cultural information from Bunurong Land Council Aboriginal Corporation. Volunteers were also trained to assist with the care of the birds. We look forward to sharing the story of these threatened species with visitors when they are moved to public display in 2021-22.
- An audit of interpretive signage was undertaken in preparation for upgrade works in 2021-22.
- New welcome, wayfinding and regulatory signage was installed to link in with branding and improve visual impact across the Reserve.
- New signs for the koala boardwalks inform visitors about responsible wildlife viewing behaviours.



Above: Nature Play is a hit with young families.



Left: the seed station supporting wildlife habitat regeneration.

- Interpretive panels were installed at the newly landscaped entrance to the Barb Martin Bushbank native plant nursery. These aim to inspire visitors to understand Phillip Island's indigenous vegetation and to grow native plants to create habitat for wildlife in their own backyards.



### *Churchill Island - time to explore*

Churchill Island remained a popular attraction with:

- Daily farm activities.
- A series of *Sunday Sessions* featuring live, local music was held in January with 917 locals and visitors enjoying the three events.
- Upgrades to the interpretive signage and window images inside the visitor centre and farm were undertaken to tell the story of the history of Churchill Island and introduce the farm animals to visitors.
- Two historic displays were designed to showcase heritage farming objects from the Island's heritage collection.
- Our partners at Friends of Churchill Island Society, commenced restoration work on an old 'tipping dray' which holds provenance to Churchill Island's history as a working farm.
- Work commenced on the design and development of a new recreational space in the farm precinct which will include a living maze, farmhouse cubby and play tractor with completion expected by December 2021.

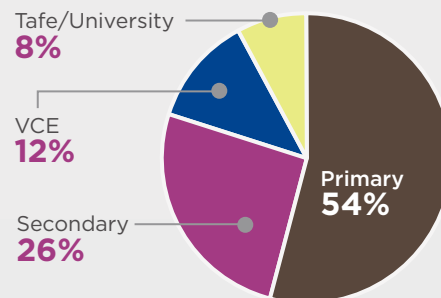
## OUR EDUCATION EXPERIENCES

- We developed and delivered a range of digital learning experiences for students of all ages who were undertaking home schooling in both Australia and overseas.
- Our two grant-funded programs: *Chirpy Chicks* and *Turn the Tide On-Ground Biodiversity* were adapted to digital programs. These will continue to be delivered as hybrid face-to-face and online programs.
- We facilitated 199 school learning experiences for 5,005 students. This was a combination of online and face-face experiences and an expected decrease from 2019-20 due to the inability of schools to undertake excursions.
- We maintained relationships with key partners, Department of Education Strategic Partnership Program, Esso Australia, Inspiring Victoria and DELWP *Nature Festival* to support the delivery of conservation-based learning experiences, holiday programs and local and statewide events.
- We developed a more effective school booking process including integration with our ticketing system which will enable greater visibility of bookings, efficiencies in reporting, and monitoring of financial outcomes for future planning.
- We implemented COVIDSafe measures across all activities, updating risk assessments and ensuring compliance with COVID Safe Principles.
- We maintained implementation of the *Turn the Tide* beach cleaning program including contributing to a national database on marine debris. This continues to inform and drive education programs and management of marine pollution in coastal areas across Australia.
- We developed and delivered successful school holiday programs and community events with conservation-themed activities for the local community and domestic visitors. Activities are all developed in line with the *Connect/Understand/Act* model with the aim of achieving our purpose of inspiring people to act for conservation.



## EDUCATION PROGRAMS BREAKDOWN 2020-21

Total of **5,005** students



Just some of the Education team's extensive range of programs.

## TOWARDS 2021-22

Our focus will be on continuing to adapt our visitor experience and contributing to continued recovery efforts with national and international tourism industry bodies. This will involve an initial shift in focus to the domestic market through building opportunities for local visitation before expanding to international markets when travel confidence improves.

We will:

- Continue to improve the domestic market appeal of the Koala Conservation Reserve and Churchill Island through new visitor experiences.
- Continue Live Penguin TV broadcasts.
- Undertake a Visitor Research Strategy project to underpin our future product and marketing strategy, including augmentation of visitor profiles.
- Further develop programs and activities to engage youth volunteers.

# COMMUNITY CONNECTIONS

Partnerships with the local community play a vital role in supporting the Nature Parks – we can't do it without them! We are committed to community engagement and partnerships through strong relationships, genuine engagement and proactive communications.

## COMMUNITY ENGAGEMENT

Across the year we worked with the local community in line with principles and actions outlined in the Nature Parks' *Community Engagement Strategy*. Key actions included:

- Implementing a *Share Our Beaches* campaign over summer through online information, local media and signage. Several community information 'pop-up' stalls at beaches were implemented in partnership with Bass Coast Shire Council.
- Living with wildlife on Phillip Island is a whole-of-community responsibility. Across the year, we supported the development of the place-based *Phillip Island (Mollw) Wildlife Plan* with key partners. Engagement included release of the draft plan on the Engage Victoria webpage, hosting community and staff online information sessions and ongoing email updates. The plan was

revised to reflect the consultation process and will be released for implementation in late 2021.

- We worked in partnership with DELWP to update the Regulations which help us ensure the Crown Land we are privileged to manage is protected and visitors are kept safe. These regulations are updated every ten years. In preparation for this, a series of documents were prepared for staff, community and stakeholders and uploaded to the community pages of our website for review and comment. The Board will review all feedback as part of the approval of the new Regulations planned to come into effect in November 2021.

## LOCALS PASS

We kept in touch with our Locals Pass holders across the year through virtual events, regular newsletters and updates on the Our Community pages at [www.penguins.org.au/community](http://www.penguins.org.au/community)



## COMMUNITY CELEBRATIONS

We were delighted to be able to host the tenth annual Community Open Day in March 2021. The one-day event achieved record numbers of community members coming to enjoy learning about the Nature Parks, our team and programs. In total, 4,362 community members enjoyed the day which offered free entry, activities and a mini community expo of stalls.



## OUR VOLUNTEER COMMUNITY

We are indebted to the Nature Parks' volunteers who help us **protect nature for wildlife and inspire others to act**. Volunteers are provided with a broad range of opportunities and a rewarding experience and in turn make a significant contribution achieving meaningful conservation outcomes.

Over the year, more than 300 devoted volunteers brought passion and knowledge to their roles in over six months of active volunteering. Across the broad range of programs, volunteers contributed 6,719 hours to tourism and conservation programs.

**Over one million cat camera images** classified by internship students.

**15,000** trees planted

**6,560** pieces of plastic collected off local beaches

**100,000** native plants propagated at Barb Martin Bushbank

**88** seal scats analysed as part of seal research

### Volunteer Survey results

**100%** of volunteers are satisfied and

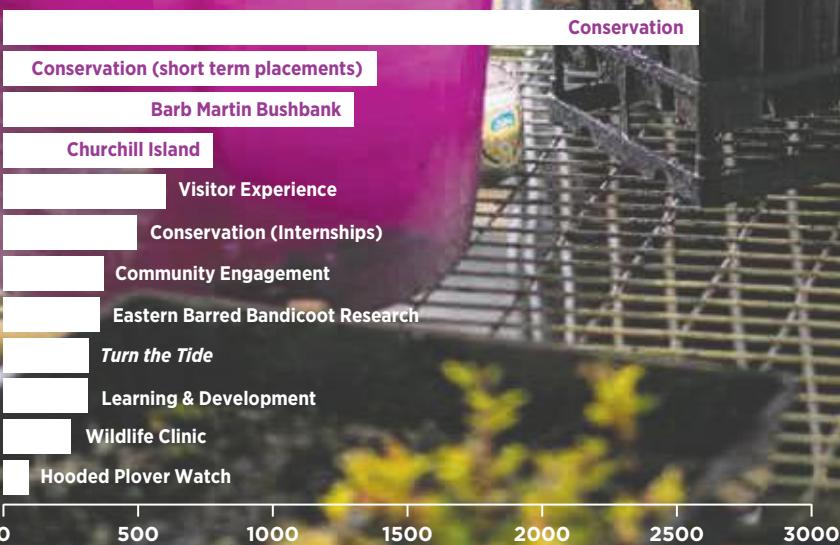
**94.2%** are very satisfied with the program

**99%** of volunteers felt supported with

**88%** feeling very supported.



## VOLUNTEER CONTRIBUTIONS 2020-21



## INCLUSIVE COMMUNITY

### Reconciliation

Despite the challenges, this was another significant year for reconciliation and recognition of Aboriginal and/or Torres Strait Islander Peoples across the Nature Parks.

- The Reconciliation Advisory Committee implemented actions for the year from our organisation's third *Reconciliation Action Plan* (RAP) 2019-2022. The RAP, endorsed by national body Reconciliation Australia, includes 25 actions under the key headings of *Relationships, Respect and Opportunities*. A key action for the year was working towards our employment targets.
- We continued our relationship with the Bunurong Land Council Aboriginal Corporation, the Registered Aboriginal Party for Phillip Island (Millow), through working together in line with our first Memorandum of Understanding (MOU) and were proud to sign our second MOU in September 2020.
- As founding members of Bass Coast Reconciliation Network, we jointly celebrated National Sorry Day in person in May 2021.
- Bunurong Culture is featured at the Penguin Parade visitor centre including a Welcome to Country sculpture. A further sculpture was installed at Cape Woolamai entry and Anzacs Beach.
- Our fourth annual Board meeting on Country was held at the Penguin Parade Welcome to Country Area in March.
- We incorporated Traditional Ecological Knowledge and guidelines into conservation plans and programs and updated our Style Guide and Welcome to Country Protocols.



- We held a community planting day to further develop the *Wominjeka* bush foods garden area at the Penguin Parade.
- We commenced scoping our Aboriginal and/or Torres Strait Islander Employment Strategy to meet our employment targets.
- Our RAP 2019-2022 document and ongoing RAP updates, news and events are available at [www.penguins.org.au/reconciliation](http://www.penguins.org.au/reconciliation)



## SURFING COMMUNITY

Victoria's first and only National Surfing Reserve was established in March 2013 and is made up of four sites along Phillip Island's coast including Cape Woolamai, Smiths Beach, Summerland and Cat Bay. It is overseen by a community working group that is supported by the Nature Parks and Bass Coast Shire Council with representatives from Phillip Island Boardriders Club, Woolamai Beach Surf Life Saving Club and the surfing community.

- The group met twice across the year to promote surfing culture and environmental protection of the Reserves under the themes of *'share, protect, preserve'* and maintained and added to an archive of surfing history.
- The annual *Surfing Tag Team Challenge* event planned for February 2021 was again well supported through sponsors and partners but was postponed.
- The group purchased new, branded rash vests made possible from a Bass Coast Shire Council Community grant. They will be used for National Surfing Reserve events as well as being loaned for other community surfing initiatives, including use by the Newhaven College Surfing Academy.
- A new sculpture at Anzacs Beach (Cape Woolamai) by group member Steve Ulula Parker acknowledged the National Surfing Reserve along with one of the Reserve's values of honouring the connection of Traditional Owners with the area and its waves.

## INVOLVING OUR COMMUNITY

- We once again acknowledge and thank our community for their input through the Community and Environment and Reconciliation Advisory Committees. Each committee contributed to informing and implementing plans and initiatives and providing feedback and input to our Board. Meeting minutes are posted in Our Community at [www.penguins.org.au/community](http://www.penguins.org.au/community).
- The Community and Environment Advisory Committee contributed to the development of, and consultation about, the *Phillip Island (Mollw) Wildlife Plan*, and our *Summer Strategy* to engage the community in sharing our beaches over summer in partnership with Bass Coast Shire Council and was informed about the Nature Parks regulations update.

## INFORMING OUR COMMUNITY

There was a focus on increasing digital communications and creating information to inform and update the community on Nature Parks wildlife, seasonal changes, conservation programs, opportunities, planning, events and new initiatives.

A key action of our strategy is to share more communications through digital platforms.

We increased the frequency of messaging including regular updates on social media, website, local newspapers, a quarterly community radio segment, activities, forums and newsletters and Nature Parks Podcast series.

## COMMUNITY GIVING

Many community events were postponed across the year and the Nature Parks received less than the usual numbers of requests for support to fund community events. Wherever possible, we honoured

## TOWARDS 2021-22

We will continue to deepen our connection with our community through:

- Community and Environment and Reconciliation Advisory Committees.
- Completing actions within our RAP 2019-2022 and planning for our next RAP document.
- Developing our Aboriginal and/or Torres Strait Islander Employment Strategy.
- Finalising and further implementing our *Community Engagement Strategy*.

requests for community visits to our attractions and use of venues when COVIDSafe. Small funding allocations were made to Phillip Island District Cricket Club, Phillip Island Football Club and Phillip Island Senior Citizens. We also continued to support Woolamai Beach Surf Lifesaving Club and Phillip Island and Bass Coast Landcare.

Tickets were allocated to Aboriginal and/or Torres Strait Islander Community members upon request in line with the commitment in our RAP 2019-2022.

We were delighted to be able to further engage our community by offering free entry for community and regional Victoria to the Penguin Parade in July-September 2020 with 800 visitors taking up this offer. We provided free entry to 5,122 of Victoria's First Responders in May 2021 to say thank you for the important work they had done across the year.



# PEOPLE & CULTURE

We harness the passion and values of our team to deliver extraordinary outcomes. Our organisational goal of being resilient and agile in responding to challenges and meeting best practice was certainly a focus across this year of change.

The Nature Parks continued to be Phillip Island's largest employer. Our diverse team is made up of members working in conservation, tourism operations, marketing and communications and corporate support.

We continued to invest in structures and processes to support our team and underpin activities to prepare us for the future while creating a positive culture to reflect our values.

From May 2020 to March 2021, the Nature Parks implemented the Victorian Public Sector Workforce Industrial Relations Framework for Managing the Coronavirus (COVID-19) Pandemic (Industrial Relations Framework). This framework enabled us to redeploy resources and provide financial support to staff during periods in which our operations were closed, or services were reduced or altered due to COVIDSafe Settings.

This saw us redeploy the majority of our Tourism Operations workforce into alternative meaningful work, including a number of staff being deployed to support Bass Coast Health at a critical stage of the pandemic.

A staff survey told us that 96% of staff believed that deployment had a positive impact on our organisational culture, largely due to learning new skills and making new connections. We also provided support to staff through paid special leave for special circumstances such as quarantine and to support those with caring responsibilities and/or remote learning when schools and childcare centres were closed.

## ENHANCE EMPLOYEE EXPERIENCE AND ENGAGEMENT

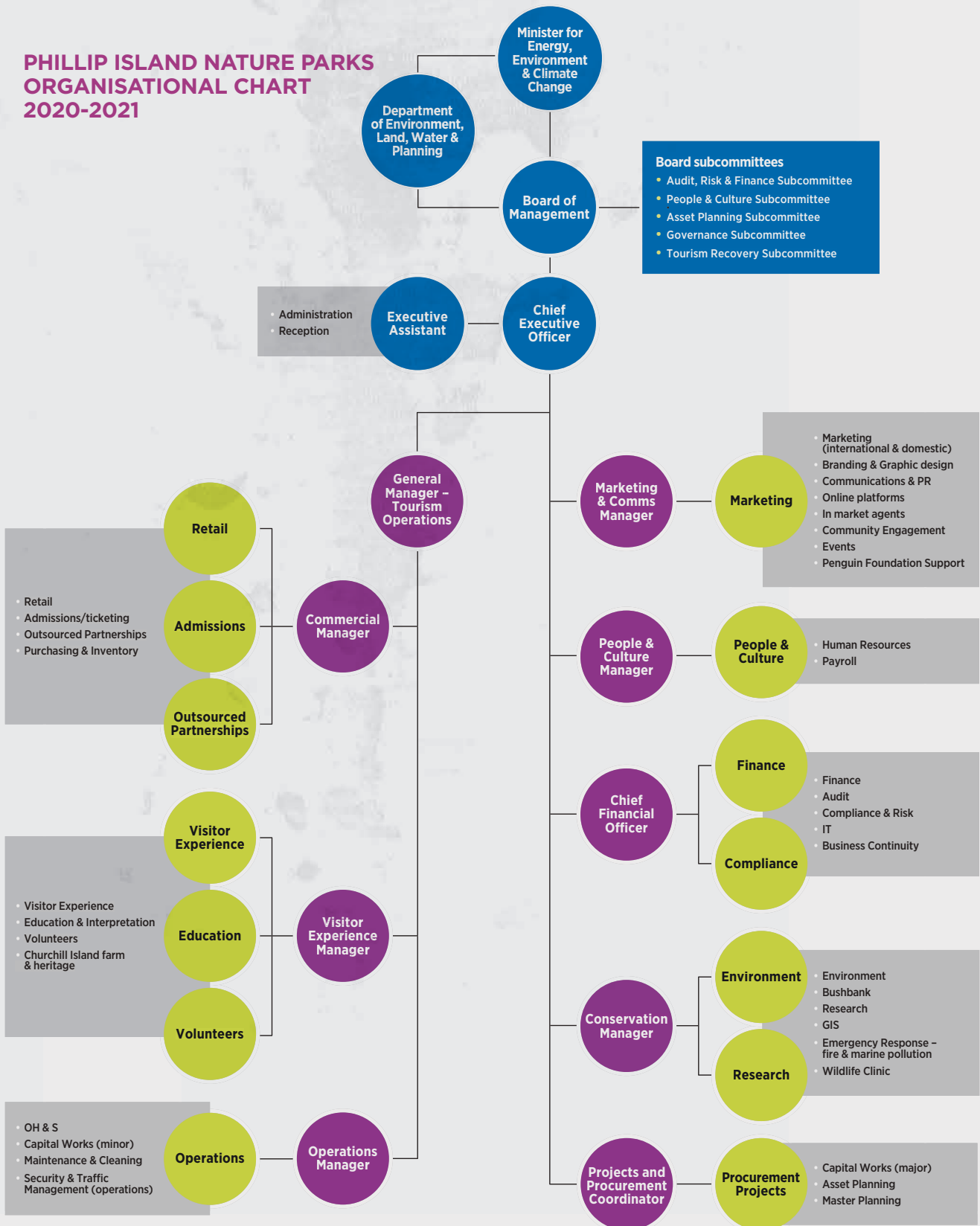
Extensive staff consultation was undertaken as part of a complete review of our performance appraisal process and 'rewards and recognition' programs. This led to a strong values-focused approach to the way we work with increased emphasis on wellbeing. Work will continue to simplify the processes required to make our workplace more engaging and flexible.

A renewed organisation-wide focus on meaningful reward and recognition was supported by extensive staff consultation. This contributed to enhanced consistency across all teams based on a new approach and new level of investment in activities that range from a small and informal 'thank you' to our formal annual awards program that acknowledges outstanding efforts and achievements throughout the year.

Staff wellbeing continued to be a key focus, which was ever more important while working under COVID Safe Principles. A wellbeing framework was developed to support the rollout of activities including mental health first aid training. A wellbeing calendar of activities was driven by our Vision and Values Committee including initiatives such as a wellbeing pack that was distributed to all staff and active volunteers during COVIDSafe Settings.



## PHILLIP ISLAND NATURE PARKS ORGANISATIONAL CHART 2020-2021



## ORGANISATION CULTURE AND CAPABILITY

We are committed to fostering a positive and inclusive culture to reflect the values and objectives of the Nature Parks, public sector, our employees and the broader community.

- We invested in understanding our organisational culture and developing our leadership capability. This included a review of labour and employment arrangements, support in defining and working within the new workspace and reviewing our organisational values.
- Reviewing organisational values is an important next step in creating a culture that is collaborative, connected and motivated, and to create “a place where conservation and ecotourism excellence inspire people to actively protect the environment”. Extensive staff consultation was undertaken to shape these new organisational values which will be launched in 2021-22.

- We evolved our activity-based working model to incorporate remote and hybrid working to adapt to COVID Normal working arrangements. Staff survey results showed 69% of staff wanted to continue to work remotely as part of their normal work pattern.
- A Leadership Development Program with the management team was completed with a focus on building trust.
- We undertook an organisational culture diagnostic assessment using the Human Synergistics tools to understand our baseline from which to measure cultural transformation progress in coming years.
- We commenced development of an employment strategy to support increasing employment of Aboriginal and/or Torres Strait Island Peoples in line with our *Reconciliation Action Plan* objectives.

## OUR WORKFORCE

- We continued to enhance the functionality of our Human Resources system by implementing improvements to the Time and Attendance module.

Table: Phillip Island Nature Parks' Workforce Profile

	JUN-21						JUN-20							
	All employees		Ongoing			Fixed term and Casual		All employees		Ongoing			Fixed term and Casual	
	"Number (headcount)"	FTE	"Full Time (headcount)"	"Part Time (headcount)"	FTE	"Number (headcount)"	FTE	"Number (headcount)"	FTE	"Full Time (headcount)"	"Part Time (headcount)"	FTE	"Number (headcount)"	FTE
<b>Gender</b>														
Women	100	58.8	30	54	47.3	16	11.5	111	64.9	25	51	40.6	35	24.3
Men	70	56.4	41	20	47.4	9	9	73	57.5	36	16	40.3	21	17.2
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Age</b>														
15-24	1	0.4	0	0	0	1	0.4	4	3	1	0	1	3	2
25-34	35	24.8	18	14	21.8	3	3	48	29.7	13	19	18.4	16	11.3
35-44	40	27.9	13	17	18.7	10	9.2	42	29.1	14	14	16.8	14	12.3
45-54	37	28.8	20	11	24.3	6	4.5	34	26.9	16	9	20.1	9	6.8
55-64	43	26.8	17	22	24.4	4	2.4	42	28.1	15	17	20.1	10	8
65+	14	6.5	3	10	5.5	1	1	14	5.6	2	8	4.5	4	1.1
<b>Classification</b>														
<b>Grades 1-6</b>	<b>161</b>	<b>106.2</b>	<b>72</b>	<b>74</b>	<b>95.7</b>	<b>15</b>	<b>10.5</b>	<b>175</b>	<b>111.3</b>	<b>61</b>	<b>67</b>	<b>80.8</b>	<b>47</b>	<b>32.5</b>
1	69	29.2	18	45	26.9	6	2.3	66	25.1	13	42	21.2	11	3.9
2	12	4.5	0	12	4.5	0	0	19	8	2	15	7.6	2	0.4
3	18	16.8	13	2	13.8	3	3	17	15.9	10	1	10.7	6	5.2
4	25	21	16	8	20.8	1	0.2	34	24.5	11	7	14.6	16	11.9
5	5	3.4	1	3	2.4	1	1	4	3.2	0	0	0	4	3.2
6	5	4.5	3	2	4.5	0	0	5	4.9	4	0	4	1	0.9
NEX	27	26.8	21	2	22.8	4	4	30	29.7	21	2	22.7	7	7
<b>Senior employees</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>9</b>
Senior Manager	4	4	0	0	0	4	4	4	4	0	0	0	4	4
Executives	5	5	0	0	0	5	5	5	5	0	0	0	5	5
<b>Total employees</b>	<b>170</b>	<b>115.2</b>	<b>72</b>	<b>74</b>	<b>95.7</b>	<b>24</b>	<b>11.3</b>	<b>184</b>	<b>122.4</b>	<b>61</b>	<b>67</b>	<b>80.8</b>	<b>56</b>	<b>41.5</b>

## OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Continuous improvement and compliance against our Safety Management System remained a focus.

- We continued to develop, review and refine safety documentation to reflect our new workplace arrangements and to improve workplace safety.
- There was ongoing focus on the development and implementation of the Nature Parks *COVIDSafe Plan*, which required regular review and adjustment to work practices to ensure the safety of our staff and visitors was maintained in accordance with public health directions.
- Our OH&S Committee met monthly to provide a forum for robust, two-way consultation on safety-related matters between the designated work groups and organisational leadership.
- We launched a Contractor Management and Prequalification System including training for all staff who engage contractors.

### Managing Risks

- Risk mitigation remained a high priority. We worked towards eliminating or controlling risks through policy, procedure, process and ongoing risk assessment reviews and responded to emerging risks associated with COVID-19.
- Thorough and transparent consultation with all levels of employees and management provided an informed assessment of our risks and enabled effective communication of safe work practices to our team.

### Safety Management System

- We improved real time reporting of incidents and hazards and enabled refined data analysis of trends

### Incident Management

- Wider access to the hazard and incident report tool and the implementation of a mobile reporting application enabled real time reporting to provide an accurate reflection of the hazards and incidents occurring across the organisation.
- A total of 264 incident and hazards reports was recorded; of these five resulted in WorkCover/lost time injury claims. The number of reports is a slight decline on 2019-20 and is a result of reduced opening hours and staff and visitor numbers due to COVIDSafe Settings. Elimination of the risk is our most desirable outcome, but where this is not possible, we employ the most effective control available.

### Injury Management

- The Total Injury Frequency Rate (TIFR) remained slightly over the target of 1.0 for the entire year and finished at 1.16 per 1,000,000 hours worked.
- There were three staff members who were supported through work related injuries or illnesses that occurred during the reporting period.

## TOWARDS 2021-22

Over the coming year we will:

- Continue to evolve the Nature Parks' *COVIDSafe Plan* in line with State Government guidelines.
- Develop further modules for our Human Resource Management System.
- Participate in the Victorian Public Sector Commission (VPSC) *Leading the Way* initiative to enhance our safety culture.
- Further develop our leadership program to enhance leadership capability to drive our strategy and improve our organisation's performance.
- Launch and integrate our new organisational values.
- Focus on enhanced planning and delivery of compliance training.
- Continue to improve our OH&S systems, leadership commitment and safety culture.



# GOVERNANCE

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

The Nature Parks is governed by a Board of Management established under the *Crown Land (Reserves) Act 1978*. The Nature Parks' Board is responsible for the overall governance of the organisation. The Board directs and monitors the business of the Nature Parks and is accountable to the Minister for Energy, Environment and Climate Change. It delegates day-to-day responsibility for operations and administration to the Chief Executive Officer. The Executive exercises various statutory and regulatory powers delegated by the Board and Ministers and the Secretary to the Department of Environment, Land, Water and Planning.

The responsible Minister for the period from 1 July 2020 to 30 June 2021 was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

## OUR BOARD

### *Objectives, Functions, Powers and Duties*

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

### *Board Member Attendance*

The Board met for eight regular Board meetings during the year to provide governance and strategic direction. In addition, the Board met a further three times during the period of 1 July 2020 to 30 October 2020 to provide governance and leadership during the coronavirus (COVID-19) pandemic.

BOARD MEMBER	ATTENDANCE (regular meeting)	ATTENDANCE (irregular meeting)
LIZ STINSON (Chair)	8	3
ANDREW PAXTON	8	2
DR DANIELLE AULDIST	8	3
DR DAVID COCHRANE	6	3
JANE FOLEY	8	3
KAY SPIERINGS	8	3
KEVIN LOVE	8	3
MICHAELA SALVATO	8	3
SHELLEY LAVENDER	8	3

## *Board Members*

### **LIZ STINSON (CHAIR)**

Liz Stinson brings to her role on the Board many years of experience at operational and management levels in teaching, community services and environmental education in Canada and Australia, and more recently in international business development in Australian universities, including Deakin and La Trobe. Liz holds postgraduate qualifications in zoology, teaching, educational management and business administration (MBA) and is a Fellow of the Australian Institute of Company Directors (FAICD). In addition to her responsibilities with the Phillip Island Nature Parks Board, Liz's other board commitments include Chair of the University of Canberra College Pty Ltd, and Community Housing (Victoria) Ltd, where she chairs the Audit and Risk Committee.

*Liz has been a Board Member since 5 September 2015 and has been the Chair since July 2018.*

### **ANDREW PAXTON**

Andrew Paxton brings extensive experience and qualifications in landscape architecture and business and organisational leadership. His MBA thesis explored the application of triple bottom line principles to park management. Andrew has led a diverse range of portfolios within local government including planning, strategic planning, economic development, tourism, compliance, sustainability, urban design, park management, capital programs and conservation programs. His previous roles include Chief Ranger and Business Manager at Parks Victoria.

*Andrew has been a Board Member since 5 September 2012.*

### **DR DANIELLE AULDIST**

Dr Danielle Auldist brings experience in project management, science and governance. After 15 years of research in Australia and New Zealand, she was the CEO of a Gippsland not-for-profit dairy organisation that developed projects to address needs of Gippsland dairy farmers with many projects later being adopted by the national industry. Her time with an agricultural consultancy group focused on assignments for water catchment authorities, local governments and primary producers as well as drafting practice planning notes for the State Government. As a lecturer at Federation University, she lectured in the science courses and connected the university to local businesses and organisations in which students could complete internships or research projects.

Danielle currently splits time between a dairy technology business (Lely Gippsland) and a stakeholder engagement role (Seftons).

*Danielle has been a Board Member since 5 September 2015.*



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#### DR DAVID COCHRANE

Dr David Cochrane currently provides private economic, strategic and financial consulting services (predominantly to government) through Cloudstreet Economics. He is a Director of VicForests, a Director and Deputy Chair of Guide Dogs Victoria and an independent member of the Department of Transport Audit, Risk and Integrity Committee. David was previously a partner at Ernst & Young, where he was the leader of the Australasian economics practice.

Over his extensive professional career David has also been a director of World Urban Parks, Chair of the Parks Forum Economic Research Project, a member of the Dandenong Ranges Gardens Advisory Board, Chair of Destination Docklands and a member of the Commonwealth Government's Tourism Investment and Regulatory Reform Working Group.

David is a Chartered Accountant and an Economist and has a Bachelor of Economics, a Master of Business Administration and a Doctor of Business Administration.

*David has been a Board Member since 1 July 2018.*

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#### JANE FOLEY

Jane Foley brings to the Board extensive experience in tourism having worked with Tourism Tasmania as an executive for over 15 years. During this time, she was responsible for developing strategy, visitor experiences and regional tourism in partnership with industry, community and land management agencies. In more recent times she has held the position as Manager for Tourism Melbourne.

Jane has held several board positions including Tasmanian Tourism Industry Council and *10 Days on the Island*. Jane has a keen interest in sustainable tourism and regional development as well as health and wellbeing with a focus on community engagement, change management and systems innovation with the State Government.

*Jane has been a Board Member since 1 July 2018.*

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#### KAY SPIERINGS

Kay is an experienced company director with extensive business management and corporate administration experience, specifically in the areas of strategy, national competition policy, governance, policy formulation, financial management and administration. She has held board positions in the water, environment and agriculture sectors.

Kay is a primary producer with a keen interest in natural resource management, environment and sustainable agriculture. She is the Independent Chair, Australian Seed Potato Industry Certification Authority (AuSPICA) and Chair, Australian Seed Potato Council.

Kay has a Bachelor of Business (Accounting) degree, is a Certified Practising Accountant (CPA) and Graduate of the Australian Institute of Company Directors (GAICD).

*Kay has been a Board Member since 5 September 2015.*

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#### KEVIN LOVE

Kevin Love operates his own advisory business, specialising in project management, policy advice and governance. For over 20 years Kevin worked at the Department of Agriculture in regional Victoria, including 12 years at Leongatha. He also worked with the Department of Premier and Cabinet as the executive with principal responsibility for advising Premiers Kennett and Bracks on policies, programs and major projects related to resources and infrastructure.



He then moved to the Department of Sustainability and Environment as Deputy Secretary, and led significant institutional and organisational reform, had responsibility for the State's public land estate and assets and established himself as a national leader in natural resource and marine and coastal management policy.

Kevin has a Master's degree in Agricultural Science, is a graduate of the AICD Company Directors' Course and the ANZSOG Executive Fellows' Program and is a Victorian Fellow of the Institute of Public Administration Australia

*Kevin has been a Board Member since 9 August 2013.*

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#### MICHAELA SALVATO

Michaela is the owner and operator of a local accounting and financial services firm where she has provided accounting, taxation and business advisory services for over 20 years. She is also the Treasurer of Destination Phillip Island, the Regional Tourism Board for Phillip Island. Previously, she held positions as National Taxation Manager for SmithKline Beecham; Treasurer of Bass Coast Landcare Network (BCLN), Chair of the BCLN Public Fund and is a Founding Member of the Three Creeks Landcare Group Inc.

Her involvement with Landcare over the past 20 years has fuelled a strong passion for the environment, particularly the impact that can be made at a grassroots and community level. Michaela has a Bachelor of Business (Banking and Finance) and is a Chartered Accountant and Registered Tax Agent.

*Michaela has been a Board Member since 1 July 2018.*

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#### SHELLEY LAVENDER

Shelley brings strong ecotourism credentials and over 20 years' experience working in not-for-profit companies at both board and CEO level. These include a directorship of Ecotourism Australia, past employment as CEO in the education and tourism sectors and directorship of a large credit union. Consequently, she has a strong grasp of both operational and governance issues in the sector.

Shelley now works as a Lead Auditor of tourism operators which have Ecotourism certification. This gives her a unique perspective of the challenges facing the industry and an understanding of the need to balance tourism growth with environmental and community issues.

*Shelley has been a Board Member since 5 September 2015.*



## Board Subcommittees

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

### ASSET PLANNING SUBCOMMITTEE

This subcommittee provides recommendations to the Board regarding key decision making and assists Management with risks and technical expertise on strategic projects, asset management and ICT. In lieu of capital projects to oversee, the subcommittee fulfilled its role during the year on a variety of smaller projects, including revitalising and making important safety improvements to the Penguin Parade boardwalks and stands during protracted times of closure, remedial works to the Forrest Caves access stairs and reviewing the Nature Parks' Key Area Plans.

- Kevin Love (Chair)
- Andrew Paxton
- Dr Danielle Auldust
- Kay Spierings

### AUDIT RISK AND FINANCE SUBCOMMITTEE

This subcommittee was established in accordance with the *Financial Management Act 1994* to fulfil the Board's governance and oversight responsibilities in relation to financial reporting, internal control systems, processes for legal and regulatory compliance, internal and external audit functions and risk management systems. The subcommittee fulfilled its role this year through oversight of internal and external audits and further development of the Nature Parks' risk management and compliance systems.

- Michaela Salvato (Chair) (independent member)
- Andrew Paxton (independent member)
- Dr David Cochrane (independent member)
- Helen Adair (external independent member)

### GOVERNANCE SUBCOMMITTEE

This subcommittee provides advice regarding the effective governance of the organisation through overseeing and monitoring the Nature Parks' key governance frameworks and charters. It develops the program for Board performance and reviews the effectiveness of reporting, ensuring that systems are consistent with best-practice governance standards. This year the subcommittee achieved this aim across a variety of areas by reviewing key policy changes in an evolving compliance environment.

- Dr David Cochrane (Chair)
- Kay Spierings
- Kevin Love
- Liz Stinson
- Shelley Lavender

### PEOPLE AND CULTURE SUBCOMMITTEE

This subcommittee monitors, advises and makes recommendations to the Board regarding recruitment and retention, performance management, remuneration and succession planning. It advises on strategic workforce planning and implements and monitors organisational culture. The subcommittee fulfilled its role this year through review of key policies and processes, overseeing the organisational culture project, overseeing the organisational values project, and making improvements to the workforce planning and payroll systems.

- Jane Foley (Chair)
- Dr Danielle Auldust
- Kay Spierings
- Kevin Love
- Shelley Lavender

### TOURISM RECOVERY SUBCOMMITTEE

In February 2021 in response to significant impacts to our tourism operations and financial sustainability from the COVID-19 pandemic, this subcommittee was initiated. This subcommittee will support the organisation through its tourism recovery across the next two to three years, monitoring progress against the *Nature Parks COVID-19 Recovery Plan 2021-23*, assisting in the development of a Visitor Research Strategy, guiding product development and marketing initiatives and overseeing advocacy strategy.

- Dr. David Cochrane (Chair)
- Andrew Paxton
- Jane Foley
- Michaela Salvato
- Shelley Lavender



## Advisory Committees

The Nature Parks has established several advisory committees to provide a channel for two-way communication between the Board, key stakeholders and our community. We are grateful for their time, expertise and support over the year.

### ANIMAL ETHICS COMMITTEE

This statutory committee is required to be convened by the Nature Parks to oversee the conduct of activities with regards to the care and use of animals for scientific purposes and provide oversight of animal welfare in the Nature Parks. The committee fulfilled its function this year through overseeing the Nature Parks' wildlife research program, contributing to the draft Animal Welfare Policy and endorsing the Churchill Island Eastern Barred Bandicoot tour, and to ensure that the Australian Code for the Care and Use of Animals for Scientific Purposes (8th Edition 2013), the *Victorian Prevention of Cruelty to Animals Act 1986* and the *Victorian Prevention of Cruelty to Animals Act 2008* were maintained.

We thank these professionals for contributing their valuable time to assist the Nature Parks in ensuring the delivery of our conservation programs.

The Committee is chaired by Dr Jenny Hibble.

### COMMUNITY AND ENVIRONMENT ADVISORY COMMITTEE

This committee is made up of members with interest or expertise from local stakeholder organisations, community and environment groups and volunteers. It acts in a consultative capacity to enable a two-way flow of information between the community, stakeholders and the Board.

The committee fulfilled its role this year in advising on Living with Wildlife; specifically, being part of the development and consultation process for the place-based draft *Phillip Island (Mollusks) Wildlife Plan* to address abundant wildlife issues across Phillip Island as a community effort. Members also contributed to ideas for a *Summer Strategy* to effectively convey messages about sharing our beaches for the benefit of the community and wildlife.

The committee held a total of four meetings: two online in September and December 2020 and two in person at the Penguin Parade visitor centre in March 2021 and June 2021.

The current committee ended its three-year term on 30 June 2021. We sincerely thank members for their time and input in contributing to community partnerships and connections and look forward to the next term.

The committee is chaired by Michaela Salvato (Board).

Updates and Community and Environment Advisory Committee meeting minutes can be found at: [www.penguins.org.au/about/local-community](http://www.penguins.org.au/about/local-community)

### RECONCILIATION ADVISORY COMMITTEE

This committee was established in October 2017 to further the Nature Parks' commitment to reconciliation and recognition in line with our *Reconciliation Action Plan (RAP) 2019- 2022*.

We are indebted to the community members who contribute their time and knowledge and provide the Nature Parks with significant understanding and delivery of outcomes around issues affecting Traditional Owners, the Aboriginal and/or Torres Strait Islander Community and ways of working together.

The committee fulfilled its function this year through implementing RAP actions, holding events in partnership with Bass Coast Reconciliation Network to further reconciliation, contributing to interpretation and art projects, developing protocols and supporting business and procurement opportunities. A key focus of the year was working on the RAP action of developing and implementing an *Aboriginal and/or Torres Strait Islander Employment Strategy* which progressed well. The committee also hosted a Board meeting on Country at the Penguin Parade visitor centre with Traditional Owners welcoming Board Members on Country with a smoking ceremony, *walking together* on the land and sharing stories and reflecting on learnings from *working together*.

The committee held a total of four meetings: two online in October and December (in partnership with Bass Coast Reconciliation Network) 2020 and two in person at the Penguin Parade visitor centre in February 2021 and May 2021. The committee is chaired by Kevin Love (Board).

Updates and Reconciliation Advisory Committee meeting minutes can be found at: [www.penguins.org.au/about/local-community](http://www.penguins.org.au/about/local-community)

### SCIENTIFIC AND RESEARCH ADVISORY COMMITTEE

This advisory committee guides the Board on all aspects of scientific research and research-led management into the Nature Parks' key species and ecosystems and highlights issues for the attention of the Board on which the members have expertise. The committee fulfilled its function this year by progressing actions in the *30-Year Conservation Vision - Beyond the Horizon* and the *Threatened Species Plan*. The advisory committee initiated the Island Arks project and completed stage 1 of a draft *Animal Welfare Policy*. Two meetings were held in October 2020 and March 2021.

The Committee is chaired by Dr Danielle Auldlist (Board) and draws on the technical expertise of eight independent members.

We thank these experts for donating their time to assist the Nature Parks in improving the effectiveness and impact of our conservation work.

# COMPLIANCE

## ATTESTATION FOR FINANCIAL MANAGEMENT COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 5.1.4

Phillip Island Nature Parks Committee of Management, Financial Management Compliance Attestation Statement.

I, Kevin Love, on behalf of the Responsible Body, certify that the Phillip Island Nature Parks Committee of Management has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Board Chair  
XX September 2020

## EMPLOYMENT AND CONDUCT PRINCIPLES

Nature Parks staff are employed under the *Phillip Island Nature Parks Agreement 2017-2021* and the applicable union is the Australian Services Union.

Nature Parks staff work in accordance with the Nature Parks' Code of Conduct and employment policies that include recruitment, equal opportunity, anti-discrimination, anti-harassment and bullying, gifts, benefits and hospitality, conflict of interest and occupational health and safety.

Building capacity of our workforce is strengthened by our recruitment frameworks and learning and development strategy enabling us to continue to grow within the changing environment.

## LOCAL JOBS FIRST

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3M or more in Metropolitan Melbourne or for statewide projects, or \$1M or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20M or more.

The MPSG guidelines and VIPP guidelines will continue to apply to MPSG-applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

During 2020-21, the Nature Parks did not commence or complete any projects valued at \$1M or more.

## SOCIAL PROCUREMENT FRAMEWORK

The Nature Parks is fully committed to support the Government's directions under the Social Procurement Framework and recognise that the Nature Parks play a key role in advancing social and sustainable outcomes for Victorians.

In September 2019, the Nature Parks developed a Sustainability and Social Procurement Strategy to enable a strategic, agency-wide approach to how it will deliver social and sustainable outcomes through procurement in accordance with the Social Procurement Framework (SPF) and beyond.

In that strategy, the Nature Parks prioritised the following SPF Objectives:

Objective	Outcome Sought	SPF Reporting Metric
<b>Environmentally sustainable outputs and business practices</b>	<ul style="list-style-type: none"> <li>Project-specific requirements to use sustainable resources and to manage waste and pollution</li> <li>Use of recycled content in construction works</li> <li>Adoption of sustainable business practices by suppliers to the Victorian Government</li> </ul>	<ul style="list-style-type: none"> <li>Total number of contracts entered into with Victorian Government suppliers that have clauses relating to                             <ol style="list-style-type: none"> <li>sustainable resources,</li> <li>management of waste and pollution,</li> <li>recycled content in construction works,</li> <li>environmentally sustainable business practices</li> </ol> </li> </ul>
<b>Supporting safe and fair workplaces</b>	<ul style="list-style-type: none"> <li>Purchasing from suppliers that comply with industrial relations laws and promote secure employment</li> </ul>	<ul style="list-style-type: none"> <li>Number of Victorian Government or other suppliers who attest to compliance with the Supplier Code of Conduct</li> </ul>
<b>Opportunities for Victorian Aboriginal people</b> <b>Sustainable Victorian social enterprises and Aboriginal business sectors</b>	<ul style="list-style-type: none"> <li>Employment of Victorian Aboriginal people by suppliers to the Victorian Government</li> <li>Purchasing from Victorian Aboriginal businesses and/or social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Number of suppliers that employ Victorian Aboriginal people</li> <li>Number of Victorian Aboriginal businesses and/or social enterprises engaged</li> <li>Total expenditure with Victorian Aboriginal businesses</li> </ul>

## Achievements

Commenced development of an employment strategy to support increasing employment of Aboriginal and/or Torres Strait Island Peoples in line with our *Reconciliation Action Plan* objectives.

## GOVERNMENT ADVERTISING EXPENDITURE

In accordance with paragraph 6.16 of FRD 22H government policy requires disclosure of all government advertising expenditure with a total media spend of \$100,000 or greater (exclusive of GST).

No government advertising expenditure was incurred by the Nature Parks during the reporting period.

## CONSULTANCY EXPENDITURE

### Details of consultancies (valued at \$10 000 or greater)

In 2020-21, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during the year in relation to these consultancies is \$0.2M (excluding GST). Details of individual consultancies are outlined below:

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2020-21 (excl. GST)	Future expenditure (excl. GST)
		\$ 000	\$ 000	\$ 000
Bunurong Land Council Aboriginal Corporation	Cultural Heritage Consultation	25	23	25
The Trustee for Cindy Moussi Family Trust	Leadership Training	21	21	-
United Workplace Solutions Pty Ltd	Industrial Relations Consulting	74	93	-
The Leadership Sphere	Organisational Diagnostics	38	38	-
Pitcher Partner Pty Ltd	Compliance Consulting	12	12	-
<b>Total equity</b>		<b>170</b>	<b>187</b>	<b>25</b>

### Details of consultancies under \$10 000

In 2020-21, there were six consultancies engaged, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$29,900 (excl. GST).

## INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE

### Details of information and communication technology (ICT) expenditure

For the 2020-21 reporting period, the Nature Parks had a total ICT expenditure of \$1.274M with the details shown below. (\$ thousand)

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
<b>1,199</b>	<b>75</b>	<b>1,186</b>	<b>88</b>

ICT expenditure refers to the Nature Parks costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the Nature Parks current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

## DISCLOSURE OF MAJOR CONTRACTS

During the year ended 30 June 2021 the Nature Parks did not enter into any contracts greater than \$10M in value.

## FREEDOM OF INFORMATION ACT 1982

The Act allows the public a right of access to documents held by the Nature Parks. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Nature Parks. This comprises documents both created by the Nature Parks or supplied to the Nature Parks by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Nature Parks is available on the Nature Parks' website under its Part II Information Statement.

The Act allows the Nature Parks to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Nature Parks in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the Nature Parks, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

### Making a request

FOI requests can be lodged online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au). The application fee during 2020-21 was \$29.60 and the current fee for 2021-22 is \$30.10. Access charges may also be payable if the document pool is large, and the search for material time consuming.

Access to documents can also be obtained through a written request to the Nature Parks Freedom of Information officer, as detailed in s17 of the Act.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

### Requests for documents in the possession of the Nature Parks should be addressed to:

#### Freedom of Information Officer

Phillip Island Nature Parks  
PO Box 97  
Cowes, Victoria 3922

### FOI statistics/timeliness

During 2020-2021, the Nature Parks contributed to one FOI request received by DELWP relating to wildlife control permits. The Nature Parks had no objection to the information proposed for release.

### Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

## COMPLIANCE WITH THE BUILDING ACT 1993

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

The Nature Parks carries out detailed building condition audits for all major infrastructure and prioritises maintenance in line with the audit recommendations. A maintenance reporting system is also in place to identify and address any urgent or ad-hoc maintenance issues. Maintenance jobs are prioritised wherever safety implications are identified. The Nature Parks recently completed its annual Essential Safety Measures report in accordance with the Building Regulations 2006 and was compliant in all areas.

There were no major projects undertaken by the Nature Parks over \$50,000 in value in 2020-21.

## COMPETITIVE NEUTRALITY POLICY

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

## COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURES ACT 2012

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people 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.

The Nature Parks does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring 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 Parks 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 to the extent it is legally possible.

## REPORTING PROCEDURES

Disclosures of improper conduct or detrimental action by the Nature Parks or any of its employees may be made directly to the Independent Broad-based Anti-corruption Commission:

Address: Level 1, North Tower, 459 Collins Street  
Melbourne, VIC 3000

Phone 1300 735 135

Web: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

### Further information

The Public Interest Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Nature Parks or any of its employees and/or officers, are available on the Nature Parks website [www.penguins.org.au](http://www.penguins.org.au).

## DISCLOSURES UNDER THE PUBLIC INTEREST DISCLOSURES ACT 2012

	2020-21 number	2019-20 number
The number of disclosures made by an individual to the Nature Parks and notified to the Independent Broad-based Anti-corruption Commission		
Assessable disclosures	-	-

## COMPLIANCE WITH THE DISABILITY ACT 2006

*The Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

*Absolutely everyone: State disability plan for 2017-2020* is the Victorian Government's framework for enabling people with disability to participate and contribute to the social, economic and civic life of their community. Over time the government will consider ways to align disability action plans to the state plan.

The Nature Parks is finalising our Accessibility Action Plan which will serve to lead the Nature Parks' actions in diversity and inclusion by building our commitment to supporting and enhancing the experience and rights of all people.

### Additional Information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by the Nature Parks and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

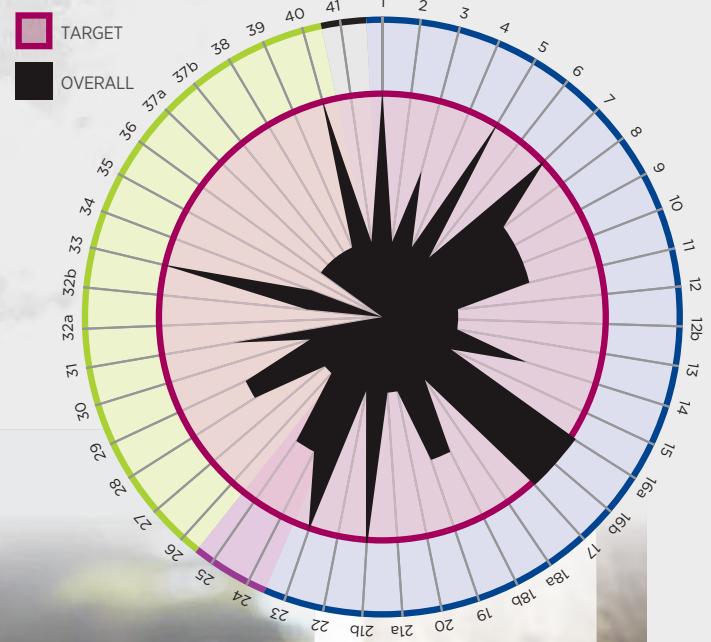
- details of publications produced by the Nature Parks about itself
- details of any major external reviews carried out on the Nature Parks.
- details of major research and development activities undertaken by the Nature Parks.
- details of major promotional, public relations and marketing.
- details of changes in prices, fees, charges, rates and levies charged.
- The information is available on request from [info@penguins.org.au](mailto:info@penguins.org.au)

### Asset Management Accountability Framework (AMAF) maturity assessment

The Asset Management Accountability Framework (AMAF) is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. Nature Parks has a target maturity rating of ‘competence’, meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

The Nature Parks has assessed its maturity against the AMAF and has assessed the target maturity level of “competence” in a quarter of the requirements with the AMAF categories. Of those categories where Nature Parks did not meet its target maturity level, which included leadership and accountability, planning, acquisition, operation and disposal, the Nature Parks is developing a plan for improvement to establish processes and to improve the maturity rating in these areas.

ASSET MATURITY 2020-21



**Legend**

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A





# *Financial review*





# PHILLIP ISLAND NATURE PARKS - FINANCIAL STATEMENTS

## HOW THIS REPORT IS STRUCTURED

Phillip Island Nature Parks (Nature Parks) has presented its audited general-purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about the Nature Parks stewardship of resources entrusted to it.

<b>Financial statements</b>	Comprehensive operating statement	52		
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	Cash flow statement	54		
	Statement of changes in equity	55		
<b>Notes to the financial statements</b>	<b>1. ABOUT THIS REPORT</b>	<b>56</b>	<b>6. FINANCING OUR OPERATIONS</b>	<b>71</b>
	The basis on which the financial statements have been prepared and compliance with reporting regulations		Borrowings, cash flow information, leases and assets pledged as security	
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	<b>3. THE COST OF DELIVERING SERVICES</b>	<b>61</b>	6.4 Commitments for expenditure	74
	Operating expenses of the Nature Parks		<b>7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS</b>	<b>75</b>
	3.1 Expenses incurred in delivery of services	61	Financial risk management, contingent assets and liabilities as well as fair value determination	
	3.2 Cost of Sales	63	7.1 Financial instruments specific disclosures	75
	3.3 Other operating expenses	63	7.2 Contingent assets and contingent liabilities	80
	<b>4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY</b>	<b>64</b>	7.3 Fair value determination	80
	Land, property, investment properties, biological assets, intangible assets, investments accounted for using the equity method, investments and other financial assets, and acquisition and disposal of entities		<b>8. OTHER DISCLOSURES</b>	<b>85</b>
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	Working capital balances, and other key assets and liabilities		8.4 Remuneration of executives	86
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		8.11 Glossary of technical terms	90	
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## DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for the Phillip Island Nature Parks have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of the Nature Parks at 30 June 2021.

At the time of signing, 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 30 September 2021.



**C Simonds**

Chief Financial Officer  
(Chief Finance and Accountable Officer)  
Phillip Island Nature Parks  
30 September 2021



**C Basterfield**

Chief Executive Officer  
(Accountable Officer)  
Phillip Island Nature Parks  
30 September 2021



**K Love**

Chair  
Phillip Island Nature Park Board of Management  
30 September 2021

## Independent Auditor's Report

### To the Board of the Phillip Island Nature Parks

<b>Opinion</b>	<p>I have audited the financial report of the Phillip Island Nature Parks (the nature parks) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2021</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• declaration in the financial statements.</li></ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the nature parks as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the nature parks in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>The Board is responsible for the "other information" included in the nature parks' Annual Report for the year ended 30 June 2021. The other information in the Annual Report does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the nature parks is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the nature parks' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 nature parks' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the nature parks' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the nature parks to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
11 October 2021



Paul Martin  
*as delegate for the Auditor-General of Victoria*

## COMPREHENSIVE OPERATING STATEMENT

For the financial year ended 30 June 2021

(\$ thousand)

	NOTES	2021	2020
<b>Continuing Operations</b>		\$	\$
<b>Income from transactions</b>			
Supply of services and sale of goods	2.1.1	5,285	17,793
Grants, Donation and Sponsorship	2.1.2	4,963	4,917
Other income	2.1.4	176	646
<b>Total income from transactions</b>		10,423	23,356
<b>Expenses from transactions</b>			
Employee expenses	3.1	(11,072)	(12,721)
Cost of sales	3.2	(577)	(1,711)
Depreciation and amortisation	4.1.2	(3,797)	(3,996)
Other operating expenses	3.3	(4,218)	(5,851)
<b>Total expenses from transactions</b>		(19,664)	(24,279)
<b>Net result from transactions (net operating balance)</b>		<b>(9,241)</b>	<b>(923)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets		(26)	16
<b>Total other economic flows included in net result</b>		<b>(26)</b>	<b>16</b>
<b>Net result</b>		<b>(9,266)</b>	<b>(907)</b>
<b>Other economic flows - other comprehensive income:</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	8.2	(7,646)	7,949
<b>Total other economic flows - other comprehensive income</b>		<b>(7,646)</b>	<b>7,949</b>
<b>Comprehensive result</b>		<b>(16,913)</b>	<b>7,042</b>

The accompanying notes form part of these financial statements.

## BALANCE SHEET

As at 30 June 2021

(\$ thousand)

	NOTES	2021	2020
<b>Assets</b>		\$	\$
<b>Financial assets</b>			
Cash and deposits	6.3	10,924	15,471
Receivables	5.1	125	158
<b>Total financial assets</b>		<b>11,049</b>	<b>15,628</b>
<b>Non-financial assets</b>			
Inventories	5.3	449	828
Property, plant and equipment	4.1	141,237	151,860
Intangibles	4.2	-	243
Other non-financial assets		195	193
<b>Total non-financial assets</b>		<b>141,881</b>	<b>153,123</b>
<b>Total assets</b>		<b>152,930</b>	<b>168,752</b>
<b>Liabilities</b>			
Payables	5.2	1,360	597
Lease Liability	6.1	1,094	1,101
Employee related provisions	3.1.2	2,257	1,922
<b>Total liabilities</b>		<b>4,711</b>	<b>3,620</b>
<b>Net assets</b>		<b>148,219</b>	<b>165,132</b>
<b>Equity</b>			
Accumulated surplus		10,055	19,321
Physical asset revaluation surplus	8.2	60,172	67,818
Contributed capital	8.9	77,993	77,993
<b>Net worth</b>		<b>148,219</b>	<b>165,132</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT

For the financial year ended 30 June 2021

(\$ thousand)

	NOTES	2021	2020
<b>Cash flows from operating activities</b>		\$	\$
Receipts from customers and other entities		6,680	22,550
Receipts from Government		4,400	4,400
Interest received		12	104
Payments to suppliers and other expenses		(4,087)	(11,511)
Payments to employees		(10,737)	(12,719)
Goods and services tax paid from the ATO		(205)	(327)
<b>Net cash flows from operating activities</b>	6.3.1	<b>(3,937)</b>	<b>2,497</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(454)	(5,839)
Payments for intangibles		(7)	(27)
Proceeds from property, plant and equipment		-	42
(Payments for) / Proceeds from Investments		-	250
<b>Net cash flows used in investing activities</b>		<b>(461)</b>	<b>(5,574)</b>
<b>Cash flows from financing activities</b>			
Payment of borrowings and Principal portion of Lease Liability		(149)	(111)
<b>Net cash flows from financing activities</b>		<b>(149)</b>	<b>(111)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,547)</b>	<b>(3,187)</b>
Cash and cash equivalents at beginning of financial year		15,471	18,659
<b>Cash and cash equivalents at end of financial year</b>	6.3	<b>10,924</b>	<b>15,471</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2021

(\$ thousand)

	NOTES	PHYSICAL ASSET REVALUATION SURPLUS	ACCUMULATED SURPLUS	CONTRIBUTIONS BY OWNER	TOTAL
		\$	\$	\$	\$
<b>Balance at 1 July 2019</b>		59,869	20,228	77,993	158,090
Net result from continuing operations		-	(907)	-	(907)
Other comprehensive income for the year		7,949	-	-	7,949
<b>Balance at 30 June 2020</b>		<b>67,818</b>	<b>19,321</b>	<b>77,993</b>	<b>165,132</b>
Net result from continuing operations		-	(9,266)	-	(9,266)
Other comprehensive (loss) for the year		(7,646)	-	-	(7,646)
<b>Balance at 30 June 2021</b>		<b>60,172</b>	<b>10,055</b>	<b>77,993</b>	<b>148,219</b>

The accompanying notes form part of these financial statement.

## 1. ABOUT THIS REPORT

The financial statements cover the Phillip Island Nature Parks Board of Management (Nature Parks) as an individual reporting entity.

The Nature Parks is a government entity of the State of Victoria, established by government gazette under the *Crown Lands (Reserves) Act 1978*.

Its principal address is:

Phillip Island Nature Parks  
154-156 Thompson Avenue  
Cowes Victoria 3922

A description of the nature of the Nature Parks operations and its principal activities is included in the **Report of operations**, which does not form part of these financial statements.

## BASIS OF PREPARATION

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Nature Parks.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

COVID-19 created unprecedented economic uncertainty and continues to have wide ranging impacts for the Nature Parks as well as the broader community of Phillip Island. Site attractions were closed for a total of 123 days and operated with greatly reduced capacity when opened. This has resulted in immediate, and material impacts to the Nature Parks and a sustained loss of revenue. Management took operational steps to mitigate the adverse impact on the business whilst supporting the workforce throughout this challenging time. The Nature Parks realised \$6.1M in revenue excluding Government funding, \$16.4M less than 2019 and \$12.9M less than 2020. The Nature Parks decreased other expenditure for the reporting period 39.8% versus 2019 and 27.9% versus 2020.

The Nature Parks has received a letter from the Victorian State Government guaranteeing that the Nature Parks will be able to meet its financial liabilities until November 2022 and has to date provided funding support of \$8.8M, \$4.4M of which was received in June 2020, with remaining balance received August 2020. This support ensures the Nature Parks can continue to meet its current and future obligations as and when they fall due. The Board has formed the view that the Nature Parks can continue to meet its commitments as a going concern for the foreseeable future.

## 1. ABOUT THIS REPORT (CONTINUED)

The Nature Parks has identified the following account balances that have been impacted by COVID-19 due to management's judgement and assumptions about the future and a source of estimate uncertainty, including:

### **Supply of services and sale of goods**

Disclosure regarding the impact of the site attraction closures because of COVID-19 on the supply of services and sale of goods are detailed in note 2.1.1

### **Grants from government**

Disclosure of the funding support provided by the Victorian State Government in response to COVID-19 as detailed in note 2.1.2

### **Cost of sales**

Disclosure of the impact of site closures due to COVID-19 and the impact to cost of sales is detailed in note 3.2

### **Operating expenses**

Disclosure regarding the impact of COVID-19 on the Nature Parks operating expenditure is detailed in note 3.3

### **Receivables and expected credit loss provision**

Disclosure relating to managerial judgment and assumption on the receivables and expected credit loss provision is detailed in note 5.1

### **Payables**

Disclosure to the changes to payment term conditions in response to COVID-19 are detailed in note 5.2

### **Fair value determination**

Disclosure relating to significant market and valuation uncertainty in the revaluation of assets are detailed in note 7.3

### **Going concern**

The Department of Environment, Land, Water and Planning has provided confirmation that it will continue to provide the Nature Parks adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to November 2022 by way of a Letter of Comfort. On that basis, the financial statements have been prepared on a going concern basis, detailed in note 8.8

### **Subsequent events**

Management's judgements and assumptions relating to subsequent events are disclosed in note 8.7

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

## **COMPLIANCE INFORMATION**

These general-purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

## 2. FUNDING DELIVERY OF OUR SERVICES

### Introduction

The Phillip Island Nature Parks (Nature Parks) overall objective is to conserve and enhance the Nature Parks' environment for current and future generations, whilst achieving a balanced environmental, economic and social outcome.

To enable the Nature Parks to fulfil its objective and provide outputs the Nature Parks operates four main visitor attractions for which it receives revenue from admissions and commercial sales.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

### Structure

#### 2.1 Income from transactions

#### Significant judgement: Grants revenue

The Nature Parks has made judgement on the recognition of grant revenue as income of not-for-profit entities where they do not contain sufficiently specific performance obligations. Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when the Nature Parks satisfies the performance obligation by providing the relevant delivery or services to the relevant grantor. Income from grants to construct the capital assets that are controlled by the Nature Parks are recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

## 2.1 INCOME FROM TRANSACTIONS

### 2.1.1 Sale of goods and services

(\$ thousand)

	NOTES	2021	2020
		\$	\$
Supply of services - Admissions		4,022	13,836
Sale of goods - Retail and souvenirs		1,262	3,957
<b>Total supply of services and sale of goods</b>		<b>5,285</b>	<b>17,793</b>

The sale of goods and services included in the table above are transactions that the Nature Parks has determined to be classified as revenue from contracts with customers in accordance with AASB 15.

The Nature Parks' tourism operations were significantly impacted as a result of the continuing impacts of COVID-19 and subsequent travel restrictions. Total tourism revenue was 78.2% less than 2019 and 69.7% less than prior year. There was an overall decrease in visitors to the Nature Parks' ticketed attractions 71.7% versus 2019 and 58.1% decrease versus 2020. The site restrictions and subsequent closures had a direct impact on the supply of services – admissions and sale of goods – retail and souvenirs. This is also reflected in reduction in cost of sales as per note 3.2.

#### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. The Nature Parks recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are transferred to and accepted by the customer.
- Revenue from the sale of goods are recognised when the goods are transferred to and have been accepted by the customer
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Customers are invoiced and revenue is recognised when the goods are transferred to and accepted by customers. For services rendered, where customers simultaneously receive and consume the services as it is provided, the customer is subsequently invoiced in accordance with the terms of the service agreement. For other customers that are only able to consume the services when they have been completed, revenue is only recognised upon completion and delivery

## 2. FUNDING DELIVERY OF OUR SERVICES (CONTINUED)

### 2.1.1 Sale of goods and services (continued)

of the services. In rare circumstance where there may be a change in the scope of services provided, the customer will be provided with a new contract for the additional services to be rendered and revenue is recognised consistent with accounting policy above.

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover the returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables (Note 5.2) and the right to recover returned goods is included in inventory (Note 5.3). The Nature Parks reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15.

### 2.1.2 Grants

(\$ thousand)

	NOTES	2021	2020
		\$	\$
Grants from Government		4,400	4,538
Other grants, donations and sponsorship		563	380
<b>Total grant income</b>		<b>4,963</b>	<b>4,917</b>

#### Grants recognised under AASB 1058

The Nature Parks has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Nature Parks has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Nature Parks recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16;
- a financial instrument, in accordance with AASB 9; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Income received for specific purpose grants for on-passing is recognised simultaneously as the funds are immediately on passed to the relevant recipient entities on behalf of the Commonwealth Government.

The Nature Parks received a commitment of Government financial support \$8.8M, of which \$4.4M was received June 2020 with the balance received August 2020, to mitigate the impact of COVID-19 and ensure the ongoing operations of the Nature Parks.

#### Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15. Revenue is recognised when the Nature Parks satisfies the performance obligation by providing the relevant services to the relevant parties. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

## 2. FUNDING DELIVERY OF OUR SERVICES (CONTINUED)

### 2.1.3 Fair value of assets and services received free of charge or for nominal consideration recognised as income

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The Nature Parks has assessed those services provided by volunteers, if not donated, may not be replaced to deliver its services.

### 2.1.4 Other income

(\$ thousand)

	NOTES	2021	2020
		\$	\$
Interest received		12	104
Educations tours and school camps		38	62
Rental income		62	451
Miscellaneous income		63	28
<b>Total other income</b>		<b>176</b>	<b>646</b>

**Interest income** includes interest received on cash at bank and bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

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

**Miscellaneous income** represents all other income received from activities including the sale of plants, livestock and permits. Miscellaneous income is recognised in the period it is received.

### 3. THE COST OF DELIVERING SERVICES

#### Introduction

This section provides an account of the expenses incurred by the Phillip Island Nature Parks (Nature Parks) in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded. Section 4 discloses aggregated information in relation to the income and expenses by output.

#### Structure

##### 3.1 Expenses incurred in delivery of services

##### 3.2 Cost of sales

##### 3.3 Other operating expenses

### 3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

#### 3.1.1 Employee benefits in the comprehensive operating statement (\$ thousand)

	NOTES	2021	2020
		\$	\$
Salaries and wages		8,760	10,261
Payroll tax and Workcover		329	422
Superannuation		932	1,053
Movement in annual leave and long service leave provisions		1,050	985
<b>Total employee expenses</b>		<b>11,072</b>	<b>12,721</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Nature Parks does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees.

#### 3.1.2 Employee benefits in the balance sheet

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

	NOTES	2021	2020
		\$	\$
<b>Current provisions</b>			
<b>Annual leave</b>			
Unconditional and expected to settle within 12 months		619	588
<b>Long service leave</b>			
Unconditional and expected to settle within 12 months		251	181
Unconditional and expected to settle after 12 months		647	531
<b>Provisions for on costs</b>			
Unconditional and expected to settle within 12 months		111	101
Unconditional and expected to settle after 12 months		84	71
<b>Accrued wages</b>		309	185
<b>Total current provisions for employee benefits</b>		<b>2,021</b>	<b>1,658</b>
<b>Non-current provisions</b>			
Employee benefits		210	233
On-costs		27	31
<b>Total non-current provisions for employee benefits</b>		<b>237</b>	<b>264</b>
<b>Total provisions for employee benefits</b>		<b>2,257</b>	<b>1,922</b>

### 3. THE COST OF DELIVERING SERVICES (CONTINUED)

#### 3.1.2 Employee benefits in the balance sheet (continued)

Reconciliation of movement in on-cost provision		(\$ thousand)	
	2021	2020	
	\$	\$	
<b>Opening balance</b>	204	219	
Additional provisions recognised	113	84	
Reduction arising from payments	(95)	(99)	
<b>Closing balance</b>	<b>222</b>	<b>204</b>	
Current	194	172	
Non-current	27	31	

**Wages and salaries**, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Nature Parks does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Nature Parks expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Nature Parks does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

**Unconditional LSL** is disclosed as a current liability; even where the Nature Parks does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

**Conditional LSL** is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

#### 3.1.3 Superannuation contributions

Employees of the Nature Parks are entitled to receive superannuation benefits and the Nature Parks contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

	Rate		Paid contribution for the year		Contribution outstanding at year end	
	2021	2020	2021	2020	2021	2020
	%	%	\$	\$	\$	\$
Accumulated Funds (Vision)	9.50	9.50	479	581	-	-
Accumulated Funds (Other)	9.50	9.50	603	661	-	-
Defined Benefits Fund (Vision) <sup>(a)</sup>	9.50	9.50	8	11	-	-
<b>Total</b>			1,090	1,252	-	-

Note: (a) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.



### 3. THE COST OF DELIVERING SERVICES (CONTINUED)

#### 3.2 COST OF SALES

(\$ thousand)

	2021	2020
	\$	\$
Cost of sales - Retail and souvenirs	577	1,711
<b>Total cost of sales</b>	<b>577</b>	<b>1,711</b>

**Cost of sales:** When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

The reduction in cost of sales – retail and souvenirs is directly related to the decrease in sales due to COVID-19 and subsequent site closures as detailed in note 2.1.1.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 3.3 OTHER OPERATING EXPENSES

(\$ thousand)

	2021	2020
	\$	\$
Advertising	342	476
Bank Charges	136	264
Consultants & other advice	199	175
Contractors	1,393	1,488
Doubtful debt	(113)	388
Fringe benefits tax	50	73
Insurance (excluding motor vehicle)	121	142
Lease expense	10	9
Legal expenses	46	140
Materials and supplies	381	516
Motor vehicle expenses	128	121
Memberships, licences and commissions	353	914
Repairs and maintenance	176	200
Utilities	289	256
Training	63	110
Telephone and internet	139	160
Travel and entertainment	55	196
Miscellaneous expense	450	221
<b>Total other operating expenses</b>	<b>4,218</b>	<b>5,851</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

As a result of COVID-19, closure of visitor attraction sites and expenditure-reduction measures, other operating expenditure decreased \$1.6M versus prior year.

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

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The Nature Parks controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Nature Parks to be utilised for delivery of those outputs.

### Structure

#### 4.1 Total property, plant and equipment

#### 4.2 Intangible assets

#### Significant judgement: Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

### 4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT

(\$ thousand)

	Gross carrying amount 2021	Accumulated depreciation 2021	Net carrying amount 2021
	\$	\$	\$
Land at fair value	58,946	-	58,946
Buildings at fair value	82,113	(6,494)	75,619
Boardwalks at fair value	2,633	(887)	1,746
Car parks at fair value	1,975	(507)	1,468
Motor vehicles at fair value	1,530	(1,309)	220
Furniture and fittings at fair value	2,142	(1,178)	965
Plant and equipment at fair value	3,585	(2,684)	901
Computer hardware at fair value	1,027	(701)	326
Leasehold improvements at fair value	961	(123)	839
Work in progress at cost	207	-	207
<b>Net carrying amount</b>	<b>155,119</b>	<b>(13,882)</b>	<b>141,237</b>

(\$ thousand)

	Gross carrying amount 2020	Accumulated depreciation 2020	Net carrying amount 2020
	\$	\$	\$
Land at fair value	69,094	-	69,094
Buildings at fair value	80,182	(4,298)	75,884
Boardwalks at fair value	2,304	(696)	1,608
Car parks at fair value	1,702	(408)	1,294
Motor vehicles at fair value	1,514	(1,156)	358
Furniture and fittings at fair value	2,374	(1,136)	1,238
Plant and equipment at fair value	3,835	(2,882)	952
Computer hardware at fair value	1,747	(1,260)	487
Leasehold improvements at fair value	961	(59)	903
Work in progress at cost	41	-	41
<b>Net carrying amount</b>	<b>163,754</b>	<b>(11,894)</b>	<b>151,860</b>

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

### 4.1 TOTAL PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 4.1.1 Total right-of-use assets: buildings, plant, equipment and vehicles.

(\$ thousand)

	Gross carrying amount 2021	Accumulated depreciation 2021	Net carrying amount 2021
	\$	\$	\$
Buildings at fair value	1,212	(264)	948
Plant and equipment at fair value	142	(35)	106
<b>Net carrying amount</b>	<b>1,354</b>	<b>(300)</b>	<b>1,054</b>

(\$ thousand)

	Buildings	Plant and Equipment
	\$	\$
<b>Opening balance - 1 July 2020</b>	1,080	-
Additions	-	142
Disposals	-	-
Depreciation	(132)	(36)
<b>Closing balance - 30 June 2021</b>	<b>948</b>	<b>106</b>

#### Right-of-use asset acquired by lessees – Initial measurement

The Nature Parks recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

#### Right-of-use asset – Subsequent measurement

The Nature Parks depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

**Specialised land and specialised buildings:** The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that the CSO adjustment is also equally applicable to market participants.

For the majority of the Nature Parks specialised buildings, the current replacement cost method is used, adjusting for the associated depreciation.

**Vehicles** are valued using the current replacement cost method. The Nature Parks acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Nature Parks who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for **plant and equipment** that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the current replacement cost method.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

### 4.1.1 Total right-of-use assets: buildings, plant, equipment and vehicles (continued)

#### Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

### 4.1.2 Depreciation and amortisation

Charge for the period	(\$ thousand)	
	2021	2020
	\$	\$
<b>Depreciation</b>		
Buildings	2,227	2,215
Boardwalks	191	190
Car parks	104	104
Motor vehicles	153	182
Furniture and fittings	327	319
Plant and equipment	264	240
Leasehold Improvements	64	59
Computer hardware	239	214
<b>Total depreciation</b>	<b>3,569</b>	<b>3,522</b>
<b>Amortisation</b>		
Software	226	474
<b>Total amortisation</b>	<b>226</b>	<b>474</b>
<b>Total depreciation and amortisation</b>	<b>3,795</b>	<b>3,996</b>

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under assets held for sale, land and investment properties.

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

Asset	Useful Life
Buildings	3 to 40
Boardwalks	3 to 10
Car parks	3 to 20
Leasehold Improvements	10 to 15
Motor vehicles	5
Furniture, fittings and equipment	3 to 5
Computer hardware and software	3 to 5

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Nature Parks obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

### 4.1.2 Depreciation and amortisation (continued)

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

**Indefinite life assets:** Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

### 4.1.3 Reconciliation of movements in carrying amount of property, plant and equipment

(\$ thousand)

	Crown Land	Buildings	Boardwalks	Car parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware	Leasehold improvements	Work in progress	Total property, plant & equipment
<b>Non-current</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>											
Carrying amount as at 1 July 2020	69,094	75,884	1,608	1,294	358	1,238	952	487	903	41	151,860
Additions	-	21	48	-	15	55	188	81	-	207	614
Transfer from work in progress	-	-	-	-	-	-	41	-	-	(41)	-
Disposals	-	(80)	-	(13)	-	(1)	(16)	(3)	-	-	(114)
Revaluation	(10,148)	2,022	281	292	-	-	-	-	-	-	(7,553)
Depreciation and amortisation expense	-	(2,227)	(191)	(104)	(153)	(327)	(264)	(239)	(64)	-	(3,570)
<b>Carrying amount as at 30 June 2021</b>	<b>58,946</b>	<b>75,619</b>	<b>1,746</b>	<b>1,468</b>	<b>220</b>	<b>965</b>	<b>901</b>	<b>326</b>	<b>839</b>	<b>207</b>	<b>141,237</b>

(\$ thousand)

	Crown Land	Buildings	Boardwalks	Car parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware	Leasehold improvements	Work in progress	Total property, plant & equipment
<b>Non-current</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>											
Carrying amount as at 1 July 2019	61,145	20,639	1,768	1,356	510	346	928	81	-	54,735	141,508
Recognition of right-of-use assets on initial application of AASB 16 <sup>(a)</sup>	-	1,212	-	-	-	-	-	-	-	-	1,212
<b>Adjusted balance at 1 July 2019</b>	<b>61,145</b>	<b>21,851</b>	<b>1,768</b>	<b>1,356</b>	<b>510</b>	<b>346</b>	<b>928</b>	<b>81</b>	<b>-</b>	<b>54,735</b>	<b>142,721</b>
Additions	-	3,684	30	-	56	661	172	126	-	41	4,771
Transfer from work in progress	-	52,563	-	42	-	550	92	494	961	(54,703)	-
Disposals	-	-	-	-	(26)	-	-	-	-	(33)	(59)
Revaluation	7,949	-	-	-	-	-	-	-	-	-	7,949
Depreciation and amortisation expense	-	(2,215)	(190)	(104)	(182)	(319)	(240)	(214)	(59)	-	(3,522)
<b>Carrying amount as at 30 June 2020<sup>(b)</sup></b>	<b>69,094</b>	<b>75,884</b>	<b>1,608</b>	<b>1,294</b>	<b>358</b>	<b>1,238</b>	<b>952</b>	<b>487</b>	<b>903</b>	<b>41</b>	<b>151,860</b>

Notes:

- (a) The 2019-20 opening balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases – refer to Note 7.3.
- (b) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were material (greater than 10 per cent) for a managerial revaluation. A full revaluation for this purpose group was conducted in 2021.

## 4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONTINUED)

### 4.2 INTANGIBLE ASSETS

(\$ thousand)

	2021	2020
<b>Non-current</b>	\$	\$
Software at cost	2,315	3,383
Less accumulated amortisation	(2,315)	(3,140)
<b>Net book value at end of financial year</b>	<b>-</b>	<b>243</b>

	2021	2020
<b>Non-current</b>	\$	\$
Opening balance	243	690
Additions	7	27
Retirement	(24)	-
Less amortisation	(226)	(474)
<b>Net book value at end of financial year</b>	<b>-</b>	<b>243</b>

#### Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

#### Subsequent measurement

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. The amortisation period is three to five years.

#### Impairment of intangible assets

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

## 5. OTHER ASSETS AND LIABILITIES

### Introduction

This section sets out those assets and liabilities that arose from the Nature Parks controlled operations.

### Structure

#### 5.1 Receivables

#### 5.2 Payables

#### 5.3 Inventories

### 5.1 RECEIVABLES

(\$ thousand)

	2021	2020
<b>Contractual</b>	\$	\$
Sale of goods and services	284	511
Allowance for impairment losses of contractual receivables	(235)	(441)
Accrued interest income	-	3
Other receivables	30	58
<b>Total contractual receivables</b>	<b>79</b>	<b>130</b>
<b>Statutory</b>		
GST credit recoverable	47	27
<b>Total statutory receivables</b>	<b>125</b>	<b>158</b>
<b>Represented by</b>		
Current receivables	<b>125</b>	<b>158</b>

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Nature Parks holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The Nature Parks applies AASB 9 for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

In 2019-20 financial year, the Nature Parks recognised an increase in allowance of expected credit losses of contractual receivables because of COVID-19. The increase in allowance recognises that due to the immediate and direct impact of COVID-19 on many of the Nature Parks tourism partners, management made specific judgements related to the likelihood of recovery of funds. The was adjusted down 2020-21 financial year acknowledging the reduction in exposure to outstanding debtor account balances.

Details about the Nature Parks impairment policies, the Nature Parks exposure to credit risk and the calculation of the loss allowance are set out in Note 7.1.2.

### 5.2 PAYABLES

(\$ thousand)

	2021	2020
<b>Contractual</b>	\$	\$
Supplies and services	120	88
Accrued expenses	859	372
Contract Liability(Grant)	275	119
Contract Liability(Future sales)	106	-
<b>Total contractual payables</b>	<b>1,360</b>	<b>579</b>
<b>Statutory</b>		
FBT payable	-	18
<b>Total statutory payables</b>	<b>1,360</b>	<b>597</b>
<b>Represented by</b>		
Current payables	<b>1,360</b>	<b>597</b>

## 5. OTHER ASSETS AND LIABILITIES (CONTINUED)

### 5.2 PAYABLES (CONTINUED)

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Nature Parks prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. In response to COVID-19, the Nature Parks committed to complying with the Victorian State Government Economic Survival and Jobs Package announced 22 March 2020. In supporting this initiative, the Nature Parks took immediate action to ensure that payables for suppliers and services were paid within five business days where possible.

The following table discloses the maturity of contractual financial liabilities. (\$ thousand)

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
<b>2021</b>	\$	\$	\$	\$	\$	\$
Payables	1,360	1,360	968	57	335	
<b>Total payables</b>	<b>1,360</b>	<b>1,360</b>	<b>968</b>	<b>57</b>	<b>335</b>	<b>-</b>
<b>2020</b>						
Payables	579	579	653	(29)	(45)	
<b>Total payables</b>	<b>579</b>	<b>579</b>	<b>653</b>	<b>(29)</b>	<b>(45)</b>	<b>-</b>

### 5.3 INVENTORIES

(\$ thousand)

	2021	2020
<b>Current inventories</b>	\$	\$
<b>Inventories held for sale at cost</b>		
Penguin Parade	309	587
Koala Conservation Reserve	40	64
Nobbies	74	118
Churchill Island	87	92
<b>Total current inventories</b>	<b>511</b>	<b>862</b>
Less provision for inventory obsolescence	(62)	(34)
<b>Total inventories</b>	<b>449</b>	<b>828</b>

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. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

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.

The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

**Movement in the provision for inventory obsolescence** (\$ thousand)

	2021	2020
	\$	\$
<b>Balance at the beginning of the year</b>	(34)	(34)
Increase in provision recognised in profit or loss	(28)	-
<b>Balance at end of the year</b>	<b>(62)</b>	<b>(34)</b>



## 6. HOW WE FINANCED OUR OPERATIONS

### Introduction

This section provides information on the sources of finance utilised by the Nature Parks during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Nature Parks.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 8.1 and 8.3 provide additional, specific financial instrument disclosures.

### Structure

#### 6.1 Borrowings

#### 6.2 Leases

#### 6.3 Cash flow information and balances

#### 6.4 Commitments for expenditure

### 6.1 BORROWINGS

'Borrowings' refer to interest bearing liabilities mainly raised from lease liabilities. Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Nature Parks elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

(\$ thousand)

	2021	2020
<b>Current borrowings</b>	\$	\$
Right of Use Lease liabilities <sup>(a)</sup>	155	116
<b>Total current borrowings</b>	155	116
<b>Non-current borrowings</b>		
Right of Use lease liabilities	938	985
<b>Total non-current borrowings</b>	938	985
<b>Total borrowings</b>	<b>1,094</b>	<b>1,101</b>

Notes:

(a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings and interest component of lease repayments.

(\$ thousand)

	2021	2020
	\$	\$
Interest expense on lease liabilities	43	42
<b>Total interest expense</b>	<b>43</b>	<b>42</b>

Interest expense is recognised in the period in which it is incurred. The Nature Parks recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

### 6.2 LEASES

Information about leases for which the Nature Parks is a lessee is presented below.

#### The Nature Parks leasing activities

The Nature Parks leases various properties and IT equipment. The lease contracts are typically made for fixed periods of 1-10 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rentals.

Leases of IT equipment with contract terms of 1-5 years are either short-term and or/leases of low-value items. The Nature Parks has elected not to recognise right-of-use assets and lease liabilities for these leases.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.2 LEASES (CONTINUED)

#### 6.2.1 Right-of-use Assets

Right-of-use assets are presented in note 4.1.

#### 6.2.2 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	(\$ thousand)	
	2021	2020
	\$	\$
<b>Interest expense on lease liabilities</b>	43	42
Expenses relating to leases of low-value assets	10	11
<b>Total amount recognised in the statement of comprehensive statement</b>	<b>53</b>	<b>53</b>

#### 6.2.3 Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2021 relating to leases.

	(\$ thousand)	
	2021	2020
	\$	\$
<b>Total cash outflow for leases</b>	<b>202</b>	<b>164</b>

For any new contracts entered into, the Nature Parks considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Nature Parks assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Nature Parks and for which the supplier does not have substantive substitution rights;
- Whether the Nature Parks has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Nature Parks has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Nature Parks has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

#### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

#### Recognition and measurement of leases as a lessee

##### *Lease Liability - initial measurement*

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Nature Parks incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.2 LEASES (CONTINUED)

#### *Lease Liability - subsequent measurement*

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

#### *Short-term leases and leases of low-value assets*

The Nature Parks has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### *Presentation of right-of-use assets and lease liabilities*

The Nature Parks presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

### 6.3 CASH FLOW INFORMATION AND BALANCES

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	(\$ thousand)	
	2021	2020
	\$	\$
Cash on hand	5	5
Cash at bank - trading account	9,422	11,818
Cash at bank - major project	598	999
Cash at bank - term deposit, maturity of 3 months or less	-	1,750
Cash at bank - defined benefits contingency fund	899	898
<b>Balance as per cash flow statement</b>	<b>10,924</b>	<b>15,471</b>

## 6. HOW WE FINANCED OUR OPERATIONS (CONTINUED)

### 6.3 CASH FLOW INFORMATION AND BALANCES (CONTINUED)

#### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

(\$ thousand)

	2021	2020
	\$	\$
<b>Net result for the period</b>	(9,266)	(907)
<b>Non-cash movements</b>		
Loss/(gain) on sale or disposal of non-current assets	26	(16)
Depreciation and amortisation of non-current assets	3,797	3,996
<b>Movements in assets and liabilities</b>		
Decrease in receivables & other current assets	32	1,581
Decrease/(increase) in inventory	379	(52)
Increase/(decrease) in payables	761	(2,102)
Increase/(decrease) in employee provisions	335	(3)
<b>Net cash flows from operating activities</b>	<b>(3,937)</b>	<b>2,497</b>

### 6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### 6.4.1 Total commitments payable

(\$ thousand)

Nominal amounts 2021	Less than 1 year	1 – 5 years	5+ years	Total
	\$	\$	\$	\$
Capital expenditure commitments payable	-	-	-	-
Operating lease commitments payable <sup>(a)</sup>	10	-	-	10
<b>Total commitments (inclusive of GST)</b>	10	-	-	10
Less GST recoverable				1
<b>Total commitments (exclusive of GST)</b>				9

#### 2020

Capital expenditure commitments payable	632	-	-	632
Operating lease commitments payable	11	3	-	13
<b>Total commitments (inclusive of GST)</b>	643	3	-	645
Less GST recoverable				59
<b>Total commitments (exclusive of GST)</b>				587

Notes:

(a) Operating lease commitments relate to low value leases for which AASB 16 exemption option has been elected

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

### *Introduction*

The Phillip Island Nature Parks (Nature Parks) is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Nature Parks related mainly to fair value determination.

### *Structure*

7.1	Financial instruments specific disclosures
7.2	Contingent assets and contingent liabilities
7.3	Fair value determination

### 7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES

#### *Introduction*

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Nature Parks activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Guarantees issued on behalf of the Nature Parks are financial instruments because, although authorised under statute, terms and conditions for each financial guarantee may vary and are subject to an agreement.

#### *Categories of financial assets*

##### **Financial assets at amortised cost**

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Nature Parks to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Nature Parks recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

#### *Categories of financial liabilities*

**Financial liabilities at amortised cost** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The Nature Parks recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1 FINANCIAL INSTRUMENTS SPECIFIC DISCLOSURES (CONTINUED)

#### 7.1.1 Financial instruments: Categorisation

(\$ thousand)

2021	Cash and Deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>Contractual financial assets</b>	\$	\$	\$	\$
Cash and deposits	10,924	-	-	10,924
<b>Receivables</b>				-
Sale of goods and services	-	49	-	49
Accrued interest income	-	-	-	-
Other receivables	-	30	-	30
<b>Total contractual financial assets</b>	<b>10,924</b>	<b>79</b>	<b>-</b>	<b>11,003</b>
<b>Contractual financial liabilities</b>				
Payables	-	-	1,360	1,360
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>1,360</b>

(\$ thousand)

2020	Cash and Deposits	Financial assets at amortised cost(AC)	Financial liabilities at amortised cost(AC)	Total
<b>Contractual financial assets</b>	\$	\$	\$	\$
Cash and deposits	15,471	-	-	15,471
<b>Receivables</b>				
Sale of goods and services	-	70	-	70
Accrued interest income	-	3	-	3
Other receivables	-	58	-	58
<b>Investment and other contractual financial assets-</b>				
Term deposits	-	-	-	-
<b>Total contractual financial assets</b>	<b>15,471</b>	<b>131</b>	<b>-</b>	<b>15,602</b>
<b>Contractual financial liabilities</b>				
Payables	-	-	579	579
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>579</b>	<b>579</b>

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1.2 Financial risk management objectives and policies

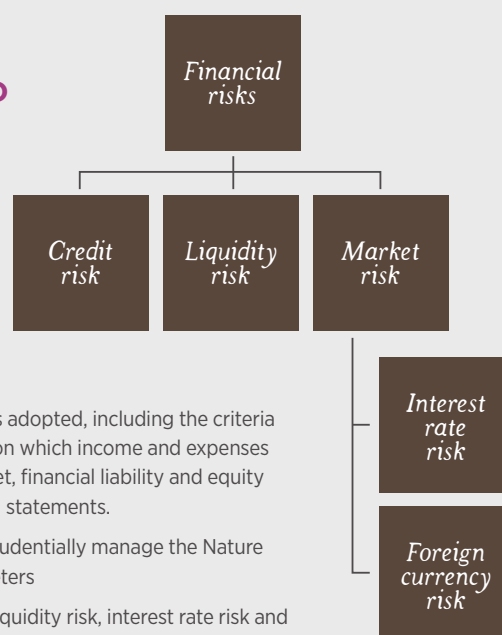
As a whole, the Nature Parks' financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Nature Parks financial risks within the government policy parameters

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

The Nature Parks uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer of the Nature Parks.



#### *Financial instruments: Credit risk*

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Nature Parks exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Nature Parks. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Nature Parks contractual 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 provided and the outstanding balance is reviewed on a regular basis.

In addition, the Nature Parks does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Nature Parks will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

There has been no material change to the Nature Parks credit risk profile in 2020-21 as a result of COVID-19. This is reflected in the revised provision for doubtful debts.

#### **Impairment of financial assets under AASB 9**

The Nature Parks records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Nature Parks contractual receivables and statutory receivables.

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

#### **Contractual receivables at amortised cost**

The Nature Parks applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Nature Parks has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Nature Parks past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1.2 Financial risk management objectives and policies (continued)

On this basis, the Nature Parks determines the closing loss allowance at the end of the financial year as follows:

(\$ thousand)

30-Jun-21	Current	Less than 1 month	1-2 months	2 months & over	Total
<b>Expected loss rate</b>	1.19%		4.08%	99.94%	
Gross Carrying amount of contractual receivables	21	-	29	234	284
<b>Loss allowance</b>	-	-	1	234	235

01-Jul-20	Current	Less than 1 month	1-2 months	2 months & over	Total
<b>Expected loss rate</b>	1.19%			90.37%	
Gross Carrying amount of contractual receivables	74	-	-	488	561
<b>Loss allowance</b>	1	-	-	441	441

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

(\$ thousand)

	2021	2020
<b>Balance at the beginning of the year</b>	(441)	(57)
Decrease/(increase) in provision recognised in net result	206	(387)
Reversal of provision of receivables written off during the year as uncollectable	-	3
<b>Balance at the end of the year</b>	(235)	(441)

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent.

#### *Financial instruments: Liquidity risk*

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Nature Parks operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Nature Parks is exposed to liquidity risk mainly through the financial liabilities as disclosed in the carrying amount of financial liabilities, which have a maturity of less than one month based on contractual undiscounted cash flows. The Nature Parks manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Nature Parks exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The Nature Parks is able to rely on the continued financial support of the State Government and in particular, the Department of Environment, Land, Water and Planning.



## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1.2 Financial risk management objectives and policies (continued)

#### *Financial instruments: Market risk*

The Nature Parks exposures to market risk are primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### *Interest rate risk*

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Nature Parks does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Nature Parks has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Nature Parks manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Nature Parks to significant bad risk.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Nature Parks sensitivity to interest rate risk are set out in the table that follows.

#### Interest rate exposure of financial instruments (\$ thousand)

2021	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
	%	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and deposits	0.03	10,924	-	10,919	6
Receivables	-	79	-	-	79
<b>Total financial assets</b>		11,003	-	10,919	84
<b>Financial liabilities</b>					
Payables	-	1,360	-	-	1,360
<b>Total financial liabilities</b>		1,360	-	-	1,360

(\$ thousand)

2020	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing
	%	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and deposits	0.64	15,471	1,750	13,716	5
Receivables	-	128	-	-	128
Term deposits	1.45	-	-	-	-
Accrued income	-	3	-	-	3
<b>Total financial assets</b>		15,602	1,750	13,716	136
<b>Financial liabilities</b>					
Payables	-	579	-	-	579
<b>Total financial liabilities</b>		579	-	-	579

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.1.2 Financial risk management objectives and policies (continued)

#### *Interest rate risk sensitivity*

Considering past performance and future expectations a 0.50% 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 \$55,593 (2020: \$78,005)

#### *Foreign currency risk*

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 and loss in the period in which they arise.

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

## 7.2 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

The Nature Parks 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 2021 (2020: \$73,000)

The Nature Parks disclosed a contingent liability in 2019-20 financial year of \$73,000. This was related to the Nature Parks being an unsecured creditor and the potential future claims for funds paid to the Nature Parks by debtor AOLiday whilst insolvent. There was no claim for funds paid in 2020-21 and the Nature Parks is not aware of any existing or other claims that may be made.

## 7.3 FAIR VALUE DETERMINATION

### ***Significant judgement: Fair value measurements of assets and liabilities***

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Nature Parks.

This section sets out information on how the Nature Parks determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- land, buildings, infrastructure, plant and equipment

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Nature Parks determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3 FAIR VALUE DETERMINATION (CONTINUED)

#### *Fair value hierarchy*

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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

The Valuer General Victoria (VGV) is the Nature Parks independent valuation agency (or) the Nature Parks, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. VGV completed the valuation of the Nature Parks land, buildings, carparks and boardwalk assets May 2021. It is noted that the market that the asset is transacted and/or values in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation the Nature Parks consider that there is a market uncertainty resulting in significant valuation uncertainty.

#### *How this section is structured*

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
  - in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3 FAIR VALUE DETERMINATION (CONTINUED)

#### 7.3.1 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Nature Parks currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2020-21 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
<b>Cash and deposits</b> Receivables: <ul style="list-style-type: none"> <li>• Sale of goods and services</li> <li>• Accrued investment income</li> <li>• Other receivables</li> </ul> Investments and other contractual financial assets: <ul style="list-style-type: none"> <li>• Term deposits:</li> </ul>	<b>Payables</b> <ul style="list-style-type: none"> <li>• For supplies and services</li> <li>• Amounts payable to government</li> <li>• Other payables</li> </ul>

#### Financial assets and liabilities measured at fair value (\$ thousand)

2021	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
Specialised land at fair value	58,946	-	-	58,946
Specialised building at fair value	75,619	-	-	75,619
Boardwalks at fair value	1,746	-	-	1,746
Car parks at fair value	1,468	-	-	1,468
Motor vehicles at fair value	220	-	-	220
Furniture and fittings at fair value	965	-	-	965
Plant & equipment at fair value	901	-	-	901
Leasehold Improvements at fair value	839	-	-	839
Computer hardware at fair value	326	-	-	326

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3.2 Fair value determination of non-financial assets and liabilities

2020	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	\$	\$	\$	\$
Specialised land at fair value	69,094	-	-	69,094
Specialised building at fair value	75,884	-	-	75,884
Boardwalks at fair value	1,608	-	-	1,608
Car parks at fair value	1,294	-	-	1,294
Motor vehicles at fair value	358	-	-	358
Furniture and fittings at fair value	1,238	-	-	1,238
Plant & equipment at fair value	952	-	-	952
Leasehold Improvements at fair value	903	-	-	903
Computer hardware at fair value	487	-	-	487

There have been no transfers between levels during the period.

**Plant and equipment, furniture and fittings, computer hardware and vehicles** are valued using the depreciated replacement cost method. The cost represents the replacement cost of the plant and equipment, furniture and fitting and vehicles after applying depreciation rates on a useful life basis. Replacement cost related to the cost to replace the current service capacity of the asset. As depreciation adjustments are considered as significant, unobservable inputs in nature these assets are classified as Level 3 assets.

There were no changes in valuation techniques throughout the period to 30 June 2021.

**Specialised land and specialised buildings:** The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Nature Parks specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Nature Parks specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2021.

**Car parks and Boardwalks:** are valued using the depreciated replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

An independent valuation of the Nature Parks car parks and boardwalks was performed by the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2021.

## 7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS (CONTINUED)

### 7.3.2 Fair value determination of non-financial assets and liabilities (continued)

#### Reconciliation of Level 3 fair value movements

(\$ thousand)

2021	Specialised land	Specialised buildings	Boardwalks	Car parks	Motor vehicles	Furniture and fittings	Plant and equipment	Leasehold improvements	Computer hardware
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	69,094	75,884	1,608	1,294	358	1,238	952	903	487
Additions	-	21	48	-	15	55	229	-	81
Depreciation	-	(2,227)	(191)	(104)	(153)	(327)	(264)	(64)	(239)
Disposal	-	(80)	-	(13)	-	(1)	(16)	-	(3)
<b>Subtotal</b>	<b>69,094</b>	<b>73,597</b>	<b>1,465</b>	<b>1,176</b>	<b>220</b>	<b>965</b>	<b>901</b>	<b>839</b>	<b>326</b>
Revaluation	(10,148)	2,022	281	292	-	-	-	-	-
Subtotal	(10,148)	2,022	281	292	-	-	-	-	-
<b>Closing balance</b>	<b>58,946</b>	<b>75,619</b>	<b>1,746</b>	<b>1,468</b>	<b>220</b>	<b>965</b>	<b>901</b>	<b>839</b>	<b>326</b>

2020	Specialised land	Specialised buildings	Boardwalks	Car parks	Motor vehicles	Furniture and fittings	Plant and equipment	Leasehold improvements	Computer hardware
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	61,145	20,639	1,768	1,356	510	346	928	-	81
Additions	-	57,460	30	42	56	1,211	264	961	620
Depreciation	-	(2,215)	(190)	(104)	(182)	(319)	(240)	(59)	(214)
Disposal	-	-	-	-	(26)	-	-	-	-
Subtotal	61,145	75,884	1,608	1,294	358	1,238	952	903	487
Revaluation	7,949	-	-	-	-	-	-	-	-
Subtotal	7,949	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>69,094</b>	<b>75,884</b>	<b>1,608</b>	<b>1,294</b>	<b>358</b>	<b>1,238</b>	<b>952</b>	<b>903</b>	<b>487</b>

## 8. OTHER DISCLOSURES

### Introduction

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

### 8.1 EX GRATIA EXPENSES

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity. The Nature Parks is not aware of any ex-gratia expenses at the time of finalising the annual report (2020: \$0).

8.2 RESERVES	(\$ thousand)	
	2021	2020
<b>Physical asset revaluation surplus</b>	\$	\$
Balance at beginning of financial year	67,818	59,869
Revaluation increments/ (decrements)	(7,646)	7,949
Balance at end of financial year	60,172	67,818
Net changes in reserves	(7,646)	7,949

### 8.3 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Ministers and Accountable Officers in the Nature Parks are as follows:

#### Responsible Minister

Minister for Energy, Environment and Climate Change - Hon. Lily D'Ambrosio MP 1 July 2020 to 30 June 2021

#### Accountable Officer

Catherine Basterfield, Chief Executive Officer 1 July 2020 to 30 June 2021

#### Board Members

● Liz Stinson, Board Chair	1 July 2020 to 30 June 2021
● Andrew Paxton, Board Member	1 July 2020 to 30 June 2021
● Dr Danielle Auldist, Board Member	1 July 2020 to 30 June 2021
● Dr David Cochrane, Board Member	1 July 2020 to 30 June 2021
● Jane Foley, Board Member	1 July 2020 to 30 June 2021
● Kay Spierings, Board Member	1 July 2020 to 30 June 2021
● Kevin Love, Board Member	1 July 2020 to 30 June 2021
● Michaela Salvato, Board Member	1 July 2020 to 30 June 2021
● Shelley Lavender, Board Member	1 July 2020 to 30 June 2021

#### Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Nature Parks during the reporting period was in the range: \$260 000–269 999 (2020: \$260 000–269 999).

### Structure

#### 8.1 Ex gratia expenses

#### 8.2 Reserves

#### 8.3 Responsible persons

#### 8.4 Remuneration of executives

#### 8.5 Related Parties

#### 8.6 Remuneration of auditors

#### 8.7 Subsequent events

#### 8.8 Going Concern

#### 8.9 Other accounting policies

#### 8.10 Australian Accounting Standards issued that are not yet effective

#### 8.11 Glossary of technical terms

#### 8.12 Style conventions

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.4 REMUNERATION OF EXECUTIVES

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

	(\$ thousand)	
Remuneration of executive officers	2021	2020
	\$	\$
Short-term employee benefits	-	167
Post-employment benefits	-	9
Other long-term benefits	-	3
<b>Total remunerations<sup>(a)</sup></b>	-	179
<b>Total number of executives</b>	-	1

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

### 8.5 RELATED PARTIES

The Nature Parks is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Nature Parks include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.
- The Penguin Foundation Limited

All related party transactions have been entered into on an arm's length basis.

#### Significant transactions with government-related entities

The Nature Parks received funding from the State of Victoria of \$4.4 million (2020: \$4.4M) as funding assistance as a result of declining revenues to support ongoing employment of operational costs of the Nature Parks. This was solely due to the COVID-19 pandemic and resulting impacts on revenue generating tourism attractions.

**Key management personnel (KMP)** of the Nature Parks includes the Portfolio Minister for Energy, Environment and Climate Change, the Hon. Lily D'Ambrosio MP and members of the Board of Directors and Chief Executive Officer as detailed in section 8.4.



## 8. OTHER DISCLOSURES (CONTINUED)

### 8.5 RELATED PARTIES (CONTINUED)

#### Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

(\$ thousand)

Compensation of KMPs	2021	2020
	\$	\$
Short-term employee benefits	374	377
Post-employment benefits	34	34
Other long-term benefits	5	5
<b>Total remunerations<sup>(a)</sup></b>	<b>413</b>	<b>416</b>

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

#### Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the Phillip Island Nature Parks, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

The Nature Parks also has a related party relationship with the Penguin Foundation due to the Accountable Officer and Director of Research volunteering their time to hold Board positions with the Foundation.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### 8.6 REMUNERATION OF AUDITORS

(\$ thousand)

Remuneration of Auditors	2021	2020
	\$	\$
Victorian Auditor General's Office	21	21
<b>Total remuneration of auditors</b>	<b>21</b>	<b>21</b>

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.7 SUBSEQUENT EVENTS

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

The uncertainty and challenges caused by the COVID-19 pandemic, including the likelihood of unplanned events, reduction in revenue earnings and the uncertain duration of the current environment have resulted in managerial assessment and forecasts as to the future business expectations.

It has been necessary throughout the pandemic for the Nature Parks to make managerial estimates and forecasts as to the likelihood of returning visitors, revenue and expenditures. It is anticipated that revenue earnings will continue to be significantly lower in 2021-22 due to travel restrictions, economic climate and consumer confidence and sentiment. The impact of the pandemic is expected to have significant impacts on the revenue.

### 8.8 GOING CONCERN

Operations of the Nature Parks was impacted due to disruptions caused by COVID-19 casting significant uncertainty on the entity's financial ability to continue to deliver services.

The Nature Parks continues to monitor the financial and non-financial impacts of COVID-19 on its operations and cashflow and has put in place appropriate mitigation strategies such as reducing all non-critical expenditure and committing to the retention and deployment of tourism staff into conservation, land management, research and business services within the business and broader public sector. However, due to the continuing nature of this event and the material uncertainty that exists, it is not possible to quantify the full economic impact at present. To mitigate this risk, the Minister for Energy, Environment and Climate Change on behalf of the Victorian Government has provided a letter of comfort, extending its guarantee to the Nature Parks to meet its liabilities when they fall due. This letter provides a level of assurance that financial assistance will be made available for the entity to continue as a going concern. The Nature Parks is working closely with the Department of Environment, Land, Water and Planning to ensure that an appropriate funding model is developed to continue its operations.

The support provided by the State Government has been provided with the following conditions;

- Minimising non-essential operating expenditure while maintaining core activities as required.
- Complying with current and future workforce management policies as determined by government.
- Drawing down on existing fund sources, (unless their use is restricted, ties or committed to the Nature Parks activities, projects or capital expenditure); and
- Providing cash flow forecasts and other information to support the application of these conditions and any funding requests to the Department of Land, Environment, Water and Planning (DELWP) and the Department of Treasury and Finance.

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.9 OTHER ACCOUNTING POLICIES

Contributions by owners	(\$ thousand)	
	2021	2020
<b>Contribution by owners</b>	\$	\$
Balance at beginning of financial year	77,993	77,993
Capital contribution by State	-	-
<b>Balance at end of financial year</b>	<b>77,993</b>	<b>77,993</b>

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Nature Parks.

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

### 8.10 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2020-21 reporting period, which may result in potential impacts on public sector reporting for future reporting periods.

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The Nature Parks will not early adopt the Standard.

The Nature Parks is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Nature Parks reporting.

- AASB 17 *Insurance Contracts*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*.
- AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures*.
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*.
- AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*.

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.11 GLOSSARY OF TECHNICAL TERMS

The following is a summary of the major technical terms used in this report.

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

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

**Administered item** generally refers to a department lacking the capacity to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

**Amortisation** is the expense that 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'.

**Associates** are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

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

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

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

**Comprehensive result** is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

**Controlled item** generally refers to the capacity of a department to benefit from that item in the pursuit of the entity's objectives and to deny or regulate the access of others to that benefit.

**Current grants** are amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

**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** is the method 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 asset or, where appropriate, a shorter period.

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

**Finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

**Financial asset** is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual 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
- 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** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial liability** is any liability that is:

- a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- 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 deliver 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. 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.

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**Financial statements** in the Model report comprises:

- a balance sheet as at the end of the period;
- a comprehensive operating statement for the period;
- a statement of changes in equity for the period;
- a cash flow statement for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

**Grant expenses and other transfers** are 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** 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 that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

**Grants for on-passing** are grants paid to one institutional sector (e.g. a State general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

**Infrastructure systems** provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

**Interest expense** represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

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

**Investment properties** are 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** are contractual arrangements between the Nature Parks and one or more other parties to undertake an economic activity that is subject to joint control and have rights to the net assets of the arrangement. 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).

**Leases** are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

**Net acquisition of non-financial assets** (from transactions) are 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. Includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write offs, impairment write downs and revaluations.

**Net financial liabilities** is calculated as liabilities less financial assets, other than equity in public non-financial corporations (PNFC) and public financial corporations (PFC). This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth.

**Net financial worth** is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

**Net gain on equity investments in other sector entities** (DTF only) measured at proportional share of the carrying amount of net assets/(liabilities) comprises the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets/(liabilities) before elimination of inter sector balances.

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**Net lending/borrowing** is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

**Net operating balance** or **net result from transactions** is a key fiscal aggregate and is revenue 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 result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

**Net worth** is calculated as assets less liabilities, which is an economic measure of wealth.

**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, cultural and heritage assets, intangibles and biological assets such as commercial forests.

**Non-financial public sector** represents the consolidated transactions and assets and liabilities of the general government and PNFC sectors. In compiling statistics for the non-financial public sector, transactions and debtor/creditor relationships between sub-sectors are eliminated to avoid double counting.

**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.

**Operating result** is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

**Other economic flows included in net result** are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non produced) from their use or removal.

**Other economic flows – other comprehensive income** comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

**Payables** includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

**Produced assets** 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).

**Public financial corporations (PFC)** are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

The **public non-financial corporation (PNFC)** sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the marketplace at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments that own them.

**Receivables** include 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 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.

**Service concession arrangement** is a contract effective during the reporting period between a grantor and an operator in which:

- the operator has the right of access to the service concession asset (or assets) to provide public services on behalf of the grantor for a specified period of time;
- the operator is responsible for at least some of the management of the public services provided through the asset and does not act merely as an agent on behalf of the grantor; and
- the operator is compensated for its services over the period of the service concession arrangement.

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

## 8. OTHER DISCLOSURES (CONTINUED)

### 8.11 GLOSSARY OF TECHNICAL TERMS (CONTINUED)

**Taxation** income represents income received from the State's taxpayers and includes:

- payroll tax, land tax and duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third-party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, licence and concession fees.

**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 into 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.

### 8.12 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

The financial statements and notes are presented based on the illustration for a government department in the *2020-21 Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Nature Parks annual reports.

# *Appendices*





# DISCLOSURE INDEX

Phillip Island Nature Parks' Annual Report 2020-21 is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Nature Park's compliance with statutory disclosure requirements.

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# THANK YOU

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Particular thanks go to the following organisations and volunteer groups for their exceptional support in 2020-21:

## *Our Community*

Barb Martin Bushbank  
Bass Coast Specialist School  
Better Beef Group - Phillip Island  
BirdLife Australia  
BirdLife Bass Coast  
Boomerang Bags  
Friends of Churchill Island Society Inc.  
Friends of Scenic Estate Reserve  
Hooded Plover Watch  
Local land holders  
Local schools  
National Surfing Reserve Community Working Group  
Newhaven Coast Care  
Penguin Foundation  
Phillip Island and District Historical Society  
Phillip Island Boardriders Club  
Phillip Island Conservation Society  
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Phillip Island Landcare Group  
Phillip Island Nature Parks volunteers  
Phillip Island Progress Association  
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Rhyll Coast Action  
San Remo Traders and Business Association  
Smith's Beachcombers Association  
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Bass Coast Health  
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Bunurong Land Council Aboriginal Corporation  
Country Fire Authority (CFA)  
Delaware North  
Destination Gippsland  
Destination Phillip Island  
Newhaven, Wonthaggi and Cowes Veterinary Clinics  
Phillip Island Business Network  
Port Phillip and Westernport Catchment Management Authority  
South Gippsland Bass Coast Local Learning Network  
State Emergency Services (Cowes)  
The many Phillip Island businesses who partner with us to deliver positive experiences for our visitors  
Tourism Australia  
Victorian Tourism Industry Council  
Visit Victoria  
Westernport Water  
Wildlife Coast Cruises  
Wildlife Victoria  
WWF Australia  
Yowengarra Bun Wurrung Balug Clans Aboriginal Corporation  
Zoos Victoria

# THANK YOU

## *Our Collaborating Organisations*

Australian Academy of Science  
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Regional Roads Victoria  
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Sheppard Associates  
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