



Annual Report 2014–15



Front cover image:
360 Degree Films Pty Ltd *'Penguin Island'*

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OUR BUSINESS

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

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

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

In 2014-15, we welcomed a total of 1,261,882 visitors. This included 940,289 visitors to our ticketed venues, 3,883 visitors on our Wild Ocean Eco Boat Tour and an additional 317,710 visitors to our free venue, the Nobbies Centre.

Over 58% of visitors to our ticketed venues were from overseas. The Nature Parks also manages natural and recreational areas, with visitor facilities such as boardwalks and beach access for the local community and visitors to Phillip Island to utilise and enjoy.

Phillip Island Nature Parks was formed in 1996 to manage more than 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 not-for-profit organisation, the Nature Parks uses operating surpluses, generated from its tourism attractions, to fund these conservation activities.

In the 19 years since its formation, the Nature Parks has achieved significant gains for the ecology of Phillip Island. Through our research and environmental management programs, habitats have been enhanced and pest plants and predators have been significantly reduced.

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

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

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

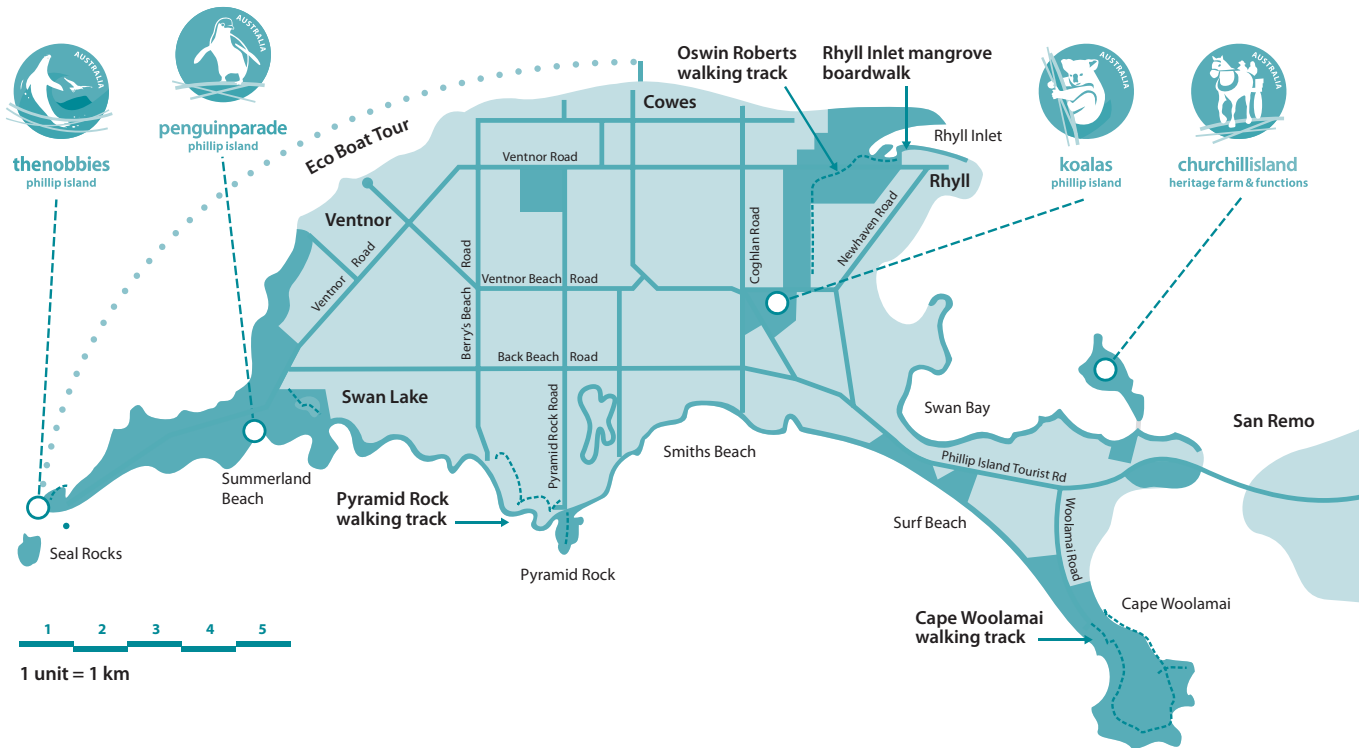
We are committed to working with our community and volunteers to ensure Phillip Island's environment and wildlife are protected for future generations.

Our Visitors

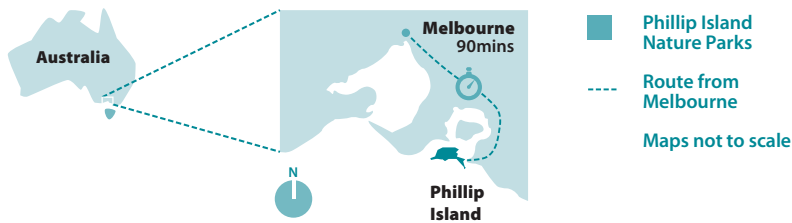


OUR LOCATION

PHILLIP ISLAND NATURE PARKS



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



OUR GUIDING PRINCIPLES

Our vision

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

Our mission

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

Our strategic goals

The Nature Parks 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 of the Nature Parks. 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 visitor 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 maintain a governance framework that is appropriate for an organisation of our size, significance and breadth.

Strategic imperatives

To move towards our future vision we must:

- Embed our core goal of conservation in the way we work, the messages we give and all experiences of the Nature Parks.
- Lay the foundations to reinvent the Nature Parks as an outstanding contemporary conservation destination, and the Summerland Peninsula as an environmental, recreational and ecotourism icon.
- Ensure our organisation has an appropriate governance framework and the partnerships to enable us to deliver and maintain our Vision in the critical years ahead.

Our values

Communication

Being open and transparent, sharing ideas and being consultative.

Growth and development

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

Leadership and team work

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

Respect and integrity

Treating people and our environment with fairness and integrity.

Responsibility

Personal ownership of behaviours 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.

CHAIR'S REPORT

This was a year of growth, notable achievements and planning for the future of the Nature Parks.

I acknowledge the wonderful work undertaken by all of our dedicated staff and volunteers. The successes of the past year are very much theirs.

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

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

I am pleased to report, for the year, the achievement of an operating surplus of \$2.4M and a record of over 1.2M visitors. The Nature Parks is a not-for-profit business, however; it is important that it maintains adequate funds for unforeseen contingencies, to protect the environment and to enhance the visitor experience.

During the year, we continued to focus on effectively balancing our environmental, commercial and social responsibilities:

- The completion of the 'South and North Coast Key Area Plan' was a highlight. This plan provides a strategic vision for Phillip Island's coastline that will cater for a range of key user groups and ensure that the coastline's environmental and cultural values are enhanced and protected. The Nature Parks is committed towards the implementation of this plan. In the coming year, a 'Foreshore Master Plan' for Cape Woolamai will be prepared.

The development of significant tourism attractions and infrastructure was also a focus:

- The new 'Wild Ocean Eco Boat Tour' that travels from Cowes to Australia's largest seal colony at Seal Rocks, was launched by the Nature Parks in December 2014. Delivered in partnership with local operator 'Wildlife Coast Cruises', this unique tour experience has attracted a very positive response.
- Construction commenced on a major upgrade of the 'Penguins Plus' attraction at the Penguin Parade and is due for completion in December 2015. I acknowledge the significant support provided by RACV for this major new attraction, including a contribution of \$1M towards the \$3M project. The balance has been funded by the Nature Parks.
- The partnership between the Nature Parks and the World Wide Fund for Nature Australia (WWF) to develop a state-of-the-art multimedia 'Antarctic Journey' attraction at the Nobbies Centre was also progressed. This world-class attraction is scheduled to open in December 2015. The WWF has been a great partner to the Nature Parks in this world-first initiative.

Our commitment to environmental excellence and research continues to be a driving force. Our world-leading research program on little penguins is now in its 47th year.

The Nature Parks maintained its commitment to working with the local community. The fifth annual Community Open Day attracted more than 2,000 Bass Coast Shire residents.

The second 'Reconciliation Action Plan' (RAP) 2015-2018 was prepared. This new plan builds on the actions and achievements of the first RAP 2012-14. The RAP program is run by Reconciliation Australia.

The third annual 'Biyadin' Indigenous Festival was held in November 2014. I applaud the efforts of the festival organisers for presenting an exciting celebration of Aboriginal culture and our connections to the local environment.

The Board further reviewed and strengthened its risk management framework and maintained a key focus on the key risks affecting the organisation. This included the diversification of revenue generation through a major capital works program to establish new tourism attractions.

The Nature Parks maintained a close collaboration with Bass Coast Shire Council, key Government agencies and local traders and organisations. These partnerships and the commitments to joint planning greatly benefit both tourism and environmental outcomes for Phillip Island.

The support from officers of the Department of Environment, Land, Water and Planning (DELWP) has been much appreciated.

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

Stella Axarlis, Dr Catherin Bull and Alan Gostelow ended their time as Board members on 4 September 2015. Their contribution to the Nature Parks has been outstanding.

Stella Axarlis has served on the Board for twelve years and has made a major contribution both to future strategy and good governance. She has also chaired the Board's People and Remuneration Subcommittee, the Community Advisory Committee and the Education Committee, with distinction for over eleven years.

Dr Catherin Bull has served on the Board for six years. Dr Bull's contribution to the success of our current major tourism projects has been significant. She also chaired the Board's Project Monitoring Subcommittee, the Scientific and Research Advisory Committee and the Environment Advisory Committee throughout her service.

Alan Gostelow served on the Board for three years. He chaired the Governance Committee for two years and served on the Science and Research Advisory Committee for three years. His business acumen and governance experience were of great value.

On behalf of the Board and the staff of the Nature Parks I wish Stella, Catherin and Alan all the best for the future.

In January 2015, Dr Kath Handasyde retired as Chair of the Nature Parks' Animal Ethics Committee after 22 years. On behalf of the Board, I applaud her exemplary service and commitment to the Nature Parks research and conservation activities and wish her well for the future.

I am very pleased to welcome to the Board four new Board members, effective 5 September 2015, Dr Danielle Auldlist, Shelley Lavender, Liz Stinson and Kay Spierings.

In accordance with the *Financial Management Act* 1994, I present this Annual Report for the year ended 30 June 2015.

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

CEO'S REPORT

This was a very positive year for the Nature Parks with significant progress made on major projects and other achievements leading to positive outcomes for Phillip Island's natural environment, wildlife and local community.

The Nature Parks again achieved record visitor numbers. A total of 944,172 visitors attended our paid attractions including our Wild Ocean Eco Boat Tour, a 4.9% increase over 2013-14. A further 317,710 visitors attended the Nobbies Centre (free entry), making a total of 1,261,882 visitors for the year.

This success was driven by record visitation to the Penguin Parade with a total of 607,888 visitors, a 5.6% increase over 2013-14. This is the first time the Penguin Parade has achieved visitation over 600,000 and this is a significant milestone.

International markets represented 58% of overall visitation with an increase of 21% from China and positive growth from key markets including UK, USA, Indonesia, Malaysia and Singapore.

The Nature Parks recently completed economic modelling of its performance for the previous financial year ending June 2014. For the current financial year, the Nature Parks delivered \$402M in economic contributions to the State of Victoria with an estimated 1,753 jobs reliant on the Nature Parks. A total of \$140M in economic contributions was within Bass Coast Shire, with an estimated 826 jobs in the Shire reliant on the Nature Parks.

Revenues for the year increased by 9.3% and overall yield by 6%. This excellent result, together with an ongoing focus on cost management, allowed the Nature Parks to post a strong operating surplus.

This good financial performance supports investment in key capital works and the further protection and restoration of Phillip Island's environment.

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

- 87,589 '3 Parks Pass' tickets were sold. This pass incorporates entry into the Nature Parks' paid attractions and assists with repeat visitation and increased length of visitor stay on Phillip Island, benefiting the Nature Parks, the community and local traders.
- Our strong focus on social media and online strategies continued, including via our website www.penguins.org.au.
- Significant growth in the China market. The Nature Parks has been servicing and investing in the China market for over 17 years. We continued to maintain our own full-time, in-market agent representation (including online, public relations and media agencies) based in Shanghai. We expanded our presence in Beijing and broadened our Shanghai operations to include Guangzhou.
- Recognition of achievement – we won the '2015 Australian Coastal Award' in the category of 'Planning and Management' for the restoration of the Summerland Peninsula. The same project

was also a finalist and given a 'Special Commendation' in the United Nations 'World Environment Day Awards' held in June 2015.

- Sound progress on important research projects. We were proud to partner with Victoria University and the Penguin Foundation to win a \$250,000 grant from Google in its 'Google Impact Challenge' Australia. This funding will allow for the further development of a unique oil cleaning method using magnetic iron particles to remove oil from wildlife, addressing the global need for a safer, faster, more environmentally friendly, humane and portable oil cleaning technology.
- Completion of the 'Churchill Island Conservation Management Plan'. This was a key action in the 'Churchill Island Key Area Plan' finalised in April 2014.
- A major commitment of 3,938 staff hours on extensive environmental works and weed management across the portfolio.
- Maintenance of a strong commitment to our vision of making Phillip Island 'fox free' continued. Our dedicated fox eradication rangers and specialised dogs relentlessly protected Phillip Island wildlife with over 1,727 kilometres patrolled in search of any remaining foxes.
- Completing the penguin population census. Our research team reported that 30,000 breeding penguins live within the Summerland Peninsula.
- Celebrating the second anniversary of the launch of Victoria's first National Surfing Reserve in March 2013. The Phillip Island National Surfing Reserve Community Working Group celebrated its second anniversary with a community surfing challenge event held in April 2015.
- Continuing to be Phillip Island's largest employer and maintaining a strong focus on the learning and professional development of our staff.

This year's outstanding achievements would not have been possible without the passion, dedication and support of the Board, management team, our staff, volunteers, community, sponsors and key stakeholders.

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 world-class management of biodiversity and natural asset protection.

Matthew Jackson
Chief Executive Officer



Annual Report 2014-15

OPERATIONAL REVIEW

FINANCIAL REVIEW

We strive to achieve the balance between providing world-quality ecotourism experiences and environmental excellence.

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

Summary of financial results

The Nature Parks' attractions demonstrated strong growth over the past year. This is represented by an overall increase in visitors of 4.9% and in particular, a 5.6% increase in visitors at the Penguin Parade. This exceptional growth, combined with ongoing cost control measures, resulted in a surplus of \$2.4M.

The Nature Parks' strong cash position over the last three years has enabled us to invest in our future by developing new experiences and undertaking major capital refurbishment works.

Tourism operations

Visitor attractions

Revenue from tourism operations increased by 9.3% on the previous year with 43,979 additional visitors attending the Nature Parks' ticketed attractions. The increase in visitors was predominantly from growth from international markets, in particular China.

Retail operations

The Nature Parks operates retail outlets selling souvenirs, clothing, homewares and accessories in each of its tourism attractions. These retail outlets capitalised on the increase in visitor numbers and achieved revenue growth of 4.8% on the previous year. Retail operations achieved all targets for the year including revenue growth, inventory management, growth in yield and net result. Retail initiatives focused on the introduction of a new attraction at the Nobbies Centre and the development of product in partnership with World Wide Fund for Nature Australia (WWF).

Food and beverage

The Nature Parks operates food and beverage outlets at the Penguin Parade, Koala Conservation Centre and Nobbies Centre. Revenue from these activities achieved growth of 14.2%. Initiatives of our food and beverage outlets focused on improving our capability to deliver catering for events and taking on an additional outlet at Churchill Island in August 2015.

Conservation, research and education programs

During the year the Nature Parks invested \$3.6M into conservation, research and education activities. Grants from government bodies and other organisations provided \$0.2M towards these activities, with the majority of the expenditure being funded from our ongoing tourism operations.

Significant changes in financial position

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

Towards 2015-16

The Nature Parks will continue its focus on planning for the future and ensuring that sound financial practices, efficient operations and strong cash flow controls are in place. This will ensure that we can provide a maximum return from our ecotourism and environmental programs.

The Nature Parks' attractions demonstrated strong growth over the past year. This is represented by an overall increase in visitors of 4.9% and in particular, a 5.6% increase in visitors at the Penguin Parade. This exceptional growth, combined with ongoing cost control measures, resulted in a surplus of \$2.4M.

OPERATING STATEMENT

Comprehensive operating statement for the financial year ended 30 June 2015

| | 2015 30 June \$'000 | 2014 30 June \$'000 | 2013 30 June \$'000 | 2012 30 June \$'000 | 2011 30 June \$'000 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Operating revenue | | | | | |
| Sales revenue | 8,575 | 7,915 | 7,019 | 6,587 | 6,401 |
| Admissions revenue | 13,777 | 12,528 | 10,988 | 9,895 | 9,635 |
| Total operating revenue | 22,352 | 20,443 | 18,007 | 16,482 | 16,036 |
| Other income | | | | | |
| Interest | 306 | 287 | 275 | 321 | 305 |
| Other operating income | 1,865 | 1,392 | 1,961 | 2,118 | 3,209 |
| Total other income | 2,171 | 1,679 | 2,236 | 2,439 | 3,514 |
| Operating expenditure | | | | | |
| Employee benefits | (11,093) | (10,010) | (9,552) | (10,236) | (8,945) |
| Cost of Sales | (3,468) | (3,155) | (2,721) | (2,591) | (2,555) |
| Materials and supplies | (716) | (723) | (794) | (709) | (834) |
| Depreciation | (1,733) | (1,682) | (1,585) | (1,848) | (1,739) |
| Other operating expenses | (5,127) | (4,613) | (4,234) | (4,160) | (4,499) |
| Total operating expenses from continuing activities | (22,137) | (20,183) | (18,886) | (19,544) | (18,572) |
| Net gain/(loss) on non-financial assets | 34 | 31 | 13 | 49 | 8 |
| Total other economic flows included in net result | 34 | 31 | 13 | 49 | 8 |
| Net result for the year | 2,420 | 1,970 | 1,370 | (574) | 986 |
| Increase/(decrease) in Asset Revaluation Reserve | - | (44) | - | - | 19,735 |
| Total comprehensive income for the year | 2,420 | 1,926 | 1,370 | (574) | 20,721 |

A STRATEGIC APPROACH

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

We have outlined a detailed program of planning for the Nature Parks to ensure we can meet our strategic goals and achieve our future Vision. This involves the development of documents at both a strategic and local level.

This year the key planning priorities included the Nature Parks' south and north coast beaches and Churchill Island's heritage. Both of these projects included consultation with key stakeholders and our community as outlined in our 'Strategic Plan 2012-2017'.

| Key Goal | Measure | Result |
|--|---|---|
| Churchill Island | Complete the Conservation Management Plan for Churchill Island. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Key Area Plans | Finalise the 'South and North Coast Key Area Plan'. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Develop a policy framework for proposed changes impacting on public access | Complete Access Policy with Bass Coast Shire Council. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Churchill Island Conservation Management Plan

The 'Churchill Island Key Area Plan' was completed in April 2014. The plan provides a 15-year strategic overview for Churchill Island, detailing a 'big picture' vision that maximises the island's potential, caters for varying user groups and ensures Churchill Island's existing values are upheld. A summary of the plan is available at www.penguins.org.au.

A key action of this plan was to develop a 'Conservation Management Plan'. This document provides a concise record of Churchill Island's history and its historical significance to the State of Victoria and our region. It also establishes principles for managing such a special place by outlining policies for existing assets and new development. The draft plan was completed in June 2015 and the plan is expected to be finalised in August 2015 following input from the local community.

South and North Coast Key Area Plan

Significant consultation was undertaken throughout the year in the development of the 'South and North Coast Key Area Plan'. The plan includes the Nature Parks' beaches along the south coast of Phillip Island from Woolamai to the Summerland Peninsula, and in the north from Ventnor to the Summerland Peninsula.

Completed in October 2014, the high level, strategic planning framework makes recommendations for the management of these coastal areas, including future studies. The 'South and North Coast Key Area Plan' is available at www.penguins.org.au.

Public access

The Nature Parks has worked with Bass Coast Shire Council to establish a policy for closures of public reserves. The policy takes a risk-based approach to the closure of public areas and sets the expectations for public consultation for longer-term closures.

Towards 2015-16

The coming year will be an exciting one for the future vision of the Nature Parks. We will commence the development of the 'Cape Woolamai Foreshore Master Plan' in partnership with Bass Coast Shire Council. This is a key action from the 'South and North Coast Key Area Plan' and will include extensive community consultation.

We will also embark on the development of the 'Woodland and Wetland Key Area Plan' in consultation with the community. This is the final Key Area Plan outlined in the Nature Parks' 'Strategic Plan 2012-2017' and will complete the suite of detailed plans that will guide the future directions of the Nature Parks.

The 'Churchill Island Key Area Plan' was completed in April 2014. The plan provides a 15-year strategic overview for Churchill Island, detailing a 'big picture' vision that maximises the Island's potential, caters for varying user groups and ensures Churchill Island's existing values are upheld.

SUSTAINABILITY

Our commitment to the environmental sustainability of our organisation and improving the natural environment in which we operate is core to our vision and mission.

This year we continued our commitment to energy saving, adopting alternative energy sources and promoting sustainability practices for our visitors and team.

| Key Goal | Measure | Result |
|---|--|---|
| Integrate environmental sustainability principles into our organisation | Implement a solar energy system at the Nature Parks' Environment offices. Combine with energy saving measures to reduce power usage by 70% in the following 12 months. | Partially Achieved <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> |
| Reduce emissions | Reduce carbon emissions across the Nature Parks by 10%. | Not Achieved <input checked="" type="radio"/> <input type="radio"/> <input type="radio"/> |

Solar energy to reduce electricity usage

Since the introduction of a 35-kilowatt solar system at the Koala Conservation Centre in October 2013, we have recorded a 42% reduction in electricity over the 'baseline year' of 2010-11. We have produced 55.0 megawatt-hours of electricity since the installation of this system, which is the equivalent to the planting of 996 trees.

The Nature Parks has also commenced the installation of two new solar systems at the Nature Parks' Environment offices and at Churchill Island Visitor Centre. These systems are expected to produce one third of the electricity requirements at each site and will reduce the Nature Parks' overall electricity consumption by 10%.

Carbon reporting and reduction targets

We continually strive to minimise our impact on the environment by reducing emissions through efficiency programs rather than through the purchase of carbon offsets.

We did not achieve our ambitious target of a 10% reduction in emissions for 2014-15. We continued to strive towards this goal and are pleased to report a 3.3% reduction in emissions despite the significant growth of over 40,000 visitors during the year.

Sustainability in action

The Nature Parks' Sustainability Committee is made up of passionate team members from each area of the organisation. The Committee met regularly to focus on ways to reduce the impact of our operations on the environment and to meet our sustainability targets.

Initiatives developed included energy efficiency and savings, a focus on reducing paper consumption, efficient office procedures and mobile phone and battery recycling programs.

Towards 2015-16

Our commitment to the adoption of renewable energy to meet power reduction targets across the Nature Parks will be our focus in the coming year. We will also continually improve our current operations and incorporate the highest sustainable principles and practices in our new tourism developments.

Since the introduction of a 35-kilowatt solar system at the Koala Conservation Centre in October 2013, we have recorded a 42% reduction in electricity over the 'baseline year' of 2010-11. We have produced 55.0 megawatt-hours of electricity since the installation of this system, which is the equivalent to the planting of 996 trees.

ENVIRONMENT

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

| Key goal | Measure | Result |
|---|---|---|
| Strengthen the protection of natural assets | Continue weed control efforts on the Summerland Peninsula. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Ensure that the former Rhyll transfer station is managed in accordance with the current post closure and rehabilitation monitoring plan 2012. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Prepare and action vegetation and fire plans for Observation Point and Silverleaves. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Facilitate cooperative approaches to island-wide environmental management | Implement the five-year Fox Eradication Strategy endorsed by the Board. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Commission a Koala Management Plan for the management of koalas at the Koala Conservation Centre. | Partially Achieved <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> |
| Contribute to island-wide policy making | Maintain representation on the Bass Coast Shire's 'Domestic Animal Management Plan' development committee. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Protecting natural assets

Summerland Peninsula

The Summerland Peninsula remains an important restoration site for the protection of Phillip Island's little penguin colony and other significant wildlife. The State Government of Victoria has invested significantly in this site through the Summerland Estate Buyback (completed in 2010) and the Summerland Restoration Project (completed in 2013). The Nature Parks continues to prioritise the restoration of the Summerland Peninsula and is proud to have received the 'Australian Coastal Award for Planning and Management' for the entry titled 'Saving Summerland: A Peninsula for the Penguins'.

During the year more than 2,500 plants were planted across the Peninsula and works focused on planting allocasuarina shrubs to assist in slowing the spread of melaleuca. This work was supported by a 'Growing Connections Biosphere Grant' and will continue with the support of the Green Army and other crucial volunteer programs.

Rhyll Transfer Station

The former Rhyll Transfer Station and landfill site is located adjacent to the Western Port Ramsar wetland. The transfer station closed on 30 June 2013 and a post-closure management plan is in place with Bass Coast Shire Council.

The Nature Parks supported Bass Coast Shire Council in the restoration of this site by carrying out planting (12,000 plants), erosion control measures and weed control programs. The Nature Parks will continue to liaise and work with Bass Coast Shire Council to ensure the best environmental outcomes are achieved into the future.

The Nature Parks continues to prioritise the restoration of the Summerland Peninsula and is proud to have received the 'Australian Coastal Award for Planning and Management' for the entry titled 'Saving Summerland: A Peninsula for the Penguins'.

Fire planning and management

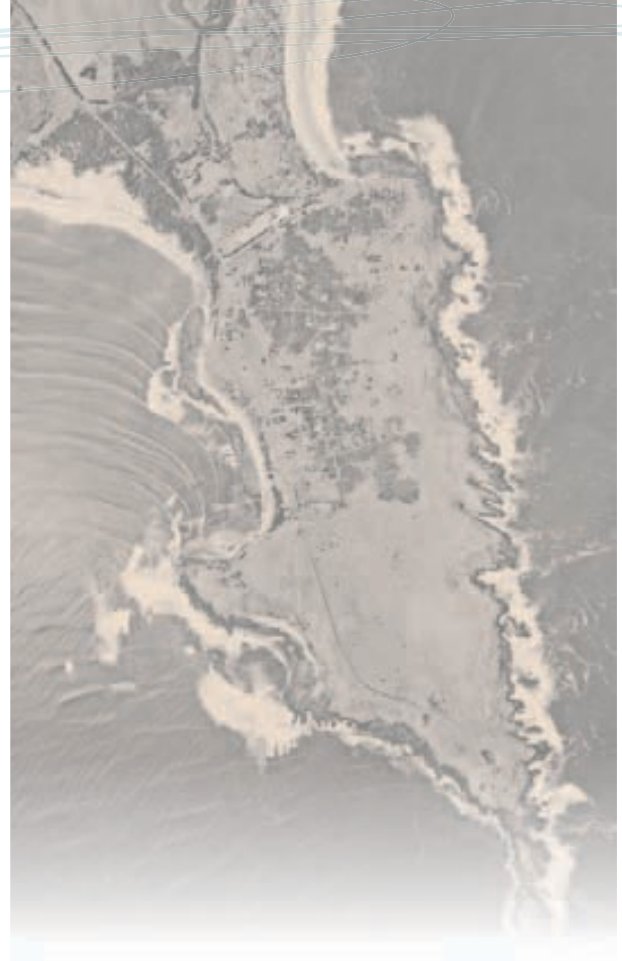
The Nature Parks plays an important role in fire planning and management for the Crown Land under its management. The Nature Parks works in partnership with the CFA, Bass Coast Shire Council and DELWP in undertaking this role. During the year, the following was achieved:

- The Nature Parks' three-year 'Fire Operations Plan' was approved in consultation with key stakeholders. This plan guides all Nature Parks' fire activities throughout this period.
- Planned ecological burns were conducted at the Koala Conservation Centre and Berrys Beach on the south coast.
- Significant fuel reduction work and fire protection measures were implemented at the Koala Conservation Centre to improve safety for visitors and staff.
- The 'Rhyll Inlet Vegetation Management Plan' was completed and includes a fire management component for the area.
- A total of 11 camp/beach fire reports were responded to by our rangers during the summer months.
- All fire tracks and fuel breaks were mapped to ensure maintenance programs are conducted to DELWP standards.

Park-wide habitat restoration

Habitat restoration is an important part of the Nature Parks' conservation work and is achieved with the ongoing support of local community groups, volunteers, school groups and external funding partners. This year the Nature Parks achieved:

- A total of 3,938 hours spent on weed control, compared with 3,688 in the previous year. Works focused on the control of gorse and other woody weeds along the Island's south coast. We also achieved a reduction in woody weeds such as boxthorn, apple of sodom, inkweed and cape weed at Cape Woolamai. Control of kikuyu continued.
- We supported revegetation activities with the Surf Beach Sunderland Bay Coastcare Group.
- We continued habitat restoration at 'Fisher's Wetland' at the gateway to Churchill Island assisted by San Remo Primary School students and National Australia Bank volunteers.
- Pest plant and animal control continued along Phillip Island's north-east coast utilising funding from the Port Phillip and Western Port Catchment Management Authority. This is a wetland of international significance under the Ramsar Convention.
- Habitat restoration projects were conducted within the Nature Parks at Berrys Beach, Five Ways Reserve, Oswin Roberts Reserve, Conservation Hill and Scenic Estate.



Island-wide environmental management SPECIAL SPECIES

Hooded Plovers

At the end of the 2014-15 breeding season there were 28 hooded plover nests across Phillip Island. Throughout the season, there were 70 eggs producing 23 chicks of which 12 successfully fledged. This is our most successful breeding season in 23 years of monitoring.

Crested Terns

Nature Parks staff assisted the Victorian Wader Study Group with banding Crested Tern chicks at the Nobbies. The colony size was positive with over 4,000 pairs recorded.

FERAL ANIMALS

Fox control

In 2014 we increased our investment in fox eradication with the introduction of two fox detection dogs, Sam and Jazz, along with an additional full time staff member. The new team had many successes including:

- The fox detection dogs covered 1,727km since their introduction in 2014. The pair played a crucial role in the detection and elimination of an adult male fox on Phillip Island's northern coastline.
- Island-wide baiting and spotlighting continued across Phillip Island with localised trapping programs in response to evidence received such as infrared photos and paw prints being found.

The Nature Parks asks for any fox sightings on Phillip Island to be reported immediately, 24 hours a day on 0419 369 365.

Feral cats

Our ongoing feral cat control program resulted in 141 feral and roaming cats being removed from the Phillip Island environment during the year. Any domestic cats trapped were provided to Bass Coast Shire Council.

The Nature Parks encourages responsible cat ownership by advocating for cats to be de-sexed and the implementation of a night curfew.

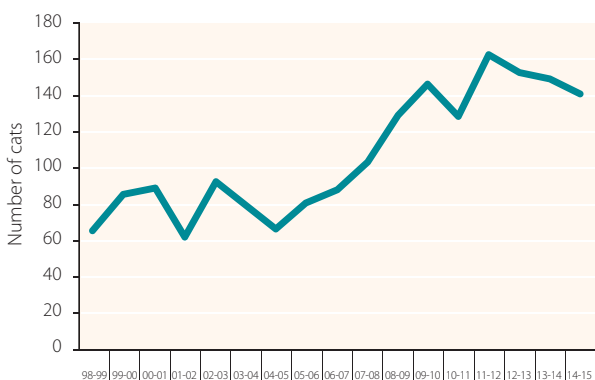


Figure 1 - Annual numbers of cats removed from the Nature Parks since 1998.

Rabbits

The Nature Parks partnered with Bass Coast Landcare Network and Bass Coast Shire Council to form a 'Rabbit Working Group' to develop a strategy to coordinate rabbit monitoring and control efforts.

During the year, rabbit control was undertaken at various sites including Fishers Wetland, Summerland Peninsula, Forrest Caves and Surf Beach.

Koala management

The koala colony at the Koala Conservation Centre faces some significant challenges and the Nature Parks is committed to working with key stakeholders to develop a strategy for the management of the population into the future. The development of the strategy commenced during the year and will continue in the coming year with the involvement of koala experts and key stakeholders.

- There were 26 koalas in the Koala Conservation Centre this year.
- A range of fire protection measures were implemented including the installation of a sprinkler system to protect the boardwalks and visitor centre along with koala refuge areas and safe exits for visitors.
- The estimated wild population of koalas on Phillip Island remains between 40 and 50 koalas.



Wildlife rehabilitation

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

This year, the Wildlife Rehabilitation Centre has cared for:

- 134 little penguins (96 in 2013-14). Malnourishment, abrasions, cuts, broken and damaged limbs continue to be the primary cause for care.
- 334 (356 in 2013-14) animals other than penguins were treated. This includes animals from 52 different species and is more than double the long-term average of 170.

The annual 'Short-tailed Shearwater Rescue Program' resulted in 365 fledgling birds rescued from the roads around Phillip Island and San Remo and being relocated to safer areas.

Wildlife rehabilitation rangers responded to 681 (658 in 2013-14) wildlife rescue calls and provided advice to the public and other wildlife carers.

We maintained our partnership with Wildlife Victoria who responded to all after-hours wildlife rescues to ensure the availability of a 24-hour response for injured wildlife on Phillip Island.

Towards 2015-16

We are looking forward to another year of positive outcomes for Phillip Island's environment and wildlife. Along with our ongoing habitat restoration and wildlife protection programs, major projects will include the commencement of long-term revegetation trials to rehabilitate short-tailed shearwater habitat on Cape Woolamai, developing our 'Fire Management Plan 2015 – 2020', implementing the 'Rhyll Inlet Signage Strategy' to raise awareness of the special values of the area and continuing to strive for total fox eradication on Phillip Island.

RESEARCH

Our world-renowned research provides evidence-based information to guide wildlife management programs. Credibility is achieved through publication in peer-reviewed journals and collaborations with a range of universities and research institutes 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 penguins in 2014-15. | Achieved ○ ○ ● |
| | Examine the effects of climate change on penguin survival and breeding. | Achieved ○ ○ ● |
| | Refine the oiled-bird magnetic cleaning process. | Achieved ○ ○ ● |
| | Conduct research-led management of Phillip Island's short-tailed shearwaters. | Achieved ○ ○ ● |
| | Continue monitoring both Australian and long-nosed fur seal populations. | Achieved ○ ○ ● |
| Raise the capacity and profile of research | Source funding for the advancement of the magnetic particle wand. | Achieved ○ ○ ● |
| | Produce more than 15 scientific papers in international peer-reviewed journals. | Achieved ○ ○ ● |
| | Supervise at least 10 honours and post-graduate students. | Achieved ○ ○ ● |
| | Deliver 15 research publications and 10 media interviews. | Achieved ○ ○ ● |

World-class research

Protecting little penguins

Research at the Summerland Peninsula penguin colony has been carried out since 1968 making it Australia's longest-running intensive study of a breeding seabird.

In 2014-15, the average daily number of penguins crossing the beach at the Penguin Parade (969) was higher than the long term average of 850 for the fifth year in a row.

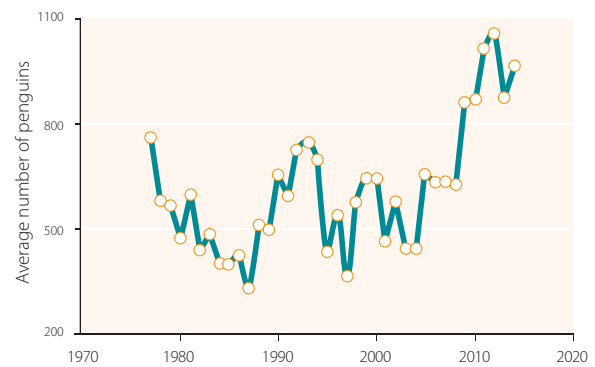


Figure 2. Average number of penguins crossing the Penguin Parade beach each night, July 1977 – June 2015

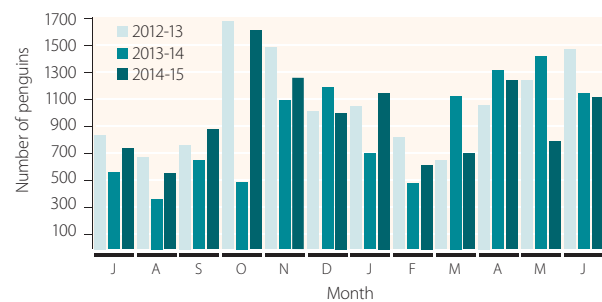


Figure 3. Monthly mean numbers of penguins crossing the Penguin Parade beach each night 2014-15.



The seasonal pattern of penguin attendance remained relatively stable between months over the past three years and reflected breeding and moulting activity, as shown in Figure 3.

Breeding success was examined at six sites around the Summerland Peninsula and the result of 1.16 chicks fledging per pair was well above the long-term average of 0.96. The recorded weights of adult birds were also high through much of the year indicating availability of a good food supply (Figure 4).

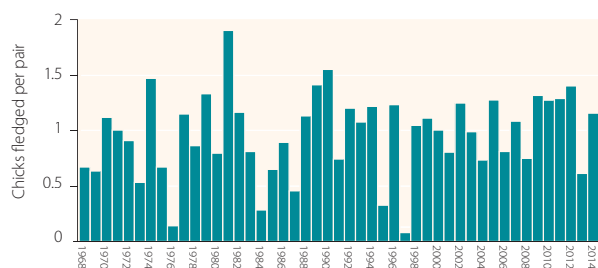


Figure 4. Annual breeding success, measured in terms of chicks raised per pair of penguins between July 1968 and June 2015.

Marine foraging ecology

Penguin feeding hotspots

A \$193,000 grant was received for an Australian Research Council project to study penguin foraging hotspots at Phillip Island. The project undertaken in collaboration with Monash University, Deakin University, Australian Antarctic Division, the French Research Council, CSIRO Marine Labs and Ecopath Europe involves two PhD projects and employs one field assistant. Project findings will directly benefit the conservation and management of Phillip Island penguins at sea.

International excellence

Penguin research

During the year the research team:

- Produced 33 publications in peer-reviewed journals (the majority international) and gave more than 18 presentations at Australian and international forums along with widespread media coverage of achievements. (A full list is provided in the Appendices on page 71).
- Supervised 16 honours and PhD students including two PhDs and four honours completed.
- Was awarded three major grants including two prestigious international research grants.
- Maintained a large network of international collaborations.

Magnetic particle research

Major advances were made in the development of magnetic particle technology for cleaning oiled wildlife with our partners at Victoria University and the Penguin Foundation:

- Funding was secured from Google for a three-year program to optimise the technology and prepare it for use in the field.
- Five presentations were given at the 'Effects of Oil on Wildlife' conference in Alaska to launch the Google project.
- A PhD was completed at Victoria University on the use of pre-conditioners in cleaning oiled wildlife.

Wallaby population research

The first 12 months of a research program into wallabies on Phillip Island was completed. The project aims to investigate movement and ecology of wallabies across the landscape, the influence of browsing on vegetation communities and social dimensions of abundant species. Results will help us to better understand wallaby population distribution and abundance across Phillip Island.

In 2014-15, the average daily number of penguins crossing the beach at the Penguin Parade (969) was higher than the long term average of 850 for the fifth year in a row.



Research-led management of short-tailed shearwaters

- A study funded by the European Union into the effects of lights on shearwaters (and penguins) commenced.
- A paper on the long-term project of looking at ways of reducing mortality of shearwaters caused by lighting on Phillip Island was published.
- A study for a long-term monitoring project on shearwaters on Summerland Peninsula was established.
- The study of trans-equatorial movements of shearwaters using geolocators continued. This project is in partnership with the Victorian Ornithological Research Group.

Australian and long-nosed (New Zealand) fur seals

- A total of 17 of the 22 Australian fur seals found with marine debris entanglements on Seal Rocks had the entanglements successfully removed.
- The diet of the Australian fur seal from 1997-2015 is being analysed by a Masters student at Macquarie University.
- The Australian and long-nosed fur seal population census was completed for south-eastern Australia in 2013-14. Pup numbers were estimated at Seal Rocks, Cape Bridgewater and The Skerries. Numbers of Australian fur seal pups were generally higher compared to the 2013-14 estimates (4,734 at Seal Rocks, 2,261 at The Skerries and 128 at Cape Bridgewater).

Towards 2015-16

Our research program for 2015-16 will focus on emerging issues for little penguins revealed by recent research. These include egg predation by little ravens, the expansion of long-nosed fur seals into Bass Strait and the potential consequent reduction in penguin survival. Climate change impacts on penguins and mitigation options and pollution will also remain an important focus.

We will continue our world-renowned studies on little penguin breeding, foraging and survival. We look forward to completing the optimisation of magnetic particle technology for field use and developing a global network for implementation of field trials.

We will also undertake an exciting translocation project to establish a breeding population of the threatened Eastern-Barred Bandicoot on Churchill Island.



TOURISM

Providing quality opportunities for visitors to experience the Nature Parks’ special places and wildlife in their natural habitat is central to our goals.

| Key Goal | Measure | Result |
|--|--|---|
| Maintain visitor numbers | Achieve visitor numbers across all paid attractions of 869,920. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Launch a new Boat Tour experience in partnership with the private sector. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Extend immersive nature-based experiences | Continue the redevelopment of the Nobbies Centre in partnership with World Wide Fund for Nature Australia (WWF). | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Complete the feasibility for improvements to the ‘Penguin Plus’ experience at the Penguin Parade. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Strengthen the planning and delivery of interpretation | Maximise the Nature Parks’ opportunities to host corporate and incentive groups by improving product offering and increasing sales effort. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Record visitor numbers across all attractions

| Visitation | 2014-15 | 2013-14 |
|---------------------------|------------------|------------------|
| Penguin Parade | 607,888 | 575,476 |
| Churchill Island | 130,294 | 128,618 |
| Koala Conservation Centre | 202,107 | 196,099 |
| Nobbies Centre | 317,710 | 323,864 |
| Wild Ocean Eco Boat Tour | 3,883 | 0 |
| TOTAL | 1,261,882 | 1,224,057 |

This was another record year. We welcomed a total of 1,261,882 visitors across all attractions - an increase of 3.1% from last year.

This impressive result was made up of 58% international and 42% domestic visitors. The overall increase is mainly attributed to the Asian markets and incentive groups.

Visitation across the Nature Parks

The dominant growth this year was experienced at the Penguin Parade, with an increase in visitor numbers of 5.6%. This was predominantly due to the growth in China and other Asian markets.

Chinese visitors to the Penguin Parade increased by 21.3%, which exceeded the growth of 15.3% of Chinese visitors into Victoria (source: Tourism Victoria). We attribute this success to the extension of our sales representation in China and our promotional activity for the winter period (July-August) and Chinese New Year.

International visitors remained our largest demographic and we are pleased that domestic visitor numbers remained consistent with the previous year across all sites. The Koala Conservation Centre and Churchill Island experienced growth in visitor numbers of 3.1% and 1.3% respectively. Growth at both sites was also attributed to the China market.

We sold a total of 87,589 ‘3 Parks Passes’. This pass incorporates discounted entry into our three main visitor attractions and extends visitor stay.

Nature Parks in the news

A key part of our strategy is to raise awareness of the Nature Parks in the media. This year we achieved impressive media coverage with a total reach of over \$10M in value and \$100M in circulation.

New, immersive nature-based experiences

Wild Oceans Eco Boat Tour

The launch of our new Eco Boat Tour in December 2014 was a significant achievement. This new experience was developed in partnership with local operator 'Wildlife Coast Cruises' and is aimed at providing an immersive wilderness experience that connects our visitors to our marine conservation work. During the seven months of operation, this tour has experienced strong growth and continues to be a marketing focus for 2015-16.

Antarctic Journey, Nobbies Ocean Discovery

The Nobbies Centre is in the process of being transformed. In partnership with World Wide Fund for Nature Australia (WWF), we are working to develop an innovative, multi-sensory experience that will take our visitors through their own Antarctic Journey. Our team has been working on the content and construction works since the project was announced in March 2014. The new experience is on schedule for opening in December 2015.

New-look Penguins Plus

After extensive communications with our tourism operators, the redevelopment of this key penguin viewing area at the Penguin Parade commenced in May. This is a significant investment that will ensure that our number one attraction remains dynamic and relevant for our visitors.

Online initiatives

Continuous attention, innovation and improvement in our online presence remained a key focus.

- The Nature Parks implemented a program through the 'Google Impact Challenge'. We successfully raised \$250,000 for the Penguin Foundation to further develop the Magnetic Particle Technology that will dramatically improve the survival of oiled wildlife across the world. The Google Impact Challenge Australia is a grant program for Australian charities developing technologies to tackle global problems and transform lives.
- Our new, free 'Penguin Parade App' was downloaded by over 50,000 people across the world.

Strengthening interpretation

- During the year we hosted an incentive group of over 4,000 visitors from Tupperware Indonesia as well as a number of smaller corporate events. We focused on packaging our experiences to specifically target these markets and improve our capability to deliver these events. This enabled us to exceed our target of 5,000 visitors from international corporate incentive groups. Over 7,000 visitors from corporate incentive groups in total were recorded including from Tupperware Indonesia, Voltas India, Hyundai India, PepsiCo India, Kuala Lumpur University, International American Universities and more.
- We furthered our commitment to our Indigenous community with the launch of our new 'Aboriginal Heritage Tour' at the Penguin Parade. Prepared in consultation with local Indigenous community representatives, a portion of ticket sales goes back into the local Indigenous community.

Towards 2015-16

The next year will be an exciting one for the Nature Parks and its future position in the highly competitive tourism industry. We will launch a number of new tourism experiences to visitors in our key target markets at both the Penguin Parade and Nobbies Centre. We will continue to promote our Wild Oceans Eco Boat Tour and maintain our commitment to our key visitor markets.

Chinese visitors to the Penguin Parade increased by 21.3%, which exceeded the growth of 15.3% of Chinese visitors into Victoria (source: Tourism Victoria). We are pleased that domestic visitor numbers remained consistent with the previous year across all sites.

EDUCATION

Our education programs allow students and visitors to discover and explore Phillip Island’s natural wonders through a range of dynamic programs.

Our experienced and passionate Education team aims to promote a sense of stewardship for the natural environment in every visitor. We deliver nature-based experiences for our visitors, the community and student groups, including primary, secondary, VCE, tertiary and international students.

| Key goal | Measure | Result |
|---|---|---|
| Immerse students in holistic, thematic and conservation-based experiences | Increase the delivery of appropriate high-yield, immersive school experiences. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Increase community engagement | Provide opportunities for community to engage in conservation activities. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Provide opportunities for staff and students to connect to the environment | Provide staff training and increase student work experience opportunities. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Increase environmental awareness with the launch of the Wild Oceans Eco Boat Tour | Ensure the Wild Oceans Eco Boat Tour achieves environmental awareness through engaging interpretations. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Review interpretation and signage across the Nature Parks | Liaise and assist with interpretation signage. | Partially Achieved <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> |
| Facilitate online teaching and learning | Develop online teaching and learning resources. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Immersive conservation experiences

Providing engaging interpretation and curriculum-based activities ensures that our Education team is a leader in the field of nature-based, eco-accredited experiences.

- A total of 30,675 school students visited the Nature Parks, with 19,859 students attending the Penguin Parade.
- We delivered face-to-face education tours to over 19,672 students – a 9.3% increase on the previous year. The increase is a reflection of a steady growth in ranger talks across our three visitor attractions and also in VCE ranger talks. We are also pleased to report an increase in the number of international student groups.
- We successfully implemented a ‘Hooded Plover Unit’ for VCE students.

Community programs

- Throughout 2014-15 we delivered park-wide community holiday programs and hosted 35 visitors at Churchill Island for the ‘Dads ‘n’ Kids’ and ‘Dads ‘n’ Daughters’ camping experiences.
- We participated in World Environment Day, Sustainability Festival, Newhaven Careers Expo and Shearwater Festival and facilitated the annual Community Open Day.
- Education staff presented at geography and science conferences in Melbourne.

Connecting to the environment

- Our intensive work experience program provided 19 students with an invaluable insight into research, conservation and education.
- We continued to provide training by hosting 39 staff at a penguin information session along with 36 staff at an overall information session.

A total of 30,675 school students visited the Nature Parks, with 19,859 students attending the Penguin Parade. We delivered face-to-face education tours to over 19,672 students – a 9.3% increase on the previous year.

Grants

- Our award-winning Coastal Ambassadors Camp was a greater success than the previous year. A total of 80 grade 5 and 6 student leaders completed the junior program and 42 year 9 students completed the senior program.
- We planned and delivered a program on 'Biodiversity' through the Norman Wetherall Foundation. This engaged 188 students at four local schools.
- We produced a book titled 'Little Penguins' with funding from ExxonMobil. Together with a teaching and learning resource, this will provide a valuable education tool for Victorian kindergartens and primary schools.

Eco Boat Tour

The launch of the 'Wild Oceans Eco Boat Tours' in December 2014 has provided 3,883 visitors with the spectacular experience of viewing wildlife including Australian fur seals in their natural environment with a ranger guide.

Online teaching and learning

Throughout 2014-15 we continued to improve our online teaching and learning resources and followed the AusVELS curriculum rollout by ensuring all of our teacher resources were up to date on the Nature Parks' website via www.penguins.org.au.

Towards 2015-16

The coming year will focus on the Nature Parks' exciting new tourism experiences. We will finalise resources for the World Wide Fund for Nature Australia (WWF) 'Antarctic Journey' experience along with the new 'Penguins Plus' viewing platform at the Penguin Parade.

A review of all environmental education tours to ensure that consistent themes and messages are effectively communicated will form a priority. This will include interpretive delivery on the 'Wild Oceans Eco Boat Tour'.

We will maintain our relationships with the Boon Wurrung Foundation and continue to increase cultural awareness. Engaging with community and further investigation into schools and outreach programs will provide exciting opportunities. A park-wide interpretation plan will continue to be developed.



OUR COMMUNITY AND VOLUNTEERS

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

| Key goal | Measure | Result |
|--|--|---|
| Increase the frequency and depth of communication with the local community | Continue to publish key Annual Report outcomes in local newspapers each financial year. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Continue to conduct bi-monthly Community and Environment Advisory Committee meetings. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Support the National Surfing Reserve Working Group. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Increase community participation, visitation and involvement | Hold the fifth Community Open Day. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Strengthen connections with the Aboriginal Community | Complete all actions in the Nature Parks' 'Reconciliation Action Plan 2012-2014' that are targeted for completion in the 2014-15 financial year. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Informing our community

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

A 'Community News' section to inform the community was maintained within the Nature Parks' website

www.penguins.org.au.

Involving our community

This year over 6,272 volunteer hours (784 days) were spent at the Nature Parks. This included individuals and groups from the community along with corporate groups. Activities included monitoring wildlife populations, wildlife rescue and rehabilitation, assisting with visitors at 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 fifth annual Community Open Day held on the first Sunday in March was again a great success. Over 2,000 local community members gained free entry to Nature Parks attractions and activities throughout the day. The day is developed and implemented by a working group consisting of Nature Parks and local community group representatives.

Phillip Island National Surfing Reserve

Victoria's first and only National Surfing Reserve was formally declared in March 2013. This marked the result of over 18 months of work by a community committee, in consultation with the Nature Parks. The community working group met regularly throughout the year to continue to promote the Reserve and surfing culture on Phillip Island. Achievements include:

- The Reserve was awarded Finalist in the 2014 Victorian Coastal Award for Excellence in the highly competitive 'Community Action and Partnerships' category in September.
- A second 'Surfing Tag Team Challenge' was held in early April to celebrate the second anniversary of the declaration of the Reserve.
- The group developed and printed a brochure about the Reserve and how to care for and protect these sensitive coastal areas.

More information can be found at www.surfingreserves.org and on the Reserve's own Facebook page.

Community inclusiveness and support

Reconciliation

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

Our commitment to reconciliation is demonstrated by the development of a 'Reconciliation Action Plan' (RAP) in conjunction with Reconciliation Australia. Our RAP 2012-14 identifies actions, timelines and measurable targets that will help our organisation achieve a closer connection with the Traditional Owners of the land we care for, as well as the wider local and national community of First Australians.

This year, we acquitted our first RAP (2012-14) and developed our second RAP (2015-2018) for approval by Reconciliation Australia. The new RAP was developed by the Nature Parks' RAP Working Group and was approved by the Board in May 2015.

Our first RAP has enriched us as an organisation. Working towards clear goals as defined in the plan has initiated a cultural change within the organisation centred around the pillars of Relationships, Respect and Opportunities.

Key achievements include:

- Raising the profile of local Aboriginal culture and heritage through the introduction of interpretive signage and multimedia content, the introduction of an Aboriginal Heritage Tour and an increase in Aboriginal retail product lines that benefit Aboriginal communities.
- We are a proud supporter of the annual 'Biyadin' Shearwater Festival – an event that has brought the Nature Parks, local community and Traditional Owners together to celebrate culture and environmental connections.
- Our annual Community Open Day and participation in National Reconciliation Week further celebrates our Aboriginal culture.
- For the past two years, we have employed an Aboriginal trainee in our Environment team with the support of AFL Sports Ready. Upon completion of the program the trainee was offered further ongoing employment as a qualified ranger.
- We received Respect Our Culture (ROC) Certification for the organisation.
- We hosted an Aboriginal ranger from Martu Country in Western Australia.



Cultural diversity

58% of visitors to the Nature Parks are from overseas and we cater for these groups with publications, iPhone apps and audio information in up to six languages. Our signage uses international symbols and we acknowledge cultural celebrations and beliefs such as Chinese New Year and various religious observances. We are an equal opportunity employer.

Young people

We support young people by providing age-specific and targeted information and programs. We also encourage opportunities for the employment of young local people.

Towards 2015-16

We will continue our commitment to deepening our connection with our community through ongoing communications and consultation, the ongoing implementation of our second RAP 2015-2018, running our sixth Community Open Day, supporting the Biyadin Shearwater Festival and Phillip Island National Surfing Reserve community working group.

This year over 6,272 volunteer hours (784 days) were spent in the Nature Parks. Activities included monitoring wildlife populations, wildlife rescue and rehabilitation, habitat restoration, wildlife rescue and more.

OUR TEAM

To deliver our vision for the future, we need to ensure our organisation is educated, skilled and confident.

The Nature Parks is Phillip Island's largest employer. Our team holds shared values which, underpin our actions, behaviour and outcomes. We work together and share ideas, responsibility and achievement.

Our diverse team is made up of a range of disciplines including environmental and conservation management, research, education, visitor services, marketing, food and beverage, retail, administration and facilities management.

We need to establish the structures and processes which will continue to support our staff and underpin our activities in the years to come.

| Goal | Measure | Result |
|---------------------------------------|--|---|
| Plan our workforce | Complete 'Management Succession Plans' for each department. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Implement a learning and development strategy for individuals identified as appropriate successors for management positions. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Maintain a 'Learning and Development Plan' across the organisation. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Build a strong organisational culture | Staff survey conducted and results analysed. Improvement plan developed and actions completed. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| Occupational health and safety | Conduct at least 20 proactive safety audits across the Nature Parks with at least 10 high-risk activities. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |
| | Reduce existing lost time injuries by 50% compared to 2013-14. | Achieved <input type="radio"/> <input type="radio"/> <input checked="" type="radio"/> |

Workforce data

| Staff | 2014-15 | 2013-14 |
|--------------------|---------|---------|
| Executive officers | 6 | 6 |
| Senior managers | 4 | 5 |
| Supervisors | 16 | 11 |
| Administration | 19 | 19 |
| Commercial | 132 | 120 |
| Field | 50 | 52 |
| Total | 227 | 213 |
| Male | 84 | 82 |
| Female | 143 | 131 |

Workforce planning

Management succession

Succession planning was reviewed for each department with plans in place to support employees in their career development and secure the future leadership of the organisation.

Learning and development

Throughout the year, we maintained a strong focus on the learning and professional development of our staff. Specific attention was given to individual learning needs addressing identified gaps.

- 'Code of Conduct' and 'Behaviours Training' was delivered to all staff to refresh their knowledge and responsibilities. This training highlighted equal opportunity, fairness and equity, bullying and harassment.
- We undertook leadership development to allow our managers and supervisors to work confidently with their teams. Leadership development in Board reporting and compliance and risk management improves our capability for business success. It is this development which will support ongoing effective management of our workforce.
- Increasing our skills for managing our visitors was achieved through the delivery of a significant visitor experience and customer service program, focused on interpretation, service and presentation.

Strong organisational culture

Staff survey

Our strong culture is the result of managers and staff working together within our values structure.

A staff survey of the whole organisation was undertaken in April 2014 with results being provided to the Board in September 2014. It reported positive indicators of a healthy organisational culture.

The survey participation rate of 62% continues to demonstrate a staff willingness to support improvement and feedback. The survey provides an opportunity to celebrate our successes as a team as well as focus on continual improvement.

Staff recognition

The implementation of a staff ideas forum has strengthened our capacity to work across boundaries along with other ongoing initiatives such as our 'Leading Light' program for recognising exceptional behaviour and participation. Our improved induction program will assist in maintaining our culture.

Occupational Health and Safety

Occupational Health and Safety (OH&S) is a key priority for our organisation.

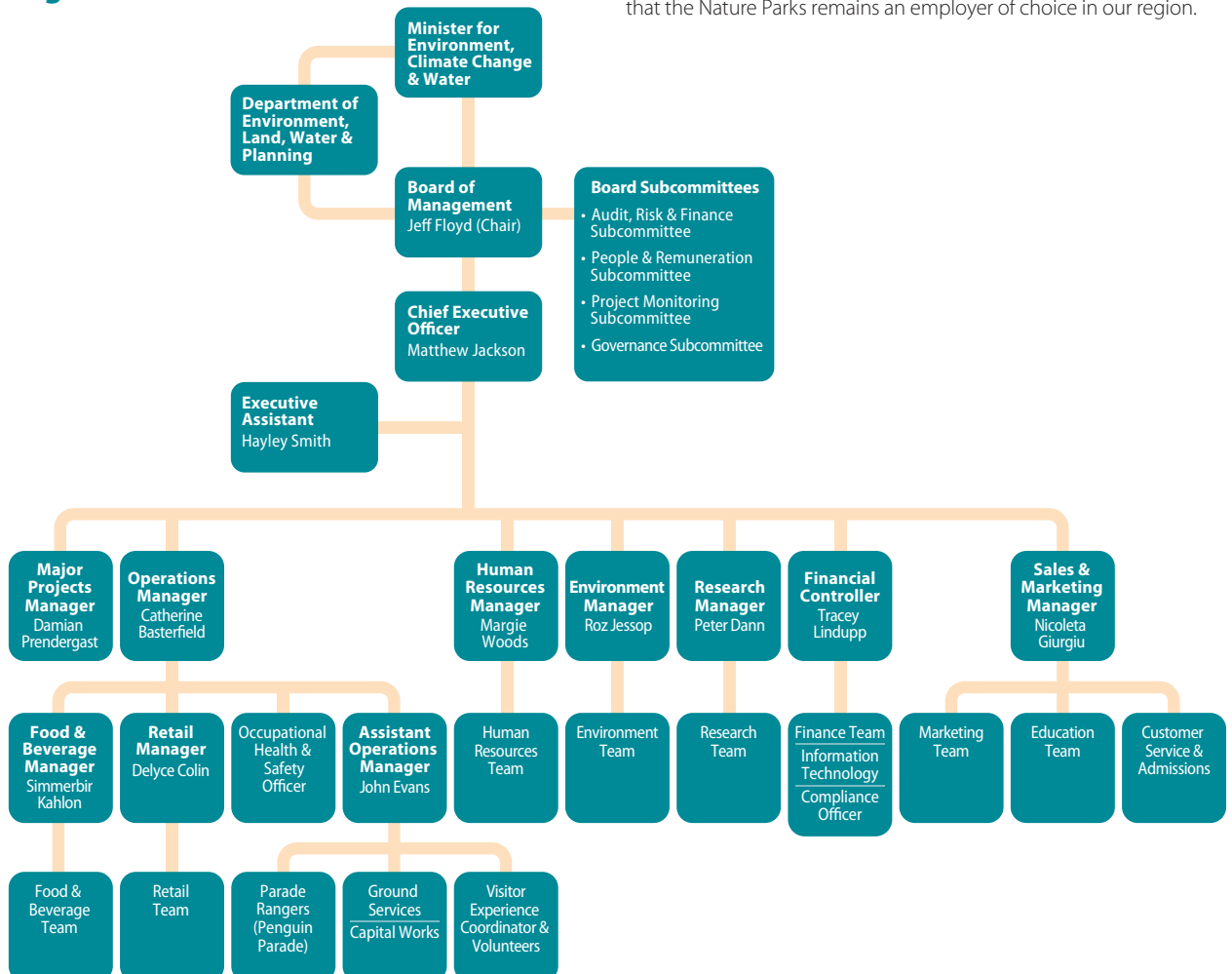
- The Nature Parks continues to demonstrate its commitment and positive approach to health and safety through the OH&S Committee where representatives from all departments and levels of the organisation meet on a monthly basis to assess and improve health and safety throughout the Nature Parks.

- We undertook significant safety audits and reviews of the Nature Parks' Safety Management System policies and procedures.
- We seek to promote a proactive culture of safety awareness and encourage all staff to report hazards and near misses as well as incidents. Total incident reports increased by 3.5% from the previous year, partially as a result of an improved reporting culture by our staff and partially as a result of an increase of over 40,000 in overall visitation. Incidents as a percentage of visitors have decreased during the period. Lost time for injuries (LTI) sustained in the workplace was 53.2% lower than for 2013-14.
- Throughout the year, training was a priority to achieve our health and safety targets. Significant programs were delivered across our team to further develop key skills. This included tree felling, working at heights, first aid and anaphylaxis and asthma management, traffic management, 4WD recovery and food safety.

Towards 2015-16

In the coming year, our focus will remain on ensuring that our team is well trained and skilled to embrace the challenge of implementing new tourism experiences. We will continue our commitment to building a strong organisational culture to ensure that the Nature Parks remains an employer of choice in our region.

Nature Parks Organisational Structure



GOVERNANCE

Phillip Island Nature Park Board of Management Inc (known as Phillip Island Nature Parks) 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*.

Manner of establishment and relevant Minister

The Nature Parks is governed by a Board of Management established under the *Crown Land (Reserves) Act 1978*. The responsible Ministers during the 2014-15 reporting period were:

- the Hon Ryan Smith MP, Minister for Environment and Climate Change for the period from 1 July 2014 to 3 December 2014; and
- the Hon Lisa Neville MP, Minister for Environment, Climate Change and Water for the period from 4 December 2014 to 30 June 2015.

Our board

Objectives, functions, powers and duties

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

Board member attendance

Our Board met eight times this year.

| | Total | |
|---------------------|-------|-------------------------|
| JEFF FLOYD | 8 / 8 | |
| STELLA AXARLIS | 8 / 8 | Retired 4th Sep. 2015 |
| DR CATHERIN BULL | 7 / 8 | Retired 4th Sep. 2015 |
| ALAN GOSTELOW | 7 / 8 | Retired 4th Sep. 2015 |
| ANDREW PAXTON | 8 / 8 | |
| STEPHEN DAVIE | 8 / 8 | |
| KEVIN LOVE | 8 / 8 | |
| DR DANIELLE AULDIST | 0 / 0 | Appointed 5th Sep. 2015 |
| SHELLEY LAVENDER | 0 / 0 | Appointed 5th Sep. 2015 |
| LIZ STINSON | 0 / 0 | Appointed 5th Sep. 2015 |
| KAY SPIERINGS | 0 / 0 | Appointed 5th Sep. 2015 |

Notes: There were no Board meetings in July, September, January or April.

Our Board members

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

Stella Axarlis AM, an internationally acclaimed dramatic soprano, has extensive board and business experience and is a strong advocate for the community. Stella consults on organisational excellence underpinned by good governance. In November 2011 Stella was awarded the national inaugural pre-eminent Lifetime Achievement Award for Vocational Education and Training. In 2013, Stella was appointed chair of CitiOpera and successfully directed Verdi's *Otello*, and Mascagni's *Cavalleria Rusticana*.
Retired as Board member 4 September 2015.

Dr Catherin Bull AM MAICD FAILA brings specialist expertise in landscape planning and architecture to the Board, with a focus on environmental tourism. She is Emeritus Professor of Landscape Architecture at the University of Melbourne and, as a researcher on and advocate for development and spatial management that better addresses contemporary challenges, she advises governments and industry nationally on urban and open space planning and design, including chairing reviews and serving on juries.
Retired as Board member 4 September 2015.

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

Stephen Davie is a practising Chartered Accountant on Phillip Island and has extensive governance, community leadership and commercial tourism experience. He is an Executive Board member of the Phillip Island RSL. He has previously been involved in establishing the Cowes Coast Action Group and was Treasurer of Phillip Island Tourism and Business Association for over 10 years. He has expertise in fostering collaborative community relationships that contribute to a sustainable environment.

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

Retired as Board member 4 September 2015.

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

In late 2002 he moved to the Department of Sustainability and Environment as Deputy Secretary, and led significant institutional and organisational reform. He had responsibility for the State's public land estate and assets and established himself as a national leader in natural resource management policy.

Dr Danielle Auldist brings experience in project management, science and governance. As CEO of a Gippsland not-for-profit organisation, she oversaw the delivery of its strategic plan for many years. Its investments included projects that addressed extension, research and capacity building issues including environmental stewardship. Her experience in management is complemented by an agricultural science background and project development skills. Currently she works with a consultancy group conducting assignments for water catchment authorities, local and state governments and primary producers.

Appointed as Board member 5 September 2015.

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

Shelley now works with Conservation Volunteers as a Lead Auditor of tourism operators which have Ecotourism certification. This gives her a unique perspective of the challenges facing the industry and an understanding of the need to balance tourism growth with environmental and community issues. As a resident of San Remo, she is very familiar with the service provided by the Nature Parks at ground level and is keen to assist with its development.

Appointed as Board member 5 September 2015.

Liz Stinson brings many years' experience at operational and management levels in teaching, community services and environmental education in Canada and Australia, and more recently in international business development in Australian universities, to her role on the Board. Currently the Executive Director, International at La Trobe University, Liz holds postgraduate qualifications in zoology, educational leadership and business administration, and is a Graduate Member of the Australian Institute of Company Directors. In addition to her new responsibilities with the Philip Island Nature Parks Board, Liz's other board commitments include her local branch of the Bendigo Community Bank, and Community Housing (Victoria) Ltd.

Appointed as Board member 5 September 2015.

Kay Spierings is an experienced company director with extensive business management and corporate administration experience specifically in the areas of strategy, national competition policy, organisational governance, policy formulation and business and financial management and administration. She is a primary producer with a keen interest in natural resource management, environment and sustainable agriculture. Kay is a Certified Practising Accountant (CPA) and Graduate of the Australian Institute of Company Directors (GAICD).

Appointed as Board member 5 September 2015.

Board committees

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

Audit, Risk and Finance Subcommittee

Stephen Davie – Chair
 Alan Gostelow
 Jeff Floyd
 Stella Axarlis
 Helen Adair (independent member)

People and Remuneration Subcommittee

Stella Axarlis – Chair
 Andrew Paxton
 Stephen Davie

Governance Subcommittee

Alan Gostelow – Chair
 Jeff Floyd
 Kevin Love

Project Monitoring Subcommittee

Dr Catherin Bull – Chair
 Andrew Paxton
 Kevin Love

Advisory committees

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

Community Advisory Committee

Stella Axarlis – Board and Chair
 Stephen Davie – Board
 Anne Davie
 Christine Grayden
 Cr Kimberley Brown
 Deborah Holland
 Gill Hardman (retired March 2015)
 Jan Fleming
 Jane Daly
 Lois Gaskin (from April 2015)
 Margaret Hancock
 Michael Whelan
 Patsy Hunt
 Pauline Taylor
 Stephen Fullarton

Environment Advisory Committee

Andrew Paxton – Board and Chair
 Dr Catherin Bull – Board
 Bessie Tyers
 Deirdre Griepsma
 Gayle Seddon and Gavan O'Connor
 Joel Geoghegan
 Mike Cleeland
 Paul Smith
 Penny Manning
 Tania Maddigan
 Tim Ealey

Education Advisory Committee

Stella Axarlis – Board and Chair
 Donald Paproth
 Karen Bowker
 Linda Thompson
 Paul Boys
 Ric Pearce
 Rob Higgins (retired December 2014)
 Wendy Major

Note: This became an internal committee from March 2015.

Scientific and Research Advisory Committee

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

Animal Experimentation and Ethics Advisory Committee

Dr Kath Handasyde
 (retired as Chair in December 2014, continued as a member)
 Dr Jennifer Hibble
 (member to December 2014, commenced as Chair from January 2015)
 Anne Davie (retired December 2014)
 Clare Davis

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

A list of all committee members and meeting minutes for the Community and Environment Advisory Committee can be found via our website www.penguins.org.au/about/local-community.

COMPLIANCE MATTERS

The Nature Parks' Audit, Risk and Finance Subcommittee meets quarterly to discuss risk management and other financial and compliance related matters. The Chief Executive Officer and the Financial Controller attend these meetings.

Risk management

The Board and management have identified the major risks to the organisation and the assets it manages and have documented detailed strategies to mitigate these risks. It is incumbent on the Board and staff to proactively identify and act upon risks as they arise – for themselves and visitors.

In accordance with the Department of Environment, Land, Water and Planning requirements, the Minister and Secretary were notified of the top three risks pertinent to the Nature Parks.

I, Jeff Floyd, certify that Phillip Island Nature Parks has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Phillip Island Nature Parks' Audit, Risk and Finance Subcommittee verifies this.



Jeff Floyd

Chair, Phillip Island Nature Park Board of Management Inc.



Stephen Davie

Chair, Audit, Risk & Finance Subcommittee

Insurance

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

Employment and conduct principles

Nature Parks staff are employed under the Phillip Island Nature Parks Agreement 2014–2017 that has been in place for almost 12 months.

The applicable union is the Australian Services Union.

No industrial relations claims were made during the reporting period.

Nature Parks staff work in accordance with the Nature Parks Code of Conduct and employment policies that include diversity, anti-discrimination, recruitment, grievance management, social media and performance and development.

Our recruitment policy continues to support equity in the ongoing recruitment of a highly skilled and capable workforce as well as providing the opportunity for staff to work across a range of vocation areas.

Freedom of Information Act 1982

The *Freedom of Information Act* 1982 allows the public a right to access documents held by the Nature Parks. The Nature Parks makes public information about our operations available by creating a general right of access to the information in a document or electronic form. There were no Freedom of Information requests for the 12 months ending 30 June 2015.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in s17 of the *Freedom of Information Act* 1982. In summary, the requirements for making a request are:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

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.

Requests can also be lodged online at www.penguins.org.au.

Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au.

Victorian Information Privacy Act 2000

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

Gifts, benefits and hospitality

I, Jeff Floyd certify that:

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

Jeff Floyd

Chair, Phillip Island Nature Park Board of Management Inc.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken as appropriate.

The Nature Parks does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices and support the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

How do I make a 'protected disclosure'?

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

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

www.ibac.vic.gov.au

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

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by the Department or any of its employees and/or officers, is available on the Nature Parks' website.

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. The Nature Parks continues to implement this principle in accordance with Victorian Government Policy.

Building Act 1993

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

Public Administration Act 2004

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

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

- Code of Conduct
- Conflict of Interest Policy
- Equal Employment Opportunity Policy
- Gifts, Benefits and Hospitality Policy
- Issues Resolution Chart
- Outside Employment Policy
- Performance Appraisal and Development Policy
- Recruitment Policy
- Social Media Policy
- Training Behaviours Protocol.

Human rights

The Nature Parks is committed to upholding the principles of human rights as established by the United Nations. This applies to our dealings with our visitors, employees and providers. Human rights are rights inherent to all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language or any other status.

Major contracts

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

Consultancies over \$10,000

During the year, the Nature Parks engaged six consultants for contracts over \$10,000 with total aggregate fees of \$331,290.

| Company | Work | Amount |
|---------------------------------------|--|-----------|
| Ernst & Young | Economic Modeling | \$13,404 |
| Oats Environmental Consulting Pty Ltd | Vegetation Plan | \$15,380 |
| Mike Driscoll & Associates | Food and Beverage review | \$22,800 |
| Peter Elliott Pty Ltd | Food and Beverage review | \$44,635 |
| Lovell Chen Pty Ltd | Churchill Island Conservation Management Plan | \$69,426 |
| Elmwood Design Australia Pty Ltd | Attractions and research branding strategy review and design | \$165,645 |

Consultancies under \$10,000

During the year, the Nature Parks engaged five consultants for contracts under \$10,000 with total aggregate fees of \$14,663.

Government advertising expenses

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

Fee policy

Entry fees to Nature Parks' attractions are regulated under the *Crown Land Reserves Act (1978)* and increased by an average of 3.1% during the reporting period. Details of entry fees and tour product prices are available at www.penguins.org.au.

Additional information

Available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by Phillip Island Nature Parks and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*:

- details of publications produced by Phillip Island Nature Parks about itself.
- details of any major external reviews carried out on Phillip Island Nature Parks.
- details of major research and development activities undertaken by Phillip Island Nature Parks.
- details of major promotional, public relations and marketing activities undertaken by Phillip Island Nature Parks to develop community awareness of the entity and its services.
- details of overseas visits undertaken.
- details of changes in prices, fees, charges, rates and levies charged.
- a statement of completion of declarations of pecuniary interests by relevant officers.

The information is available on request from: info@penguins.org.au

Included in the annual report

Details in respect of the following items have been included in the Phillip Island Nature Parks' Annual Report 2014-15, on the pages indicated below:

- assessments and measures undertaken to improve the occupational health and safety of employees (on page 25).
- a statement on industrial relations within Phillip Island Nature Parks (on page 29).
- a list of Phillip Island Nature Parks' major committees; the purposes of each committee; and the extent to which the purposes have been achieved (on page 28).

The following information is not applicable to Phillip Island Nature Parks for the reasons set out below:

- a declaration of shares held by senior officers (no shares in Phillip Island Nature Parks have ever been issued).

Subsequent events

There were no matters subsequent to the financial report being finalised that significantly affect the operating performance or financial position of the Nature Parks as at 30 June 2015 or its operations into the future.

Victorian Industry Participation Policy Act 2003

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

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

During 2014-15, the Nature Parks commenced one VIPP applicable procurement totaling \$6,962,000. This project was for the redevelopment of the Nobbies Centre, located on Summerland Peninsula on Phillip Island.

During 2014-15, one interaction reference number was undertaken with the Industry Capability Network.

Data Vic Access Policy

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

Capital projects

The Nature Parks currently manages two capital projects. Current information on new and existing capital projects for the Nature Parks and the broader Victorian public sector is contained in the most recent Budget Paper *No. 4 State Capital Program (BP4)* which is available on the Department of Treasury and Finance website.



Annual Report 2014-15

**FINANCIAL
STATEMENTS**

30 JUNE 2015

Comprehensive operating statement for the financial year ended 30 June 2015

| | NOTES | 2015 | 2014 |
|--|-------|---------------------|---------------------|
| Operating revenue | | \$ | \$ |
| Sales | 2 | 8,575,178 | 7,914,903 |
| Admissions | 2 | 13,776,520 | 12,527,869 |
| Total operating revenue | | 22,351,698 | 20,442,772 |
| Other income | | | |
| Interest | 2 | 306,195 | 287,556 |
| Other operating income | 2 | 1,865,183 | 1,392,001 |
| Total other income | | 2,171,378 | 1,679,557 |
| Expenses | | | |
| Employee expenses | 3c | (11,093,240) | (10,009,665) |
| Cost of Sales | | (3,468,092) | (3,155,233) |
| Materials and supplies | | (716,229) | (723,213) |
| Depreciation and amortisation | 7,8,9 | (1,733,014) | (1,682,172) |
| Other operating expenses | 3(b) | (5,126,542) | (4,612,710) |
| Total expenses | 3(a) | (22,137,117) | (20,182,993) |
| Net result from operations | | 2,385,959 | 1,939,336 |
| Other economic flow included in net result | | | |
| Net gain on non financial assets | 4 | 33,660 | 31,602 |
| Net result for the year | | 2,419,619 | 1,970,398 |
| Items that will not be reclassified to net result | | | |
| Changes in physical asset revaluation surplus | 8(a) | - | (43,530) |
| Comprehensive result | | 2,419,619 | 1,926,868 |

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 37 to 65.

Balance sheet as at 30 June 2015

| | NOTES | 2015 | 2014 |
|---|-----------|-------------------|-------------------|
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | 11(i), 17 | 13,950,245 | 12,316,664 |
| Receivables | 5 | 675,191 | 795,042 |
| Inventory | 6 | 784,243 | 788,305 |
| Other current assets | 7 | 217,526 | 96,992 |
| Total current assets | | 15,627,205 | 13,997,003 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 70,064,792 | 69,194,399 |
| Intangibles | 9 | 90,717 | 154,436 |
| Other non-current assets | 7 | 24,410 | 37,360 |
| Total non-current assets | | 70,179,919 | 69,386,195 |
| Total assets | | 85,807,124 | 83,383,198 |
| Current liabilities | | | |
| Payables | 10 | 1,735,654 | 1,939,070 |
| Employee provisions | 13 | 1,940,467 | 1,790,655 |
| Total current liabilities | | 3,676,121 | 3,729,725 |
| Non-current liabilities | | | |
| Employee provisions | 13 | 339,394 | 281,483 |
| Total non-current liabilities | | 339,394 | 281,483 |
| Total liabilities | | 4,015,515 | 4,011,208 |
| Net assets | | 81,791,609 | 79,371,990 |
| Equity | | | |
| Contributed capital | 1(p) | 29,759,634 | 29,759,634 |
| Accumulated surplus | | 13,637,306 | 11,217,687 |
| Asset revaluation reserve | 1(q) | 38,394,669 | 38,394,669 |
| Total equity | | 81,791,609 | 79,371,990 |
| Commitments for expenditure | 18 | | |
| Contingent asset and contingent liabilities | 15 | | |

The balance sheet should be read in conjunction with the accompanying notes included on pages 37 to 65.

Statement of changes in equity for the financial year ended 30 June 2015

| | Contributed Capital | Asset revaluation reserve | Accumulated surplus | Total equity |
|--|------------------------|------------------------------|------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 30 June 2013 | 29,759,634 | 38,438,199 | 9,247,289 | 77,445,122 |
| Transactions with owner in its capacity as owner | - | - | - | - |
| Total comprehensive result | - | (43,530) | 1,970,398 | 1,926,868 |
| Balance at 30 June 2014 | 29,759,634 | 38,394,669 | 11,217,687 | 79,371,990 |
| Transactions with owner in its capacity as owner | - | - | - | - |
| Total comprehensive result | - | - | 2,419,619 | 2,419,619 |
| Balance at 30 June 2015 | 29,759,634 | 38,394,669 | 13,637,306 | 81,791,609 |

The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 37 to 65.

Cash flow statement for the financial year ended 30 June 2015

| | NOTES | 2015 | 2014 |
|---|---------------|--------------------|--------------------|
| Cash flows from operating activities | | \$ | \$ |
| Receipts from customers and other entities (incl GST) | | 26,758,420 | 24,172,519 |
| Payments to suppliers and other expenses (incl GST) | | (10,444,305) | (8,955,088) |
| Goods and services tax paid to ATO | | (1,608,134) | (1,333,425) |
| Interest received | | 306,195 | 287,556 |
| Salaries and other payments to employees | | (10,885,517) | (9,763,069) |
| Net cash flows from operating activities | 11(ii) | 4,126,659 | 4,408,493 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | 8 | (2,574,689) | (995,437) |
| Payments for intangibles | 9 | (10,602) | (41,743) |
| Payments for other non-current assets | 7 | - | (38,850) |
| Proceeds from property, plant and equipment | 8(b) | 92,213 | 65,022 |
| Net cash flows used in investing activities | | (2,493,078) | (1,011,008) |
| Net increase in cash and cash equivalents | | 1,633,581 | 3,397,485 |
| Cash and cash equivalents at the beginning of the financial year | | 12,316,664 | 8,919,179 |
| Cash and cash equivalents at the end of financial year | 11(i) | 13,950,245 | 12,316,664 |

The cash flow statement should be read in conjunction with the accompanying notes included on pages 37 to 65.

1 Summary of significant accounting policies

The annual financial statements of Phillip Island Nature Parks Board of Management Inc are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

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 23 September 2015.

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.

The financial statements have been prepared on a going concern basis.

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

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

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

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

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented for the year ended 30 June 2014.

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from operations', 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

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

'Other economic flows' are changes arising from marker remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurements arising from defined benefits superannuation plans; and
- fair value changes of financial instruments and agriculture assets.

This classification is consistent with the whole of government reporting formation and is allowed under AASB 101 Presentation of Financial Statements.

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.

1 Summary of significant accounting policies (continued)

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.

b) Reporting entity

The financial statements cover the Nature Parks as an individual reporting entity.

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

Its principal address is:
Phillip Island Nature Parks
1019 Ventnor Road
Summerlands VIC 3922

c) 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.

d) Other income

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

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

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

For non-reciprocal grants, the Nature Parks is deemed to have assumed control when the grant is received or receivable.

Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant agreement.

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

e) Employee expenses

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

The expense recognised for defined contribution

superannuation plans is the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period.

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

f) 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(g). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

g) 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 2015 and 30 June 2014.

| | |
|---------------------------------|----------|
| Boardwalks | 10 years |
| Buildings | 40 years |
| Car Parks | 20 years |
| Motor Vehicles | 5 years |
| Furniture, Fittings & Equipment | 5 years |
| Computer Hardware & Software | 3 years |

h) 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

1 Summary of significant accounting policies (continued)

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.

i) Financial assets

Cash and cash equivalents

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

Receivables

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

Statutory receivables include amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

j) 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.

k) Property plant & equipment

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

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

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

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

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

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

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

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

i) Revaluation

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

1 Summary of significant accounting policies (continued)

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.

l) 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.

m) Liabilities

Payables

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

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

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.

Employee benefits

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

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

i) Wages, salaries and annual leave

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

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

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

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

ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

n) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of an entity and a financial liability or equity instrument of another entity. Due to the nature of the Nature Parks' activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and receivables

Loans and receivables are financial assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs.

Loans and receivable category include cash and deposits (refer Note 1 (i)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

1 Summary of significant accounting policies (continued)

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised costs include the Nature Parks' contractual payables, deposits held and advances received.

o) Comparative figures

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

p) Contributed capital

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

q) Asset revaluation reserve

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

r) Changes in accounting policy

There have been no changes to accounting policies during the year ended 30 June 2015.

s) Commitments

Commitments for future expenditure include capital commitments arising from contracts, and funding recognised as a liability on the balance sheet until it is utilised as prescribed in the funding agreement. These commitments are disclosed by way of note (refer note 18) at their nominal value and inclusive of the GST payable.

Future expenditure for future commitments ceases to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

t) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note (refer to note 15), and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

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) Foreign currency

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

w) Events after reporting date

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

x) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 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.

As at 30 June 2015, the following standards and interpretations (applicable to the Nature Parks) had been issued but were not mandatory for financial year ending 30 June 2015. The Nature Parks has not, and does not intend to, adopt these standards early.

1 Summary of significant accounting policies (continued)

x) New accounting standards and interpretations (continued)

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on |
|--|---|---|
| AASB 2010 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | <p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI). • The remaining change is presented in profit or loss. <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.'</p> | 1 January 2015 |
| AASB 9 Financial Instruments | The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1 January 2018 |
| AASB 2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138] | <p>Amends AASB 116 and AASB 138 to:</p> <ul style="list-style-type: none"> • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and • clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | 1 January 2016 |
| AASB 2014 5 Amendments to Australian Accounting Standards arising from AASB 15 | Amends the measurement of trade receivables and the recognition of dividends. | 1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply 1 January 2018 |
| AASB 2014 8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] | Amends AASB 9 such that for annual reporting periods beginning on or after 1 January 2015, an entity may apply AASB 9 (December 2009) or AASB 9 (December 2010). | 1 January 2015 |

| | | |
|---|------|------|
| 2 Operating revenue and other income | 2015 | 2014 |
| | \$ | \$ |

Sales

| | | |
|---|------------------|------------------|
| Food and beverage sales | 3,395,522 | 2,972,094 |
| Retail and souvenir sales (including photography) | 5,179,656 | 4,942,809 |
| Total Sales | 8,575,178 | 7,914,903 |

Admissions

| | | |
|-------------------------|-------------------|-------------------|
| Admissions | 13,776,520 | 12,527,869 |
| Total Admissions | 13,776,520 | 12,527,869 |

Interest

| | | |
|-------------------------------|----------------|----------------|
| Interest from cash at bank | 306,195 | 287,556 |
| Total interest revenue | 306,195 | 287,556 |

Other operating income

| | | |
|-------------------------------------|------------------|------------------|
| Rental income | 62,809 | 72,377 |
| Donation, grant and sponsorship | 325,331 | 338,367 |
| Grants from government authorities | 939,951 | 390,944 |
| Miscellaneous income | 537,092 | 590,313 |
| Total other operating income | 1,865,183 | 1,392,001 |

| | | |
|--|------|------|
| 3 a) Expenses from operating activities | 2015 | 2014 |
|--|------|------|

By function

| | | |
|---|-------------------|-------------------|
| | \$ | \$ |
| Penguin Parade | 7,250,727 | 6,449,212 |
| Nobbies Centre | 2,237,306 | 1,926,118 |
| Churchill Island | 1,062,362 | 1,119,744 |
| Koala Conservation Centre | 1,130,058 | 1,161,467 |
| Wild Oceans Eco Boat | 367,018 | - |
| Grounds services | 720,533 | 780,160 |
| Environment | 2,357,647 | 2,303,040 |
| Research | 745,841 | 762,994 |
| Education | 549,852 | 537,874 |
| Marketing | 1,635,191 | 1,600,258 |
| Parkwide administration | 4,080,582 | 3,542,126 |
| Total expenses from operating activities | 22,137,117 | 20,182,993 |

| 3 b) Other operating expenses | 2015 | 2014 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| Advertising | 500,356 | 310,656 |
| Bank charges | 159,850 | 131,356 |
| Consultants | 350,885 | 384,190 |
| Contractors | 1,763,632 | 1,785,073 |
| Doubtful debts | (1,701) | (5,440) |
| Fringe benefits tax | 91,003 | 46,212 |
| Impairment of non current asset | - | 32,393 |
| Motor vehicle expenses | 163,667 | 154,690 |
| Membership, licenses and commission | 358,848 | 29,728 |
| Repairs & maintenance | 110,703 | 211,929 |
| Utilities | 246,843 | 254,007 |
| Training | 158,544 | 69,514 |
| Telephone and internet | 129,758 | 90,096 |
| Travel & accommodation | 170,797 | 159,409 |
| Miscellaneous expenses | 923,357 | 958,897 |
| Total other operating expenses | 5,126,542 | 4,612,710 |

| 3 c) Employee Expenses | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Salaries and wages | 8,535,562 | 7,798,930 |
| Payroll tax and workcover | 744,884 | 639,423 |
| Superannuation | 895,857 | 772,783 |
| Movement in annual leave and long service leave provision | 916,937 | 798,529 |
| Total employee expenses | 11,093,240 | 10,009,665 |

| 4 Other economic flows included in net result | | |
|--|---------------|---------------|
| Net gain on non-financial assets | 2015 | 2014 |
| | \$ | \$ |
| Net gain on disposal of property plant and equipment | 33,660 | 31,062 |
| Total net gain on non financial assets | 33,660 | 31,062 |

5 Receivables

| | Notes | 2015 | 2014 |
|-----------------------------------|-------|----------------|----------------|
| | | \$ | \$ |
| Current Receivables | | | |
| Contractual Receivables | | | |
| Sale of Goods and Services | | 665,952 | 722,392 |
| Less provision for doubtful debts | | (21,774) | (23,475) |
| Accrued interest income | | 10,569 | 77,893 |
| Other receivables | | 18,736 | 18,232 |
| Statutory Receivables | 17 | 673,483 | 795,042 |
| GST receivable | | 1,708 | - |
| Total current receivables | | 675,191 | 795,042 |
| Total receivables | | 675,191 | 795,042 |

5 a) Movement in provision for doubtful contractual receivables

| | 2015 | 2014 |
|--|-----------------|-----------------|
| | \$ | \$ |
| Balance at the beginning of the year | (23,475) | (28,851) |
| Amounts written off during the year | - | 936 |
| Decrease in allowance recognised in profit or loss | 1,701 | 4,440 |
| Balance at end of the year | (21,774) | (23,475) |

5 b) Ageing analysis of contractual receivables

Refer to Note 17(e) for ageing analysis of contractual receivables.

5 c) Nature and extent of risk arising from contractual receivables

Refer to Note 17(e) for the nature and extent of risks arising from contractual receivables.

| 6 Inventory | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| Inventories held for sale at cost | | |
| Penguin Parade | 512,675 | 492,765 |
| Koala Conservation Centre | 62,765 | 74,779 |
| Nobbies Centre | 141,453 | 147,678 |
| Churchill Island | 95,709 | 99,618 |
| Total inventory held for sale at cost | 812,602 | 814,840 |
| Less provision for inventory obsolescence | (28,359) | (26,535) |
| Total inventory | 784,243 | 788,305 |

6 a) Movement in provision for inventory obsolescence

| | 2015 | 2014 |
|--|-----------------|-----------------|
| | \$ | \$ |
| Balance at the beginning of the year | (26,535) | (25,618) |
| Increase in provision recognised in profit or loss | (1,824) | (917) |
| Balance at end of the year | (28,359) | (26,535) |

7 Other assets

| | 2015 | 2014 |
|---------------------------------------|----------------|---------------|
| | \$ | \$ |
| Other current assets | | |
| Prepayments | 217,526 | 96,992 |
| Total other current assets | 217,526 | 96,992 |
| Other non-current assets | | |
| | 2015 | 2014 |
| | \$ | \$ |
| Other assets | 38,850 | 38,850 |
| Less amortisation | (14,440) | (1,490) |
| Total other non-current assets | 24,410 | 37,360 |

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 |
|--|---------------|-------------|------------|-----------|-------------------|-------------------------|----------------------|----------------------|---------------------|--|
| 2015 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At fair value | 42,376,000 | 22,553,069 | 1,709,323 | 3,348,387 | 1,291,585 | 1,850,722 | 4,470,994 | 1,270,740 | 1,745,485 | 80,616,305 |
| Less accumulated depreciation and impairment | - | (2,301,591) | (588,458) | (710,778) | (684,809) | (1,335,033) | (3,870,639) | (1,060,205) | - | (10,551,513) |
| Total property, plant and equipment | 42,376,000 | 20,251,478 | 1,120,865 | 2,637,609 | 606,776 | 515,689 | 600,355 | 210,535 | 1,745,485 | 70,064,792 |
| 2014 | | | | | | | | | | |
| At fair value | 42,376,000 | 22,545,138 | 1,611,998 | 3,293,648 | 1,159,712 | 2,322,794 | 5,231,658 | 1,568,566 | 218,177 | 80,327,691 |
| Less accumulated depreciation and impairment | - | (1,729,914) | (435,319) | (547,174) | (638,778) | (1,747,208) | (4,596,296) | (1,438,603) | - | (11,133,292) |
| Total property, plant and equipment | 42,376,000 | 20,815,224 | 1,176,679 | 2,746,474 | 520,934 | 575,586 | 635,362 | 129,963 | 218,177 | 69,194,399 |

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 |
|---|-------------------|-------------------|------------------|------------------|-------------------|-------------------------|----------------------|----------------------|---------------------|--|
| 2015 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Carrying amount as at 1/07/14 | 42,376,000 | 20,815,224 | 1,176,679 | 2,746,474 | 520,934 | 575,586 | 635,362 | 129,963 | 218,177 | 69,194,399 |
| Additions | - | 7,930 | 82,034 | 54,740 | 351,583 | 104,933 | 174,925 | 113,273 | 1,685,271 | 2,574,689 |
| Transfer from work in progress | - | - | 15,291 | - | - | 35,617 | 9,555 | 97,500 | (157,963) | - |
| Revaluation | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (52,827) | (3,506) | (1,344) | (876) | - | (58,553) |
| Impairments | - | - | - | - | - | - | - | - | - | - |
| Depreciation and amortisation expense | - | (571,676) | (153,139) | (163,605) | (212,914) | (196,941) | (218,143) | (129,325) | - | (1,645,743) |
| Carrying amount as at 30/06/15 | 42,376,000 | 20,251,478 | 1,120,865 | 2,637,609 | 606,776 | 515,689 | 600,355 | 210,535 | 1,745,485 | 70,064,792 |
| 2014 | | | | | | | | | | |
| Carrying amount as at 1/07/13 | 42,376,000 | 21,310,991 | 1,289,227 | 2,854,468 | 506,344 | 736,101 | 548,254 | 187,292 | 177,925 | 69,986,602 |
| Additions | - | 110,130 | 38,238 | 52,502 | 217,793 | 40,742 | 309,965 | 15,795 | 210,272 | 995,437 |
| Transfer from work in progress | - | - | - | - | - | - | 9,818 | 46,309 | (137,627) | (81,500) |
| Revaluation | - | (43,530) | - | - | - | - | - | - | - | (43,530) |
| Disposals | - | - | - | - | (33,960) | - | - | - | - | (33,960) |
| Impairments | - | - | - | - | - | - | - | - | (32,393) | (32,393) |
| Depreciation and amortisation expense | - | (562,367) | (150,786) | (160,496) | (169,243) | (201,257) | (232,675) | (119,433) | - | (1,596,257) |
| Carrying amount as at 30/06/14 | 42,376,000 | 20,815,224 | 1,176,679 | 2,746,474 | 520,934 | 575,586 | 635,362 | 129,963 | 218,177 | 69,194,399 |

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. At the time of valuation the assessment was not required to consider the community service obligation (CSO), and therefore no adjustments for this have been made. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

A fair value assessment is conducted each year. The Nature Parks considered the movement in indices provided by the Valuer-General Victoria in order to determine whether any material movement in value have occurred since this date and is comfortable that the values stated in these financial statements approximate fair value.

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 FRD103F, depreciated cost is used to approximate fair value where there is no evidence to suggest that a reliable market based fair value exists for these assets.

During 2013-14 a previously revalued asset was identified as having been impaired. An adjustment to the asset revaluation reserve had to be made in relation to this item. There was no such impairment in 2014-15.

| b) Profit on Sale of Assets | 2015 | 2014 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Gross proceeds of assets sold | 92,213 | 65,022 |
| Less book value of assets sold | (58,553) | (33,960) |
| Gain on sale of assets | 33,660 | 31,062 |

- c) The fair values of non financial assets are categorised into a hierarchy rating the inputs to the valuation techniques used to measure fair value. The Nature Parks property plant and equipment are all categorised in level 2 and level 3 in the hierarchy. There are no assets which have quotable prices from active markets which are attributable to level 1 in the hierarchy. The level 2 assets are based on independent market valuations but are not immediately marketable. The fair value of most of our property plant and equipment is impacted by unobservable inputs to the determination of their fair values and consequently are reported as level 3 in the hierarchy. There have been no transfers between levels during the period.

Land and buildings

The fair value of land and building was determined by an independent valuation performed by the Valuer-General Victoria. The last revaluation was conducted during the year ending 30th June 2011. At the last independent valuation the Community Services Obligation (CSO) valuation adjustment was not required, and therefore is not considered a significant unobservable input. These assets are classified at Level 2 fair value measurements. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible.

Additions since the last independent valuation are valued using the depreciated replacement cost method. As depreciation adjustments are considered as significant, unobservable inputs in nature, these assets are classified as Level 3 fair value measurements.

8 Property, plant and equipment (continued)**c) (continued)****Car parks and Boardwalks**

The fair value of car parks and boardwalks was determined by an independent valuation performed by the Valuer-General Victoria. The last revaluation was conducted during the year ending 30th June 2011. At the last independent valuation the Community Services Obligation (CSO) was not required, and therefore is not considered a significant unobservable input. These assets are classified at Level 2 fair value measurements. Additions since the last independent valuation are valued using the depreciated replacement cost method. As depreciation adjustments are considered as significant, unobservable inputs in nature, these assets are classified as Level 3 fair value measurements.

Plant and equipment, furniture and fittings, computer hardware and vehicles

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

Fair value measurement hierarchy for assets as at 30 June 2015

| | Carrying amount at 30 June 2015 | Fair value measurement at end of reporting period using | | |
|--------------------------------------|------------------------------------|--|------------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ | \$ |
| Land at fair value | 42,376,000 | - | 42,376,000 | - |
| Building at fair value | 20,251,478 | - | 19,049,925 | 1,201,553 |
| Boardwalks at fair value | 1,120,865 | - | 577,775 | 543,090 |
| Car parks at fair value | 2,637,609 | - | 2,127,155 | 510,454 |
| Motor vehicles at fair value | 606,776 | - | - | 606,776 |
| Furniture and fittings at fair value | 515,689 | - | - | 515,689 |
| Plant and equipment at fair value | 600,355 | - | - | 600,355 |
| Computer hardware | 210,535 | - | - | 210,535 |

| | Carrying amount at 30 June 2014 | Fair value measurement at end of reporting period using | | |
|--------------------------------------|------------------------------------|--|------------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| | | \$ | \$ | \$ |
| Land at fair value | 42,376,000 | - | 42,376,000 | - |
| Building at fair value | 20,815,224 | - | 19,580,118 | 1,235,106 |
| Boardwalks at fair value | 1,176,679 | - | 655,902 | 520,777 |
| Car parks at fair value | 2,746,474 | - | 2,260,155 | 486,319 |
| Motor vehicles at fair value | 520,934 | - | - | 520,934 |
| Furniture and fittings at fair value | 575,586 | - | - | 575,586 |
| Plant and equipment at fair value | 635,362 | - | - | 635,362 |
| Computer hardware | 129,963 | - | - | 129,963 |

8 Property, plant and equipment (continued)

d) Reconciliation of Level 3 fair value

| 2015 | Buildings | Boardwalks | Car Parks | Motor vehicles | Furniture and fittings | Plant and equipment | Computer hardware |
|------------------------------|------------------|----------------|----------------|----------------|------------------------|---------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening Balance | 1,235,106 | 520,777 | 486,319 | 520,934 | 575,586 | 635,362 | 129,963 |
| Additions | 7,931 | 97,325 | 54,740 | 351,583 | 140,550 | 184,480 | 210,773 |
| Transfers in(out) of level 3 | - | - | - | - | - | - | - |
| Depreciation | (41,484) | (75,012) | (30,605) | (212,914) | (196,941) | (218,143) | (129,325) |
| Disposal | - | - | - | (52,827) | (3,506) | (1,344) | (876) |
| Closing Balance | 1,201,553 | 543,090 | 510,454 | 606,776 | 515,689 | 600,355 | 210,535 |
| 2014 | Buildings | Boardwalks | Car Parks | Motor vehicles | Furniture and fittings | Plant and equipment | Computer hardware |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening Balance | 1,156,034 | 551,414 | 461,313 | 506,344 | 736,101 | 548,254 | 187,292 |
| Additions | 110,130 | 38,238 | 52,502 | 217,793 | 40,742 | 319,783 | 62,104 |
| Transfers in(out) of level 3 | - | - | - | - | - | - | - |
| Depreciation | (31,058) | (68,875) | (27,496) | (169,243) | (201,257) | (232,675) | (119,433) |
| Disposal | - | - | - | (33,960) | - | - | - |
| Closing Balance | 1,235,106 | 520,777 | 486,319 | 520,934 | 575,586 | 635,362 | 129,963 |

8 Property, plant and equipment (continued)

e) Description of significant unobservable inputs to Level 3 valuations

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

| 9 Intangible Assets | 2015 | 2014 |
|--|---------------|----------------|
| | \$ | \$ |
| Software at cost | 995,332 | 984,730 |
| Less accumulated amortisation and impairment | (904,615) | (830,294) |
| Total intangible assets | 90,717 | 154,436 |
| Carrying amount at beginning of period | 154,436 | 115,618 |
| Additions | 10,602 | 41,743 |
| Transfer from work in progress | - | 81,500 |
| Amortisation expense | (74,321) | (84,425) |
| Carrying amount at end of period | 90,717 | 154,436 |

10 Payables

| | Notes | 2015 | 2014 |
|-------------------------------|-------|------------------|------------------|
| | | \$ | \$ |
| Current payables | | | |
| Contractual | | | |
| Supplies and services | | 1,092,170 | 1,258,340 |
| Accrued expenses | | 643,484 | 472,150 |
| | 17 | 1,735,654 | 1,730,490 |
| Statutory payables | | | |
| GST Payable | | - | 208,580 |
| Total current payables | | 1,735,654 | 1,939,070 |

10 a) Maturity analysis of contractual payables

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

10 b) Nature and extent of risk arising from contractual payables

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

11 Cash flow information

(i) Reconciliation of cash

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

| | 2015 | 2014 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Cash on hand | 46,000 | 42,000 |
| Cash at bank – Trading account | 11,081,667 | 9,664,984 |
| Cash at bank – Defined Benefits contingency fund | 822,578 | 609,680 |
| Term Deposits at call – Asset replacement fund | 2,000,000 | 2,000,000 |
| Total cash and cash equivalents | 13,950,245 | 12,316,664 |

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

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Net result for the year | 2,419,619 | 1,970,398 |
| Net gain from sale of assets | (33,660) | (31,062) |
| Impairment of non current assets | - | 32,393 |
| Depreciation and amortisation of non current assets | 1,733,014 | 1,682,172 |
| Increase (decrease) in creditors & accruals | (203,416) | 482,229 |
| Decrease (increase) in receivables & other current assets | (683) | 55,252 |
| Decrease (increase) in inventory | 4,062 | (99,577) |
| Increase in employee provisions | 207,723 | 316,688 |
| Net cash provided by operating activities | 4,126,659 | 4,408,493 |

12 Auditor's remuneration

Total amounts receivable by the Auditors of the Nature Parks for:

| | 2015 | 2014 |
|--------------------------------------|---------------|---------------|
| | \$ | \$ |
| Victorian Auditor – General's Office | 15,785 | 15,400 |
| Total auditor's remuneration | 15,785 | 15,400 |

13 Provisions

| Employee benefits | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Unconditional and expected to be settled within 12 months | 601,292 | 611,521 |
| Unconditional and expected to be settled after 12 months | 463,215 | 360,509 |
| | 1,064,507 | 972,030 |
| Provisions related to employee benefits on-costs | | |
| Unconditional and expected to be settled within 12 months | 105,001 | 105,818 |
| Unconditional and expected to be settled after 12 months | 83,823 | 64,461 |
| | 188,824 | 170,279 |
| Superannuation | 470 | - |
| Accrued wages | 686,666 | 648,346 |
| Total current employee benefits | 1,940,467 | 1,790,655 |
| Non-current | | |
| Conditional long service leave | 287,389 | 238,786 |
| Provisions related to employee benefit on-costs | 52,005 | 42,697 |
| Total non-current employee benefits | 339,394 | 281,483 |
| Total employee benefits | 2,279,861 | 2,072,138 |

13 Provisions (continued)

13 a) Employee benefits and related on-costs

| Current employee benefits | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Annual leave entitlements | 510,390 | 482,670 |
| Unconditional long service leave entitlements | 554,117 | 489,360 |
| Superannuation | 470 | - |
| Accrued wages | 686,666 | 648,346 |
| Total current employee benefits | 1,751,643 | 1,620,376 |
| Non-current employee benefits | | |
| Conditional long service leave entitlements | 287,389 | 238,786 |
| Total non-current employee benefits | 287,389 | 238,786 |
| On Costs | | |
| Current on-costs | 188,824 | 170,279 |
| Non-current on-costs | 52,005 | 42,697 |
| Total on-costs | 240,829 | 212,976 |
| Total employee benefits and related on-costs | 2,279,861 | 2,072,138 |

| | Long Service Leave | Annual Leave | Superannuation | Accrued Wages | Total Provisions |
|--|-----------------------|----------------|----------------|----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Closing balance at 30 June 2014 | 858,344 | 565,448 | - | 648,346 | 2,072,138 |
| Payments | (102,091) | (629,293) | - | (648,346) | (1,379,730) |
| Increase in provision | 237,530 | 662,787 | 470 | 686,666 | 1,587,453 |
| Closing balance at 30 June 2015 | 993,783 | 598,942 | 470 | 686,666 | 2,279,861 |

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 responsible Ministers during 2014-15 reporting period were the Hon. Ryan Smith MP, Minister for Environment and Climate Change from 1 July 2014 to 03 December 2014, and the Hon. Lisa Neville MP, Minister for Environment, Climate Change and Water from 4 December 2014 to 30 June 2015.

Accountable officer

Matthew Jackson, Chief Executive Officer

Board members

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

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

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

The Nature Parks has a Related Party relationship with the Penguin Foundation Limited due to the Accountable Officer and Research Manager volunteering their time to hold board positions with the Foundation. During 2014-15, the Nature Parks received \$297,159 (2014: \$309,097) from the Penguin Foundation Limited and also provided volunteer administrative support to the Foundation.

Remuneration

(i) Accountable officer

Total remuneration received or receivable by the Accountable Officer in connection with the management of the Nature Parks during the reporting period was in the range: \$270,000 - \$279,999 (2014: \$250,000 - \$259,999)

- 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 \$84,000 (2014: \$62,802).

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

Remuneration bands of responsible persons

| | 2015 | 2014 |
|----------------------|------|------|
| \$0 to \$9,999 | 1 | 6 |
| \$10,000 to \$19,999 | 6 | 1 |
| Total Number | 7 | 7 |

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 assets and liabilities

The Board is not aware of any material threatened or existing legal actions or other contingencies between Phillip Island Nature Parks Board of Management Inc and third parties as at 30 June 2015 (2014: Nil).

16 Superannuation

The Nature Parks makes the majority of its 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 the Comprehensive Operating Statement 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 MySuper/ 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 (9.5% in 2014-15 and 9.25% in 2013-14).

The Nature Parks does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between those participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Nature Parks in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purpose of AASB 119.

The Nature Parks makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which the Nature Parks is a contributing employer was 103.4%. To determine the VBI, the

16 Superannuation (continued)

fund Actuary used the following long term assumptions:

| | |
|------------------------|-----------|
| Net investment returns | 7.5% pa |
| Salary information | 4.25% pa |
| Price inflation (CPI) | 2.75% pa. |

Vision Super has calculated the estimated VBI at 31 March 2015 as 108.5%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no charge was necessary to the defined benefit category's funding arrangements from prior years.

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, the Nature Parks makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, the rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee contribution rate.

In addition, the Nature Parks reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Nature Parks) are required to make an employer contribution to cover the shortfall.

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, that surplus cannot be returned to the participating employers.

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

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which the Nature Parks is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The Nature Parks was notified of the results of the actuarial investigation during January 2015.

Employer superannuation contributions made by the Nature Parks were:

| Fund | Paid contribution for the year | | Contribution outstanding at year end | |
|---|--------------------------------|---------|--------------------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| Accumulation Funds (Vision Super) | 458,546 | 381,287 | 470 | - |
| Accumulation Funds (Other) | 400,563 | 343,608 | - | - |
| Defined Benefit Fund (Vision Super) | 44,109 | 85,005 | - | - |
| Total Employer Superannuation Contributions | 903,218 | 809,900 | 470 | - |

17 Financial instruments

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

The Nature Parks' main financial risks include credit risk, liquidity risk and interest rate risk.

The Nature Parks manages these financial risks in accordance with its overall risk management policy.

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

17 Financial instruments (continued)

a) Categorisation of financial instruments

| | Notes | Category | 2015 Carrying Amount | 2014 Carrying Amount |
|--|-------|--|-------------------------|-------------------------|
| | | | \$ | \$ |
| Contractual financial assets | | | | |
| Cash assets | 11 | Cash & cash equivalents | 13,950,245 | 12,316,664 |
| Receivables | 5 | Loans & receivables | 673,483 | 795,042 |
| Total financial assets | | | 14,623,728 | 13,111,706 |
| Contractual financial liabilities | | | | |
| Payables | 10 | Financial liabilities measured at amortised cost | 1,735,654 | 1,730,490 |
| Total financial liabilities | | | 1,735,654 | 1,730,490 |
| Net financial assets | | | 12,888,074 | 11,381,216 |

b) Interest rate risk

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

| | Notes | Floating interest rate | Non-interest bearing | 2015 Total | 2014 Total |
|--|-------|------------------------|----------------------|-------------------|-------------------|
| | | \$ | \$ | \$ | \$ |
| Contractual financial assets | | | | | |
| Cash assets | 11 | 13,904,245 | 46,000 | 13,950,245 | 12,316,664 |
| Receivables | 5 | - | 673,483 | 673,483 | 795,042 |
| Total financial assets | | 13,904,245 | 719,483 | 14,623,728 | 13,111,706 |
| Contractual financial liabilities | | | | | |
| Payables | 10 | - | 1,735,654 | 1,735,654 | 1,730,490 |
| Total financial liabilities | | - | 1,735,654 | 1,735,654 | 1,730,490 |
| Net financial assets | | 13,904,245 | (1,014,463) | 12,889,782 | 11,381,216 |

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

Floating Interest Rate 2.29% (2014: 2.68%)

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

c) Sensitivity disclosure analysis

Taking into account past performance and future expectations a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$139,042 (2014: \$122,746).

17 Financial instruments (continued)**d) Foreign currency risk**

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

e) Credit risk exposure

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

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

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

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

| | Notes | Carrying amount | Not past due and not impaired | Past due but not impaired | | | | Impaired financial assets |
|-------------|-------|-------------------|-------------------------------|---------------------------|---------------|-------------------|-----------|---------------------------|
| | | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years | |
| 2015 | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash assets | 11 | 13,950,245 | 13,950,245 | - | - | - | - | - |
| Receivables | 5 | 673,483 | 466,129 | 183,464 | 23,890 | - | - | 21,774 |
| | | 14,623,728 | 14,416,374 | 183,464 | 23,890 | - | - | - |
| 2014 | | | | | | | | |
| Cash assets | 11 | 12,316,664 | 12,316,664 | - | - | - | - | - |
| Receivables | 5 | 795,042 | 628,700 | 161,152 | 5,190 | - | - | 23,475 |
| | | 13,111,706 | 12,945,364 | 161,152 | 5,190 | - | - | 23,475 |

f) Liquidity risk exposure

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

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

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

17 Financial instruments (continued)

f) Liquidity risk exposure (continued)

The following table discloses the maturity of contractual financial liabilities:

| | | Carrying amount | Nominal amount | Maturity dates | | | |
|-------------|----|------------------|------------------|-------------------|------------|-------------------|-----------|
| Notes | | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years |
| 2015 | | \$ | \$ | \$ | \$ | \$ | \$ |
| Payables | 10 | 1,735,654 | 1,735,654 | 1,735,654 | - | - | - |
| | | 1,735,654 | 1,735,654 | 1,735,654 | - | - | - |
| 2014 | | | | | | | |
| Payables | 10 | 1,730,490 | 1,730,490 | 1,730,490 | - | - | - |
| | | 1,730,490 | 1,730,490 | 1,730,490 | - | - | - |

g) Fair Value

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

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

| | 2015 Carrying amount | 2015 Fair value | 2014 Carrying amount | 2014 Fair value |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Contractual financial assets | | | | |
| Cash and deposits | 13,950,245 | 13,950,245 | 12,316,664 | 12,316,664 |
| Sale of goods and services | 665,952 | 665,952 | 722,392 | 722,392 |
| Accrued investment income | 10,569 | 10,569 | 77,893 | 77,893 |
| Other receivables | 18,736 | 18,736 | 18,232 | 18,232 |
| Total contractual financial assets | 14,645,502 | 14,645,502 | 13,135,181 | 13,135,181 |
| Contractual financial liabilities | | | | |
| Supplies and services | 1,092,170 | 1,092,170 | 1,258,340 | 1,258,340 |
| Accrued expenses | 643,484 | 643,484 | 472,150 | 472,150 |
| Total contractual financial liabilities | 1,735,654 | 1,735,654 | 1,730,490 | 1,730,490 |

| 18 Commitments | 2015 | 2014 |
|--|------------------|----------------|
| | \$ | \$ |
| Capital expenditure commitments | | |
| Less than 1 year | 7,914,560 | - |
| Total capital expenditure commitments | 7,914,560 | - |
| Other commitments payable | | |
| Less than 1 year | 232,662 | 177,228 |
| Total other commitments | 232,662 | 177,228 |
| Total commitments (inclusive of GST) | 8,147,222 | 177,228 |
| GST recoverable from the Australian Tax Office | (740,656) | (16,112) |
| Total commitments (exclusive of GST) | 7,406,566 | 161,116 |

19 Subsequent Events

The Phillip Island Nature Parks Board of Management is not aware of any circumstances that have arisen since 30 June 2015 that have significantly affected or may significantly affect the Nature Parks' operations in financial years subsequent to 30 June 2015.

| 20 Ex-gratia payments | 2015 | 2014 |
|--|----------|----------|
| | \$ | \$ |
| Forgiveness or waiver of debt greater than \$5,000 | - | - |
| Property damage | - | - |
| Others | - | - |
| Total ex-gratia payments | - | - |

21 Glossary of terms and style conventions

Glossary

Actuarial gains or losses on superannuation defined benefit plans

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

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

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as another 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 comprehensive income.

Commitments

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

Current grants

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

Depreciation

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

Employee benefits expenses

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

Ex gratia payments

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

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

21 Glossary of terms and style conventions (continued)

Financial statements

A complete set of financial statements comprises:

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

Grants and other transfers

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

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

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

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced assets 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 economic flows – other comprehensive income'

Net result from transactions/net operating balance

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

Net worth

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

Non financial assets

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

Non-produced assets

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

21 Glossary of terms and style conventions (continued)

Non-profit institution

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

Other economic flows

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

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

Other economic flows – other comprehensive income

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

The components of other economic flows other comprehensive income include:

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

Payables

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

Produced assets

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

Receivables

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

Sales of goods and services

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

Supplies and services

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

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 2015 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 2015 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*.

MELBOURNE
25 September 2015



Dr Peter Frost
Acting Auditor-General

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 2015 and financial position of Phillip Island Nature Parks as at 30 June 2015.

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 23 September 2015.

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



Matthew Jackson

Chief Executive Officer (Accountable Officer)
Phillip Island
23 September 2015



Tracey Lindupp

Financial Controller (Chief Finance and Accounting Officer)
Phillip Island
23 September 2015



Jeff Floyd

Chair
Phillip Island Nature Park Board of Management Inc
Phillip Island
23 September 2015



Annual Report 2014-15

APPENDICES

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| FRD 30 | Standard requirements for the design and print of annual reports | ✓ |
| Acronyms | FRD - Financial Reporting Direction SD – Standing Direction PC – Premier's Circular | |

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2015

1. Chambers, L. E., Patterson, T., Hobday, A. J., Arnould, J. P. Y., Tuck, G., Wilcox, C. and **Dann, P.** (2015). Determining trends and environmental drivers from long-term marine mammal and seabird data: examples from southern Australia. **Regional Environmental Change** 15(1):197-209. DOI: 10.1007/s10113-014-0634-8
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Thank you

The Nature Parks' achievements are a tribute to the generous and loyal support of our community, peers and sponsors. We are indebted to our many volunteers who tirelessly dedicate their time and efforts. Particular thanks go to the following organisations and volunteer groups for their exceptional support in 2014–15:

Local community and volunteers

Barb Martin Bushbank
Bass Coast Shire Council
Bass Coast Landcare Network
BirdLife Bass Coast
BirdLife Australia
Churchill Island volunteer guides
Coast Action/Coast Care groups
Destination Phillip Island Tourism Board
Friends of Churchill Island Society
Friends of the Koalas
Hooded Plover Watch
Local schools and students
National Surfing Reserve Community Working Group
Newhaven, Wonthaggi and 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
Victorian Ornithological Research Group
Victorian Wader Study Group
Wildlife foster carers
Wildlife shelter operators
Woolamai Beach Surf Life Saving Club

Supporting organisations

AFL Sports Ready
Arthur Rylah Institute
Australian Antarctic Division
Australian Geographic
Banksia Foundation
Bidvest
Biologica de Donana (Spain)
Boon Wurrung Foundation
Bureau of Meteorology
Chisholm Institute
Commonwealth Scientific and Industrial Research Organisation (CSIRO)
Conservation Volunteers Australia
Country Fire Authority
Deakin University
Department of Education and Training
Department of Economic Development, Jobs, Transport and Resources
Department of Environment, Land, Water and Planning
Ecotourism Australia
Garden History Society
Green Flag Australia
Heritage Victoria
Ian Potter Foundation
Institut Pluridisciplinaire Hubert Curien (France)
International Student Volunteers
Kean Electronics
Kirkham-Smith Consultants
Kids Teaching Kids Program
Latrobe University
Macquarie University
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