

Annual Report 2012–13





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About us

+ Our business

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

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

We also manage many natural areas with visitor facilities such as boardwalks and beach access. In 2012-13, we welcomed a total of 865,617 visitors to our ticketed venues and an additional 311,514 people visited our free venue, the Nobbies Centre.

Over 54% of our visitors were from overseas.

Phillip Island Nature Parks was formed in 1996 to manage over 1,805 hectares of Crown Land on Phillip Island "for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest".

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

In the 17 years since its formation, the Nature Park has achieved significant gains for the ecology of Phillip Island. Through our research and environmental management programs, habitats have been enhanced and pest plants and predators have been significantly reduced.

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

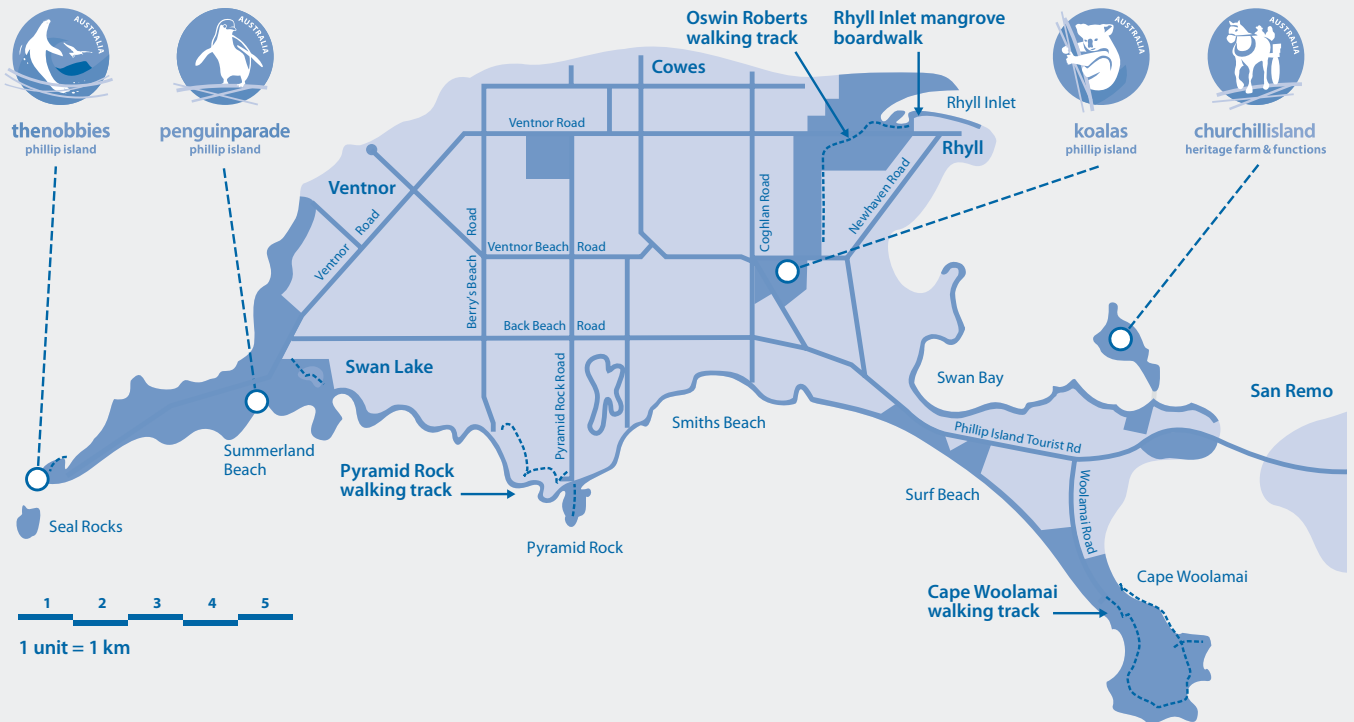
We acknowledge that the Crown Land managed by the Nature Park forms part of the traditional lands of the Boon Wurrung and Bunurong people.

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

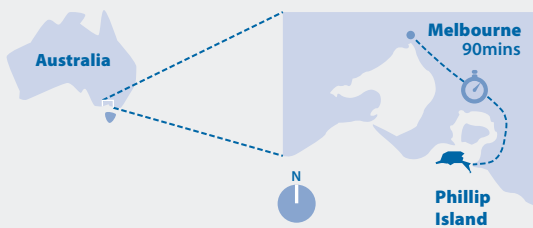
We are committed to working with our community and volunteers to ensure Phillip Island's environment and wildlife are protected for future generations.

About us

+ Our location



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



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

About us

+ Our guiding principles

Our vision

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

Our mission

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

Nature Park strategic goals

The Nature Park has six strategies for 2012 – 2017:

1 Planning

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

2 Conservation

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

3 Visitor attraction and experience

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

4 Community

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

5 Organisation

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

6 Governance

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

Nature Park values

Communication

Being open and transparent, sharing ideas and being consultative.

Growth and development

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

Leadership and team work

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

Respect and integrity

Treating people and our environment with fairness and integrity.

Responsibility

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

Sustainability

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

From the Chair

+ Chair's report

Throughout this important year for the Nature Park, the focus was on effectively balancing our environmental, commercial and social responsibilities.

I am pleased to report the achievement of a sound operating surplus of \$1.4M, and a 7.3% increase in visitor numbers.

The Nature Park is a not-for-profit business, but it is important that it generates a sufficient surplus to ensure that adequate financial provisions are made and investment undertaken to protect the environment and achieve adequate visitor levels.

In 2011-12, the Nature Park reported a loss of \$573,512 due to the impact of a revaluation of its defined benefit superannuation liabilities.

For the coming year, the Board has set aside funds for any future additional superannuation liabilities, capital works and tourism product development programs to generate new revenue streams. The maintenance of key assets will continue as a priority focus.

The Nature Park will also maintain its strategic focus on achieving positive outcomes for the environment with expenditure of over \$3.2M towards research, environment and education programs.

A Master Plan for the Summerland Peninsula and a comprehensive business case have been completed and submitted for government consideration against overall state priorities. The primary objective of this plan is to reposition the Summerland Peninsula as a world class example of conservation excellence. This includes the proposed building of a new Penguin Parade visitor centre and the reinstatement of eight hectares of critical penguin habitat to strengthen the protection of the penguin colony for future generations.

The world-leading research program on little penguins is now in its 45th year of little penguin monitoring. This year the average number of penguins at the nightly Penguin Parade was the highest since counts began in 1977, and considerably higher than the long-term average of 582, continuing a trend that began in 2005.

Key initiatives included the highly successful island-wide fox eradication program, and an extensive weed management program on Summerland Peninsula.

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

The strong relationship between the Nature Park and the Bass Coast Shire Council continued, ensuring ongoing Council input and joint planning of areas of common interest.

The Nature Park maintained close collaboration with key government agencies, local traders, and organisations such as the Phillip Island Tourism and Business Association and Destination Phillip Island, to work together to attract more visitors and increase their stay on Phillip Island.

I would like to thank my fellow Board members for their counsel, time, expertise and dedication. Each has played a critical role in the Board's oversight of the Nature Park and ensured that our local community has remained informed and involved.

On behalf of the Board, I particularly wish to acknowledge the significant contribution made by retiring Board members Dr Irene Irvine, who steered the organisation through a critical period in its development, as well as Ralph Booth and Kirsty Mawer.

I welcome new Board members Andrew Paxton, Alan Gostelow and Stephen Davie.

It is also important to acknowledge the tremendous work done by the CEO Matthew Jackson and all our wonderful staff. The successes of the past year are ultimately their successes.

In accordance with the *Financial Management Act 1994*, I am pleased to present this Annual Report for the year ended 30 June 2013.



Jeffrey Floyd,
Chair,
Phillip Island Nature Parks Board of Management Inc.

From the CEO

+ CEO's message

This was an outstanding year for the Nature Park, with many highlights and positive outcomes for the natural environment, wildlife, and the local community.

Despite a challenging tourism market, I am very proud to report a 7.3% increase in visitor numbers with a record total of 1,177,131. This includes the Nobbies Centre where entry is free of charge. The number of paying visitors across the Nature Park's attractions was up by 9.5% compared to the previous year with a total of 865,617, including 526,683 visitors to the Penguin Parade.

This success was achieved through innovative marketing within both international (54% of visitors) and domestic (46% of visitors) markets.

Revenue increased by 9.3% and overall yield by 1.3%. This excellent result, together with a focus on cost management, allowed the Nature Park to post an operating surplus of \$1.4M.

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

A record number of 98,215 '3 Parks Pass' tickets were sold; a 13.4% increase on last year. This pass incorporates entry into all of the Nature Park's paid attractions and assists in increasing the length of stay on Phillip Island, benefiting the Nature Park, our community and local traders.

A strong focus on social media and online strategies, including the re-launching of the www.penguins.org.au website which resulted in 25% of sales being achieved online.

The Nature Park was awarded a Governor of Victoria Export Award in the 'Small to Medium Business' category. This is one of the most prestigious business awards in Victoria and demonstrates the Nature Park's achievement in driving international tourism for Victoria.

The Nature Park was proud to have the Melbourne Symphony Orchestra perform at Churchill Island and for the first time in the Bass Coast Shire, with over 1,500 visitors enjoying this unique event.

A significant highlight of the year was the visit to the Nature Park by 3,940 guests from Amway India; this event not only demonstrated the Nature Park's ability to deliver events of this calibre, but also assisted in strengthening Victoria's event offering of unique nature based tourism experiences.

We continued our strategic planning with the launch of the Environment Plan 2012-17. This plan was developed with extensive community and key stakeholder consultation and will provide a comprehensive 'road map' for the Nature Park's future.

The Nature Park was one of the first organisations in Australia to receive an international 'Green Flag Award' which recognises the quality of visitor services, efforts in environmental management and conservation, and engagement with the local community.

The Nature Park was again a finalist in the Banksia Environmental Foundation Awards and the United Nations World Environment Day Awards. Dr Peter Dann, Research Manager, was also a finalist in the Prime Minister's Environment Awards, demonstrating the calibre of expertise within the Nature Park.

Sound environmental achievements were also made. We strengthened our commitment to the fox eradication program with a further five year strategy developed to achieve our vision of a fox-free Phillip Island.

The restoration of the Summerland Peninsula was again a key priority. Over 110,000 plants have now been planted within the Peninsula over the past three years.

Our commitment to weed management was significant with 4,039 hours spent on weed control activities across the Nature Park.

A significant milestone was the closure by the Bass Coast Shire Council of the Rhyll Transfer Station on 30 June 2013. The closure of the Transfer Station allows for critical environmental restoration, the strengthening of key saltmarsh and the enhanced protection of the adjacent Ramsar wetland and Rhyll Inlet. In partnership with Council, over 63,000 plants have been planted at the site. An approved environmental monitoring and post-closure management plan for the area has been developed.

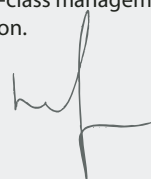
The Phillip Island National Surfing Reserve community working group, in partnership with the Nature Park, developed and launched Victoria's first National Surfing Reserve. The project was initiated by the Nature Park to recognise and protect Phillip Island's beaches and its rich surfing history. The major launch was held at Cape Woolamai with supplementary launches at Summerland, Cat Bay and Smiths Beach.

The third annual Nature Park's Community Open Day was well attended by over 1,200 Bass Coast Shire residents. This initiative recognises the community's support for the Nature Park, whilst also providing the opportunity to update our community on the organisation's operations and achievements.

Our ongoing commitment to reconciliation was formally acknowledged with the launch of our Reconciliation Action Plan. The launch coincided with the opening ceremony of the inaugural 'Biyadin Shearwater Indigenous Festival' held at the Nobbies Centre and supported by the Nature Park.

We continued to strengthen our organisation's capacity and capability with a focus on learning and development. The completion of an organisational 'skills assessment' detailed the current skill levels within the organisation to deliver our future priorities and Strategic Plan 2012-2017.

This year of outstanding achievements would not have been possible without the passion, dedication and support of the Board, management team, staff, volunteers, community and sponsors. I would like to personally thank them all for striving towards a future where Phillip Island and its unique ecosystems are restored and protected for future generations through demonstrating world-class management of biodiversity and natural asset protection.



Matthew Jackson, Chief Executive Officer

The year in review



The year in review - Finance

+ Financial review

Summary of financial results

The Nature Park is a self-funded, not-for-profit organisation that relies on the success of its tourism attractions to deliver ongoing funding for social, environmental, conservation, research and education outcomes.

The Nature Park's tourism attractions all demonstrated strong growth over the past year with an overall increase in visitors of 7.3%. This exceptional growth, combined with cost control measures, resulted in a surplus of \$1,369,571.

The Nature Park has taken advantage of a strong cash position to plan for the future by setting aside funds for future defined benefit superannuation fund shortfalls, new tourism product development and the renewal of tired infrastructure.

Tourism operations

Revenue from tourism operations increased by 9.3% on the previous year which is attributed to 75,163 additional visitors attending the Nature Park's ticketed attractions. The increase in visitors was attributed to growth from international markets, primarily China, an increase in domestic visitors and a greater focus on the incentive group markets.

The Nature Park operates retail outlets in each of its tourism attractions. These stores capitalised on the increase in visitor numbers and achieved revenue growth of 7.3% on the previous financial year. Retail operations achieved all of its targets for the year including revenue growth, inventory management, growth in yield and net result. The retail initiatives that have contributed to this result include the introduction of new product lines to more closely align with our growing visitor markets and visual improvements to the stores at each site.

The Nature Park also operates its own food and beverage outlets at the Penguin Parade, Koala Conservation Centre and the Nobbies Centre. Revenue from food and beverage activities achieved growth of 5.3% on the previous financial year and exceeded targets. During the year the visual amenity of the Penguin Parade main cafe was improved and the seating capacity was also increased. These improvements helped to service the additional visitors attending the Penguin Parade site.

Conservation, research and education activities

During the year the Nature Park invested \$3,255,006 into conservation, research and education activities. Grants from government bodies and other organisations contributed \$825,312 towards these activities. The most significant project that was funded from sources other than tourism operations was the Summerland Peninsula Regeneration Project. The State Government contributed \$547,000 this year which was the final year of the project. In total, the State Government provided \$3,232,000 over a three-year period to remove housing and related infrastructure and restore the Summerland Peninsula to its natural habitat.

Significant changes in financial position

The success of the Nature Park's tourism operations resulted in an increase of \$1,101,417 in cash and cash equivalents. The organisation has allocated \$400,000 of these funds to cover future losses on the revaluation of the Nature Park's defined benefit superannuation fund.

Current receivables increased by \$287,138 compared to last year due to the timing of payments from customers. Current payables increased by \$328,520 due to the timing of operating expenses.

Employee provisions decreased due to the payment of \$771,520 made during the year to address the shortfall in the Nature Park's defined benefit superannuation fund. This shortfall was identified and accrued in 2011-12.

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

The year in review - Finance

+ Operating statement

Comprehensive operating statement – five year summary

	2013	2012	2011	2010	2009
	30 June	30 June	30 June	30 June	30 June
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating revenue					
Sales revenue	7,019	6,587	6,401	5,462	5,771
Admissions revenue	10,988	9,895	9,635	8,813	8,461
Total operating revenue	18,007	16,482	16,036	14,275	14,232
Other income					
Interest	275	321	305	164	187
Other operating income	1,961	2,118	3,209	1,669	777
Total other income	2,236	2,439	3,514	1,833	964
Operating expenditure					
Employee benefits	(9,552)	(10,236)	(8,945)	(7,680)	(7,250)
Cost of sales	(2,721)	(2,591)	(2,555)	(2,235)	(2,330)
Materials and supplies	(794)	(709)	(834)	(849)	(866)
Depreciation	(1,585)	(1,848)	(1,739)	(1,757)	(1,721)
Other operating expenses	(4,234)	(4,160)	(4,499)	(2,518)	(2,617)
Total operating expenses from continuing activities	(18,886)	(19,544)	(18,572)	(15,039)	(14,784)
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	13	49	8	(213)	5
Net result for the year	1,370	(574)	986	856	417
Increase/(decrease) in Asset Revaluation Reserve	-	-	19,735	-	(1,702)
Total comprehensive income for the year	1,370	(574)	20,721	856	(1,285)




The year in review - Planning

+ A strategic approach

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

Our planning for the year focused on the future of the Summerland Peninsula. We completed the Summerland Peninsula Master Plan and a Business Case for future investment. The Business Case addresses stage one of our 20-year vision and includes the rebuilding of the Penguin Parade attraction and the reinstatement of an estimated 8.2 hectares of critical penguin habitat, thereby protecting the penguin colony for future generations.

We also began the development of strategic Key Area Plans as outlined in the Strategic Plan 2012-2017 starting with the Churchill Island precinct.

Key Goal	Measure	Result
Outline the steps required to achieve the Nature Park's vision	Complete the key area plan for the future of Churchill Island	In Progress 
	Complete the Summerland Peninsula Master Plan	Achieved 
	Submit a Business Case to the Victorian Government for infrastructure on the Summerland Peninsula, with a focus on the Penguin Parade.	Achieved 

Churchill Island Key Area Plan

The planning for this area of significant historic and natural value commenced in March and has involved extensive consultation with key stakeholders. Once the outcomes of the Churchill Island Key Area Plan have been determined, it will be made available for public consultation. We are looking forward to sharing this plan with the community early in the 2013-14 financial year.

Summerland Peninsula

The Master Plan for the Summerland Peninsula was completed in 2012 following extensive community and stakeholder engagement.

The plan outlines the vision for the Peninsula to become a place of conservation excellence that can be utilised for immersive recreation and tourism experiences. The need for investment in the Summerland Peninsula was also outlined in the Master Plan and has since been acknowledged in various current government policies and strategies, including Tourism Victoria's China Tourism Strategy.

Business Case for Penguin Parade infrastructure

The Nature Park completed a compelling Business Case for investment in the Summerland Peninsula in line with the Master Plan outcomes. The Business Case details the stages for the required investment with a focus on Penguin Parade infrastructure in stage one. The Business Case has been submitted to the State Government for future consideration.

Towards 2013-14

Key Area Plans for Cape Woolamai and south and north coast beaches are scheduled for development in 2013-14. We look forward to working with our community and Bass Coast Shire Council in the development of these plans.

Integrating these Key Area Plans with joint planning strategies such as bicycles and shared access will be a major focus.

The Nature Park is excited about the future of the Summerland Peninsula and will continue to promote the Master Plan for this special place.

The year in review - Conservation

+ Sustainability

The Nature Park's commitment to conservation and improving the natural environment in which it operates is core to the organisation's vision and mission.

Our key challenge is to bring together our conservation and tourism activities and instil our commitment to the environment into all areas of operations. To achieve this, the Nature Park convened a committee of passionate staff members from both the commercial and environmental areas of the business to focus on decreasing the impact of our operations on the environment.

During the year, our sustainability challenge was amplified by a 7.3% increase in the number of visitors to the Nature Park's tourism attractions. The organisation responded well to this challenge with promising results and exciting plans for the future.

Key Goal	Measure	Result
Integrate environmental sustainability principles into our organisation	Reduce carbon emissions across the Nature Park by 10%.	Not Achieved ●○○○
	Implement a solar energy system at the Koala Conservation Centre.	In Progress ○○●○
	Increase waste diverted from landfill to recycling.	Achieved ○○○●

Carbon reporting and reduction targets

As a self-funded, not-for-profit organisation the Nature Park must minimise its impact on the environment by reducing its emissions through efficiency programs rather than through the purchase of carbon offsets.

Our carbon reduction initiatives for the year focused on the key emission sources of electricity and waste.

Total emissions for 2012-13 decreased by 4% which is due to a reduction in emissions from electricity usage, fuel and paper.

A range of energy saving initiatives was implemented at the Koala Conservation Centre, Nature Park offices, maintenance yard and Wildlife Rehabilitation Centre sites.

This resulted in the consolidation and decommissioning of several fridges, the investment in energy efficient equipment

and implementation of timers on lighting and equipment. These efforts contributed to the 9.3% reduction in emissions from electricity usage.

The Nature Park converted all of its executive vehicles to hybrid vehicles during the year which has resulted in a saving of 4,097 litres of fuel (7 tonnes/CO²e).

All staff at the Nature Park are on a quest to reduce their paper consumption and this was achieved with a 5.4% reduction.

Other initiatives included mobile phone and battery recycling programs.

Resource	2012-13	2011-12
Electricity (CO ² e tonnes)	1,247.11	1,375.72
LPG (litres)	36,155.36	22,706.40
Fuel (litres)	57,828.87	61,925.70
Waste (m ³)	1,825.32	1,806.87
Paper (kg)	1,279.26	1,351.89
Air travel (km)	347,842.00	334,597.00
Known emissions from other sources (CO ² e tonnes)	17.98	15.67
Total emissions (CO²e tonnes)	2,348.33	2,447.17

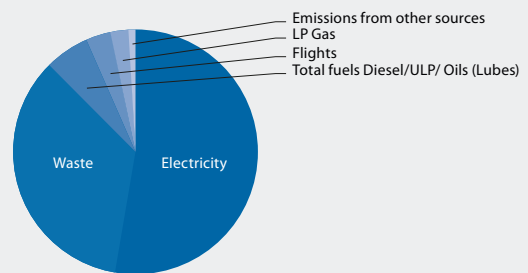


Figure 1. – CO²e emissions sources (tonnes)

The year in review - Conservation

Waste

Despite a 7.3% increase in visitor numbers, the Nature Park only increased total waste by 1%.

The reduction in packaging in the organisation's food and beverage operations substantially contributed to this positive result.

Our recycling strategy was implemented this year which involved new bins and signage across all attractions. This change will not impact emissions from waste, however, it has diverted a greater portion of its waste to recycling.

Solar energy

The implementation of the solar energy project at the Koala Conservation Centre commenced with the design, planning and approval for a 35-kilowatt system. This system takes advantage of all the non-shaded areas of the facility's roof and will provide over 50% of the site's electricity requirements.

Towards 2013-14

The Koala Conservation Centre's solar energy project is due for completion in early 2013-14.

The Nature Park will then continue to invest in renewable energy with the rollout of solar electricity projects at our maintenance yard and wildlife rehabilitation sites which will result in substantial energy savings.

The year in review - Conservation

+ Environment

Our award-winning environmental management programs are the key to improving and protecting Phillip Island’s environment for future generations.

This year we strengthened our ongoing commitment to the eradication of foxes and pest animals across Phillip Island. Another major focus was the extraordinary transformation of the Summerland Peninsula for wildlife habitat. An application for the Summerland Peninsula to be included on the National Heritage List was submitted and is currently pending.

Key Goal	Measure	Result
Return the natural values to key environmentally significant sites on Phillip Island	Complete the Summerland Peninsula rehabilitation project 2010 - 2013	Achieved 
	Facilitate the Revegetation Plan of the Rhyll Transfer Station site	In progress 
	Complete the Vegetation and Fire Management Plans for Oswin Roberts Reserve, Five Ways Reserve and Koala Conservation Centre	Achieved 
Continue to protect our natural environment through directed, management and conservation based research	Review the current Fox/Pest Animals Management Program and implement a new five-year strategy for fox eradication and management of other pest animals.	In progress 
	Continue to develop the Wildlife Rehabilitation Centre emergency response capacity	Achieved 
	Continue to protect our local wildlife populations, including threatened species	Achieved 

Returning natural values

Summerland Peninsula

The Summerland Peninsula has undergone an enormous transformation. With the removal of infrastructure completed in 2011, the rehabilitation team was able to concentrate efforts on removing pest plants and restoring habitat for the colony of little penguins and other shorebirds that nest in the area.

The work that has taken place this year includes 4,000 hours of weed control, 30,000 plants in the ground and 327 artificial penguin homes installed.

Over 110,000 plants have been planted on the Peninsula over the past three years.

The Nature Park is grateful for the Victorian State Government’s continued commitment to this project by providing \$3,232,000 in funding over the three years following the completion of the housing buy-back program in June 2010. We also thank the many volunteers who contributed time and expertise to the project.

Parkwide habitat restoration

Work focused on restoring habitat at over 20 sites across the Nature Park. This included putting 55,000 plants in the ground.

We also collected more than 100kg of seed for future revegetation projects and developed stocks of rare and threatened plant species to increase biodiversity.

We spent a total of 4,039 hours on weed control (excluding contractors) to ensure habitats are protected.

Rhyll Transfer Station site

The Rhyll Transfer Station site was identified as an area of environmental significance in 1996 and the Victorian Government commenced plans to secure the protection of the area for the future.

The land was issued to the Nature Park in 2006 and an agreement was reached with Bass Coast Shire Council to continue the lease to operate a transfer station for an interim period while other waste opportunities were investigated. The Council continued the site’s environmental monitoring and revegetation programs during this time.

The Transfer Station closed on 30 June 2013 with a Post Closure and Environmental Monitoring Plan now in place. Ongoing revegetation, weed and erosion control and planting of native species continues.

The Nature Park will continue to work with Bass Coast Shire Council to secure the best environmental outcomes for the area and to support the protection of the Rhyll Inlet saltmarsh and adjacent Western Port Ramsar wetland.

The year in review - Conservation

Vegetation and fire management planning

The Fire Operations Plan was updated and describes all fire related activities (including planned burns) that the Nature Park is planning to achieve over the next three years.

A controlled burn was conducted at Ventnor Koala Reserve in May for ecological purposes.

We commissioned a Woodland Vegetation Management Plan which will help guide management of reserves such as Oswin Roberts, Koala Conservation Centre and Fiveways Reserve.

Protecting our natural environment

Fox eradication and pest animal management

The Nature Park's award-winning commitment to fox eradication has dramatically reduced fox numbers and virtually eliminated penguin kills by foxes on the Summerland Peninsula.

During the year seven foxes were removed from Phillip Island.

This year we strengthened our commitment to fox eradication by reviewing the current program and developing a new five year Pest Mammal Strategy which was endorsed by the Nature Park's Board.

The new strategy focuses on eliminating foxes by introducing some new detection methods and increasing resources. It also highlights the impacts of fox eradication on rabbits and feral cats.

A total of 153 feral and roaming cats was removed from the Nature Park this year and rabbit control was also undertaken in conjunction with Bass Coast Shire Council, Landcare and the community.

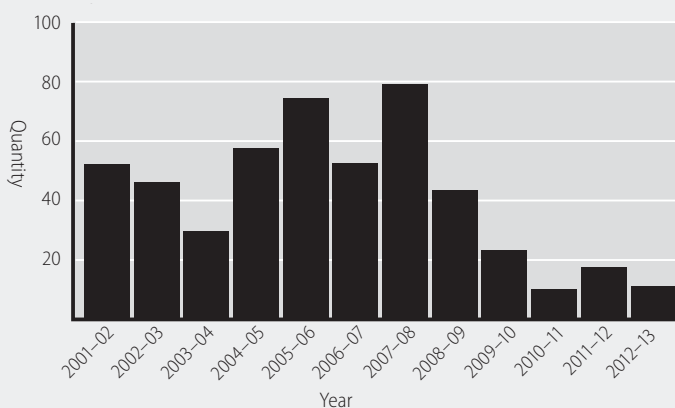


Figure 2. Number of foxes culled 2001–2013

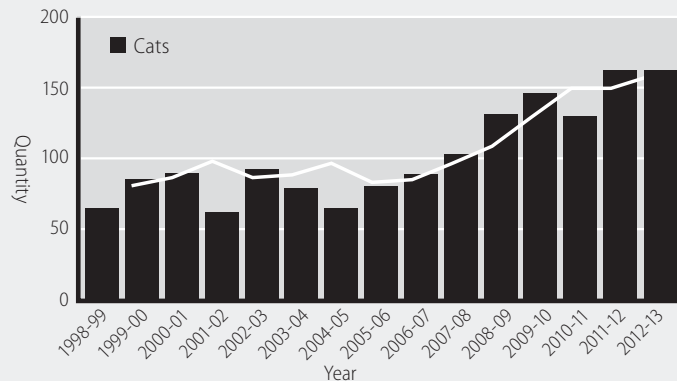


Figure 3. Number of feral cats removed from the Nature Park 1998–2013

Wildlife rehabilitation

Little penguins

The Nature Park operates a Wildlife Rehabilitation Centre for native local wildlife which includes a wildlife rescue service for Phillip Island.

This year the Wildlife Rehabilitation Centre cared for:

- 144 little penguins (2012: 104) with malnourishment being the primary cause for requiring care.
- 118 juvenile Short-tailed Shearwaters during the April – May fledging period (2012: 114).
- 280 other animals (2012: 249), including wallabies, possums and birds.

The Nature Park is supported by a team of dedicated rescue and transport volunteers and wildlife carers. The team manages calls and attends to wildlife incidents after hours and also provides care for injured wildlife. This allows us to offer a 24-hour, seven-days a week rescue service.

Three oiled wildlife response training sessions were held, creating an extra 100 volunteers trained to assist in the event of an oil incident. The Wildlife Rehabilitation Centre received several equipment upgrades which increased its response capability.

The Nature Park is grateful to the Department of Environment and Primary Industries and the Penguin Foundation for their ongoing financial support.

Protecting local wildlife populations

Hooded plovers

Phillip Island's hooded plover population remains strong despite low breeding success. There were four island-wide counts and the Nature Park was again involved with the national biennial beach nesting bird count in November 2012, which yielded 43 birds - the highest ever for this time of year.

We reached 50% of our target with four hooded plover chicks fledging. A total of 76 eggs were laid in 36 nests and 18 chicks hatched. Most breeding failure was due to high tides washing nests away and predation.

The year in review - Conservation

Crested terns

Breeding started in October and by late November there were 3,500 nests with one egg. In late December 1,258 chicks were banded by the Victorian Wader Study Group and they recorded 330 nests with one egg. The loss of over 1,900 young was due to a food shortage in the local area.

Koala conservation

There were 32 koalas at the Koala Conservation Centre this year including three koalas born the previous year which had reached independence. Although these koalas were all male, the population consists of approximately 50% male and 50% female.

Throughout the year 35 reports of wild koalas were received compared with 31 and 18 reports over the previous two years. Most sightings are from the woodland areas of the island. The wild population on Phillip Island is thought to be between 40 and 50 koalas.

Towards 2013-14

Fox eradication continues to be the highest priority for the Nature Park in its conservation role and the new five-year strategy will assist us in our goal of achieving a fox free Phillip Island.

Maintaining weed control on the Summerland Peninsula is also crucial to ensure the ongoing regeneration of the area.

The closure of the Rhyll Transfer Station is an important milestone for the Nature Park and efforts will now be placed on stringent environmental monitoring and rehabilitation of the area in line with the approved Post Closure and Environmental Monitoring Plan.

The year in review - Conservation

+ Research

Our world-renowned research provides evidence-based information to guide wildlife management programs which have applications regionally and internationally. Credibility of this information is achieved through publication in peer reviewed journals and collaborations with a range of universities and research institutes both in Australia and overseas.

Key Goal	Measure	Result
Conduct high standard research of relevance to wildlife management on Phillip Island	Report on breeding success of little penguins in the 2012-13 breeding season	Achieved ● ● ●
	Examine the effects of climate change and ecotourism on the survival & foraging of little penguins	Achieved ● ● ●
	Work with Victoria University to refine the 'oil bird cleaning process'	In progress ● ● ●
	Develop a strategy for evaluating wallaby populations	In progress ● ● ●
	Continue monitoring local fur seal population	In progress ● ● ●
Raise profile of research internally and externally	Produce more than 15 scientific papers in international peer-reviewed journals	Achieved ● ● ●
	Supervise at least ten honours and post-graduate students	Achieved ● ● ●
	Deliver at least ten research presentations	Achieved ● ● ●
	Provide 10 media interviews	Achieved ● ● ●

World class research

Protecting little penguins

The little penguin colony surrounding the Penguin Parade is the site of the longest running breeding studies of a bird species in Australia. A population estimate undertaken in 2011 indicates a doubling of the population from 1984 to 2011. This is a very positive result that reinforces the protection measures undertaken by the Nature Park and the Victorian State Government over the past 30 years. However, the colony remains vulnerable to changes in the marine and terrestrial environments.

This year the average number of penguins crossing the beach at the nightly Penguin Parade was 1,061; the highest since counts began in 1977 and considerably higher than the long-term average of 582. This continues a trend that began in 2005.

The positive breeding season was also illustrated by the average of 1.41 chicks fledging per breeding female (pair). This is well above the long-term average of 0.97. Penguin weights throughout the year fluctuated around the average and were lower than those recorded for 2011-12.

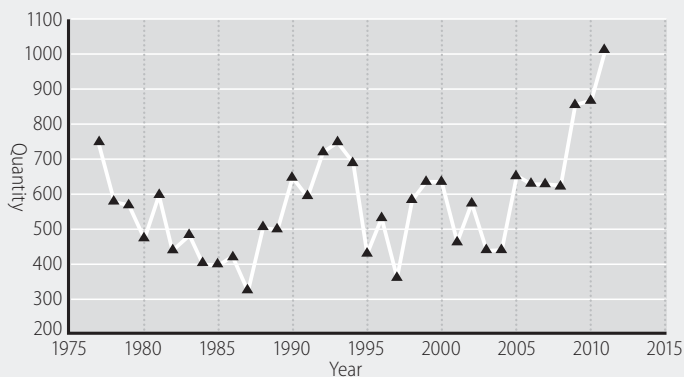


Figure 4. The annual mean numbers of penguins crossing the Penguin Parade beach.

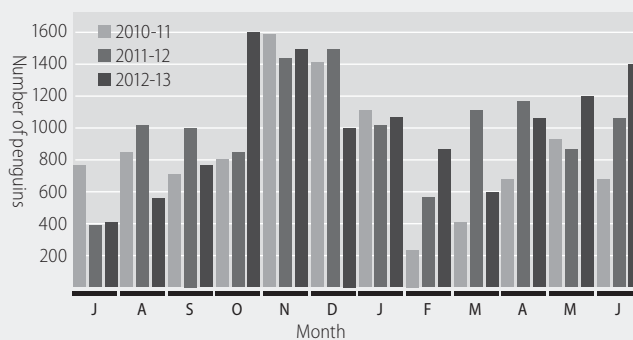


Figure 5. Monthly mean numbers of penguins at the Penguin Parade.

The year in review - Conservation

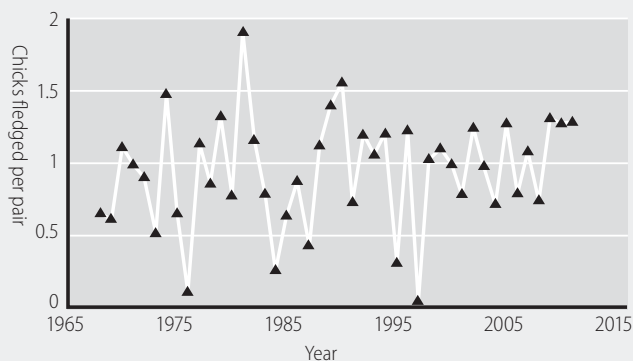


Figure 6. Annual breeding success, measured in terms of chicks raised per pair of penguins.

Effects of climate change and ecotourism

Foraging ecology of little penguins

This season GPS devices recorded foraging paths of little penguins during the first four weeks of their chick's life (known as the guard stage). Penguins from different locations on the Summerland Peninsula foraged in distinctly different areas.

Satellite tracking devices compared the foraging paths of penguins from the Nobbies section of the colony during guard and post-guard. As in previous years, penguins foraged in a south-westerly direction from the colony and at further distances during post-guard than they had during the guard stage.

These findings will help the Nature Park to identify threats to the colony in the future.

Little penguins and ecotourism

To explore whether exposure to ecotourism could affect the penguin population, we compared the timing of breeding and breeding performance of penguins that come ashore and nest in close proximity to ecotourism activities with penguins that had no interaction with ecotourism.

From 27 years of monitoring there was no difference associated with ecotourism in the date that breeding commenced, or the number of eggs that hatched. We found no evidence that exposure to a well-controlled ecotourism activity adversely affects the breeding patterns or success of little penguins.

New technology for cleaning oiled wildlife

This exciting technology is set to revolutionise the cleaning of oiled penguins and wildlife on a global scale.

The magnetic particle technology was further developed this year in conjunction with our partners at Victoria University. Two papers were published (see publications list on page 62).

A PhD study on the 'Development of improved pre-conditioning agents for the removal of oil contamination from wildlife and rocky foreshores' is now in the final stages.

Wallaby population research

In conjunction with the University of Melbourne, we are developing a research program involving a suite of PhD and MSc students to better understand how wallabies are distributed across Phillip Island, to evaluate the effect they have on plant communities and to determine the significant human/wallaby interactions such as vehicle collisions.

Ecology of fur seals

One of the world's largest Australian fur seal colonies is at the western end of Phillip Island, at Seal Rocks.

Long-term diet monitoring

We collected seal scats for dietary analysis from Seal Rocks on six occasions during the year. The seals' diet has indicated broad shifts over time and a strong emergence of pilchards was observed.

Long-term entanglement monitoring

During visits to Seal Rocks, we sighted 20 seals that were entangled in marine debris (up from seven in 2011-12). We caught and removed the debris from 14 of these. This brings the number of individually identifiable entangled seals sighted at Seal Rocks since 1997 to 345, and the number rescued from entanglement to 169.

International excellence

The Nature Park's research program is world-renowned. This reputation is achieved through publications, presentations, collaborations with universities and communication through media.

During the year, over 15 papers were published along with over ten students undergoing post-graduate studies under the supervision of the Nature Park's research department.

Over ten presentations at Australian and international forums were given along with widespread media coverage of achievements. A full listing of publications is given in the Appendices on page 62.

Towards 2013-14

In the coming year we will continue our important studies on little penguin breeding, foraging and survival.

We will also develop further models of Bass Strait marine ecosystems and examine the effects of artificial lighting on penguins and shearwaters. We will commence our study of the populations and ecology of swamp wallabies.

We will continue our exciting work into making the magnetic particle technology for oiled wildlife field-ready and conduct a world population count of Australian fur seals. We will begin developing a business case for creating a 'Research Centre of Excellence' for the Nature Park.

The year in review - Visitor attraction and experience

+ Marketing

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

Key Goal	Measure	Result
Maintain strong visitor numbers across all Nature Park attractions	Achieve visitor numbers across all paid attraction sites of 796,280	Achieved
	Increase total net revenue by 1% compared to 2011-2012	Achieved
Strengthen international market share	Strengthen international marketing through attendance at trade missions	Achieved
Implement major events	Complete MSO and Amway events successfully to budget	Achieved
Improve visitor experience	Complete Penguin Parade internal refresh	Achieved
	Develop new niche tours relating to short-tailed shearwaters, Indigenous history and bird-watching	In progress
Prepare for future opportunities for online products and marketing tools	Launch the new website, www.penguins.org.au	Achieved

Strong visitation

Visitor numbers 2012-13

	Penguin Parade	Koala Conservation Centre	Churchill Island	Nobbies Centre	Total
2012-13	526,683	203,938	134,996	311,514	1,177,131
2011-12	483,062	188,287	119,105	307,007	1,097,461

This was a record year with a total of 1,177,131 visitors across all attractions - an increase of 7.3% compared to last year.

This number was made up of 54% international and 46% domestic visitors and the increase is primarily attributed to the intrastate and Asian markets as well as major events.

Retaining strong domestic visitation was achieved through a major focus on national PR and media resulting in an audience circulation of 50 million with a value of \$4M.

Promoting the '3 Parks Pass' as the preferred ticket type also increased domestic awareness, length of stay on Phillip Island and visitor yield. A total of 98,215 of these tickets were sold.

Fully integrated marketing promotions, events and developing strong relationships also contributed to our domestic results.

Strengthening international markets

Our focus on international marketing activities yielded positive results. We maintained our own Chinese representation based in Shanghai and implemented integrated marketing campaigns with key partners such as Tourism Victoria, Tourism Australia, major airlines and major Victorian attractions.

We maintained our presence in the Sydney Melbourne Touring Route and South East Touring Triangle and participated in Tourism Victoria and Tourism Australia international sales missions, familiarisation programs and Australian Tourism Exchange.

The Nature Park was proud to receive a Governor of Victoria Export Award for 'small to medium business' that recognises the Nature Park's excellence in delivering international tourism to the State of Victoria.

Major events

Amway India

In December we hosted 3,940 delegates from Amway India who experienced Churchill Island, Koala Conservation Centre, the Nobbies Centre and Penguin Parade. This was a major achievement for our organisation.

Melbourne Symphony Orchestra

At a special event on Churchill Island, Melbourne Symphony Orchestra performed in February. Over 1,500 people attended this world-class event – a first for the Bass Coast region.

Improving visitor experience

Penguin Parade refresh

An important refurbishment of the Penguin Parade Visitor Centre was completed this year. This project improved way-finding, traffic flow and interpretive displays to better convey the Nature Park's conservation efforts with an increase in language content for international visitors.

Niche tours

A new bird watching tour was developed and launched at the Australian Tourism Exchange.

Online future

We launched our new and exciting website www.penguins.org.au. The site reflects our conservation values and enhances communication with visitors and stakeholders as well as providing easy online booking.

Towards 2013-14

The next year will provide exciting opportunities for product and market development across all areas of the Nature Park. These include; new multilingual interpretation at the Penguin Parade, new and immersive nature based experiences, exciting events at Churchill Island and market development across our key areas. We will focus on Tourism Victoria's growth markets, increasing length of stay, increasing yield, maximising digital opportunities and excellence in customer service.

The year in review - Visitor attraction and experience

+ Education

Unique, hands-on and immersive experiences hold the Nature Park at the forefront of environmental education and interpretation.

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

Immersing in nature

The Nature Park offers a generous array of unique immersive educational activities for visitors and educational facilities.

A total of 30,390 school students visited the Nature Park, with 19,225 attending the Penguin Parade.

Yield from education tours increased by 19%. New initiatives such as the 'Saving Australia's Native Wildlife' program were positively received by our international school market.

Online

New content for the Nature Park's new website was developed and allows teachers to peruse the Nature Park's education and interpretation offerings with ease. New content for the Nature Park's new app and iPads was also completed.

Community participation, visitation and involvement

During the year, several new partnerships between the Nature Park and metropolitan and local schools were brokered. Our Clean Up Australia Day rubbish collection competition was extremely popular with 22 excellent submissions received from local schools.

Our September, Summer and Easter School holiday programs were busy with new and old activities both proving popular.

Strengthening Indigenous connections

The extensive knowledge of our local Indigenous community contributed to new ranger-led activities including the Indigenous Tour, Bird Tour and Shearwater Tour. The inaugural 'Biyadin' Shearwater Indigenous Festival was a celebration of local and global indigenous culture.

Towards 2013-14









Our focus for the coming year will be extending our immersive, authentic nature-based experiences.

Major strategic priorities include; using new technologies to provide interpretation for Penguin Parade visitors, completing an Education Plan for the Summerland Peninsula and the launch of the 'Indigenous' and 'Wildlife Rehabilitation' premium tours.

The year in review - Community

+ Our community and volunteers

The local community has played a vital role in the evolution of the Nature Park and continued to support the organisation it has become in 2012-13.

Key Goal	Measure	Result
Increase community participation, visitation and involvement	Conduct the third annual Community Open Day to share and showcase the work of the Nature Park	Achieved 
	Encourage and foster volunteers	Achieved 
	Ensure public engagement is built into the planning processes for the future of the Nature Park	Achieved 
	Ensure inclusiveness for all	Achieved 
Increase the depth and frequency of support and communication with the local community	Distribute a community handbook to share information about the Nature Park's roles and responsibilities with Phillip Island residents	Achieved 
	Provide regular information updates to community including online presence	Achieved 
	Support community activities	Achieved 
Strengthen connections with the Indigenous community	Develop a Reconciliation Action Plan in connection with local Indigenous groups	Achieved 

Involving our community

The Nature Park is committed to ongoing community consultation and involvement. We engage a Community and Stakeholder Engagement Officer to further develop and improve community relations. This includes facilitating community information sessions about planning processes and providing opportunities for involvement in the implementation of the organisation's major planning documents. A 'Community News' section to inform the community was maintained within the Nature Park's website www.penguins.org.au

Friends and volunteers

During 2012-13, over 1,000 volunteer days were spent in the Nature Park. Volunteers contribute in many ways including monitoring wildlife populations through koala and bird counts and regular monitoring, wildlife rescue and rehabilitation, assisting with visitors at locations such as Churchill Island, habitat restoration and more. A full list of our wonderful volunteers and supporters can be found on the inside back cover of this report.

Community Open Day

Our third Community Open Day was held in March. This year we expanded on the theme of 'getting out amongst the Nature Park' to include a 'get involved' theme for the community. Over 1,290 people attended throughout the day. This year the Community Expo was held at the Penguin Parade where 20 community groups and Nature Park departments had displays and activities.

Phillip Island National Surfing Reserve

Victoria's first National Surfing Reserve was formally declared at Cape Woolamai by the The Hon Ryan Smith MP, Minister for Environment and Climate Change, and surfing legend Layne Beachley in March. This was an enormous achievement and the culmination of 18 months of work by a dedicated community working group. The project was generously supported by San Remo District Financial Services, Ramada Phillip Island, Bass Coast Shire Council, Phillip Island Board Riders Club and Woolamai Beach Surf Life Saving Club.

The remaining three locations within the Reserve: Summerland, Cat Bay and Smiths were launched by the community and local surfing legends in June. National Surfing Reserves are 'iconic' places of intrinsic environmental, heritage, sporting and cultural value to a nation. More information can be found at www.surfingreserves.org.

Informing our community

Community handbook

A Community Handbook has been developed and distributed to residents. The booklet contains information about the Nature Park that is of interest to the community including the areas managed, the role of each department, information on living with wildlife and relevant contact details. A copy of the booklet is available at www.penguins.org.au.

Community inclusiveness and support

Reconciliation

We acknowledge the Boon Wurrung and Bunurong people as the Traditional Owners of the land on which the Nature Park operates. This year we were proud to launch our Reconciliation Action Plan in November. The plan is about embedding cultural change within the whole organisation through building good relationships, respecting the special contribution of Aboriginal and Torres Strait Islander peoples and creating opportunities. The plan was launched at the opening ceremony for the inaugural 'Biyadin' Shearwater Indigenous festival. The annual festival celebrates indigenous culture through music, discussion and celebration. More information can be found at www.reconciliation.org.au.

Cultural diversity

Over 54% of visitors to the Nature Park are international and we cater for them with publications and audio information in up to 11 languages. Our signage uses international symbols and we acknowledge cultural celebrations and beliefs such as Chinese New Year and various religious observances.

The year in review - Community

Young people

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

Community support

The Nature Park supported many groups in our community through donations and ongoing programs and participation. This included sponsoring Bass Coast Landcare projects, Friends of Churchill Island curator role and also local sporting events such as the Channel Challenge. We also supported Barbara Martin Bushbank, Woolamai Beach Surf Life Saving Club and Phillip Island Tourism and Business Association and Destination Phillip Island to bring more visitors to the region.

Towards 2013-14

Next year will provide exciting opportunities for our community and stakeholders to become involved in important planning for the future of the Nature Park. The implementation of our Environment Plan and Strategic Plan 2012-2017 will require further consultation and community and stakeholder engagement.

The ongoing implementation of our Reconciliation Action Plan will be an important focus.

The Phillip Island National Surfing Reserve community working group will continue to foster surfing and protecting the coast in 2013-14.

The year in review - Organisation

+ Our team

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

Goal	Measure	Result
Instil a learning culture within the organisation to develop staff potential	Implement a two-year learning and development strategy to meet the requirements of the Workforce Strategic Plan	In progress
Build a strong organisational culture	Reduce OHS incidents and lost time hours arising from injuries to staff by 25%	Not achieved
	Complete at least 20 proactive safety audits across all operations with a minimum 10 high risk tasks	Achieved
	Implement actions included in the Staff Survey Action Plan to improve communication internally	Achieved
Strengthen connections with the Indigenous Community	Implement an Indigenous Traineeship Program along with a Cultural Awareness Program	In progress
	Conduct an Indigenous Cultural Development Program	Achieved

Learning culture

The finalisation of an organisation wide Skills Assessment and Recognition project provided the Nature Park with a full understanding of current skills levels and endorsed on-the-job skills development as a significant contributor to our strategic capabilities.

An outstanding result was that 31 staff were awarded 40 qualifications across a range of disciplines. In addition six staff were awarded qualifications in hospitality on completion of trainee programs.

The project has enabled us to place priority on key development requirements with training being provided for advanced customer service; workplace behaviours; OHS programs including compliance, and leadership development and cultural

awareness. Our skills development program recognises the diversity of our work, our visitors and our team.

Strong organisational culture

Our organisational culture continues to be underpinned by our values and our actions. This was demonstrated by a number of initiatives including a Training Protocol, staff survey with a participation rate of 61%, inter-department activities to increase organisational understanding, continued nomination of outstanding employee achievements through our 'Leading Light' program and our improved recruitment policy.

Occupational Health and Safety

While staff incidents have reduced by 3.5%, the lost time injury hours increased. Training focussed on manual handling which has influenced behaviour and a reduction in manual handling incidents of 41.9% was achieved. An active OHS Committee has supported a proactive safety culture including undertaking key audits across the entire organisation.

The Nature Park continues to support employees and their families through an employee assistance program.

Connections with the Indigenous community

Work continued towards an Indigenous traineeship program in conjunction with Surfing Victoria and AFL Sports Ready. Significant work has been undertaken to develop staff to enable them to provide workplace training and support to the trainee.

Towards 2013–14

Our priorities will continue to be focussed on providing an energetic workplace that provides opportunities for learning, for recognising and rewarding performance and for supporting the diversity of our organisation.

We will continue to support a resilient workforce by refreshing current capabilities and providing new opportunities.

Implementing our first Indigenous traineeship will be an exciting initiative for the organisation.

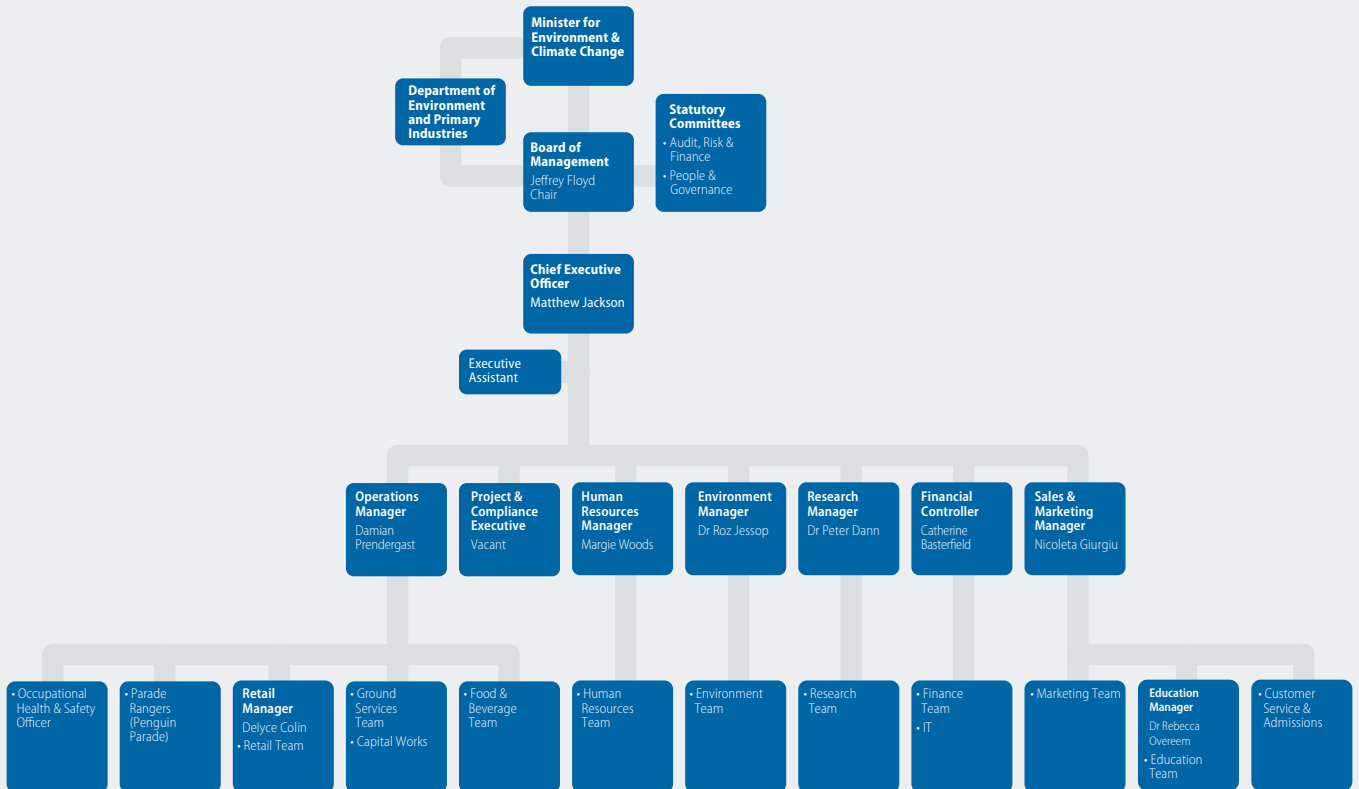
Workforce data

The Nature Park's workforce profile

Staff	2012-13	2011-12
Executive officers	6	6
Senior managers	4	4
Supervisors	11	11
Administration	15	16
Commercial	115	101
Field	54	49
Total	205	187
Male	83	77
Female	122	110

The year in review - Organisation

+ Organisational structure



Governance and compliance

+ Our Board

Objectives, functions, powers and duties

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

Board member attendance

Our Board met ten times this year to provide governance and strategic directions.

Board members	Number of meetings eligible to attend	Number of meetings attended	Appointment date
Dr Irene Irvine (chair)	3	2	5 Sept 2009 *Retired 4 Sept 2012
Jeffrey Floyd (chair)	10	9	21 Jul 2010 *Chair from 5 Sept 2012
Stella Axarlis AM	10	9	17 Jul 2003
Dr Catherin Bull AM	10	9	5 Sept 2009
Ralph Booth	8	7	21 Jul 2010 *Retired 18 Apr 2013
Kirsty Mawer	3	2	5 Sept 2009 *Retired 4 Sept 2012
Andrew Paxton	7	7	5 Sept 2012
Stephen Davie	7	6	5 Sept 2012
Alan Gostelow	7	7	5 Sept 2012

Our board members

Jeffrey Floyd (Chair) is the CEO of Strategic Advisory and Facilitation Services Pty Ltd, a management, governance and risk consulting business. He is an Adjunct Professor at Victoria University and has had a distinguished career as a CEO and Board Director in both the public and private sectors; including extensive experience in environmental management and tourism. As the former CEO of Parks Victoria, Tourism Victoria and AAA Tourism, Jeff understands the critical need to pursue tourism growth within a framework of environmental excellence and community consultation. He has been a Board member since July 2010.

Stella Axarlis AM has extensive Board and business experience and is a strong advocate for the community and organisational excellence underpinned by good governance. In November 2011 Stella Axarlis was awarded the inaugural preminent Lifetime Achievement Award. The award is presented to an individual who has an established history of distinguished service and who has made a lasting contribution to Vocational Education and Training.

Dr Catherin Bull AM brings expertise in landscape, architecture, design and planning to the Board. She is Emeritus Professor of Landscape Architecture at the University of Melbourne and, as an advocate for better development and spatial management, she advises governments and industry nationally on open space and urban design matters, chairing reviews and serving on juries.

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

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

Governance and compliance

Our board members (continued)

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

Dr Irene Irvine is a highly experienced senior executive and a company director widely respected for her strategic and innovative thinking. Prior to establishing her own consultancy she held a series of senior management positions in the education, not-for-profit, government and commercial sectors. Retired as Chair of the Board in September 2012.

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

Resigned as Board member and Audit, Risk & Compliance Committee Chair in April 2013.

Kirsty Mawer is a Fellow of the Australian Institute of Company Directors (FAICD) and has 15 years board experience across tourism, land management, and service industries, both public and private, with tenure as President and Chairman. She is highly regarded for expertise in governance, leadership development, stakeholder relations, strategic planning, and project and business management.

Retired as Board member in September 2012.

Governance and compliance

+ Manner of establishment & relevant Minister

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

The Nature Park is governed by a Board of Management established under the *Crown Land (Reserves) Act 1978*. The responsible Minister for the period from 1 July 2012 to 30 June 2013 was the Hon Ryan Smith MP, Minister for Environment and Climate Change.

Project Monitoring Committee

Chair	Dr Catherin Bull AM	
Member	Andrew Paxton	From Oct 2012
Member	Kirsty Mawer	Retired Sept 2012
Member	Ralph Booth	Retired Apr 2013

Governance Committee

Chair	Alan Gostelow	From June 2013
Member	Jeffrey Floyd	From June 2013

Note: The Governance committee was formed in June 2013 and has not met at the date of this report.

+ Board committees

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

Audit, Risk and Finance Committee

Chair	Stephen Davie	From June 2013
Member	Alan Gostelow	From Apr 2013
Member	Jeffrey Floyd	From Oct 2012
Member	Stella Axarlis AM	
Member	Dr Irene Irvine	* Retired 4 Sept 2012
Member	Ralph Booth	* Retired as Chair 18 Apr 2013

People and Remuneration Committee

Chair	Stella Axarlis AM	Member, then Chair from Oct 2012
Member	Andrew Paxton	From June 2013
Member	Stephen Davie	From Oct 2012
Member	Alan Gostelow	* Until June 2013
Member	Dr Irene Irvine	Retired from Chair position Sept 2012
Member	Kirsty Mawer	Retired Sept 2012

Governance and compliance

+ Consultative committees

The Nature Park has established a number of committees to provide a channel for communication with key stakeholders and our community. Terms of reference for these committees can be found at www.penguins.org.au/about/local-community

These committees include:

Community Advisory Committee

Chair- Board member	Stella Axarlis AM	
Board Member	Kirsty Mawer	Retired 4 Sept 2012
Board Member	Stephen Davie	From 25 Oct 2012
Committee	Jane Daly	
	Patsy Hunt	
	Stephen Fullarton	
	Deborah Holland	
	Pauline Taylor	
	Julia Nelson	
	Margaret Hancock	
	Gill Hardman	
	Michael Whelan	
	Pat Baird	Retired Aug 2012
	Christine Grayden	From 25 Oct 2012
	Cr Kimberley Brown	From 21 Nov 2012
	Anne Davie	From 21 Feb 2013

Environment Advisory Committee

Chair – Board Member	Dr Catherin Bull AM	
Board Member	Andrew Paxton	From 25 Oct 2012
Committee	Penny Manning	From 25 Oct 2012
	Bessie Tyers	
	Paul Smith	
	Michael Cleeland	
	Tim Ealey	
	Tania Maddigan	
	Louise Parsons	
	Alison Creighton	
	Nicola Tregear	Retired 18 Jan 2013
	Elizabeth Shaw	From 25 Oct 2012 to 16 Feb 2013
	Jan Fleming	From 16 Feb 2013
	Joel Geoghegan	From 17 May 2013
	Kay Nair	From 27 May 2013

Education Advisory Committee

Chair – Board Member	Stella Axarlis AM	
Board Member	Kirsty Mawer	Retired 4 Sept 2012
Committee	Wendy Major	
	Rob Higgins	
	Donald Paproth	
	Helen Lechte	
	Ric Pearce	
	Linda Thompson	
	Karen Bowker	
	Jim Wilson	Retired 17 Dec 2012

Scientific and Research Advisory Committee

Chair – Board Member	Dr Catherin Bull AM	
Board Member	Kirsty Mawer	Retired 4 Sept 2012
	Alan Gostelow	From Oct 2012
Committee	Dr Kath Handasyde	
	Peter Menkhorst	
	Dr Robin Lawson	
	Dr Stephen Swearer	
	Adrian Moorrees	
	Dr Simon Goldsworthy	
	Prof Ian Beveridge	

Animal Experimentation and Ethics Committee

Chair	Dr Kath Handasyde	
Committee	Dr Jennifer Hibble	
	Anne Davie	
	Clare Davis	
	Dr Russell Watson	

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

Governance and compliance

+ Compliance matters

Risk management

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

This year the Board and management undertook a strategic risk review facilitated by Ernst & Young which also provided training on the Nature Park's risk management processes.

Internal audits were conducted during the year to provide assurance over the Nature Park's internal controls and processes. These audits are planned by the Audit, Risk and Finance Committee and selected with reference to the risk of each activity. Financial controls, tax compliance, procurement and contract management, business continuity and risk management were all reviewed in the last 12 months. Findings from each review are actioned by management and monitored by the Board on the advice of the Audit, Risk and Finance Committee.

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



Jeffrey Floyd

Chair, Phillip Island Nature Parks Board of Management Inc.



Stephen Davie

Chair, Audit, Risk & Finance Committee Chair

Insurance

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

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

Industrial relations

Nature Park staff were employed under the Phillip Island Nature Parks Agreement 2010–13 and the applicable union is the Australian Services Union, no industrial relations claims were applicable during the reporting period.

Freedom of Information Act 1982

The *Freedom of Information Act* 1982 allows the public a right to access documents held by the Nature Park. The Nature Park makes public information about our operations available by creating a general right of access to the information in a document or electronic form. All Freedom of Information requests are subject to a \$25.10 application fee.

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

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

Catherine Basterfield, Freedom of Information Officer
Phillip Island Nature Parks

PO Box 97, Cowes, Victoria 3922

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

Privacy Act 2000

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

Governance and compliance

Gifts, benefits and hospitality

I, Jeffrey Floyd certify that:

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



Jeffrey Floyd

Chair, Phillip Island Nature Parks Board of Management Inc.

Protected Disclosure Act 2012

The former *Whistleblowers Protection Act 2001* ('*Whistleblowers Act*') was repealed and replaced with the *Protected Disclosure Act 2012* ('PD Act'), which came into force on 10 February 2013. As the change of legislation occurred midway through the 2012-13 financial year, this disclosure complies with the requirements of the PD Act and section 104 of the *Whistleblowers Act*, for each of the relevant time periods.

The PD Act was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-Based Anti-Corruption Commission (IBAC).

The PD Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

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

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

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

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

How do I make a 'protected disclosure'?

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

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3001.

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

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

Please note that the Nature Park is not able to receive protected disclosures.

How can I access the Nature Park's procedures for the protection of persons from detrimental action?

The Nature Park has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Nature Park or its employees. You can access these procedures at www.penguins.org.au.

The Nature Park's procedures established under the *Whistleblowers Protection Act 2001* were effective until 9 February 2013 and are available on request.

There were no disclosures made under this act during the reporting period.

National Competition Policy

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

Building Act 1993

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

Public Administration Act 2004

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

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

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

Major contracts

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

Consultancies over \$10,000

Tract Consultants	Churchill Island Key Area Plan	\$57,000
Tract Consultants	Summerland & Nature Park Master Plan	\$30,555
Tract Consultants	Alternative Design Plan Brief	\$8,110
Oats Environmental Consulting Pty Ltd	Woodland Vegetation Management Plan 2012	\$33,033
Ernst & Young	Business Case	\$106,620
Merchantwise Pty Ltd	Strategic Project Advice	\$28,411
Lambert & Rehbein (Vic) P/L	Structural engineering review	\$12,375
Lion Capital Advisory Pty Ltd	Financial Analysis Business Cases	\$31,666

Consultancies under \$10,000

During the year the Nature Park engaged five consultants for contracts under \$10,000 with total aggregate fees of \$24,825.

Advertising expenses

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

Fee policy

Entry fees to Nature Park's attractions are regulated under the *Crown Land Reserves Act (1978)* and increased by an average of 2.57% during the reporting period. Details of entry fees and tour product prices are available at www.penguins.org.au.

Statement of availability of other information

Publications are listed on pages 62-63 and research activities on pages 16-17 of this report. Marketing and promotion activities are detailed on page 18.

Subsequent events

There were no matters subsequent to the financial report being finalised that significantly affect the operating performance or financial position of the Nature Park as at 30 June 2013 or its operations into the future.

Victorian Industry Participation Policy Act 2003

The Victorian Industry Participation Policy Act 2003 (VIPPA) requires public bodies and Departments to report on the implementation of the Act. Departments and public bodies are required to apply VIPPA in all tenders over \$3M in metropolitan Melbourne and \$1M in regional Victoria.

The Nature Park has not commenced or completed any contracts during 2012-13 to which VIPPA applied.

Phillip Island Nature Parks
financial statements
30 June 2013



Financial statements 30 June 2013

Comprehensive operating statement for the financial year ended 30 June 2013

	NOTES	2013	2012
Operating revenue		\$	\$
Sales	2	7,019,076	6,586,791
Admissions	2	10,988,358	9,894,711
Total operating revenue		18,007,434	16,481,502
Other income			
Interest	2	274,607	320,814
Other operating income	2	1,960,623	2,118,264
Total other income		2,235,230	2,439,078
Expenses			
Employee benefits		(9,551,702)	(10,236,107)
Cost of sales		(2,721,094)	(2,590,568)
Materials and supplies		(793,829)	(709,388)
Depreciation and amortisation	8, 9	(1,584,821)	(1,847,691)
Other operating expenses	3b	(4,234,388)	(4,159,718)
Total expenses	3a	(18,885,834)	(19,543,472)
Net result from operations		1,356,830	(622,892)
Other economic flow included in net result			
Net gain/(loss) on non financial assets	4	12,740	49,380
Net result for the year		1,369,570	(573,512)
Comprehensive result		1,369,570	(573,512)

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 36 to 56.

Financial statements 30 June 2013

Balance sheet as at 30 June 2013

	NOTES	2013	2012
		\$	\$
Current assets			
Cash and cash equivalents	11(i), 17	8,919,179	7,817,762
Receivables	5, 17	854,340	567,202
Inventory	6	688,728	716,003
Other current assets	7	92,946	88,637
Total current assets		10,555,193	9,189,604
Non-current assets			
Property, plant and equipment	8	69,986,602	70,124,703
Intangibles	9	115,618	170,542
Total non-current assets		70,102,220	70,295,245
Total assets		80,657,413	79,484,849
Current liabilities			
Payables	10, 17	1,456,841	1,128,321
Employee provisions	13	1,483,776	2,072,682
Total current liabilities		2,940,617	3,201,003
Non-current liabilities			
Employee provisions	13	271,674	208,294
Total non-current liabilities		271,674	208,294
Total liabilities		3,212,291	3,409,297
Net assets		77,445,122	76,075,552
Equity			
Contributed capital	1(r)	29,759,634	29,759,634
Accumulated surplus		9,247,289	7,877,719
Asset revaluation reserve	1(s)	38,438,199	38,438,199
Total equity		77,445,122	76,075,552

The balance sheet should be read in conjunction with the accompanying notes included on pages 36 to 56.

Financial statements 30 June 2013

Statement of changes in equity for the financial year ended 30 June 2013

	Contributed Capital	Asset revaluation reserve	Accumulated surplus	Total equity
	\$	\$	\$	\$
Balance at 30 June 2011	29,759,634	38,438,199	8,451,231	76,649,064
Transactions with owner in its capacity as owner	–	–	–	–
Total comprehensive result	–	–	(573,512)	(573,512)
Balance at 30 June 2012	29,759,634	38,438,199	7,877,719	76,075,552
Transactions with owner in its capacity as owner	–	–	–	–
Total comprehensive result	–	–	1,369,570	1,369,570
Balance at 30 June 2013	29,759,634	38,438,199	9,247,289	77,445,122

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 36 to 56.

Financial statements 30 June 2013

Cash flow statement for the financial year ended 30 June 2013

	NOTES	2013	2012
		\$	\$
Cash flows from operating activities			
Receipts from customers and other entities (incl GST)		21,614,333	20,906,593
Payments to suppliers and other expenses (incl GST)		(8,165,719)	(10,018,862)
Goods and services tax paid to ATO		(1,153,695)	(915,666)
Interest received		274,607	287,674
Salaries and other payments to employees		(10,077,228)	(8,752,720)
Net cash flows from operating activities	11(ii)	2,492,298	1,507,019
Cash flows from investing activities			
Payments for property, plant and equipment	8	(1,447,367)	(1,164,689)
Payment for intangibles	9	(8,268)	(86,114)
Proceeds from property, plant and equipment	8	64,754	60,457
Net cash flows used in investing activities		(1,390,881)	(1,190,346)
Net increase in cash and cash equivalents		1,101,417	316,673
Cash and cash equivalents at the beginning of the financial year		7,817,762	7,501,089
Cash and cash equivalents at the end of financial year	11(i)	8,919,179	7,817,762

The cash flow statement should be read in conjunction with the accompanying notes included on pages 36 to 56.

Financial statements 30 June 2013

1 Summary of significant accounting policies

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

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

The financial statements were authorised for issue by Matthew Jackson (Accountable Officer) on 29 August 2013.

a) Basis of preparation

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

These financial statements are presented in Australian dollars, the functional and presentation currency of the Nature Park.

In the application of AASs, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. Revisions to the estimates are recognised in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

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

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

The accounting policies set out below have been applied in

preparing the financial statements for the year ended 30 June 2013 and the comparative information presented for the year ended 30 June 2012.

Comprehensive operating statement

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

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

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

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

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

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

b) Sales of Goods and Services

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

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

Financial statements 30 June 2013

1 Summary of significant accounting policies (continued)

c) Other income

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

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

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

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

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

d) Employee expenses

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

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

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Nature Park to the superannuation plan in respect to the current services of employees. Superannuation contributions are made to the plans based on the relevant rules of each plan.

e) Maintenance and repairs

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

f) Depreciation

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

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

The following estimated useful lives are used in the calculation of depreciation for the years ended 30 June 2013 and 30 June 2012.

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

g) Impairment of assets

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

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

h) Cash and cash equivalents

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

i) Receivables

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

j) Other financial assets

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

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

Financial statements 30 June 2013

1 Summary of significant accounting policies (continued)

k) Inventory

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

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

l) Property plant & equipment

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

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

i) Revaluation

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

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

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

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

ii) Acquisitions of assets

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

m) Intangible assets

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

n) Payables

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

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

o) Provisions

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

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

p) Employee benefits

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

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

i) Wages, salaries and annual leave

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

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

Financial statements 30 June 2013

1 Summary of significant accounting policies (continued)

p) Employee benefits (continued)

ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

q) Comparative figures

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

r) Contributed capital

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

s) Asset revaluation reserve

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

t) Changes in accounting policy

There have been no changes to accounting policies during the year ended 30 June 2013.

u) Goods and services tax (GST)

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

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

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

v) Rounding

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

w) Foreign currency

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

x) Events after reporting date

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

y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

Financial statements 30 June 2013

1 Summary of significant accounting policies (continued)

y) New accounting standards and interpretations (continued)

As at 30 June 2013, the following standards and interpretations (applicable to the Nature Park) had been issued but were not mandatory for financial year ending 30 June 2013. The Nature Park has not, and does not intend to, adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning	Impact on public sector entity financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2015	Subject to AASB's further modifications to AASB9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 13 Fair Value Measurement	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 Employee Benefits	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.

Financial statements 30 June 2013

2 Operating revenue and other income

	2013	2012
	\$	\$
Sales		
Food and beverage sales	2,611,195	2,478,966
Retail and souvenir sales (including photography)	4,407,881	4,107,825
Total sales	7,019,076	6,586,791
Admissions	10,988,358	9,894,711
Interest		
Interest from cash at bank	274,607	320,814
Total interest revenue	274,607	302,814
Other operating income		
Rental income	58,423	76,031
Donation, grant and sponsorship	126,445	281,588
Grants from government authorities	825,312	1,027,394
Proceeds from insurance claims	-	41,098
Miscellaneous income	950,443	692,153
Total other operating income	1,960,623	2,118,264

3 (a) Expenses from operating activities

	2013	2012
	\$	\$
By function		
Penguin Parade	6,192,547	5,522,862
Nobbies	1,737,628	2,000,010
Churchill Island	1,076,932	839,020
Koala Conservation Centre	1,136,440	1,010,916
Grounds services	786,951	908,643
Environment	2,120,202	2,793,196
Research	647,298	652,261
Education	487,506	470,071
Marketing	1,370,388	1,253,872
Parkwide administration	3,329,942	4,092,621
Total expenses from operating activities	18,885,834	19,543,472

Financial statements 30 June 2013

3 (b) Other operating expenses

	2013	2012
	\$	\$
Advertising	345,249	270,083
Bank charges	115,782	103,450
Conferences	16,578	14,035
Consultants	491,352	801,609
Contractors	1,553,104	1,336,396
Entertainment	29,592	20,656
Fringe benefits tax	40,480	26,118
Impairment of non current asset	11,825	-
Motor vehicle expenses	140,276	139,999
Repairs & maintenance	172,307	212,690
Utilities	247,782	220,489
Training	89,894	66,488
Telephone	82,118	89,193
Travel & accommodation	132,308	120,529
Doubtful debts	15,948	7,806
Miscellaneous expenses	749,793	730,177
Total other operating expenses	4,234,388	4,159,718

4 Other economic flows included in net result

	2013	2012
	\$	\$
Net gain/(loss) on non-financial assets		
Net gain on disposal of property plant and equipment	12,740	49,380
Total net gain/(loss) on non financial assets	12,740	49,380

5 Receivables

	2012	2011
	\$	\$
Trade debtors	722,469	478,485
(Less) provision for doubtful debts	(28,851)	(22,654)
	693,618	455,831
Sundry debtors	160,722	111,371
Total receivables	854,340	567,202

Financial statements 30 June 2013

5 Receivables (continued)**(a) Movement in provision for doubtful debts**

	2013	2012
	\$	\$
Balance at the beginning of the year	(22,654)	(15,537)
Amounts written off during the year	9,751	689
(Increase)/decrease in allowance recognised in profit or loss	(15,948)	(7,806)
Balance at end of the year	(28,851)	(22,654)

6 Inventory

Inventory		
Penguin Parade	424,554	431,943
Koala Conservation Centre	67,071	71,463
Nobbies	131,644	145,037
Churchill Island	91,077	89,358
Total inventory at cost	714,346	737,801
(Less) provision for inventory obsolescence	(25,618)	(21,798)
Total inventory	688,728	716,003

6 (a) Movement in provision for inventory obsolescence

Balance at the beginning of the year	(21,798)	(31,275)
Amounts written off during the year	10,885	7,859
Decrease/(increase) in provision recognised in profit or loss	(14,705)	1,618
Balance at end of the year	(25,618)	(21,798)

7 Other current assets

Prepayments	92,946	88,637
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Financial statements 30 June 2013

8 Property, plant and equipment

	Crown land	Buildings	Boardwalks	Car parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware	Work in progress	Total property, plant & equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2013										
At cost	-	1,238,308	680,460	541,146	1,070,551	2,284,940	4,966,387	1,506,462	177,925	12,466,179
Less accumulated depreciation and impairment	-	(82,274)	(129,046)	(79,833)	(564,207)	(1,548,839)	(4,418,133)	(1,319,170)	-	(8,141,502)
Total	-	1,156,034	551,414	461,313	506,344	736,101	548,254	187,292	177,925	4,324,677
At Valuation	42,376,000	21,243,700	893,300	2,700,000	-	-	-	-	-	67,213,000
Less accumulated depreciation and impairment	-	(1,088,743)	(155,487)	(306,845)	-	-	-	-	-	(1,551,075)
Total	42,376,000	20,154,957	737,813	2,393,155	-	-	-	-	-	65,661,925
Total property, plant and equipment	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602
2012										
At cost	-	1,152,746	573,494	478,102	1,012,268	1,625,772	4,692,416	1,443,089	238,164	11,216,051
Less accumulated depreciation and impairment	-	(52,929)	(66,143)	(55,741)	(516,171)	(1,406,059)	(4,224,071)	(1,174,236)	-	(7,495,350)
Total	-	1,099,817	507,351	422,361	496,097	219,713	468,345	268,853	238,164	3,720,701
At Valuation	42,376,000	21,243,700	893,300	2,700,000	-	-	-	-	-	67,213,000
Less accumulated depreciation and impairment	-	(557,375)	(77,778)	(173,845)	-	-	-	-	-	(808,998)
Total	42,376,000	20,686,325	815,522	2,526,155	-	-	-	-	-	66,404,002
Total property, plant and equipment	42,376,000	21,786,142	1,322,873	2,948,516	496,097	219,713	468,345	268,853	238,164	70,124,703

Financial statements 30 June 2013

8 Property, plant and equipment (continued)

	Crown land	Buildings	Boardwalks	Car parks	Motor vehicles	Furniture & fittings	Plant & equipment	Computer hardware	Work in progress	Total property, plant & equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2013										
Carrying amount as at 1/07/11	42,376,000	21,786,142	1,322,873	2,948,516	496,097	219,713	468,345	268,853	238,164	70,124,703
Additions	-	85,562	106,422	63,044	218,782	563,118	169,141	63,373	177,925	1,447,367
Transfer from work in progress	-	-	545	-	-	96,050	106,569	-	(226,339)	(23,175)
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(52,014)	-	-	-	-	(52,014)
Impairments	-	-	-	-	-	-	-	-	(11,825)	(11,825)
Depreciation and amortisation expense	-	(560,713)	(140,613)	(157,092)	(156,521)	(142,780)	(195,801)	(144,934)	-	(1,498,454)
Carrying amount as at 30/06/12	42,376,000	21,310,991	1,289,227	2,854,468	506,344	736,101	548,254	187,292	177,925	69,986,602
2012										
Carrying amount as at 1/07/10	42,376,000	21,664,074	1,228,905	2,888,395	437,117	281,482	813,093	184,302	945,277	70,818,645
Additions	-	39,179	164,280	157,084	228,238	53,831	159,728	158,467	203,882	1,164,689
Transfer from work in progress	-	666,705	56,098	57,812	-	-	-	49,987	(910,995)	(80,393)
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(10,746)	-	-	(331)	-	(11,077)
Impairments	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-	(583,816)	(126,410)	(154,775)	(158,512)	(115,600)	(504,476)	(123,572)	-	(1,767,161)
Carrying amount as at 30/06/11	42,376,000	21,786,142	1,322,873	2,948,516	496,097	219,713	468,345	268,853	238,164	70,124,703

Financial statements 30 June 2013

8 Property, Plant and Equipment (continued)

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

The fair value of motor vehicles, plant & equipment, furniture & fittings, computer hardware and computer software was determined by reference to the asset's depreciated cost. In accordance with FRD103D, depreciated cost is used to approximate fair value where there is no evidence to suggest that a reliable market based fair value exists for these assets.

b) Profit / (Loss) on Sale of Assets

	2013	2012
	\$	\$
Gross proceeds of assets sold	64,754	60,457
Less book value of assets sold	(52,014)	(11,077)
Gain / (loss) on sale of assets	12,740	49,380

9 Intangible Assets

	2013	2012
	\$	\$
At cost	861,487	830,044
Less accumulated amortisation and impairment	(745,869)	(659,502)
Total intangible assets	115,618	170,542
2013		
Carrying amount at beginning of period	170,542	84,565
Additions	8,268	86,114
Transfer from work in progress	23,175	80,393
Revaluation	-	-
Disposals	-	-
Impairments	-	-
Amortisation expense	(86,367)	(80,530)
Carrying amount at end of period	115,618	170,542

10 Payables

	2013	2012
	\$	\$
Trade creditors	797,526	521,390
Accrued expenses	452,108	406,626
GST	207,207	200,305
Total payables	1,456,841	1,128,321

Financial statements 30 June 2013

11 Cash flow information

(i) Reconciliation of cash

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

	2013	2012
	\$	\$
Cash on hand	40,000	38,010
Cash at bank – Trading account	6,479,179	5,779,752
Cash at bank – Defined Benefits contingency fund	400,000	-
Term Deposits at call – Asset replacement fund	2,000,000	2,000,000
Total cash and cash equivalents	8,919,179	7,817,762

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

	2013	2012
	\$	\$
Net result for the year	1,369,570	(573,512)
Net (gain) from sale of assets	(12,740)	(49,380)
Impairment of non current assets	11,825	-
Depreciation and amortisation of non current assets	1,584,821	1,847,691
Increase (decrease) in creditors & accruals	328,520	(690,615)
Decrease (increase) in receivables & other current assets	(291,447)	311,702
Decrease (increase) in inventory	27,275	(15,827)
Increase (decrease) in employee provisions	(525,526)	676,960
Net cash provided by operating activities	2,492,298	1,507,019

12 Auditor's remuneration

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

	2013	2012
	\$	\$
External Audit – Victorian Auditor General	15,300	15,000
Internal Audit – Oakton	-	26,306
Internal Audit – HLB Mann Judd	23,890	4,000
Internal Audit – Deloitte	-	(5,062)
Total auditor's remuneration	39,190	40,244

Financial statements 30 June 2013

13 Provisions

Employee benefits	2013	2012
	\$	\$
Current		
Employee benefits		
Unconditional and expected to be settled within 12 months	606,109	595,114
Unconditional and expected to be settled after 12 months	224,631	201,869
	830,740	796,983
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	102,040	107,915
Unconditional and expected to be settled after 12 months	37,347	37,808
	139,387	145,723
Superannuation	-	777,852
Accrued wages	513,649	352,124
Total current employee benefits	1,483,776	2,072,682
Non-current		
Conditional long service leave	232,945	175,437
Provisions related to employee benefit on-costs	38,729	32,857
Total non-current employee benefits	271,674	208,294
Total employee benefits	1,755,450	2,280,976

13 a) Employee benefits and related on-costs

	2013	2012
	\$	\$
Current employee benefits		
Annual leave entitlements	462,905	441,085
Unconditional long service leave entitlements	367,835	355,898
Superannuation	-	777,852
Accrued wages	513,649	352,124
Total current employee benefits	1,344,389	1,926,959
Non-current employee benefits		
Conditional long service leave entitlements	232,945	175,437
Total non-current employee benefits	232,945	175,437
On Costs		
Current on-costs	139,387	145,723
Non-current on-costs	38,729	32,857
Total on-costs	178,116	178,580
Total employee benefits and related on-costs	1,755,450	2,280,976

Financial statements 30 June 2013

13 Provisions (continued)**a) Employee benefits and related on-costs (continued)**

	Long Service Leave	Annual Leave	Super-annuation	Accrued Wages	Total Provisions
	\$	\$	\$	\$	\$
Closing balance at 30 June 2012	630,848	520,152	777,852	352,124	2,280,976
Payments	(83,617)	(572,340)	(777,852)	(352,124)	(1,785,618)
Increase in provision	153,434	593,325	-	513,648	1,260,092
Closing balance at 30 June 2013	700,665	541,137	-	513,648	1,755,450

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

	2013	2012
Weighted average discount rate	3.79%	3.06%
Weighted average terms to settlement	13.0 years	13.0 years

14 Responsible persons and related party disclosures

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

Responsible Minister

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

Accountable officer

Matthew Jackson, Chief Executive Officer

Board members

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

- Jeffrey Floyd (appointed 21 July 2010)
- Dr Irene Irvine (retired 4 September 2012)
- Stella Axarlis (appointed 17 July 2003)
- Dr Catherin Bull (appointed 5 September 2009)
- Kirsty Mawer (retired 4 September 2012)
- Ralph Booth (resigned 18 April 2013)
- Andrew Paxton (appointed 5 September 2012)
- Alan Gostelow (appointed 5 September 2012)
- Stephen Davie (appointed 5 September 2012)

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

The Nature Park has a Related Party relationship with the Penguin Foundation Limited due to the Accountable Officer and Research Manager volunteering their time to hold Board positions with the Foundation. During 2012-13, the Nature Park received \$66,274 (2012: \$100,000) from the Penguin Foundation Limited and also provided administrative support to the Foundation.

Financial statements 30 June 2013

14 Responsible persons and related party disclosures (continued)

Remuneration

(i) Accountable officer

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

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

(ii) Board members

Members' remuneration received or due and receivable was \$58,500 (2012: \$60,000).

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

Remuneration bands of responsible persons

	2013	2012
\$0 to \$9,999	8	5
\$10,000 to \$19,999	1	1
Total Number	9	6

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

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

15 Contingent liabilities

The Board is not aware of any material threatened or existing legal actions or other contingencies between the Nature Park and third parties as at 30 June 2013.

16 Superannuation

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

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis.

Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the superannuation guarantee legislation (9% in 2012-13 and 2011-12). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, The Superannuation Guarantee contribution rate will increase to 9.25% and will progressively increase to 12% by 2019.

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

The Nature Park makes employer contributions to the defined benefit category of the Fund at rates determined by the trustee on advice of the Fund's actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2011; the Nature Park makes the following contributions:

- 9.25% of member's salaries (2012 : 9.25%)
- The difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year)

The Local Authority Superannuation Fund latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$453M excluding the contributions tax in the defined benefit fund of which the Nature Park is a member. The Nature Park was made aware of the expected shortfall though the 2011-12 year and was informed of its share of the shortfall on 2 August 2012. The Nature Park has not been advised of any further adjustments.

The projected value of the Nature Park's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$771,520 which was accounted for in the 2011-12 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities Provisions (see Note 13). The Nature Park received an early payment discount of \$43,226 and this has been accounted for in the 2012-13 Comprehensive Operating Statement within Employee Benefits.

Financial statements 30 June 2013

16 Superannuation (continued)

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

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

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

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

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

Employer superannuation contributions made by the Nature Park were:

	2013	2012
	\$	\$
Accumulation Funds (Vision Super)	378,159	526,802
Accumulation Funds (Other)	291,412	275,975
Defined Benefit Fund (Vision Super)	81,022	85,563
Total Employer Superannuation Contributions	750,593	888,340

17 Financial instruments

(a) Categorisation of financial instruments

	Notes	Category	2013 Carrying Amount	2012 Carrying Amount
			\$	\$
Financial assets				
Cash assets	11	Cash & cash equivalents	8,919,179	7,817,762
Receivables	5	Loans & receivables	854,340	567,202
Total financial assets			9,773,519	8,384,964
Financial liabilities				
Payables	10	Financial liabilities measured at amortised costs	1,456,841	1,128,321
Total financial liabilities			1,456,841	1,128,321
Net financial assets			8,316,678	7,256,643

Financial statements 30 June 2013

17 Financial instruments (continued)

(b) Interest rate risk

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

	Notes	Floating interest rate	Non- interest bearing	2012-13 Total	2011-12 Total
		\$	\$	\$	\$
Financial assets					
Cash assets	11	8,879,179	40,000	8,919,179	7,817,762
Receivables	5	-	854,340	854,340	567,202
Total financial assets		8,879,179	894,340	9,773,519	8,384,964
Financial liabilities					
Payables	10	-	1,456,841	1,456,841	1,128,321
Total financial liabilities		-	1,456,841	1,456,841	1,128,321
Net financial assets		8,879,179	(562,501)	8,316,678	7,256,643

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

Floating Interest Rate 3.29% (2012: 4.10%)

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

(c) Sensitivity disclosure analysis

Taking into account past performance and future expectations a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$88,792 (2012: \$77,798).

(d) Foreign currency risk

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

(e) Credit risk exposure

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

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

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

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

Financial statements 30 June 2013

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

	Notes	Carrying amount	Not past due and not impaired	Past due but not impaired Less than 1 month	Impaired financial assets 1-3 months	3 months - 1 year	1-5 years	Impaired financial assets
		\$	\$	\$	\$	\$	\$	\$
2013								
Cash assets	11	8,919,179	8,919,179	-	-	-	-	-
Receivables	5	854,340	610,939	237,819	5,582	-	-	28,851
		9,773,519	9,530,118	237,819	5,582	-	-	28,851
2012								
Cash assets	11	7,817,762	7,817,762	-	-	-	-	-
Receivables	5	567,202	558,466	8,736	-	-	-	22,654
		8,384,964	8,376,228	8,736	-	-	-	22,654

(f) Liquidity risk exposure

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

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

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

18 Commitments

The Nature Park received funding for specific purposes from various sources throughout the financial year. This funding is recognised as a liability on the balance sheet until it is utilised as prescribed in the funding agreement. The following commitments have been recognised as liabilities in the financial statements.

Expenditure commitments

	2013	2012
Payable within 1 year	283,571	172,352
Total expenditure commitments	283,571	172,352

19 Subsequent Events

The Board of Management is not aware of any circumstances that have arisen since 30 June 2013 that have significantly affected or may significantly affect the Nature Park's operations in financial years subsequent to 30 June 2013.

Financial statements 30 June 2013

20 Glossary of terms and style conventions

Glossary

Actuarial gains or losses on superannuation defined benefit plans

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

Amortisation

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Employee benefits expenses

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

Ex gratia payments

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) A non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

Financial statements 30 June 2013

20 Glossary of terms and style conventions (continued)

Financial liability (continued)

(ii) A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

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

Grants and other transfers

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

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

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

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

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

Interest income

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

Net acquisition of non financial assets (from transactions)

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

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non owner changes in equity'.

Net result from transactions/net operating balance

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

Net worth

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

Non financial assets

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

Financial statements 30 June 2013

20 Glossary of terms and style conventions (continued)

Non-produced assets

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

Non-profit institution

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

Other economic flows

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

- gains and losses from disposals, revaluations and impairments of nonfinancial physical and intangible assets;
 - actuarial gains and losses arising from defined benefit superannuation plans;
 - fair value changes of financial instruments and agricultural assets; and
 - depletion of natural assets (nonproduced) from their use or removal.
- In simple terms, other economic flows are changes arising from market remeasurements.

Payables

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

Produced assets

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

Receivables

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

Sales of goods and services

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

Supplies and services

Supplies and services generally represent cost of goods sold and the daytoday running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions

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

Style conventions

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

The notation used in the tables is as follows:

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

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Phillip Island Nature Parks

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Phillip Island Nature Parks which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

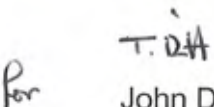
Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Phillip Island Nature Parks as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Phillip Island Nature Parks for the year ended 30 June 2013 included both in the Phillip Island Nature Parks' annual report and on the website. The Board Members of the Phillip Island Nature Parks are responsible for the integrity of the Phillip Island Nature Parks' website. I have not been engaged to report on the integrity of the Phillip Island Nature Parks' website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
5 September 2013


For John Doyle
Auditor-General

Financial statements 30 June 2013

Statutory declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to and forming part of financial statements, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of the Phillip Island Nature Parks as at 30 June 2013.

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 29 August 2013.

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



Matthew Jackson

Chief Executive Officer (Accountable Officer)
Phillip Island
29 August 2013



Catherine Basterfield

Financial Controller (Chief Finance and Accountable Officer)
Phillip Island
29 August 2013



Jeffrey Floyd

Chair Phillip Island Nature Parks (Board of Management)
Phillip Island
29 August 2013

Appendices



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Notes: Recommended, but not mandatory FRD – Financial Reporting Direction SD – Standing Direction		

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+ Publications

Refereed papers

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Dewar, M.L., Arnould, J.P.Y., Dann, P., Trathan, P., Groscolas, R. and Smith, S.C. (2013). Inter-specific variations in the gastrointestinal microbiota of penguins. **Microbiology Open** 2, 195–204.

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Shorebirds

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Thank you

The Nature Park's achievements are a tribute to the generous and loyal support of our sponsors and colleagues. We are indebted to our many dedicated volunteers who tirelessly dedicate their time and efforts. Particular thanks go to the following organisations and volunteer groups for their exceptional support in 2012–13:

Local community

Barbara Martin Bush Bank
Bass Coast Shire Council (BCSC)
Bass Coast Landcare Network
BirdLife Bass Coast
Churchill Island volunteer guides
Coast Action/ Coast Care Groups
Destination Phillip Island
Friends of Churchill Island Society
Friends of the Koalas
Heritage Victoria
Hooded Plover Watch
Local schools and students
Newhaven, Wonthaggi & Cowes Vet Clinics
Penguin Foundation volunteers
Penguin Study Group
Phillip Island Boardriders Club
Phillip Island Conservation Society
Phillip Island and District Historical Society
Phillip Island Landcare Group
Phillip Island Tourism and Business Association
Ramada Phillip Island
San Remo District Financial Services
Shearwater Rescue Volunteers
Silverleaves Conservation Association
Smiths Beachcomber Association Inc
Westernport Water
Wildlife Carers
Wildlife Rescue Volunteers
Wildlife Shelter Operators
Woolamai Beach Surf Life Saving Club

Supporting organisations

Australian Antarctic Division
Bidvest Biologica de Donana (Spain)
BirdLife Australia
Bureau of Meteorology
Conservation Volunteers Australia
CSIRO
Deakin University
Garden History Society
Institut Pluridisciplinaire Hubert Curien (France)
International Student Volunteers (ISV)
Kean Electronics
Kids Teaching Kids Program Management Team
Latrobe University
Macquarie University
Melbourne Water
Melbourne Univeristy
Monash University
Mount Baw Baw Alpine Resort
Museum Victoria
National Surfing Reserves Board
National Surfing Reserve Community Working Group
National Trust of Australia (Victoria)
Office of the Environmental Monitor
Parks Victoria
PFD Foods
Port Phillip and Westernport Catchment Management Authority
Royal Botanic Gardens
South Australian Research and Development Institute
SP AusNet
Surfing Victoria
Sylvania Lighting
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Department of Education and Early Childhood Development
Department of Resources, Energy and Tourism (Commonwealth)
Exxon–Mobil
Penguin Foundation
Schweppes
State Government of Victoria

Our vision

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

www.penguins.org.au



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Phillip Island Nature Parks Annual Report 2012–13 is available online www.penguins.org.au
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