

# Trust for Nature

## Annual Report 2018-19



## Recognition of Traditional Owners

Trust for Nature recognises the continuing spiritual and cultural connection of Traditional Owners to Victoria's land, wildlife, freshwater and saltwater environments. The Trust shares with Victoria's Traditional Owners a deep appreciation of native wildlife and habitats on both public and private land and in aquatic environments.

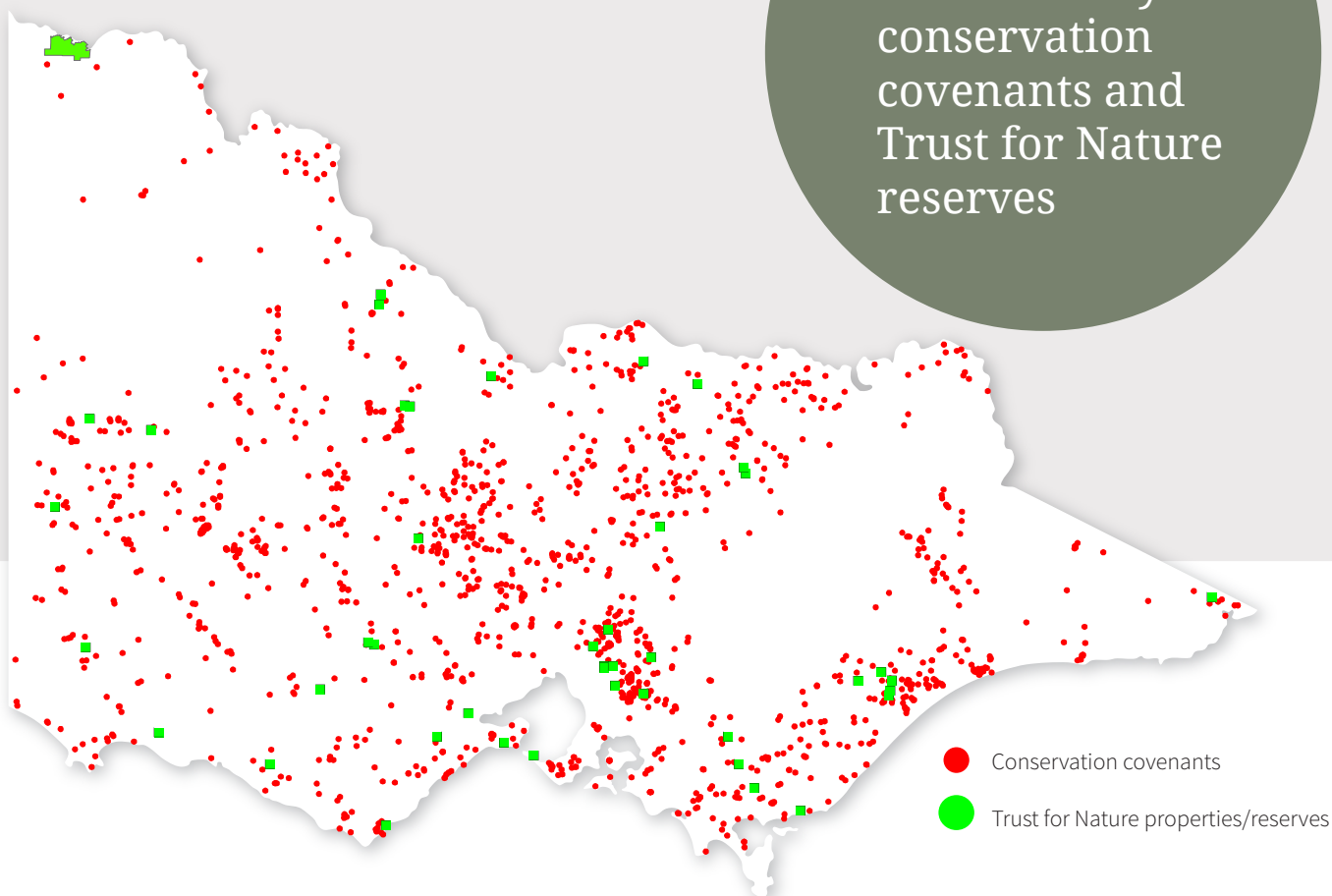
The Trust recognises that all Victorians share in the benefits of the custodianship and caring for Country that Traditional Owners have practised for centuries. The Trust is committed to helping Traditional Owners conserve, restore where possible and protect natural environments, wildlife and cultural heritage values.

## About Trust for Nature

We are one of Australia's oldest conservation organisations, established in 1972 under an Act of Parliament in Victoria. Our mission is to work collaboratively to protect nature on private land so that Victoria's most threatened plants and wildlife are conserved for future generations. We hold a unique power in Victoria, enshrined in legislation, to protect private land by applying conservation covenants to property titles in agreement with sympathetic landholders. So far, we have secured more than 100,000 hectares (ha) of native habitat through a mix of conservation covenants and nature reserves.

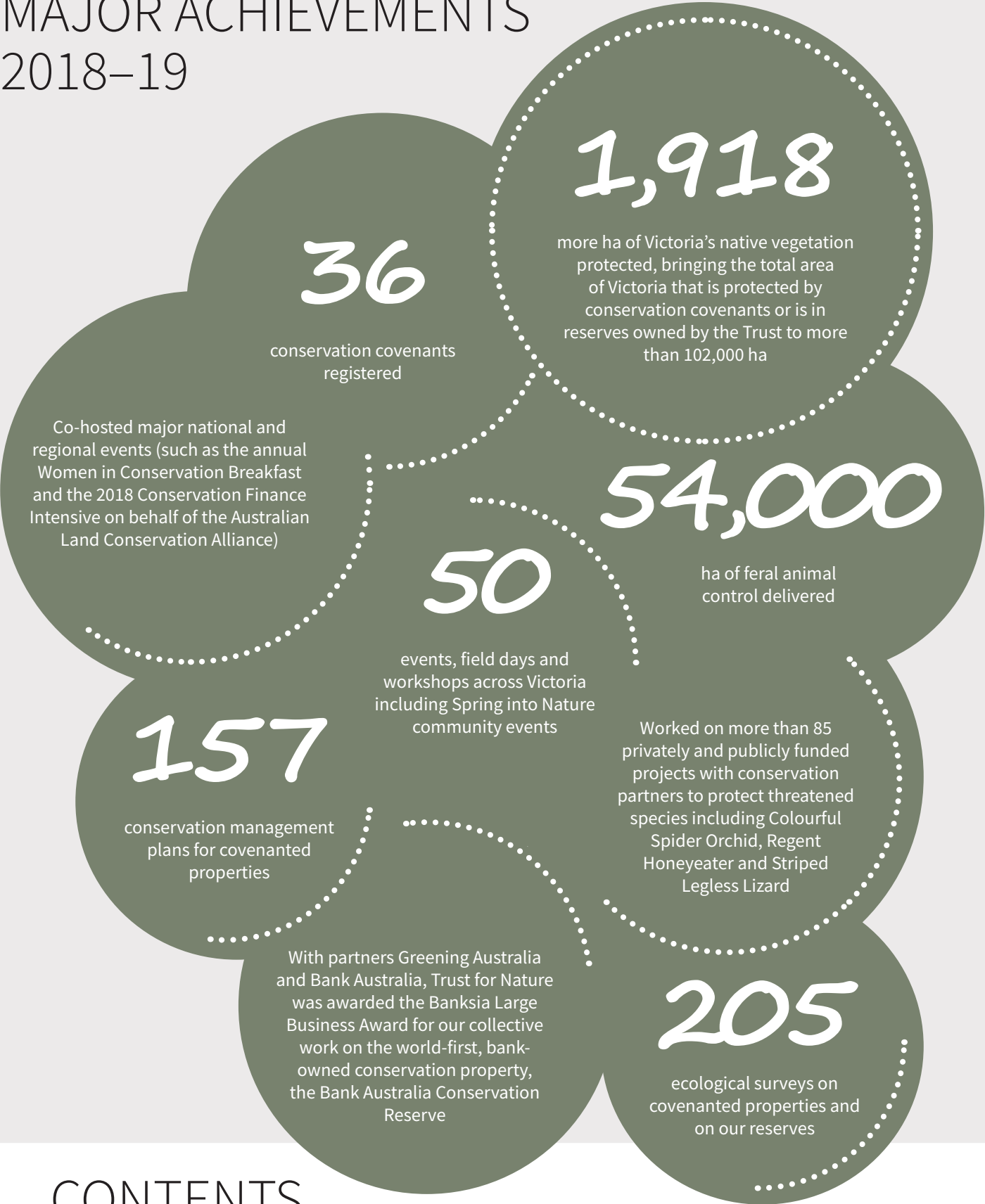
We also work collaboratively on conservation projects with governments, communities, other organisations and partners who share our commitment to Victoria's environment.

Land protected  
in Victoria by  
conservation  
covenants and  
Trust for Nature  
reserves



# MAJOR ACHIEVEMENTS

## 2018–19



# CONTENTS

CHAIR AND CHIEF EXECUTIVE OFFICER REPORT ...	2	THANK YOU TO OUR DONORS.....	23
HOW WE OPERATE .....	4	FINANCIAL OVERVIEW.....	24
KEY SERVICES.....	6	BOARD AND EMPLOYEES .....	26
OPERATIONAL OBJECTIVES AND OUTCOMES.....	9	ORGANISATIONAL CHART .....	31
CONSERVATION ACHIEVEMENTS .....	11	STATUTORY COMPLIANCE .....	32
COMMUNITY ENGAGEMENT .....	16	DISCLOSURE INDEX .....	36
PARTNERS AND VOLUNTEERS .....	19	FINANCIALS.....	38

# CHAIR AND CHIEF EXECUTIVE OFFICER REPORT

## Collaborating to protect biodiversity

Trust for Nature was recognised this year, along with partners Greening Australia and Bank Australia, when we were awarded the Banksia Large Business Award for our collective work on the Bank Australia Conservation Reserve. The 927 ha reserve, in Victoria's West Wimmera area, is owned by Bank Australia, and it is secured in perpetuity with a Trust for Nature conservation covenant. Ten years' of work has gone into protecting the plants and animals on the reserve, like the majestic yet endangered Red-tailed Black-Cockatoo. This award is recognition of the significance of this world-first, bank-owned conservation property initiative.

A recent United Nations report<sup>1</sup> predicts almost one million species will become extinct within decades and radical action is needed to conserve Earth's resources. It is alarming to read, and it follows a local warning about the state of Victoria's biodiversity issued by the Commissioner for Environmental Sustainability Dr Gillian Sparkes. In the five-yearly State of the Environment 2018 report, biodiversity remains an area of concern for Victoria. Of the 32 biodiversity indicators, the report shows that one — private land conservation — is trending up, and the Commissioner for Environmental Sustainability recommends that it be accelerated.

Private land conservation represents the core of Trust for Nature's work. In 2018–19, we continued to take steps towards the Victorian Government's Protecting our Environment - Biodiversity 2037 (Biodiversity 2037) target to protect a further 200,000 ha by 2037. Trust for Nature has identified 225,000 ha of high-priority land suitable for protection. We will continue to work with landholders by inviting them to consider placing conservation covenants on their properties and by supporting landholders to look after habitat to reverse species decline in what is the country's most-cleared state.

This year, 36 conservation covenants were registered, equating to 1,918 ha and bringing the total to 67,063 ha protected by covenants. These agreements with landholders protect native plants and animals on private land permanently, even after the land changes hands. Putting a protective conservation covenant on a property is one of the most important things landholders can do to help Victoria's plants and animals survive, thereby ensuring they are around for future generations to enjoy. It is a generous act, and we're proud to work with so many Victorians who value conservation.

In addition to protecting land through conservation covenants, Trust for Nature works with partners around the state to support our goals and maximise our impact. We work with conservation organisations nationally and internationally to raise the profile of private land conservation as being a critical element in biodiversity protection.

In 2018–19, we partnered and shared our expertise with more than 100 organisations, community groups and businesses and with the Victorian and Australian governments. We hosted a two-day Conservation Finance Intensive workshop on behalf of Australian Land Conservation Alliance (supported by the Victorian Department of Environment, Land, Water and Planning, the federal Department of the Environment and Energy, the Biodiversity Conservation Trust and National Australia Bank). The Trust participated in the Australian Government's Department of the Environment and Energy Partnerships CORE Co-Design Group, the Australian Business Biodiversity Initiative, the Australian Land Conservation Alliance, the International Land Conservation Network and the Convention on Biological Diversity Stakeholder Roundtable discussions.

At a landscape level, we continued to deliver improvements to biodiversity protection including for example by partnering with BirdLife Australia in a new project to help support the critically endangered Regent Honeyeater. We have revegetated 15 ha of degraded Box Ironbark forest

<sup>1</sup> <https://www.ipbes.net/global-assessment-report-biodiversity-ecosystem-services>

habitat with more than 7,000 trees and 25 different species of shrubs. The local community has been right behind the project including students from Chiltern Primary School who helped plant on National Tree Day.

Our long-term restoration, rehabilitation and protection projects continue to show signs of recovering biodiversity (such as the discovery this year of the endangered Woolly Plover-daisy *Leiocarpa tomentosa*, previously thought to be locally extinct, on our flagship Neds Corner Station conservation property). This small, perennial shrub only has a few sites remaining in Victoria, and its rediscovery on Neds Corner Station is due to the long-term, large-scale control program reducing the threat of grazing from rabbits.

In 2018–19, the Trust engaged with Australia's first peoples by developing and delivering new partnership projects, spending time together on Country, joint land management, joint funding applications and sharing knowledge at meetings, community events, workshops and presentations. In 2018, we partnered with the Bunurong Land Council and Wurundjeri Land and Compensation Cultural Heritage Council Aboriginal Corporation to support Aboriginal people interested in conservation and land management with higher education and work opportunities. The Certificate III in Conservation and Land Management enables students to gain experience in conservation projects on land protected by Trust for Nature covenants.

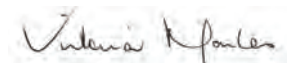
With support from the Victorian Government, Port Phillip and Westernport Catchment Management Authority, Bunurong Land Council and Zoos Victoria, together we have been able to run the Holmesglen course for a second year in 2019.

The eighth annual Celebrating Women in Conservation Breakfast was held in February. The keynote speaker was CEO of Zoos Victoria Dr Jenny Gray, who is working to help transform Zoos Victoria into a zoo-based conservation organisation in a financially sustainable manner. The event was jointly hosted by the Trust and Bush Heritage Australia.

These are just some of our proudest moments for this reporting year, and many more are included in this report. Without our supporters, Trust for Nature would not be able to deliver many of the tangible outcomes and projects that we have delivered this year. About \$650,000 was raised through overall philanthropic support in 2018–19. More than 75 volunteers and 15 community groups provided invaluable support and innumerable hours towards achieving our goal of protecting private land in Victoria. We could not achieve all that we do without the support of our partners, volunteers and supporters.



**Geoff Driver**  
Chair  
1 October 2019



**Victoria Marles**  
Chief Executive Officer  
1 October 2019

# HOW WE OPERATE

## **Manner of Establishment and Responsible Minister**

Trust for Nature operates under the *Victorian Conservation Trust Act 1972*. The responsible Minister for the period from 1 July 2018 to 30 June 2019 was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change, and Minister for Solar Homes.

## **The *Victorian Conservation Trust Act 1972* and the Trust's key services**

### **The objects of the Trust as set out in the Act are:**

- For public scientific and public educational purposes encourage and assist in:
  - » The preservation of areas which are:
    - › ecologically significant
    - › of natural interest or beauty; or
    - › of historical interest
  - » The conservation of wildlife and native plants; and
  - » The conservation and creation of areas for scientific study relating to the above.
- Encourage and assist in the conservation and creation of areas of natural beauty or interest for use by the public for the purposes of enjoyment, recreation and education.

### **To meet these objects, Trust for Nature has the power to:**

- Enter into covenants with owners of land
- Accept gifts, donations and bequests
- Purchase, sell, transfer and hold land
- Surrender land to the Crown.




### **Trust for Nature meets its statutory objects by providing private land conservation services to the Victorian community, government and private landowners. The key services are:**

- Land protection services
- Stewardship services
- Environmental markets services
- Conservation reserves
- The Revolving Fund.

Further detail about these services can be found on pages 6 to 19 of this report.

**Table 1: Links between Trust for Nature’s statutory objects and its activities and services**

***Victorian Conservation Trust Act 1972 objects***

 <p><b>The preservation of areas which are ecologically significant</b></p> <p><b>Trust for Nature activities and services</b></p> <ul style="list-style-type: none"> <li>• Land protection services: covenants and land management agreements</li> <li>• Environmental markets services</li> <li>• Revolving Fund</li> <li>• Protecting ecologically significant areas</li> <li>• Working collaboratively</li> </ul>	 <p><b>The conservation of wildlife and native plants</b></p> <p><b>Trust for Nature activities and services</b></p> <ul style="list-style-type: none"> <li>• Stewardship services</li> <li>• Focal landscapes and connectivity</li> <li>• Managing protected areas</li> <li>• Improving threatened species conservation</li> </ul>	 <p><b>The conservation and creation of areas for scientific study, public enjoyment, recreation and education</b></p> <p><b>Trust for Nature activities and services</b></p> <ul style="list-style-type: none"> <li>• Education</li> <li>• Supporting research</li> <li>• Events</li> <li>• Development and communications activities</li> <li>• Contributing to public policy</li> </ul>
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## ***Our Statewide Conservation Plan***

Trust for Nature is guided by its *Statewide Conservation Plan*. This provides an overarching, statewide, scientific framework to inform conservation on private land in Victoria. It identifies private land most in need of protection.

Specifically, it identifies 12 landscapes across Victoria that will make the greatest contribution towards conservation on private land, and it prioritises protection of the most threatened ecosystems, wetlands and plant and wildlife species.

# KEY SERVICES

## Land management and covenanting

Trust for Nature registered 36 conservation covenants in 2018–19: These comprised:

- 28 covenants voluntarily placed on title without the landowner receiving an incentive to do so
- seven incentive covenants, where a covenant is agreed upon as a result of the landowner's participation in an incentive program
- one covenant developed in a commercial context, where a covenant is agreed to due to a planning permit requirement or fee-for-service arrangements with the land manager.

Five existing covenants were amended which resulted in increased areas of land under formal protection.

No technical amendments were registered to existing covenants to clarify the terms of the covenant and survey plan.

Regional staff conducted 79 property and covenant assessment visits during the year, compared with 59 visits in 2017–18. Properties were assessed for suitability for covenanting, resulting in the preparation of draft covenant proposals for a further 1,707.5 ha of land.

**Table 2: Conservation covenants registered, area protected**

	Registered covenants in 2018–19*	Registered covenants in 2017–18*	Ten-year average registered annual covenants (2009–2019)	Registered covenant total (1986–2019)**
<b>Total</b>	36	31	47	1,459
	Area protected in 2018–19*	Area protected in 2017–18*	Ten-year average total area protected 2009–19	Total area protected 1986–2019**
<b>Total</b>	<b>1,918 ha</b>	<b>1,449 ha</b>	<b>2,389 ha</b>	<b>67,063 ha</b>

\* Registered covenants and area protected in 2018/19 and 2017/18 exclude offset covenants.

\*\* Total includes offset covenants.

## Stewardship

Trust for Nature's stewardship program works cooperatively with landowners so that all areas of habitat covenanted by the Trust are managed to maintain and enhance their conservation value. The stewardship program represents a key contribution by the Trust towards the long-term conservation outcomes of government environmental programs.

The Trust works directly with landowners to provide advice on management issues, address threats to biodiversity values and monitor the condition of habitat and trends of species populations on covenanted properties. This is achieved through property visits, the development of management plans and the provision of conservation advice, support and information.

In addition, the stewardship program may identify funding opportunities for landowners to undertake conservation works on covenanted properties.

This can include information about incentive and tender programs, rate concessions, tax concessions or volunteer labour support. The types of activities covered may include revegetation, control of threats such as feral animals or implementing long-term strategies to improve or protect threatened species.

Trust staff developed and reviewed a total of 157 management plans and conducted 200 stewardship visits to covenanted properties throughout the year.

**Table 3: Stewardship services**

	2018-19	2017-18
Stewardship visits	200	179
Management plans prepared	157	131

## Environmental markets services

The objective of Trust for Nature's engagement in environmental markets is twofold:

- to ensure the highest conservation benefits flow from regulated offset sites by securing the biodiversity values through to a conservation covenant and stewardship monitoring
- to support and complement Trust for Nature's activities to conserve native plants and wildlife.

Trust for Nature is engaged in the native vegetation offset market, as its conservation covenant is one of the mechanisms permitted for securing the permanent protection of an offset site in Victoria. The Trust primarily provides services for on-title agreements through its covenant program and ongoing monitoring through its stewardship program. Identification of high-value habitat for protection is also available through its regional network. Commercial agreements are typically negotiated separately through a broker or directly between the parties. Planning and regulatory requirements are the responsibility of federal, state and local governments.

The offset program operates in both state and federal jurisdictions. Initially, an agreement is completed between all parties to develop an offset arrangement, after which an offset covenant that meets regulatory requirements is developed and registered on the land. Covenants facilitated through native offset agreements are separate and distinct from voluntary covenants or those facilitated through incentive programs.

Demand for services in the native vegetation offset market increased considerably this financial year, which is reflected in a marked increase in the number of offset covenants under negotiation. The number of offset covenants registered this financial year increased from the previous year. Trust for Nature provides a stewardship and monitoring service for all covenants registered as a part of an offset agreement. This service provides guidance to landowners in meeting their offset obligations and ensures compliance monitoring.

The Trust continues to assess its role in the emerging carbon offset market and seeks to develop partnerships that will add to its expertise and resources to support conservation through these markets.

**Table 4: Offset agreements under negotiation**

	2018-19	2017-18
Offset agreements under negotiation <sup>1</sup>	15	6
Area of habitat (ha )	668.10	429.91

**Table 5: Offset covenants registered on title**

	2018-19	2017-18
Offset covenants registered <sup>2</sup>	7	4
Area of habitat (ha )	520.72	104.01

1 2017-18 data for covenants under negotiation includes offset covenants registered on title in the same year.

2 Refers to new covenants and amendments to existing covenants undertaken to meet a native vegetation offset requirement.

### Revolving Fund

Trust for Nature's Revolving Fund is a market-based conservation instrument. Its objective is to use the real estate market to achieve conservation outcomes, through the Trust's statutory power to buy and sell land. The Revolving Fund is one of the Trust's most important conservation vehicles. It has been successfully deployed across Victoria for over 25 years. The Revolving Fund matches the supply provided by the owners of private properties with high nature conservation values with demand from people in the community who wish to purchase and protect these values.

The Revolving Fund protects conservation values through an obligation for all purchasers to covenant the property. As the Revolving Fund operates in the property market, factors that affect the market will also have an impact on the fund. The Trust aims to maintain the value of the Revolving Fund over time.

Trust for Nature has a goal to significantly increase the capital value of the Revolving Fund to support the conservation of more high-priority private land. In 2018–19, the Revolving Fund focused on marketing the properties held and continuing to investigate options for capital raising. The purchase and sales program saw two properties sold with a conservation covenant and five properties purchased for protection. Since its inception, the fund has purchased 74<sup>1</sup> properties and sold 63<sup>1</sup>, resulting in the protection of 6,369 ha of conservation land.

**Table 6: Revolving Fund statistics**

	2018–19	2017–18	2016–17
<b>Properties sold</b>	2 properties, total 96.48 ha, value \$464,739	4 properties, total 500 ha, value \$1,204,534	0
<b>Properties bought</b>	5 properties, total 301.11 ha, value \$1,052,248	1 property, total 36 ha, value \$175,000	1 property, total 17 ha, value \$126,000
<b>Investment income</b>	\$109,681	\$42,043	\$66,713
<b>Donations/transfers in</b>	\$100	\$0	\$45,000
<b>Properties retained</b>	12 properties, total 719.58 ha, value \$2,017,477	8 properties, total 536 ha, value \$1,225,607	11 properties, total 1,000 ha, value \$1,700,971
<b>Cash/amounts owing</b>	\$1,828,737	\$2,596,574	\$2,097,631
<b>Total value of Revolving Fund</b>	<b>\$3,846,214</b>	<b>\$3,822,181</b>	<b>\$3,798,602</b>

<sup>1</sup> Some properties have been prepared for sale as multiple parcels. This increases the number of properties retained and sold, but it does not affect the area of land protected.

# OPERATIONAL OBJECTIVES AND OUTCOMES

## Operational and budgetary objectives for key services

The achievements of the Trust's activities and services against the objects of the Victorian Conservation Trust Act 1972 can be found in summary throughout this report. In line with statutory disclosure requirements, the Trust also reports on the targets and outcomes of its operational objectives.

**Table 7: Operational objective and outcomes**

Services	Target (qualitative & quantitative)	Outcomes 2018–19
<b>Conservation covenants</b>	<ul style="list-style-type: none"> <li>To negotiate 1,200 ha for conservation covenants</li> <li>To register covenants over 2,400 ha</li> </ul>	<ul style="list-style-type: none"> <li>1,707 ha under negotiation for conservation covenant</li> <li>1,918 ha protected by registered conservation covenants</li> </ul>
<b>Land stewardship</b>	<ul style="list-style-type: none"> <li>To prepare and review 275 management plans for covenanted properties</li> <li>To visit 100 covenanted properties</li> <li>To host 10 engagement events (field days, workshops)</li> </ul>	<ul style="list-style-type: none"> <li>157 management plans prepared for covenanted properties</li> <li>200 visits to covenanted properties</li> <li>Over 50 engagement events hosted or co-hosted</li> </ul>
<b>Environmental markets</b>	<ul style="list-style-type: none"> <li>To increase the number and efficiency of agreements developed through the native vegetation offset market</li> </ul>	<ul style="list-style-type: none"> <li>15 offset covenants under negotiation</li> <li>7 offset covenants registered</li> </ul>
<b>Revolving Fund</b>	<ul style="list-style-type: none"> <li>To maintain the value of Revolving Fund contributions over time</li> </ul>	<ul style="list-style-type: none"> <li>The value of the Revolving Fund increased by \$24,033 in 2018–19</li> <li>Investment income on funds held increased from \$42,043 in 2017–18 to \$109,681</li> <li>2 properties sold with a total area of 96.48 ha for net proceeds of \$464,739</li> <li>5 properties purchased with a total area of 301.11 ha at a value of \$1,052,248</li> <li>Retained \$1,828,737 in cash for use by Revolving Fund</li> <li>Holding 12 properties comprising 719.58 ha with a value of \$2,017,477</li> </ul>
	<ul style="list-style-type: none"> <li>To grow the value of private investment in nature conservation through contributions to the Revolving Fund</li> </ul>	<ul style="list-style-type: none"> <li>\$100</li> </ul>
<b>Development</b>	<ul style="list-style-type: none"> <li>To grow the value of private investment in nature conservation through development activities and prudent funds management</li> </ul>	<ul style="list-style-type: none"> <li>Development income from donations (excluding bequests) was \$585,762</li> <li>Grant income was \$511,246 in 2018–19</li> <li>Bequest income was \$898 in 2018–19</li> <li>Dividend income was \$499,672 in 2018–19</li> <li>Interest income was \$429,946 in 2018–19</li> </ul>
	<ul style="list-style-type: none"> <li>To carry out two fundraising appeals with a total fundraising target of \$170,000</li> </ul>	<ul style="list-style-type: none"> <li>Christmas appeal in December 2018 raised \$42,250</li> <li>End of financial year appeal in June 2019 raised \$311,550</li> </ul>

## OPERATIONAL OBJECTIVES AND OUTCOMES (continued)

**Table 8: Conservation covenants registered**

Catchment	Registered covenants in 2018-19*	Registered covenants in 2017-18*	Registered covenants total**
Corangamite	3	3	104
East Gippsland	1	1	131
Glenelg Hopkins	3	2	101
Goulburn Broken	4	2	187
Mallee	0	4	44
North Central	4	3	248
North East	2	3	73
Port Phillip and Westernport	10	9	262
West Gippsland	4	2	142
Wimmera	5	2	167
<b>Total</b>	<b>36</b>	<b>31</b>	<b>1,459</b>

\* Registered covenants in 2018/19 and 2017/18 excludes offset covenants.

\*\* Registered covenants total includes offset covenants.

**Table 9: Area protected by registered conservation covenants (excludes reserves)**

Catchment	Area protected in 2018-19 (ha)*	Area protected in 2017-18 (ha)*	Total area protected (ha)**
Corangamite	79.8	43.01	5,083.88
East Gippsland	17.83	17.87	9,222.33
Glenelg Hopkins	70.53	21.87	4,130.94
Goulburn Broken	158.8	151.06	9,176.26
Mallee	0	282.29	2,713.60
North Central	494.67	196.53	9,370.56
North East	321.79	84.37	4,180.84
Port Phillip and Westernport	115.53	72.30	11,598.91
West Gippsland	158.38	25.57	5,592.82
Wimmera	501.09	553.88	5,992.41
<b>Total</b>	<b>1,918.42</b>	<b>1,448.75</b>	<b>67,062.54</b>

**Note:** The total area shown under covenant can change over time due to improved mapping techniques; and increases to areas already under covenant.

\* Area protected in 2018/19 and 2017/18 excludes offset covenants.

\*\* Total area protected (ha) includes offset covenants.

# CONSERVATION ACHIEVEMENTS

## Protecting ecologically significant areas

In 2018–19, Trust for Nature registered 36 new conservation covenants (excluding seven offset covenants) and covenant amendments that increased the National Reserve System by 1,918 ha.

Covenants were registered in 15 of Victoria's 28 bioregions including 11 of the 12 bioregions that are underrepresented in the National Reserve System (based on a 17% land area protection target). In total, 67% of all registered covenants in 2018–19 were located in the underrepresented bioregions, and these comprised 89% of the area protected.

Altogether, 78% of the registered covenants included native vegetation types assessed as being underrepresented in the National Reserve System. This collectively represented 45% of the extent protected through these new covenants in 2018–19. Further, of the 76 different ecological vegetation classes (EVCs) protected under covenant during 2018–19, 70% were classified as rare or threatened in Victoria and 36% as endangered.

Notable ecosystems protected by the Trust in 2018–19 included examples of three communities listed as nationally threatened under the *Environment Protection and Biodiversity Conservation Act 1999*, which were collectively represented on 33% of all covenants registered this financial year.

The Trust increased the level of protection in nine of our 12 focal landscapes, with the total land protected in these landscapes comprising 44% of the total land area protected under covenant in this financial year. Collectively, 100% of the habitat area protected under covenant this year helped improve the representativeness of the National Reserve System (located in underrepresented bioregions) and/or increase its adequacy (located in focal landscapes).

With the support of the Victorian Government, the Trust continued reviewing its conservation planning approaches in the context of climate change, including mapping of priority areas for sustainable land-use conservation, and mapping of properties most suitable for revegetation and carbon sequestration.

The Trust also contributed in 2018–19 to state, national and international programs and forums to protect biodiversity including:

- representation on the steering committee of the International Land Conservation Network
- membership of the Conservation Coaches Network
- representation on the Australian Government Department of the Environment and Energy's Partnerships CORE Co-Design Group steering committee
- provision of protected area data to the biennial Collaborative Australian Protected Area Database, which helps inform national analyses of progress towards the formal protection of Australia's biodiversity under national and international commitments
- membership of the Australian Land Conservation Alliance
- completion of a conservation finance scoping paper on behalf of the Australian Land Conservation Alliance that audited 26 finance mechanisms used globally to fund land conservation and their applicability to Australia (supported by the Australian Government Department of the Environment and Energy)
- delivery of the two-day Conservation Finance Intensive workshop on behalf of the Australian Land Conservation Alliance (supported by the Australian Government Department of the Environment and Energy, the Victorian Department of Environment, Land, Water and Planning [DELWP], the Biodiversity Conservation Trust and National Australia Bank)
- representation on the Australian Business and Biodiversity Initiative
- a presentation at the Australian Land Conservation Alliance Private Land Conservation Conference in Brisbane
- participation in the natural capital summit in Brisbane, hosted by the Land Use Futures program, a partnership between Monash University's Monash Sustainable Development Institute's ClimateWorks Australia, Deakin University and the CSIRO
- a presentation at the Private Land Conservation Roundtable in Darwin.

## CONSERVATION ACHIEVEMENTS (continued)

**Table 10: Bioregions, EVCs protected via conservation covenants (excluding offset covenants) and area in each catchment**

CMA region	IBRA region	Victorian bioregion	Number of covenants	Area (ha)	Number of EVCs
Corangamite	SCP	Otway Plain	1	0.97	1
	SEH	Otway Ranges	2	78.83	6
East Gippsland	SCP	Gippsland Plain	1	17.83	1
Glenelg Hopkins	NCP	Bridgewater	1	27.26	1
	SCP	Warrnambool Plain	1	32.16	2
	SVP	Victorian Volcanic Plain	1	11.11	1
Goulburn Broken	RIV	Murray Fans	1	66.58	5
	VIM	Central Victorian Uplands	3	92.22	6
North Central	RIV	Victorian Riverina	1	129.52	3
	VIM	Central Victorian Uplands	1	262.25	2
		Goldfields	2	102.9	2
North East	NSS <sup>1</sup>	Northern Inland Slopes	1	77.44	1
	VIM	Central Victorian Uplands	1	244.35	4
Port Phillip and Westernport	SCP	Gippsland Plain	2	20.51	3
	SEH	Highlands - Southern Fall	8	95.02	13
West Gippsland	SCP	Gippsland Plain	3	134.73	8
	SEH	Strzelecki Ranges	1	23.65	4
Wimmera	MDD	Wimmera	2	265.86	5
	VIM	Central Victorian Uplands	1	129.17	3
		Dundas Tablelands	1	46.06	4
		Goldfields	1	60	1
<b>Total</b>			<b>36</b>	<b>1,918.42</b>	<b>76</b>

<sup>1</sup> The NSW South Western Slopes is an IBRA region that includes parts of North East Victoria.

## Collaborating with others to enhance permanent protection at a landscape scale

In 2018–19, Trust for Nature worked collaboratively with more than 100 organisations including the Victorian Government, the Australian Government, local governments, conservation organisations, Landcare and other community groups and businesses. Through these projects, the Trust delivered the permanent protection and stewardship outcomes outlined on Page 6.

Trust staff participated in forums around Victoria including regional partnership and planning meetings and conservation planning workshops. It also joined key Victorian Government environmental agencies including DELWP on the VicEnvironments Forum (VEF), the VEF's science and communications subcommittees and the VEF Working Group to help coordinate the collaboration and collective impact of the member agencies in relation to implementing *Protecting Victoria's Environment – Biodiversity 2037* and future initiatives.

The Trust and our partners also collaborated to successfully secure over \$7M (over five years) in support for conservation projects around Victoria, as part of the Victorian Government's Biodiversity Response Planning program and under phase two of the Australian Government's National Landcare Program.

Many of these project proposals were based on priority strategies in the landscape-scale conservation action plans (CAPs) developed in recent years. The Trust continued to develop CAPs for other priority landscapes identified in our Statewide Conservation Plan. Trust for Nature also provided technical expertise and support to Parks Victoria and Catchment Management Authorities (CMAs) preparing CAPs for these landscapes. These partnerships are helping to align priorities for conservation on protected areas of public and private land including in response to a changing climate.

In 2018–19, the Trust also continued relationships with the catchments and water programs of DELWP and CMAs, as part of the implementation of the *Victorian Waterway Management Strategy and Water for Victoria*. Activities included ongoing partnership agreements with the CMAs, involvement with the preparation of funding proposals and representation on a statewide working group. We also participated in the Value of Integrated Catchment Management workshop with representatives of Victorian Government agencies and departments. These involvements will help to better protect key areas of private land, particularly aquatic and riparian habitats, over the next two years.

During the year, the Trust also helped implement initiatives about water for the environment. It re-signed a long-term agreement with the Mallee CMA to allow the release of water for the environment to Neds Corner Station, and it provided policy advice to CMAs and the Victorian Environmental Water Holder about the applicability of covenants to secure overbank flows. These arrangements are vital to ensure water-dependent ecosystems are managed to maintain their health and resilience.

In 2018–19, the Trust undertook a project funded by DELWP's Biodiversity 2037 Innovation Fund to investigate how conservation covenants can be used to protect natural capital in agricultural landscapes and to provide financial incentives to farmers to conserve biodiversity. The final report will be completed in October 2019.

## CONSERVATION ACHIEVEMENTS (continued)

### Managing protected areas

In 2018–19, Trust for Nature management activities on covenanted properties and on our reserves, as part of funded projects, included:

- weed management on more than 10,900 ha
- feral animal management on more than 54,000 ha
- installation of 20 km of fencing
- improving the grazing regime on more than 800 ha
- making other habitat improvements on more than 3,500 ha
- conducting more than 205 ecological surveys and assessments, mostly with threatened species projects.

Major activities to improve habitat for the critically endangered Plains-wanderer saw an ongoing monthly predator control program. This included fox and rabbit control across Trust for Nature's 2,500 ha Wanderers Plain property and remnant Buloke Woodlands. Working alongside the Barapa Barapa Indigenous partners, the Trust also delivered invasive weed control including of African boxthorns, Bathurst burr, Horehound and Gazania to extend the available habitat range for the Plains-wanderer.

### Improving threatened species conservation

In 2018–19, the Trust collaborated with conservation and land management agencies and organisations to help secure, maintain or improve habitat for a variety of threatened species. Some of the threatened species include the Woolly Plover-daisy, Orange-bellied Parrot, Eastern Curlew, Swamp Skink, Plains-wanderer, Colourful Spider Orchid, Regent Honeyeater, Striped Legless Lizard, Bibron's Toadlet, Sooty Owl and Azure Kingfisher.

Since the Trust's purchase of Neds Corner Station in 2002, the native vegetation has recovered remarkably, there are fewer plant and animal pests, and we have discovered new populations of many species of plants and animals not recorded previously in Victoria or in the surrounding landscape. For example, in 2018–19 we identified the endangered Woolly Plover-daisy (*Leiocarpa tomentosa*), previously thought to be locally extinct on Neds Corner Station. This small perennial shrub

only has a few sites remaining in Victoria and its rediscovery on Neds Corner Station is due to the long-term, large-scale control program to reduce the threat of grazing from rabbits.

Working with the West Gippsland CMA, the Trust has also been striving to protect vulnerable coastal saltmarsh on the Corner Inlet Ramsar Wetland and Nooramunga coastline that is providing habitat and resources for threatened species like the Orange-bellied Parrot and Swamp Skink and for migratory shorebirds like the Eastern Curlew. Saltmarsh is also valuable as a buffer against the threat of sea level rise and in carbon capture and storage.

A significant number of critically endangered Plains-wanderer chicks have successfully hatched at Werribee Open Range Zoo. The Trust is part of a National Recovery Team for the bird which has established a captive program to save it from extinction. The team includes Zoos Victoria, Parks Victoria, DELWP and CMAs, as well as interstate and national partners. When the chicks are old enough to be released into the wild, they will need somewhere safe to go. Thanks to the generosity of landowners and support from the Australian Government and the North Central CMA, 470 ha of Plains-wanderer habitat has been protected with conservation covenants over the last six years with about 130 ha secured in 2018–19. A further 400 ha are targeted for protection over the next four years.

In a world first, a self-sustaining population of an endangered orchid species has been created through a reintroduction program. The Coloured Spider-orchid (*Caladenia colorata*) is endangered nationally with small populations of the plant remaining in just a handful of sites in Victoria and South Australia. Orchids are notoriously fickle and difficult to reintroduce back into the wild because they are so dependent on having the right environment and pollinator.

The Coloured Spider-orchid is part of the decade-long Orchid Conservation Program led by the Royal Botanic Gardens Victoria, and it includes Trust for Nature, Australian Network for Plant Conservation, Wimmera CMA, DELWP, Parks Victoria, Australasian Native Orchid Society, Grampians Threatened Species Hub, private landowners and teams of volunteers. The successful reintroduction of 700 plants in the Wimmera region gives scientists the confidence that other endangered orchid species

can also be reintroduced and be self-sustaining. The conservation program is using protected sites on Parks Victoria land and sites that have Trust for Nature covenants on them. That means they will be protected forever, even if the properties change hands, giving greater long-term certainty for the orchids' survival.

## Education

Building on last year's initiative to provide VCE Outdoor Education and Environmental Science curriculum materials to all Victorian secondary schools, the Trust participated in a forum and workshop on nature conservation programs at the annual conference of the Victorian branch of the Australian Council for Health, Physical Education and Recreation. More than 50 VCE teachers from around the state attended the conference. Trust staff also hosted school and university education days on covenanted properties and reserves around the state, to increase knowledge about the Trust's role and the importance of private land conservation in Victoria.

With ongoing support from the Victorian Government, the Trust developed new information about how landholders can help mitigate the impacts of climate change on biodiversity at their properties. The information was presented at ten workshops and events for covenantors, landholders, staff, committees of management and friends' groups during the year. Further events are planned for 2019–20.

The Trust also co-hosted school students at a field day at Bank Australia's Conservation Reserve in the Wimmera, in partnership with Greening Australia and the Red-tailed Black-Cockatoo Recovery Team. Trust for Nature is also working with partners to increase opportunities for Aboriginal people in Victoria to access tertiary education in conservation management: there are more details on pages 16 and 17.

## Supporting scientific study

In 2018–19, Trust for Nature staff provided data and advice to ecology research projects. This included ongoing collaborations with The University of Melbourne and the Threatened Species Recovery Hub. The Trust also continued research associations with La Trobe University, RMIT University, Deakin

University and Australian National University. A new industry partnership was established with The University of Melbourne's Environmental Science Masters program this year, leading to a collaborative research project with two master's students.

During the year, Trust staff contributed to peer-reviewed scientific research by authoring or co-authoring three<sup>1</sup> papers and by providing expert input to and reviewing other articles. The Trust also supported scientific study by providing access to covenants and reserves, providing relevant datasets, contributing to science workshops, presenting at conferences and offering industry work placements and mentoring for students.

## Special-purpose trusts and funds

Trust for Nature acts as a trustee for special-purpose trusts and funds established through bequests or regulatory requirements for specified conservation activities. These trusts include the:

- Amateur Gardeners Foundation, established to accumulate and share knowledge about dwarfed and Alpine plants for the benefit of amateur gardeners<sup>2</sup>
- Pimelea Conservation Trust Fund, established to advance the protection and conservation of Spiny Rice-flower
- Growling Grass Frog Trust, established for the protection and benefit of the Growling Grass Frog in the Merri Creek catchment.

The Trust also manages the Golden Sun Moth Conservation Fund, established for the protection and benefit of the Golden Sun Moth.

1 Foster, C. et al. (2018). How practitioners integrate decision triggers with existing metrics in conservation monitoring. *Journal of Environmental Management* 230:94-101.

Selinske, M. et al. (2019) Monitoring and evaluating the social and psychological dimensions that contribute to privately protected area program effectiveness. *Biological Conservation* 229(1):170-178.

Sato, C. et al. (2019) The use and utility of surrogates in biodiversity monitoring programmes. *Journal of Applied Ecology* 2019: 1-7.

2 In 2018-19, the Trust distributed the funds of the Amateur Gardeners Foundation to the Alpine Garden Society Victorian Group Inc to further the work contemplated under the trust deed. The Trust has now agreed to wind up the Amateur Gardeners Foundation Trust.

# COMMUNITY ENGAGEMENT

## Events

As part of our conservation mission, Trust for Nature engages with landowners, covenantors, supporters, volunteers, other conservation organisations, governments and the broader community. In 2018–19, Trust staff hosted or co-hosted over 50 engagement events across the state. Among them were Spring into Nature events held between September and November 2018. Spring into Nature enables people to experience nature by visiting covenanted properties and the Trust's reserves.

We held our first Expert Volunteers training sessions, supporting the new pilot program (funded by the John T Reid Charitable Trusts) which links covenantors with people who are experienced in their landscapes and who can share their plant and animal knowledge or talk about land management issues (such as emerging weeds).

The eighth annual Celebrating Women in Conservation Breakfast was once again jointly hosted with Bush Heritage Australia and supported by the National Australia Bank.

The third annual River and Grasslands Tour visited our Glassons Grassland Reserve near Echuca, run by the North Central CMA. The tour provided an opportunity for an exchange of cultural knowledge about grasslands and river management.

Thanks to Barapa Barapa, Dja Dja Wurrung Clans Aboriginal Corporation, Taungurung Land & Waters Council, Wemba Wemba and Yorta Yorta Nation Aboriginal Corporation for their participation.

The Trust also held events to celebrate and acknowledge supporters, covenantors and volunteers including:

- the launch of curated weekend donor visits to Neds Corner Station. We held our first weekend trip to give Trust for Nature supporters the opportunity to see the 30,000 ha conservation property for themselves and to experience its beauty, remoteness, Indigenous history and extraordinary biodiversity and rehabilitation achievements

- a special event for supporters to hear from keynote speaker Maria Myers, who is an advocate for looking after Kimberley rock art; a philanthropist for conservation, arts, cultural and education organisations; and a former trustee of Trust for Nature
- hosting a Christmas celebration in November as a thank-you to partners, stakeholders and major donors. Guests had the opportunity to hear from Jennifer Rolland, who bought an 84 ha property near Horsham from Trust for Nature's Revolving Fund
- a celebration and formal recognition of the important work of the many Committee of Management members who diligently maintain Trust reserves
- an afternoon tea to launch Nature's Custodians, Trust for Nature's bequest society.

## Traditional Owner engagement and partnerships

*Trust for Nature's Statement of Intent and Commitment to Victorian Traditional Owner Groups* recognises that all Victorians share in the benefits of Traditional Owners' custodianship and caring for Country for millennia. The statement formalises Trust for Nature's ongoing commitment to meaningful engagement and partnership with Traditional Owner groups, guided by the four principles of:

- recognition and respect
- cultural learning and development
- healthy natural environments and ecosystems
- capacity building and economic development.

In 2018–19, the Trust engaged with Australia's first peoples by developing and delivering new partnership projects, spending time together on Country, joint land management, joint funding applications and sharing knowledge at meetings, community events, workshops and presentations. Some of these activities are explained opposite.

In 2018, the Trust partnered with the Bunurong Land Council Aboriginal Corporation and the Wurundjeri Tribe Land and Compensation Cultural Heritage Council to support Aboriginal people interested in conservation and land management with higher education and work opportunities through a Certificate III in Conservation and Land Management. Students gained experience undertaking conservation projects on land protected by Trust for Nature covenants. The course was made possible with funding from the Victorian Government's Biodiversity Community Action Grants community grants and supported by the Port Phillip and Westernport CMA. The course finished with six graduates. In 2019, the course is running for a second year with funding from the Victorian Government's Port Phillip Bay Fund through the Bunurong Land Council, Zoos Victoria, DELWP's Faunal Emblems Project, the Victorian Government's Biodiversity On-ground Action community grants; and with the support of the Port Phillip and Westernport CMA.

Trust for Nature also partnered with the Wurundjeri Tribe Land and Compensation Cultural Heritage Council (Wurundjeri) and their Naarap team to complete works on Trust for Nature reserves. This included significant works, land management, fire assessments, cultural actions and habitat improvements on Uambi, Willis, Harbury and Kopelis reserves.

During the year, we also established a memorandum of understanding with the Bunurong Land Council Aboriginal Corporation for land management projects.

In the North Central region, Trust for Nature employed a Barapa Barapa elder to assist with delivering projects funded by the Australian and Victorian governments. The Trust also supported the North Central CMA to deliver the River Tour, and it continues to engage with the Dja Dja Wurrung's Djandak works crew that has been undertaking conservation activities at the Murray Family Conservation Reserve at Long Swamp. The Trust has had initial discussions with the Bendigo and District Aboriginal Co-operative to facilitate future women's business on Country visits to our reserves.

In 2019, the Trust continued to work with the Gunaikurnai Land and Waters Aboriginal Corporation's On Country works crew to assist with on-ground delivery of projects in East Gippsland. The Trust also worked with the joint managers and Aboriginal rangers to undertake weed control in the Lake Tyers Coastal Park.

In November, the Trust assisted the West Gippsland CMA to hold a saltmarsh management field day for the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) bushland management crew and agency staff at a covenanted property in South Gippsland. The event was delivered through the CMA's Corner Inlet Connections program, and it included training by Trust staff in weed identification that will be put into practice by the GLaWAC crew. The Trust also attended a cultural heritage training session lead by Grattan Mullett from GLaWAC. The training provided insights and greater understanding that will assist the Trust in engagement and partnerships with GLaWAC.

In the North East, Taungurung clans and the Woka Walla work crew from Yorta Yorta nation, in partnership with the Country Fire Authority and the Euroa Arboretum, demonstrated cool burning techniques at a workshop at the Trust's Burge Family Reserve at Gobur. The Woka Walla work crew was also employed to carry out woody weed control on covenanted properties in the Warby Ranges.

In the Corangamite region, the Trust is continuing to work in partnership with the Wathaurong Aboriginal Co-operative to undertake priority weed control on covenanted properties across the Bellarine Peninsula and Geelong district, supported by a Biodiversity On-ground Action community grant from the Victorian Government.

At Neds Corner Station, the Trust continued to engage with the First People of the Millewa-Mallee Aboriginal Corporation which includes Latji Latji, Nyeri Nyeri and Ngintait (Nintay) Traditional Owners of Country. As well as formal meetings about the management and protection of this important cultural landscape, Traditional Owners also regularly stay at Neds Corner Station when important meetings are being held in conjunction

## COMMUNITY ENGAGEMENT (continued)

with our other major partners including the Mallee CMA, the Commonwealth Environmental Water Holder and Parks Victoria.

In south-west Victoria, the Barengi Gadjin Land Council are partners with the Trust and Greening Australia on Bank Australia's Conservation Reserve project. During the year, the Barengi Gadjin Land Council completed cultural heritage surveys for the reserve. This work identified eight sites and features that will be formally registered as culturally significant. This knowledge will help inform management of the reserve and protection of its cultural values. Traditional Owners were involved in the Spring into Nature event at the reserve in October 2018 and at the Bank Australia staff event in May 2019. Activities included a welcome from Traditional Owners, art and dance. In May 2019, activities with school children and others shared cultural connections to Country through dance and storytelling. Bank Australia staff heard about scar trees, building their understanding of the reserve's rich cultural values.

In partnership with Greening Australia, Trust for Nature employs an Indigenous trainee and facilitates training and working on Country opportunities through the Bank Australia Conservation Reserve and other regional conservation projects. The Trust's Snape Reserve and its committee of management have also provided valuable work and training opportunities for the Indigenous traineeship.

### Public policy

During the year, Trust for Nature made submissions about or provided input relating to key public policy areas, including:

- the draft action plan by Parks Victoria for the protection of floodplain marshes, Barmah National Park and Barmah Forest Ramsar site
- the Victorian Environmental Assessment Council's Central West investigation
- the review of strategic agricultural land in greater Melbourne, including by attending a stakeholder workshop
- by informing public policy makers of the need for tax and municipal rates reform
- the reform of DELWP's deer management strategy on public land
- the proposal to declare feral cats as pest animals on public land in Victoria
- the independent consultation on modernising regional forest agreements
- the Australian Government's COP14 agenda items and draft decisions (on behalf of the Australian Land Conservation Alliance)
- the Senate enquiry into Australia's faunal extinction crisis
- the Australian Government Department of the Environment and Energy communications strategy to increase awareness of environmental economic accounting.

### Support and development

Trust for Nature ran its first crowdfunding campaign, Haul for Habitat, in 2018–19, in support of Neds Corner Station. Support from the public and donation-matching up to \$25,000 from the Victorian Government raised \$52,913.38 in four weeks. These funds enabled the transport of 250 tonnes of logs over 500 kms to Neds Corner Station and additional fencing works to enable the construction of a predator-proof wildlife habitat.

2018–19 also saw the implementation of the Trust for Nature Endowment Fund, the West Gippsland Conservation Fund and the official launch of Nature's Custodians, the Trust's bequest society. These funds are now in place and expected to grow over the coming years.

The Trust continues to improve its digital platforms, including a transition to electronic newsletters that are distributed every two months to supporters and a regular Revolving Fund newsletter. The Trust's regular giving program, the Bush Protection Program, was redesigned and launched, and a supporter survey was introduced to help connect with Trust for Nature supporters and understand their interests and concerns.

To enhance engagement with supporters and the broader community, the Trust has commenced several new initiatives. These include:

- a project to replace the existing customer relationship management platform with the Salesforce platform for greater flexibility
- several stakeholder thank you functions and trustee events
- the development of short videos to showcase the work of Trust for Nature and Neds Corner Station, our flagship conservation property.

# PARTNERS AND VOLUNTEERS

Trust for Nature carries out its work to protect native plants and wildlife on private land through partnership and collaboration. The Trust gratefully acknowledges the many individuals, community groups, covenantors, associations, foundations and companies who continue to lend their support, both financial and otherwise, to Trust for Nature. It is only through collaboration and cooperation that we can fully achieve our goals.

Trust for Nature sincerely thanks the following individuals and organisations that have made contributions to Trust for Nature in 2018–19.

## **Government departments and statutory entities**

- Aboriginal Victoria
- Australian Government Department of the Environment and Energy
- Baw Baw Shire Council
- Corangamite Catchment Management Authority
- Country Fire Authority
- Department of Economic Development, Jobs, Transport and Resources
- Department of Environment, Land, Water and Planning
- Department of Justice
- East Gippsland Catchment Management Authority
- Glenelg Hopkins Catchment Management Authority
- Goulburn Broken Catchment Management Authority
- Mallee Catchment Management Authority

- Melbourne Water
- Native Titles Services Victoria
- Nillumbik Shire
- North Central Catchment Management Authority
- North East Catchment Management Authority
- Office of the Commissioner for Environmental Sustainability
- Parks Victoria
- Port Phillip and Westernport Catchment Management Authority
- Royal Botanic Gardens Victoria
- South Australian Water
- The Commonwealth Environmental Water Holder
- Victorian Catchment Management Council
- Victorian Environmental Assessment Council
- Victorian Environmental Water Holder
- Victorian Rabbit Action Network
- West Gippsland Catchment Management Authority
- Wimmera Catchment Management Authority
- Zoos Victoria
- Plus other local governments in Victoria

## **NGO and not-for-profit partners**

- Australian Communities Foundation
- Ballarat Environmental Network (BEN)
- Barapa Barapa Traditional Owners
- Barengi Gadjin Land Council Aboriginal Corporation
- Biodiversity Conservation Trust (NSW)
- Biophilia Foundation
- Birchip Landcare Group
- Birdlife Australia and its regional branches
- Broken Boosey Conservation Management Network
- Bunurong Land Council Aboriginal Corporation
- Bush Heritage Australia
- Cardinia Environment Coalition
- Central Victorian Biolinks Alliance
- Connecting Country
- Conservation Volunteers Australia
- Dja Dja Wurrung Clans Aboriginal Corporation
- East Gippsland Landcare Network

## PARTNERS AND VOLUNTEERS (continued)

- East Gippsland Rainforest Conservation Management Network
- Environmental Justice Australia (Victoria)
- Fairley, Bael Bael and Sandhill Lake Landcare
- Federation of Victorian Traditional Owners Corporation
- Field Naturalists Club of Victoria
- First People of the Millewa-Mallee
- Friends of the Helmeted Honeyeater
- Gippsland Plains Conservation Management Network
- Greening Australia (Victoria)
- Gunaikurnai Land and Waters Aboriginal Corporation
- Habitat 141 Alliance
- Hazel L Henry Farmland Nature Refuges
- Heathmont Bushcare
- Helen Macpherson Smith Trust
- Hindmarsh Landcare Network
- John T Reid Charitable Trusts
- Kara Kara Conservation Management Network
- Lake Tyers Aboriginal Trust
- Landcare Australia Ltd
- Latrobe Valley Field Naturalist Club
- Longwood Plains Conservation Management Network
- Lord Mayor's Charitable Foundation, Loftus-Hills Fund
- Mt Korong Eco-Watch Association Inc.
- Myer Family Trust
- Nature Conservation Trust of NSW
- Nature Foundation SA
- Nature Glenelg Trust
- Norman Wettenhall Foundation
- Northern Plains Conservation Management Network
- Odonata
- Paul Family Foundation
- Plains-wanderer National Recovery Team
- Project Platypus Association Inc (Upper Wimmera Landcare)
- Queensland Trust for Nature
- RE Ross Trust
- Russell & Womersley Foundation
- Southern Ranges Environment Alliance
- Southern-eastern Red Tailed Black-Cockatoo Recovery Team
- St Arnaud Field Naturalist Club
- Strathbogie Ranges Conservation Management Network
- Tasmanian Land Conservancy
- Taungurung Clans Aboriginal Corporation
- The Nature Conservancy
- Urquhart Foundation
- Victorian National Parks Association
- Victorian Volcanic Plains Conservation Management Network
- Volunteering Victoria
- Wathaurong Aboriginal Co-operative Ltd
- Wedderburn Conservation Management Network
- Western Port Biosphere
- Whroo Goldfields Conservation Management Network
- WorkWays Australia (drought relief crew)
- Wurundjeri Tribe Land and Compensation and Cultural Heritage Council Incorporated
- Yorta Yorta Nation Aboriginal Corporation
- Yulgilbar Foundation

### Educational institutions

- 15 Mile Creek Outdoor School
- Australian National University
- Federation University
- La Trobe University
- Monash University
- Outdoors Victoria
- RMIT University
- The University of Melbourne
- University of Queensland
- Victoria University

### Corporate partners

- Bank Australia
- Ethical Investments
- HVP Plantations
- JBWere
- Mills Oakley
- National Australia Bank
- Pearce Webster Dugdales
- Property Valuers Australia

### Volunteers

- Margaret and Richard Alcorn
- Russell Barber
- Christine and Greg Barkla
- Danny Barnes
- Denham Barnes
- Val Barnes
- Brett Barness
- Geoff Barrow
- Bruce & Ann Beach
- Wendy and Alan Bedggood
- Ruth and Allen Bickell
- James Bond
- Jason Bowden
- David Boyle
- Garry Cheers
- Chiltern Primary School
- Max and Pru Ervin
- Paul Fitzsimons
- Jillian Garvey
- Jill and Ron Gerts
- Joshua Godino
- Ken & Vicki Graf
- Rob Gratton
- Camilla Graves

- Anne Hillas
- Bruce Hillas
- Fatma Ipek
- David Jackman
- Malcolm Just
- Trish and Garry Kelly
- Sabatino Sapio and Angelo Lamontagna
- Helena, Bethany & Charlotte Lindorff
- Richard Loyn
- Don Love
- Judy Lumb
- Mick Lumb
- John & Judy Macfarlane
- Glenda and Gary Mann
- Ian Mansergh
- James Marshall
- Bruce and Ann McGregor
- Judy and Mal McKinty
- Sharon and Ian Miles
- Marita Miller
- Euan Moore and Jenny Rolland
- Peter Mitchell and Barbara Moss
- Verna Monaghan
- Peter Morison
- Kerry Moulton
- Peter Moulton
- Maria Myers
- Martin O'Brien
- Jessica O'Keefe
- Murray Ogle
- Murray Orr
- John & Claire Owen
- Jennifer Rolland
- Ellen Roberts
- Peter and Jenny Sedgwick
- Ian Smith
- St Malachy's School, Edenhope
- Pam Stephens
- Stuart Tait
- Rani Thuan
- Chris Tzaros
- David Wakefield and Laurie McMillan
- Robert Watson

- Geoff Wescott
- Nell White
- Trent and Glen Wilkins
- Uncle Norm Wilson
- Tom Zamanis

**Committees of management, friends' groups, organisations and individuals that provide special assistance on Trust for Nature properties**

**Friends of Bungalook Conservation Reserve**

- Karen Davies
- Lisa Fleming
- John Kelly
- Gail Kreltsheim
- Dan Lim
- Bernie van Lith
- Dr Graeme Lorimer
- Robert Murray
- Karin Smith
- Fiona Sutton

**Friends of Burge Reserve**

- Janet Hagen
- Susan and Jonathan Hayman
- Delphine and Bruce Marsh
- Cathy Olive

**Dexter's Bush**

- Liz and Mick Dexter

**Dog Rocks Flora and Fauna Sanctuary**

- Bill Honey

**Friends of Harbury Reserve (CoM)**

- Dr Ben Cooke
- Elizabeth Fraser (OAM)
- Toby Fraser
- Nicole Grimster
- Ryan Tracey

**Friends of Pallister's Reserve**

- Richard Alexander
- Peter Bolte
- Peter Carrucan
- Nick Glover
- Trevor Kennedy
- Anthony Leddin
- Julia Schlapp
- Margaret Whitehead

**Mt Elephant Community Management**

- Lesley Brown
- Janine Davis
- Ron Eldridge
- Jane French
- Geoffrey Henderson
- Val Lang AM and Chris Lang
- Jan Porter
- Judith Sarto
- Lynnette and Gert Stammberger

**Mt Elgin Swamp Committee of Management**

- Gary Clark
- Clive Crouch OAM
- Wayne Donnell
- Alan Frankham
- Kent Goldsworthy
- Geoff Moll
- Whimpey Reichelt OAM

**Ocean Grove Park Association**

- Alicia Crabtree
- Mark Edmonds
- Leigh Holloway
- Andrew Kelly
- John Mamonski
- Collen McEwan
- Mark McLean
- Don Pietrapertosa
- Alan Smith

## **PARTNERS AND VOLUNTEERS (continued)**

### **Friends of Ralph Illidge Sanctuary**

- Peter Battistello
- Pam McConnell
- Janice Trenair
- Kerrie Smith

### **Snape Reserve Committee of Management**

- Darryl Argall AO and Mary Argall
- Ian Barry
- Greg Bourke
- Ian Flux
- Jan John
- Terry Lynch
- John Rocke
- Sue Smith and Lindsay Smith OAM
- Diana Snape and Brian Snape AM
- Cliff Unger
- Fiona Werner

### **Uambi Committee of Management**

- Anthony Bigelow
- David Harper AM
- Will Harper
- Roger Lord
- Dr Graeme Lorimer
- Sue Mosley
- Pam Yarra

### **Friends of Uralla Nature Reserve**

- Matt Franke
- Chris Mynard
- Ken Savage
- Tony Stewart
- Louise Kennedy Young

### **Wanderslore Sanctuary Committee of Management and the Friends of Wanderslore**

- Linda Clarke
- Gordon Coleman
- Geoff Durham OAM
- Steve Fernee
- Lincoln Kern
- Patrick O'Shaughnessy
- Janet Sowden

### **Friends of Clarksdale Bird Sanctuary**

- Ruth Ault
- Frank Carland
- Tim, Jan & Susie Cooke
- David Coutts
- Howard Donald
- Erica Gage
- Michael Gage
- Jenny Garley
- John Gregurke
- Ken Hammond
- Paul Hammond
- Louise Humble
- Victoria Lovejoy
- Clare Miller
- Emily and Peter Noble
- Helen O'Donnell
- Lilla Orton
- Grant Palmer
- Tim Sandiford
- Peter and Jenny Sedgwick
- Roger Thomas
- Peter Thomson
- other BirdLife Australia staff

We have listed as many volunteers as possible. For those who are not listed here, your contribution is also gratefully acknowledged.

# THANK YOU TO OUR DONORS

Trust for Nature is grateful to all its donors. With their generosity, the Trust continues its work to protect nature on private land today, tomorrow and forever.

We would especially like to thank the following supporters who have donated \$1,000 or more in 2018–19. We also thank those who wished to remain anonymous. Together, we are making a difference.

## **Donors**

- Barbara A Baird
- Liz Balogh
- Kirsty A Bennett
- Phyllis N Bourke
- Julia A Bruce
- Greg Burns
- Vanessa Craigie
- Sue J Davies
- Jennifer Davidson
- Geoff Driver
- Geoff A Durham
- Max & Pru C Ervin
- Peter R Furneaux
- Carrillo Gantner
- Sylvia Geddes
- Geoffrey Giles
- Camilla Graves
- Lesley Griffin
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- Margaret & Ian Ross
- Frank W Schooneveldt
- Brian C Snape
- Souter-Foale Family Trust
- Helen M Symon
- Michael J Troy
- James Vaux
- Geoffrey Wescott
- Douglas J Wilson
- Elizabeth Xipell

## **Trusts and foundations and corporate donors, that supported specific projects**

- Australian Communities Foundation
- Australian Philanthropic Services
- Biophilia Foundation
- Department of Environment, Land, Water & Planning
- Hamer Family Fund (Australian Communities Foundation)
- Helen McPherson Innovations Fund
- JT Reid Charitable Trusts
- Limb Family Foundation
- Lord Mayor's Charitable Foundation, Loftus-Hills Fund
- Malka
- Myer Family Trust
- National Australia Bank
- Paul Family Foundation
- Perpetual Trustees Victoria Limited
- RE Ross Trust
- The Island Story Gatherers Inc

## **Bequests**

- Estate of Helen Garrett

# FINANCIAL OVERVIEW

## Finance and business current year financial review

For 2018-19 the Trust had a net comprehensive result deficit of \$273,081 compared to a surplus of \$376,683 in 2017-18.

Overall revenue levels were slightly higher last year largely due to higher government program grants, philanthropic grants and other commercial income, and investment earnings on reserves with specified purposes. The Trust's two major philanthropic appeals, Christmas and End of Financial Year, were again strongly supported, however general donations were lower than last year when a small number of very large gifts were received.

Expenditure was similar to the prior year except for employment expenditure. Employment expenditure increases were mostly incurred across regional Victoria delivering on-ground conservation services funded from government and philanthropic grants. Other expenses include IT and communications, legal and governance, fundraising and marketing.

Other economic flows includes profits on the sale of two revolving fund properties settled during the year.

The Trust is undertaking an upgrade of its IT systems used for land management. These systems were developed with the generous support of volunteers stretching back nearly 20 years, however it had become critical to invest in a new software platform that would be supported into the foreseeable future. General reserves have been used to fund this upgrade project and the Covenant Stewardship surplus reserve has been used to partly fund the Trust's state-wide stewardship program. The Covenant Stewardship surplus reserve is held for this purpose and \$145,000 was appropriated in 2018-19. These two programs, along with conservation expenditure at the Trust's flagship property, Neds Corner, resulted in a net deficit of \$273,000 for the year.

As part of the internal audit program for 2018-19, audits were conducted covering the Trust's revenue recognition, its payroll, human resource and OH&S systems, and its compliance with the Financial Management Act.

Total assets were \$72 million at year end and this includes funds held on behalf of third parties. The increase of \$4 million from last year relates to an increase of \$4 million in funds received on behalf of private landowners and other third parties in relation to the Trust's offset program. These funds held by the Trust and are distributed to landowners for the purpose of improving the habitat on their covenanted land, or are held as a bond pending the completion of a new covenant offset agreement. Consequently net assets are similar to last year. Of these total assets, \$21 million is represented by Trust owned properties which do not generate income. The remaining \$51 million is held in financial assets, primarily against third party liabilities (\$39 million), which includes funds held for the benefit of private landowners under 10-year native vegetation offset agreements, and reserves with specified purposes (\$7 million) including the Trust's revolving fund. Earnings on these funds are applied for the benefit of those funds and are not available for general use.

There are no significant matters which changed our financial position during the reporting period.

There were no significant changes or factors which affected our performance during the reporting period.

There were no events occurring after balance date which may significantly affect the Trust's operations in subsequent reporting periods.

**Table 11: Five-year financial summary**

	2019	2018	2017	2016	2015
Operating grant	1,374,000	1,467,000	1,485,000	793,301	693,301
Government grants	2,911,444	2,309,691	1,909,451	2,255,263	2,385,555
Government and philanthropic grants used to acquire properties	0	500,000	219,213	135,000	0
Donations and appeals	585,762	1,308,950	635,836	766,945	1,110,900
Bequests	898	4,000	212,634	587,463	72,591
Interest and dividends, net of interest paid to third parties	929,618	587,758	492,351	586,651	673,372
Philanthropic grants, consulting and other income	1,320,582	876,113	1,302,045	735,885	653,095
<b>Total income</b>	<b>7,122,304</b>	<b>7,053,512</b>	<b>6,256,530</b>	<b>5,860,508</b>	<b>5,588,814</b>
Salary and associated expenses	4,259,277	3,918,291	3,502,692	3,398,635	3,449,943
Conservation program expenditure	1,350,098	1,489,645	1,058,487	756,151	745,218
Cost of land surrendered to government for nil consideration	0	0	0	0	0
Payments from appeals and other reserves with specified purposes	258,988	274,689	433,348	236,356	140,086
Other expenses	<b>1,755,554</b>	<b>1,740,234</b>	<b>2,006,620</b>	<b>1,719,881</b>	<b>1,582,625</b>
<b>Total expenditure</b>	<b>7,623,917</b>	<b>7,422,859</b>	<b>7,001,147</b>	<b>6,111,023</b>	<b>5,917,872</b>
<b>Net result from transactions</b>	<b>(501,613)</b>	<b>(369,347)</b>	<b>(744,617)</b>	<b>(250,515)</b>	<b>(329,058)</b>
Gain/(loss) on non-financial assets	204,360	554,093	9,608	1,400	153,654
Gain/(loss) on financial instruments	24,172	191,937	264,826	2,135	25,914
Changes in revaluation surpluses	0	0	(766,900)	1,960,897	0
<b>Total other economic flows</b>	<b>228,532</b>	<b>746,030</b>	<b>(492,466)</b>	<b>1,964,432</b>	<b>179,568</b>
<b>Comprehensive result</b>	<b>(273,081)</b>	<b>376,683</b>	<b>(1,237,083)</b>	<b>1,713,917</b>	<b>(149,490)</b>
Total assets	72,345,517	68,807,751	60,134,984	59,414,184	57,267,323
Net assets	33,447,591	33,720,672	33,343,989	34,581,072	32,867,155

Note: Interest income and total income in this table is stated net of interest income and the offsetting interest expense, which is directly attributable to funds held on behalf of third parties. Also refer to note 2.3 and note 3.6.

# BOARD AND EMPLOYEES

**Trust for Nature is overseen by a Board of Trustees, appointed by the Governor-in-Council on the recommendation of the Minister administering the *Victorian Conservation Trust Act 1972*.**

## **Patron**

Her Excellency the Honourable Linda Dessau AC, Governor of Victoria.

## **Geoff Driver, Chair**

BEC, Grad Dip Finance (*from 16 April 2013*)

Geoff has been involved in the banking and funds management industry for more than 30 years. He is currently General Manager Business Development and Investor Relations for ASX-listed Australian Foundation Investment Company (AFIC) and for other listed investment companies Djerriwarrh Investments, Mirrabooka Investments and AMCIL Limited. He is a Director of AISC, the company that services these investment companies. Before joining AFIC, Geoff was with National Australia Bank in various executive roles and spent three years in the UK. His experience covers strategy development and planning, capital management, new business implementation and distribution and marketing. Geoff is a strong believer in the advantages of community-based participation in the conservation of Australia's natural environment. His family has a property in the Victorian High Country that benefits from such an approach.

## **Amanda Noble, Deputy Chair**

MBA, BA, Dip Law (SAB) (*from 8 December 2015*)

Amanda's experience extends across risk management, investment management, strategy and operational areas including business integration. She has worked in both the public and private sectors, predominantly in finance, with significant trust management experience. She has held executive and management positions at Equity Trustees, ANZ and Westpac and she is currently the

Managing Director of The Data Institute. Amanda is a Member of the Australian Institute of Company Directors, is a Senior Associate of Finsia, and she also graduated from the Chief Executive Women's leadership program in 2013.

Amanda is particularly interested in providing opportunities for individuals to help solve global and local problems.

Having attended an agricultural high school, she has long been passionate about sustainable land management balanced with active conservation of habitat and wildlife.

Amanda currently chairs Trust for Nature's Finance & Investment and Executive Remuneration committees.

## **Gayle Austen**

BA (Media & Communications), Adv Cert App Language (Mandarin), Graduate AICD (*from 8 December 2015*)

Gayle is a communications specialist with extensive experience in strategic communications and community engagement. She has held senior executive positions at Seven Network, International CEO Forum and Fosters and was most recently Head of Marketing and Communications at ANZ Institutional. Her senior roles in journalism have been based in Australia, China and the UK including The Economist Intelligence Unit and *The Age*. She is currently Director of Gayle Austen Communications and a Director of Access Health and Community. As a former journalist with specialties in environment and rural affairs, and being from a farming family, Gayle has a particular interest in the way agribusiness can help conserve the environment.

She believes there are opportunities to energise and involve farmers, communities and corporations in safeguarding our natural heritage for future generations. Gayle currently chairs Trust for Nature's Fundraising and Marketing Committee.

### **Cas Bennetto**

MA (Organisational Communication), NFP Leadership *(from 8 December 2015)*

Cas is currently the CEO of the Kimberley Foundation Australia, an organisation dedicated to the research, protection and promotion of rock art and Indigenous heritage, a position she has held since 2010. Cas has worked in executive management positions at the Australian British Chamber of Commerce, Charles Darwin University, Australia Council for the Arts, the Museum of Contemporary Art and The Smith Family. Cas has a background in publishing and film and is a former radio producer. She is a recognised fundraiser and promoter. Cas has been involved as a volunteer for conservation organisations Green Cross International and the NSW Climate Change Coalition. An advocate for protecting Victoria's native plants and wildlife, Cas loves being involved with the Trust and in finding new ways to help us promote our mission and protect private land forever through conservation covenants.

### **James Bentley**

BSc (Ecology), BCom (Economics) *(from 23 August 2017)*

Since 2015, James has been Associate Director, Natural Value at National Australia Bank where he leads the implementation of the bank's commitment to embed the value of natural capital in business decisions.

Previously, he worked as an Environmental Markets Manager with The Water and Carbon Group to develop and market the business case for biodiverse carbon sequestration and constructed wetland technology.

He also has experience as an environmental economist consultant working for an international management services consultancy in London.

### **Dr Sandra Brizga**

BA (Hons) (Geography, Psychology), Master of Environmental Law, Master of Applied Finance, PhD (Geomorphology), AFin, GAICD *(from 23 August 2017)*

Sandra has extensive experience in environmental and natural resource management. She has been an independent consultant in river, catchment and coastal management since 1995 and is also a sessional member of Planning Panels Victoria. She previously pursued a career in academia and has published a book on river management. Current and previous board and committee memberships include the Australian World Heritage Advisory Committee, Fraser Island World Heritage Area Scientific Advisory Committee, Central Coastal Board, Game Management Authority, Port Phillip and Westernport CMA, Regional Forest Agreement Modernisation Program Scientific Expert Panel and Victorian Catchment Management Council. She is a Fellow of the Peter Cullen Trust, President of the Australian and New Zealand Geomorphology Group and an Honorary Life Member of the River Basin Management Society.

### **Katherine Cary**

BCom, BA, MBA, GAICD *(from 23 August 2017, returned from leave of absence on 14 January 2019)*

Katherine has more than 15 years' experience in strategy consulting at Seek, Westpac and National Australia Bank. Her experience has been in the formulation and development of corporate and business strategy and financial planning and analysis. Katherine has given her professional services on a volunteer basis to the Australian Indigenous Leadership Centre, to a charity for homeless women and to her local school council.

### **Dr Georgia Garrard**

PhD, BA (Hons)/BSc *(from 23 August 2017)*

Georgia is an ecologist and senior research fellow in RMIT's Interdisciplinary Conservation Science Research Group. Her research draws on the fields of conservation science, urban planning, decision science and conservation psychology to

## BOARD & EMPLOYEES (continued)

develop tools to understand, plan for and manage biodiversity in human-dominated landscapes. She currently works as part of the National Environmental Science Program's Threatened Species Recovery Hub, investigating ways to increase community support for biodiversity conservation. Georgia is passionate about conserving Australia's biodiversity, and she has a particularly soft spot for Victoria's threatened native grasslands, which have been the focus of much of her research. She has previously served on the Technical Advisory Group for the implementation of Melbourne's Western Grassland Reserves.

### **Binda Gokhale**

MBA, BEc, Grad Dip (Applied Finance and Investments), GAICD (*from 23 August 2017*)

Binda is Chief Financial Officer with Wyndham City Council, having previously held senior finance, planning and treasury positions at Telstra. A certified public accountant, Binda currently chairs Trust for Nature's Audit and Risk Committee after serving on this committee as an external member since 2008. Binda also participates across a number of other organisations in a board and governance capacity including as a board member of the Satellite Foundation, as a member of the CPA Public Sector and NFP Committee and as Vice-President Professional Development at FinPro (representing finance professionals in the local government sector).

### **Dr Charles Meredith**

BSc (Botany, Genetics), PhD (Zoology/Earth Sciences) (*from 8 December 2015*)

Charles is an ecologist and consultant with extensive experience in natural systems and conservation planning. After an early career in wildlife research, he founded Biosis Research, Australia's largest ecological and heritage consulting firm. He was CEO there from 1984 until he retired in 2011. Charles is an inaugural Fellow of the Environment Institute of Australia and New Zealand. He is Chair of the Melbourne Strategic Assessment Land Protection Advisory Group, a member of the Course Advisory Committee for Wildlife and Conservation Biology Degree at La Trobe University and a board member of the Victorian Environmental Assessment Council. He says Trust for Nature's significant role in contributing to the conservation of privately held vegetation and habitat is critical to the long-term conservation of Victoria's biodiversity. Charles currently chairs Trust for Nature's Conservation Committee.

## Trustees who retired from the board during the reporting period

There were no trustee retirements from Trust for Nature's board during 2018–19.

## Board and committee meetings

Trust for Nature's Board of Trustees met four times in the 2018–19 reporting period, as did its four main committees. See attendance details below.

**Table 12: Board and committee meetings attendance**

	Board meetings	Audit and Risk Committee meetings	Fundraising Committee meetings	Conservation Committee meetings	Finance and Investment Committee meetings
Geoff Driver	4/4	4/4	3/4	3/4	4/4
Amanda Noble	4/4	4/4	n/a	n/a	4/4
Gayle Austen	4/4	n/a	3/4	n/a	3/4
Cas Bennetto	4/4	n/a	2/4	1/4	n/a
Dr Charles Meredith	4/4	3/4	n/a	3/4	n/a
Dr Sandra Brizga	3/4	4/4	n/a	4/4	3/4
Dr Georgia Garrard	4/4	n/a	3/4	3/4	n/a
James Bentley	4/4	n/a	4/4	4/4	n/a
Binda Gokhale	3/4	4/4	n/a	n/a	3/4
Katherine Cary	2/2				
	Returned from leave of absence in Jan 2019	2/2	2/2	n/a	2/2

N/a = not applicable.

A special meeting of the Board was held on 28 August 2018. Attendance: Geoff Driver, Chair; Amanda Noble, Deputy Chair; Cas Bennetto; Dr Charles Meredith; Dr Sandra Brizga; James Bentley; and Binda Gokhale.

The Executive Remuneration Committee met three times: on 4 July 2018, 5 September 2018 and 26 June 2019.

## BOARD AND EMPLOYEES (continued)

### Audit and Risk Committee

In 2018–19, Trust for Nature's Audit and Risk Committee comprised the following independent members:

- **Binda Gokhale** (*Chair from December 2017*)
- **Sandra Brizga**
- **Katherine Cary**
- **Geoff Driver**
- **Charles Meredith**
- **Amanda Noble**

Key responsibilities of the Audit and Risk Committee are to:

- review and report independently to the board on the annual report
- assist the board in reviewing the effectiveness of Trust for Nature's internal control environment covering:
  - » the effectiveness and efficiency of operations
  - » the reliability of financial reporting
  - » compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- oversee the effective operation of the risk management framework.

Members are appointed by the board and are subject to the committee's terms of reference.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor. In 2018–19, the committee met four times.

**Table 13: Trust for Nature staffing statistics by full-time equivalent**

	30 June 2019	30 June 2018
Regional program staff	30.4	28.0
Commercial services	1	1.6
Fundraising	4.4	4.6
Executive and support, policy, strategy	8	7.4
Other – reserve projects	0.8	0.8
<b>Total</b>	<b>44.6</b>	<b>42.4</b>

**Table 14: Trust for Nature staffing statistics by gender (head count)**

	30 June 2019	30 June 2018
Women	36	33
Men	24	25
<b>Total</b>	<b>60</b>	<b>58</b>

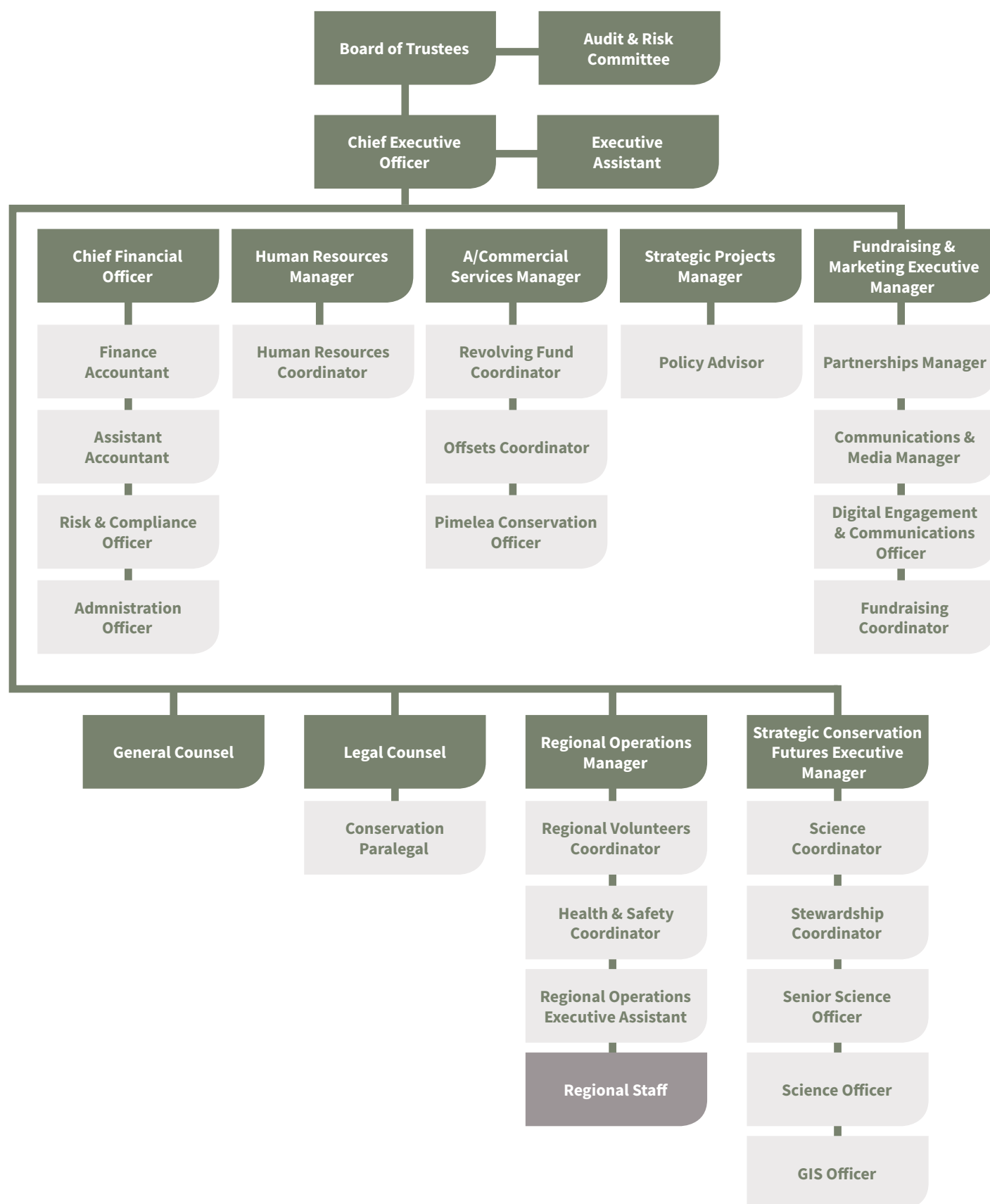
### Chief Executive Officer

- Victoria Marles, BA, Dip Ed, Dip Arts, LLB (Hons), LLM, FAICD

### Senior officers

- Chief Financial Officer, Greg Bowers, BBus, CPA
- Regional Operations Manager, Anna Foley, BSc (Hons), Master of Environment
- Strategic Conservation Futures Executive Manager, Stephen Thuan, Cert IV in Governance, Dip. Horticulture
- Fundraising and Marketing Executive Manager, Leanne Down, BCom (Marketing)
- Strategic Projects Manager, Marnie Lassen, LLB (Hons), BA, GAICD
- Legal Counsel, Sarah Brugler, BA, JD
- Human Resources Manager, Richard Gales, Dip Personnel Admin, Grad Dip Adult Education & Training, Cert in Horticultural Studies, LAHRI

# ORGANISATIONAL CHART



# STATUTORY COMPLIANCE

## Occupational health and safety

Trust for Nature continues to review and improve the effectiveness of its Health and Safety Management system in line with Australian Standard AS/NZS 4801:2001. The system's plan has health and safety goals, objectives and performance indicators, and it helps us monitor our compliance with our OH&S legal and other regulatory requirements.

OH&S continues to be integrated into our organisational culture and is a core component of our general operations. Regular reporting to the Audit and Risk Committee and the board enables us to identify OH&S risks and to implement and oversee risk mitigation activities.

Major achievements during the year included new OH&S tools designed to support the pilot Expert Volunteer program and the maintenance of staff and volunteer competency training across a number of technical areas including first aid, four-wheel-drive operation and chainsaw operation.

**Table 15: Occupational health and safety statistics**

	2018-19	2017-18	2016-17
OH&S committee meetings	10	10	3
Number of reported accidents and near misses received	7	7	11
Number of reported injuries received	6	2	4
Reports proceeding to Worksafe claims	0	0	0
Average cost per claim	0	0	0
Lost time standard claims	5	0	1

## Employment and conduct principles

Trust for Nature has policies and practices that are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. Trust for Nature has advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct. The Trust offered free flu vaccinations for all staff in May 2019.

## Organisational sustainability

This year, Trust for Nature continued to work towards minimising its impact on the environment through measures focusing on office-based activities and transportation, including reducing consumption of energy and paper and increasing recycling and environmentally sound purchases by utilising shared fleet vehicles and flexicars.

## Details of consultancies over \$10,000

In 2018-19, there were 0 consultancies engaged where the total fees payable to the consultant were \$10,000 or greater.

## Details of consultancies under \$10,000

In 2018-19 there was 1 consultancy engaged where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies was \$2,250 (excluding GST).

## Major contracts

Major contracts are defined for Victorian Government reporting purposes as greater than \$10 million. Trust for Nature did not award any major contracts during 2018-19.

## Government advertising

No government advertising expenditure was incurred by Trust for Nature during the reporting year.

## Capital projects

Trust for Nature does not manage any capital projects.

## Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Trust for Nature, which is considered to be a 'Government Agency' under the Act. For the 12 months ending 30 June 2019, no freedom of information (FOI) applications were received by Trust for Nature.

## Making a request

Access to documents may be obtained through written request to the Authorised Officer, as detailed in s17 of the *Freedom of Information Act 1982*.

When making a FOI request, applicants should ensure the request:

- is in writing to the Authorised Officer
- clearly identifies which document is being sought
- is accompanied by an application fee of \$29.60 (as at the time of this report's publication): the fee may be waived in certain circumstances.

Access charges may also be applicable.

A decision to release information is made by Trust for Nature's Authorised Officer.

FOI requests can be made directly to Legal Counsel, Trust for Nature, 5/379 Collins Street, Melbourne VIC 3000 or via email to [trustfornature@tfn.org.au](mailto:trustfornature@tfn.org.au).

Further information about FOI can be found at the Office of the Victorian Information Commissioner website [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au).

## Compliance with the *Building Act 1993*

Trust for Nature does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the Building Act 1993.

## Compliance with the *Protected Disclosure Act 2012*

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

### ***What is a protected disclosure?***

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

### ***What is improper or corrupt conduct?***

Improper or corrupt conduct involves substantial mismanagement of public resources, or risk to public health or safety or the environment, or corruption. The conduct must be criminal in nature or a matter for which an officer could be dismissed.

### ***How do I make a protected disclosure?***

You can make a protected disclosure about Trust for Nature or its board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission via the contact details provided below.

Please note that Trust for Nature is not able to receive protected disclosures.

### ***Protected disclosure contacts***

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

Level 1 North Tower, 459 Collins Street, Melbourne Victoria 3000

Mail: IBAC, GPO Box 24234, Melbourne VIC 3001

Phone: 1300 735 135

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

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

## STATUTORY COMPLIANCE (continued)

### National competition policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Advantages that government businesses may experience, simply as a result of government ownership, should be neutralised. Trust for Nature continues to implement and apply this principle in its business undertakings. Trust for Nature complies with the Victorian Government's *Competitive Neutrality Policy* statement issued in September 2012.

### Local Jobs First

The *Victorian Industry Participation Policy Act 2003* requires departments and public sector bodies to report on the implementation of the *Local Jobs First – Victorian Industry Participation Policy* (Local Jobs First – VIPP). Departments and public sector bodies must apply the Local Jobs First - VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria. Trust for Nature has not commenced or completed any contracts during 2018–19 to which Local Jobs First - VIPP applied.

### Financial management compliance attestation statement

I, Geoff Driver, on behalf of the Responsible Body, certify that Trust for Nature has complied with the applicable Standing Directions 2018 of the Assistant Treasurer under the Financial Management Act 1994 and Instructions.



Geoff Driver, Chair  
1 October 2019

### Responsible body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Trust for Nature's Annual Report for the year ending 30 June 2019.



Geoff Driver, Chair  
1 October 2019

### Availability of other information

Other information to be made available upon request (subject to the *Freedom of Information Act 1982*) is as follows:

- a statement that declarations of pecuniary interests were duly completed by all relevant officers
- details of shares held in subsidiaries
- details of publications produced and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged
- details of any major external reviews
- details of major research and development activities
- details of overseas visits
- details of major promotional, public relations and marketing activities
- details of assessments and measures undertaken to improve occupational health and safety of employees
- a general statement on industrial relations and details of time lost through industrial accidents and disputes
- a list of major committees, the purpose of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors.

The information is available on request from Legal Counsel, Trust for Nature, Level 5/379 Collins Street, Melbourne VIC 3000.

## Information and communication technology expenditure

NOTE: In 2018–19, the Trust had a total information and communication technology (ICT) expenditure of \$398,707. See below.

Business-as-usual ICT expenditure	Non-business-as usual ICT expenditure	Operational expenditure	Capital expenditure
Total	Total operational and capital		
255	144	10	134

## Disclosure of grants and transfer payments

Trust for Nature made the following payments in 2018–19.

### *Offset agreements*

Total amount	Recipients
\$9,168,965	36 private landowners under 144 agreements

These are payments, provided by offset credit purchasers, made to landowners under biodiversity offset agreements to meet approvals under Victorian and Commonwealth legislation. Annual payments are made to landowners upon meeting the requirements of an agreed management plan. In addition, payments to landowners are made when surplus offset credits are traded.

### *Incentive programs*

Total amount	Recipients
\$59,910	12 private landowners

These are payments made to landowners under government incentive programs and administered under land management agreements to achieve improved on-ground biodiversity outcomes.

# DISCLOSURE INDEX

The *Trust for Nature Annual Report 2018–19* was prepared in accordance with all relevant Victorian legislation and pronouncements. This index identifies the Trust's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
<b>Directions &amp; Financial Reporting Directions</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and relevant Minister	Page 4
FRD 22H	Purpose, functions, powers and duties	Page 4–5
FRD 22H	Nature and range of services provided	Page 6–8
FRD 22H	Operational objectives and outcomes	Page 9–10
FRD 22H	Key initiatives and projects	Page 11–18
<b>Management and structure</b>		
FRD 22H	Governing board	Page 26–31
FRD 22H	Board committee structure	Page 29
SD 3.2.1/FRD 22H	Audit committee membership and role	Page 30
FRD 22H	Organisational structure	Page 31
FRD 15E	Executive Officer data and disclosure	Page 83
FRD 29C	Workforce data	Page 30
<b>Other information</b>		
FRD 10A	Disclosure index	Page 36
FRD 25 D	Local Jobs First	Page 34
FRD 22H	Statement on National Competition Policy	Page 34
FRD 22H	Occupational health and safety	Page 32
FRD 22H	Employment and conduct principles	Page 32
FRD 22H	Application and operation of Freedom of Information Act 1982	Page 33
FRD 22H	Application and operation of the Protected Disclosure Act 2012	Page 33
FRD 22H	Compliance with Building Act 1993	Page 33
FRD 24D	Office-based environmental impacts	Page 32
FRD 22H	Statement of availability of other information	Page 34
FRD 30D	Standard requirements for print and design of annual reports	Entire document
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	Page 24
FRD 22H	Consultancies over \$10,000	Page 32
FRD 22H	Consultancies under \$10,000	Page 32
FRD 12B	Disclosure of major contracts	Page 32
FRD 22H	Disclosure of government advertising expenditure	Page 32
FRD 22H	Disclosure of capital projects	Page 33
FRD 22H	Disclosure of grants and transfer payments	Page 35
FRD 22H	Disclosure of ICT expenditure	Page 35
FRD 22H	Significant changes in financial position during the year	Page 24
FRD 22H	Major changes or factors affecting performance	Page 24
FRD 22H	Subsequent events	Page 24

<b>Compliance attestation and declaration</b>		
SD 5.2.3	Declaration in report of operations	Page 34
SD 5.2.2	Declaration in financial statements	Page 38
SD 5.1.4	Financial management compliance attestation statement	Page 34
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 38
SD 5.2.1 (a)	Compliance with Standing Directions	Page 38
SD 5.2.1 (b)	Compliance with Model Financial Report	Page 38-87
<b>Legislation</b>		
Victorian Conservation Trust Act 1972		Page 4-5
Freedom of Information Act 1982		Page 33
Building Act 1993		Page 33
Protected Disclosure Act 2012		Page 33
Local Jobs First Act 2003		Page 34
Financial Management Act 1994		Page 38

# FINANCIALS

## Declaration in the Financial Statements

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The attached financial statements for Trust for Nature (Victoria) have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, *Australian Charities and Not-for-profit Commission Act 2012*, the *Australian Charities and Not-for-profit Commission Regulations 2013*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

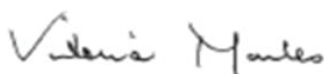
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of Trust for Nature (Victoria) at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 15 October 2019.



**Geoff Driver**  
Chairman  
Trust for Nature (Victoria)  
Melbourne  
15 October 2019



**Victoria Marles**  
Chief Executive Officer  
Trust for Nature (Victoria)  
Melbourne  
15 October 2019



**Greg Bowers**  
Chief Finance Officer  
Trust for Nature (Victoria)  
Melbourne  
15 October 2019

# Independent Auditor's Report

## To the Board of Trustees of the Trust for Nature (Victoria)

<b>Opinion</b>	<p>I have audited the financial report of the Trust for Nature (Victoria) (the trust) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>In my opinion, the financial report is in accordance with Part 7 of the <i>Financial Management Act 1994</i> and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> <li>• presenting fairly, in all material respects, the financial position of the trust as at 30 June 2019 and its financial performance and its cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.</li> </ul>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the trust in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board of Trustees' responsibilities for the financial report</b>	<p>The Board of Trustees of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Board of Trustees determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board of Trustees are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

I communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide the Board of Trustees with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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MELBOURNE  
21 October 2019



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

## Auditor-General's Independence Declaration

### To the Board of Trustees, Trust for Nature (Victoria)

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for Trust for Nature (Victoria) for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE  
21 October 2019



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

## Trust for Nature (Victoria) financial statements

### Comprehensive operating statement

For the financial year ended 30 June 2019

	Notes	2019	2018
		\$	\$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Grant and consulting income	2.2	5,003,225	4,738,884
Interest on investments	2.3	987,081	783,512
Dividends	2.4	499,672	272,612
Donations and bequests	2.5	647,972	1,384,206
Fair value of services received free of charge or for nominal consideration	2.6	-	20,060
Other income	2.7	541,489	322,604
<b>Total income from transactions</b>		<b>7,679,439</b>	<b>7,521,878</b>
<b>Expenses from transactions</b>			
Employee benefits	3.2	(4,259,277)	(3,918,291)
Depreciation & amortisation	3.3	(263,543)	(302,539)
Conservation, covenant and stewardship programs	3.4	(1,350,098)	(1,489,645)
Payments from appeals and other reserves with specified purposes	3.5	(258,988)	(274,689)
Other operating expenses	3.6	(2,049,146)	(1,906,061)
<b>Total expenses from transactions</b>		<b>(8,181,052)</b>	<b>(7,891,225)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(501,613)</b>	<b>(369,347)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets <sup>(i)</sup>	8.2	204,360	554,093
Net gain/(loss) on financial instruments <sup>(ii)</sup>	8.2	24,172	191,937
<b>Total other economic flows included in net result</b>		<b>228,532</b>	<b>746,030</b>
<b>Net result</b>		<b>(273,081)</b>	<b>376,683</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus	8.3	-	-
<b>Total other economic flows - other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Comprehensive result</b>		<b>(273,081)</b>	<b>376,683</b>

The accompanying notes form part of these financial statements.

**Notes:**

(i) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

(ii) 'Net gain/(loss) on financial instruments' includes unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposals of financial instruments.

**Balance sheet**  
**As at 30 June 2019**

	<i>Notes</i>	<b>2019</b>	<b>2018</b>
		\$	\$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	14,558,230	7,937,327
Receivables	5.1	835,004	7,164,985
Investments and other financial assets	5.2	34,990,175	32,666,137
Other assets	5.3	257,305	128,525
<b>Total financial assets</b>		<b>50,640,714</b>	<b>47,896,974</b>
<b>Non-financial assets</b>			
Non-financial physical assets classified as held for sale	4.2	2,017,476	1,050,532
Property, plant and equipment	4.1	19,534,607	19,625,632
Intangible assets	4.3	152,720	234,613
<b>Total non-financial assets</b>		<b>21,704,803</b>	<b>20,910,777</b>
<b>Total assets</b>		<b>72,345,517</b>	<b>68,807,751</b>
<b>Liabilities</b>			
Payables	5.4	917,136	1,596,086
Borrowings	6.2	18,402	23,523
Employee related provisions	3.2.1	1,008,765	956,360
Other provisions	5.5	1,234,314	650,762
Other liabilities	6.3	35,719,309	31,860,348
<b>Total liabilities</b>		<b>38,897,926</b>	<b>35,087,079</b>
<b>Net assets</b>		<b>33,447,591</b>	<b>33,720,672</b>
<b>Equity</b>			
Accumulated surplus		11,752,881	11,341,598
Reserves	8.3	21,594,710	22,279,074
Contributed capital		100,000	100,000
<b>Net Worth</b>		<b>33,447,591</b>	<b>33,720,672</b>
Commitments for expenditure	6.5	17,358	26,063
Contingent liabilities and contingent assets	7.2		

The accompanying notes form part of these financial statements.

**Statement of changes in equity**  
For the financial year ended 30 June 2019

	Physical asset revaluation surplus	Donations reserve	Covenant stewardship reserve	Properties reserve	Bequest reserve	Endowment surplus	Accumulated surplus	Contributed capital	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>14,802,806</b>	<b>3,084,230</b>	<b>1,577,326</b>	<b>406,248</b>	<b>1,238,078</b>	<b>-</b>	<b>12,135,301</b>	<b>100,000</b>	<b>33,343,989</b>
Net result for the year	-	-	-	-	-	-	376,683	-	376,683
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Transfer to / (from) reserves	-	1,194,282	(3,510)	-	(20,386)	-	(1,170,386)	-	-
<b>Balance at 30 June 2018</b>	<b>14,802,806</b>	<b>4,278,512</b>	<b>1,573,816</b>	<b>406,248</b>	<b>1,217,692</b>	<b>-</b>	<b>11,341,598</b>	<b>100,000</b>	<b>33,720,672</b>
Net result for the year	-	-	-	-	-	-	(273,081)	-	(273,081)
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Transfer to / (from) reserves	-	(729,798)	(35,265)	-	27,749	52,950	684,364	-	-
<b>Balance at 30 June 2019</b>	<b>14,802,806</b>	<b>3,548,714</b>	<b>1,538,551</b>	<b>406,248</b>	<b>1,245,441</b>	<b>52,950</b>	<b>11,752,881</b>	<b>100,000</b>	<b>33,447,591</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

## Cash flow statement

For the financial year ended 30 June 2019

	Notes	2019	2018
		\$	\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
State Government - Operating grant		2,044,000	797,000
GST recovered from the ATO		393,666	268,622
Interest received		624,239	700,151
Donations, grants and other receipts		4,997,737	7,324,786
<b>Total receipts</b>		<b>8,059,642</b>	<b>9,090,559</b>
<b>Payments</b>			
Payments to employees		(4,196,851)	(3,830,473)
Payments to suppliers		(4,330,325)	(3,452,095)
Interest paid to landowners		(398,813)	(93,390)
GST paid to the ATO		(303,390)	(603,047)
<b>Total payments</b>		<b>(9,229,379)</b>	<b>(7,979,005)</b>
<b>Net cash flows (used in)/from operating activities</b>	6.1	<b>(1,169,737)</b>	<b>1,111,554</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of freehold land held for sale		485,174	1,260,564
Proceeds from bonds held in trust		9,000,000	1,200,000
Proceeds from offset landowners and other funds held for third parties		10,668,135	4,202,470
Proceeds from redemption of term deposits		-	6,154,592
Payments for freehold land held for sale		(1,052,249)	(175,075)
Payments to offset landowners and from other third party funds held		(9,493,520)	(4,473,723)
Payments for property, plant and equipment		(90,625)	(19,156)
Payments for intangible assets		-	(36,085)
Payments for investments in term deposits		(721,154)	-
Payments for investments in managed investment schemes		(1,000,000)	(6,000,000)
<b>Net cash flows from investing activities</b>		<b>7,795,761</b>	<b>2,113,587</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		(5,121)	(11,389)
<b>Net cash flows used in financing activities</b>		<b>(5,121)</b>	<b>(11,389)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,620,903</b>	<b>3,213,752</b>
Cash and cash equivalents at the beginning of the financial year		7,937,327	4,723,575
<b>Cash and cash equivalents at the end of the financial year</b>	6.1	<b>14,558,230</b>	<b>7,937,327</b>

The accompanying notes form part of these financial statements.

## **Note 1. About this report**

Trust for Nature (Victoria) (the Trust) is a body corporate established under the Victorian Conservation Trust Act 1972 (the Act).

Its principal address is:  
Level 5, 379 Collins Street  
Melbourne VIC 3000

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

### **Basis of preparation**

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

Consistent with the requirements of AASB1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Trust.

Consistent with AASB 13 Fair Value Measurement, the Trust determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties 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.

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.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

### **Compliance information**

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA), *Australian Charities and Not-for-profit Commission Act 2012*, the *Australian Charities and Not-for-profit Commission Regulations 2013* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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.

## Note 2 Funding delivery of our services

### Introduction

Under the Act, the Trust's objectives are to:

- conserve areas which are ecologically significant, of natural interest or beauty, or of historical interest;
- conserve wildlife and native plants;
- conserve and create areas for scientific study; and
- encourage and assist in the conservation and creation of areas of natural beauty or interest for recreation and/or educational use by the public.

The Trust obtains its funding from a number of sources including State and Commonwealth Governments, donations and bequests, investment income and the sale of goods and services.

### Structure

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Grants and consulting income
- 2.3 Interest on investments
- 2.4 Dividends
- 2.5 Donations and bequests
- 2.6 Fair value of services received free of charge or for nominal consideration
- 2.7 Other income

#### 2.1 Summary of income that funds the delivery of our services

	2019	2018
	\$	\$
Grant and consulting income	5,003,225	4,738,884
Interest on investments	987,081	783,512
Dividends	499,672	272,612
Donations and bequests	647,972	1,384,206
Fair value of services received free of charge or for nominal consideration	-	20,060
Other income	541,489	322,604
<b>Total income from transactions</b>	<b>7,679,439</b>	<b>7,521,878</b>

Income is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the income can be reliably measured.

#### 2.2 Grants and consulting income

	2019	2018
	\$	\$
State Government – Operating grant recurrent	424,000	417,000
State Government - Operating grant non-recurrent	950,000	1,050,000
Government grants	2,911,444	2,309,691
Government & philanthropic grants used to acquire properties <sup>(i)</sup>	-	500,000
Project grants and consulting – philanthropic and other parties	717,781	462,193
<b>Total grant and consulting income</b>	<b>5,003,225</b>	<b>4,738,884</b>

Notes:

(i) From time to time Trust for Nature receives grant or donation and appeal revenue which is used to acquire properties. Such transactions result in an accounting profit equal to the acquisition cost which resides in the accumulated surplus until such time as the property is surrendered or sold. In 2018-19 no properties were purchased with grant revenue (2017-18: one property was purchased by Trust for Nature for \$497,253 with contributions from philanthropic revenue, refer to Note 2.2, Note 2.5 and Note 4.1).

## Note 2 Funding delivery of our services - continued

Grants are recognised as income when the Trust gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, the Trust is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Trust 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.

Income from the provision of services is recognised by reference to the stage of completion of the contract. The income is recognised when the amount of the income, stage of completion and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion is measured by reference to completion of milestones.

### 2.3 Interest on investments

	2019	2018
	\$	\$
Interest on investments	429,946	315,146
Interest on investments attributable to funds held awaiting remittance and landowner payments held in trust	557,135	468,366
<b>Total interest on investments</b>	<b>987,081</b>	<b>783,512</b>

Interest income is recognised using the effective interest rate method, in the period in which it is earned.

### 2.4 Dividends

	2019	2018
	\$	\$
Dividends from managed funds and equities	499,672	272,612
<b>Total dividends</b>	<b>499,672</b>	<b>272,612</b>

Dividend revenue is recognised when the right to receive payment is established.

### 2.5 Donations and bequests

	2019	2018
	\$	\$
General donations	231,962	943,147
Donations for appeals and properties <sup>(i)</sup>	353,800	365,803
General bequests	898	4,000
Other fundraising income	61,312	71,256
<b>Total donations</b>	<b>647,972</b>	<b>1,384,206</b>

Donation and bequest revenue is recognised when the cash is received. Donations and bequests of shares and properties are brought to account at their values on the date of transfer.

Donations and bequests are both general purpose (not subject to conditions regarding their use) and specified purpose (have conditions attached regarding their use). Where they are for a specified purpose, they are transferred to reserves (refer to Note 8.3) until expended (refer to note 3.5), which may be in subsequent financial years.

## Note 2 Funding delivery of our services - continued

### 2.6 Fair value of services received free of charge or for nominal consideration

	2019	2018
	\$	\$
Legal services	-	20,060
<b>Total fair value of services received free of charge or for nominal consideration</b>	<b>-</b>	<b>20,060</b>

If applicable, material contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another government department or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at carrying value. Contributions in the form of services are only recognised when fair value can be reliably determined and the services would have been purchased if not donated.

### 2.7 Other income

	2019	2018
	\$	\$
Rental and accommodation income	39,483	35,315
Offset program income	195,709	146,040
Other	306,297	141,249
<b>Total other income</b>	<b>541,489</b>	<b>322,604</b>

Offset program is recognised when the amount of the income, stage of completion and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion is measured by reference to completion of milestones.

Other income is recognised when the right to receive payment is established.

## Note 3 The cost of delivering services

### Introduction

This section provides an account of the expenses incurred by the Trust in delivering services. In note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### Significant judgement: Employee benefit provisions

In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using a single weighted average discount rate based on market yields of national government bonds in Australia that reflects the estimated timing and amount of benefit payment.

### Structure

- 3.1 Summary of expenses incurred in delivery of services
- 3.2 Employee benefits
- 3.3 Depreciation and amortisation
- 3.4 Conservation, covenant and stewardship programs
- 3.5 Payments from appeals and other reserves with specified purposes
- 3.6 Other operating expenses

### Note 3 The cost of delivering services - continued

#### 3.1 Summary of expenses incurred in delivery of services

	2019	2018
	\$	\$
Employee benefits	(4,259,277)	(3,918,291)
Depreciation & amortisation	(263,543)	(302,539)
Conservation, covenant and stewardship programs	(1,350,098)	(1,489,645)
Payments from appeals and other reserves with specified purpose	(258,988)	(274,689)
Other operating expenses	(2,049,146)	(1,906,061)
<b>Total expenses incurred in delivery of services</b>	<b>(8,181,052)</b>	<b>(7,891,225)</b>

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

#### 3.2 Employee benefits

	2019	2018
	\$	\$
Salaries and wages, annual leave and long service leave	(3,761,463)	(3,488,598)
Fringe benefits tax	(5,479)	(9,131)
Defined contribution superannuation expense	(357,278)	(315,763)
Workers Compensation	(77,282)	(72,824)
Other employee expenses	(57,775)	(31,975)
<b>Total employee benefits</b>	<b>(4,259,277)</b>	<b>(3,918,291)</b>

These expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments, fringe benefits tax, superannuation contributions and WorkCover premiums.

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Trust to the relevant superannuation plans in respect to the services of the Trust's staff (both past and present). There are no defined benefit superannuation contribution plans. There were no outstanding superannuation contributions as at 30 June 2019 (2018: nil).

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Trust recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

## Note 3 The cost of delivering services - continued

### 3.2.1 Employee related provisions in the balance sheet

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

	2019	2018
	\$	\$
<b>Current provisions</b>		
Employee benefits		
Annual leave:		
Unconditional and expected to settle within 12 months <sup>(i)</sup>	245,667	219,360
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	98,077	136,048
Long service leave:		
Unconditional and expected to settle within 12 months <sup>(i)</sup>	33,347	31,585
Unconditional and expected to settle after 12 months <sup>(ii)</sup>	425,325	394,772
	<b>802,416</b>	<b>781,765</b>
<i>Provisions for on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>(i)</sup>	39,396	43,537
Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	58,641	59,126
	<b>98,037</b>	<b>102,663</b>
<b>Total current provisions</b>	<b>900,453</b>	<b>884,428</b>
<b>Non-current provisions</b>		
Long service leave <sup>(ii)</sup>	97,194	64,548
Provisions for on-costs <sup>(ii)</sup>	11,118	7,384
<b>Total non-current provisions</b>	<b>108,312</b>	<b>71,932</b>
<b>Total provisions</b>	<b>1,008,765</b>	<b>956,360</b>

Notes:

(i) The amounts disclosed are nominal amounts.

(ii) The amounts disclosed are discounted to present values.

### Note 3 The cost of delivering services - continued

#### Reconciliation of movement in on-cost provision

	2019	2018
	\$	\$
Opening balance	110,047	95,706
Additional provisions recognised	47,417	37,108
Reductions arising from payments/other sacrifices of future economic benefits	(48,309)	(22,767)
<b>Closing balance</b>	<b>109,155</b>	<b>110,047</b>
Current	98,037	102,663
Non-current	11,118	7,384
<b>Closing balance</b>	<b>109,155</b>	<b>110,047</b>

#### Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Trust does not have an unconditional right to defer settlements of these liabilities.

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

The annual leave liability is measured at the undiscounted amount expected to be paid, as the Trust does not have an unconditional right to defer settlements of the liability for at least 12 months after the end of the reporting period.

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

On-costs such as workers compensation insurance and superannuation are not employee benefits and are reflected as a separate provision.

#### Long service leave (LSL)

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Trust does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

Unconditional LSL represents long service leave entitlements accrued for employees with more than 7 years of continuous service.

The components of this current LSL liability are measured at:

- undiscounted value – if the Trust expects to wholly settle within 12 months; and
- present value - if the Trust does not expect to wholly settle within 12 months.

Conditional LSL 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.

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

## Note 3 The cost of delivering services - continued

### 3.3 Depreciation and amortisation

	2019	2018
	\$	\$
Buildings	(87,112)	(87,112)
Plant & equipment	(66,433)	(57,964)
Motor vehicles	(23,427)	(24,925)
Leasehold improvements	(4,678)	(28,137)
Amortisation of software	(81,893)	(104,401)
<b>Total depreciation and amortisation</b>	<b>(263,543)</b>	<b>(302,539)</b>

Buildings, plant and equipment and other non-current physical assets (excluding items under operating leases, assets held-for-sale and investment properties) that have a limited useful life are depreciated. Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset class	Useful life
Buildings	40 years
Fencing (included in buildings asset class)	20 years
Leasehold improvements	Minimum lease term
Plant and equipment	3 to 10 years
Vehicles	7 to 10 years
Intangible non-produced assets - software	3 to 5 years

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

The consumption of intangible non-produced assets with finite useful lives is not classified as a transaction, but as amortisation. Consequently, the amortisation is included as an other economic flow in the net result.

### 3.4 Conservation, covenant and stewardship programs

	2019	2018
	\$	\$
Legal services received free of charge or for nominal consideration	-	(20,060)
Landowner incentives and on-ground works	(803,678)	(554,507)
Services provided by project partners	(68,208)	(23,616)
Contribution towards property acquired by crown	-	(497,253)
Provision for future year stewardship	(261,294)	(201,162)
Other covenant and stewardship program expenditure	(216,918)	(193,047)
<b>Total conservation, covenant and stewardship programs</b>	<b>(1,350,098)</b>	<b>(1,489,645)</b>

Conservation, covenant and stewardship programs expense generally represent costs incurred in connection with the Trust's regional conservation service delivery and include payments to suppliers of fencing and revegetation services, landowner incentive programs, payments to grant project partners and contributions to property acquired by the Crown.

Conservation, covenant and stewardship programs expenses are recognised in the period in which they are incurred, including, where income is received for the purpose, provision for future stewardship, which is recognised at the time a new covenant is secured and the stewardship obligation commences.

### Note 3 The cost of delivering services - continued

#### 3.5 Payments from appeals and other reserves with specified purposes

	2019	2018
	\$	\$
Payments from appeals and other reserves with specified purposes	(258,988)	(274,689)
<b>Total Payments from appeals and other reserves with specified purposes</b>	<b>(258,988)</b>	<b>(274,689)</b>

#### 3.6 Other operating expenses

	2019	2018
	\$	\$
Occupancy	(307,699)	(292,923)
Interest attributed to funds held awaiting remittance and landowner payments held in trust	(557,135)	(468,366)
Supplies and services	(1,184,312)	(1,144,772)
<b>Total other operating expenses</b>	<b>(2,049,146)</b>	<b>(1,906,061)</b>

Other operating expenses generally represent the day to day running costs incurred in normal operations and include supplies and services. Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred.

Interest expense represents costs incurred in connection with interest bearing liabilities. Interest expenses are recognised in the period in which they are incurred.

### Note 4 Key assets available to support output delivery

#### Introduction

The Trust controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities.

#### Significant judgement: Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3.2 in connection with how those fair values were determined.

#### Structure

- 4.1 Property, plant and equipment
  - 4.1.1 Depreciation and amortisation
  - 4.1.2 Impairment of non-financial assets
  - 4.1.3 Reconciliation of movements in carrying values
- 4.2 Non-financial physical assets classified as held for sale
- 4.3 Intangible assets

## Note 4 Key assets available to support output delivery - continued

### Note 4.1 Property, plant and equipment

	2019	2018
	\$	\$
Land at fair value	16,486,951	16,486,951
	16,486,951	16,486,951
Buildings at fair value	3,137,000	3,137,000
Less accumulated depreciation	(261,336)	(174,224)
	2,875,664	2,962,776
Leasehold improvements at fair value	327,074	306,012
Less accumulated depreciation	(310,667)	(305,989)
	16,407	23
Plant and equipment at fair value	585,576	516,013
Less accumulated depreciation	(454,624)	(388,191)
	130,952	127,822
Motor vehicles at fair value	227,161	227,161
Less accumulated depreciation	(202,528)	(179,101)
	24,633	48,060
<b>Total property, plant and equipment</b>	<b>19,534,607</b>	<b>19,625,632</b>

**Initial recognition:** Items of property, plant and equipment, are initially measured 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.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to fair value of the leased asset, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

**Subsequent measurement:** Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

#### 4.1.1 Depreciation and amortisation

##### Charge for the period

	2019	2018
	\$	\$
Buildings	87,112	87,112
Plant & equipment	66,433	57,964
Motor vehicles	23,427	24,925
Leasehold improvements	4,678	28,137
<b>Total property, plant and equipment</b>	<b>181,650</b>	<b>198,138</b>

The useful lives as stated in Note 3.3 are used in the calculation of depreciation.

## Note 4 Key assets available to support output delivery - continued

### 4.1.2 Impairment of non-financial assets

All assets are assessed annually for indications of impairment except for:

- financial assets; and
- non-financial physical assets held for sale.

If there is an indication 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 as an other economic flow, except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

### 4.1.3 Reconciliation of movements in carrying values

	Land at fair value		Buildings at fair value		Leasehold improvements		Plant and equipment		Motor vehicles		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>	<b>16,486,951</b>	<b>16,486,951</b>	<b>2,962,776</b>	<b>3,049,888</b>	<b>23</b>	<b>28,160</b>	<b>127,822</b>	<b>166,630</b>	<b>48,060</b>	<b>72,985</b>	<b>19,625,632</b>	<b>19,804,614</b>
Additions	-	-	-	-	21,062	-	69,563	19,156	-	-	90,625	19,156
Depreciation expense	-	-	(87,112)	(87,112)	(4,678)	(28,137)	(66,433)	(57,964)	(23,427)	(24,925)	(181,650)	(198,138)
<b>Closing balance</b>	<b>16,486,951</b>	<b>16,486,951</b>	<b>2,875,664</b>	<b>2,962,776</b>	<b>16,407</b>	<b>23</b>	<b>130,952</b>	<b>127,822</b>	<b>24,633</b>	<b>48,060</b>	<b>19,534,607</b>	<b>19,625,632</b>

Note:

#### Land and buildings carried at fair value

An independent valuation of the Trusts land and buildings was last performed effective at 30 June 2016 by G.M.Brien & Associates Pty Ltd under contract to the Valuer-General Victoria. The valuation, which conforms to the requirements of AASB13 and FRD 103G, adopted the Market Based Direct Comparison method adjusted for the Community Service Obligations.

Fair value assessments have been performed for all classes of assets at 30 June 2019 and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation will be conducted in 2021.

## Note 4 Key assets available to support output delivery - continued

### Note 4.2 Non-financial physical assets classified as held for sale

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in the current condition; and
- the sale is highly probable and the asset's sale is expected to be completed in 12 months from the date of classification.

	2019	2018
	\$	\$
<b>Current</b>		
Freehold land held for sale	2,017,476	1,050,532
<b>Total non-financial physical assets classified as held for sale</b>	<b>2,017,476</b>	<b>1,050,532</b>

The Trust intends to dispose of certain freehold land within the next twelve months. This includes Revolving Fund land that was acquired for purposes of conservation with the intention of reselling it with covenants established to ensure particular natural aspects of the properties are conserved. A search is underway for buyers. No impairment loss was recognised on reclassification of the freehold land as held for sale or at reporting date.

Land and buildings held for sale are valued at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

### Note 4.3 Intangible assets

	Computer software and website	
	2019	2018
	\$	\$
<b>Gross carrying amount</b>		
Opening balance	547,142	511,057
Additions	-	36,085
<b>Closing balance</b>	<b>547,142</b>	<b>547,142</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	(312,529)	(208,128)
Amortisation of intangible non-produced assets	(81,893)	(104,401)
<b>Closing balance</b>	<b>(394,422)</b>	<b>(312,529)</b>
<b>Net book value at end of financial year</b>	<b>152,720</b>	<b>234,613</b>

#### Initial recognition

Intangible assets, which includes externally purchased software and the Trust's website, are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Trust.

#### Impairment of intangible assets

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

## Note 5 Other assets and liabilities

### Introduction

This section sets out those assets and liabilities that arose from the Trust's operations.

### Structure

- 5.1 Receivables
- 5.2 Investments and other financial assets
- 5.3 Other assets
- 5.4 Payables
- 5.5 Other provisions

### Note 5.1 Receivables

	2019	2018
	\$	\$
<b>Current receivables</b>		
<i>Contractual</i>		
Sale of goods and services <sup>(i)</sup>	427,058	6,726,213
Interest receivable	367,239	207,133
Other receivables <sup>(ii)</sup>	-	175,075
<b>Total current receivables</b>	<b>794,297</b>	<b>7,108,421</b>
<b>Non-current receivables</b>		
<i>Contractual</i>		
Interest receivable	40,707	56,564
<b>Total non-current receivables</b>	<b>40,707</b>	<b>56,564</b>
<b>Total receivables</b>	<b>835,004</b>	<b>7,164,985</b>

Note:

(i) The average credit period on sales of services is 30 days. No interest is charged on other receivables.

(ii) Other receivables includes \$nil (2017-18: \$175,075) paid for the acquisition of a property for which title has not transferred.

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

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

Details of the Trust's impairment policies, exposure to credit risk, and the calculation of any loss allowance are set out in Note 7.1.3.

## Note 5 Other assets and liabilities - continued

### Note 5.2 Investments and other financial assets

	2019	2018
	\$	\$
<b>Current investments and other financial assets</b>		
Australian dollar term deposits > 3 months <sup>(i)(iv)</sup>	20,807,674	18,121,952
<b>Total current investments and other financial assets</b>	<b>20,807,674</b>	<b>18,121,952</b>
<b>Non-current investments and other financial assets</b>		
Australian dollar term deposits > 12 months <sup>(i)</sup>	1,500,000	3,464,570
Managed investment schemes <sup>(ii)(iii)</sup>	12,682,501	11,079,615
<b>Total non-current investments and other financial assets</b>	<b>14,182,501</b>	<b>14,544,185</b>
<b>Total investments and other financial assets</b>	<b>34,990,175</b>	<b>32,666,137</b>

Notes:

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(ii) The Trust designated all its equities and managed investment schemes at fair value through the profit or loss. Therefore, unless they are part of a disposal group held for sale, all equities and managed investment schemes are classified as non-current. This is consistent with the Trust's purpose of holding the investment for long-term management of risk, not for short-term profit gain.

(iii) The managed investment schemes are managed by JBWere.

(iv) This balance includes a term deposit in the amount of \$93,124 held as security against bank guarantees issued for rental sites. The bank guarantees outstanding at balance sheet date amounted to \$93,124 (2018: \$93,124).

Details of the Trust's impairment policies, exposure to market risk are set out in Note 7.1.3.

### Note 5.3 Other assets

	2019	2018
	\$	\$
<b>Current other assets</b>		
Prepayments	53,219	51,331
Consulting services provided but not yet invoiced	163,267	63,903
Deposits	34,697	8,214
Other current assets	6,122	5,077
<b>Total current other assets</b>	<b>257,305</b>	<b>128,525</b>
<b>Total other assets</b>	<b>257,305</b>	<b>128,525</b>

## Note 5 Other assets and liabilities - continued

### Note 5.4 Payables

	2019	2018
	\$	\$
<b>Current payables</b>		
<i>Contractual</i>		
Supplies and services <sup>(i)</sup>	289,202	267,483
Interest payable to landowners	404,927	371,005
Other payables	7,032	12,602
	<b>701,161</b>	<b>651,090</b>
<i>Statutory</i>		
Net GST payable	133,131	872,173
Group taxes payables	82,844	72,823
	<b>215,975</b>	<b>944,996</b>
<b>Total current payables</b>	<b>917,136</b>	<b>1,596,086</b>
<b>Total payables</b>	<b>917,136</b>	<b>1,596,086</b>

Note:

(i) The average credit period is 30 days. No interest is charged on other payables.

Payables consist predominantly of accounts payable, accrued wages and salaries, and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid, and arise when the Trust becomes obliged to make future payments in respect of the purchase of those goods and services, and accrued interest income payable on funds held on behalf of third party landowners under offset arrangements.

Details of the Trust's exposure to liquidity risk and maturity analysis of contractual financial liabilities are set out in Note 7.1.3.

### Note 5.5 Other provisions

	2019	2018
	\$	\$
<b>Non-current provisions</b>		
Make-good provision <sup>(i)</sup>	70,000	70,000
Future stewardship services provision	1,121,264	553,262
Other provisions	43,050	27,500
<b>Total non-current provisions</b>	<b>1,234,314</b>	<b>650,762</b>
<b>Total provisions</b>	<b>1,234,314</b>	<b>650,762</b>

Notes:

(i) In accordance with the lease agreement over the principal office, the Trust must remove any leasehold improvements from the leased premises and restore the premises to its original condition at the end of the lease term.

Provisions are recognised when the Trust has a present obligation, the 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. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## Note 5 Other assets and liabilities - continued

### Movement in provisions

	Make-good	Future stewardship	Other Provisions	Total
	2019	2019	2019	2019
	\$	\$	\$	\$
Opening balance	70,000	553,262	27,500	650,762
Additional provisions recognised	-	568,002	15,550	583,552
<b>Closing balance</b>	<b>70,000</b>	<b>1,121,264</b>	<b>43,050</b>	<b>1,234,314</b>
Current	-	-	-	-
Non-current	70,000	1,121,264	43,050	1,234,314
<b>Closing balance</b>	<b>70,000</b>	<b>1,121,264</b>	<b>43,050</b>	<b>1,234,314</b>

## Note 6 How we financed our operations

### Introduction

This section provides information on the sources of finance utilised by the Trust during its operations and other information related to financing activities of the Trust.

This section includes disclosures of balances that are financial instruments, such as cash balances. Note 7.1 provides additional, specific financial instrument disclosures.

### Structure

- 6.1 Cash flow information and balances
- 6.2 Borrowings
- 6.3 Other liabilities
- 6.4 Leases
- 6.5 Commitments

### Note 6.1 Cash flow information and balances

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of 90 days or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and readily convertible to known amounts of cash with an insignificant risk of changes in value.

### Reconciliation of cash and cash equivalents

	2019	2018
	\$	\$
Cash on hand	2,100	2,100
Cash at bank	57,562	47,207
Cash on deposit at call	13,748,568	1,688,020
Australian dollar term deposits < 3 months	750,000	6,200,000
<b>Balance as per cash flow statement</b>	<b>14,558,230</b>	<b>7,937,327</b>

## Note 6 How we financed our operations - continued

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

	2019	2018
	\$	\$
<b>Net result for the period</b>	(273,081)	376,683
<b>Non-cash movements:</b>		
(Gain)/loss on sale of non-current assets	(204,360)	(554,093)
(Gain)/loss on other financial assets held at fair value	(24,172)	(191,937)
Depreciation and amortisation of non-current assets	263,543	302,539
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables – Sale of goods and services	522,222	(730,606)
(Increase)/decrease in interest receivable	(144,249)	(2,829)
(Increase)/decrease in other assets	(727,925)	(221,340)
Increase/(decrease) in payables	159,883	(47,905)
Increase (decrease) in provisions	635,957	302,812
Increase/(decrease) in other liabilities	(1,377,555)	1,878,230
<b>Net cash flows from/(used in) operating activities</b>	<b>(1,169,737)</b>	<b>1,111,554</b>

### Note 6.2 Borrowings

	2019	2018
	\$	\$
<b>Current borrowings</b>		
Lease liabilities <sup>(i)</sup>	15,542	21,469
Other borrowings <sup>(ii)</sup>	2,860	2,054
<b>Total current borrowings</b>	<b>18,402</b>	<b>23,523</b>
<b>Total borrowings</b>	<b>18,402</b>	<b>23,523</b>

Notes:

(i) Secured by the assets leased. Finance leases are interest bearing and effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) Other borrowings include unsecured purchasing card transactions which are repaid within the interest-free period.

All interest bearing liabilities are initially measured at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

Details of the Trust's exposure to liquidity risk and maturity analysis of contractual financial liabilities are set out in Note 7.1.3.

## Note 6 How we financed our operations - continued

### Note 6.3 Other liabilities

	2019	2018
	\$	\$
<b>Current other liabilities</b>		
Funds held awaiting remittance <sup>(i)</sup> :		
Land Conservation Strategy	14,346	14,344
Marcus Knapple	2,462	2,462
Potter Farmland	49,850	49,845
AGL – Growling Grass Frog	45,769	149,500
Hume – Native Grasslands	241,351	240,240
Pimelea Fund	445,074	512,766
Amateur Gardeners Foundation	-	689,646
Golden Sun Moth Conservation Fund	138,375	136,641
PTV - Biomass management study	28,704	35,709
Bonds held in trust: <sup>(iii)</sup>		
Level Crossing Removal Authority	1,266,298	1,237,993
Department of Justice & Regulation	9,072,014	-
Landowner payments held in trust <sup>(ii)</sup>	1,933,230	2,319,418
Deferred 10-year offset stewardship revenue	36,228	64,997
Other project funds committed	956,579	836,537
Other revenue received in advance	3,763,906	4,208,915
<b>Total current other liabilities</b>	<b>17,994,186</b>	<b>10,499,013</b>
<b>Non-current other liabilities</b>		
Landowner payments held in trust <sup>(ii)</sup>	17,399,068	20,776,365
Deferred 10-year offset stewardship revenue	326,055	584,970
<b>Total non-current other liabilities</b>	<b>17,725,123</b>	<b>21,361,335</b>
<b>Total other liabilities</b>	<b>35,719,309</b>	<b>31,860,348</b>

**Notes:**

(i) Funds held awaiting remittance are funds the Trust holds on behalf of third parties for specific projects. The funds are spent in accordance with the agreement the Trust has with the third party. Interest earned on the funds is credited to the benefit of the fund.

(ii) Landowner payments held in trust are funds the Trust holds on behalf of third party land owners under offset arrangements payable over 10 years from the date of covenant registration. Interest earned on the funds is credited to the benefit of the landowner and paid annually.

(iii) Bonds held in trust are funds held on behalf of proponents as security to meet the approval conditions specified through the Environmental Protection and Biodiversity Conservation Act 1999 pending the achievement of offset arrangements and covenant registration.

## Note 6 How we financed our operations - continued

### Note 6.4 Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### Finance leases

	Minimum future lease payments <sup>(i)</sup>		Present value of minimum future lease payments	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Finance lease liabilities payable</b>				
- Not longer than one year	15,542	21,992	15,542	21,469
- Longer than one year and not longer than five years	-	-	-	-
<b>Minimum future lease payments</b>	<b>15,542</b>	<b>21,992</b>	<b>15,542</b>	<b>21,469</b>
- Less future finance charges	-	(523)	-	-
<b>Present value of minimum lease payments</b>	<b>15,542</b>	<b>21,469</b>	<b>15,542</b>	<b>21,469</b>
Included in the financial statements as:				
- Current borrowings lease liabilities (Note 6.2)			15,542	21,469
			<b>15,542</b>	<b>21,469</b>

Note:

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Finance leases relate to a motor vehicle lease held with Vicfleet Lease Management with a lease term of three years. The Trust has an option to purchase the leased assets at expiry of the lease.

Interest incurred on assets held under finance leases was \$610 (2018: \$799).

The written down value of assets held under finance leases is \$16,544 (2018: \$21,301).

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non financial physical asset. If there is certainty that the Trust will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability, and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

## Note 6 How we financed our operations - continued

### Operating leases

	2019	2018
	\$	\$
<b>Non-cancellable operating lease payables</b>		
Not longer than one year	331,089	304,154
Longer than one year and not longer than five years	360,199	660,163
<b>Total non-cancellable operating lease payables</b>	<b>691,288</b>	<b>964,317</b>
<b>Total leases</b>	<b>691,288</b>	<b>964,317</b>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Operating leases relate to office facilities with lease terms of between one and seven years and motor vehicle and IT equipment leases with lease terms of three years. The Trust does not have an option to purchase the leased assets at lease expiry. Operating lease expenses recognised in the accounts was \$323,260 (2018: \$347,279).

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are recognised as a reduction of rental expense over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Note 6.5 Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements:

	2019	2018
	\$	\$
<b>Novated lease commitments</b>		
Payable:		
Not longer than one year	17,358	19,547
Longer than one year and not longer than five years	-	6,516
<b>Total novated lease commitments</b>	<b>17,358</b>	<b>26,063</b>
<b>Total commitments for expenditure</b>	<b>17,358</b>	<b>26,063</b>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed in this note at their nominal value and inclusive of the GST payable.

## **Note 7 Risks, Contingencies and Valuation Judgements**

### **Introduction**

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

### **Structure**

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

#### **Note 7.1 Financial instruments specific disclosures**

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

From 1 July 2018, the Trust applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

#### **Categories of financial instruments under AASB 9**

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

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

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

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

The Trust recognises the following assets in this category: cash and deposits; receivables (excluding statutory receivables); term deposits; and, certain debt securities.

##### **Financial assets at fair value through other comprehensive income**

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated at fair value through net result:

- the assets are held by the Trust to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the Trust has irrevocably elected at initial recognition to recognise this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit and loss.

However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

##### **Financial assets at fair value through net result**

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result.

Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Trust may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis.

The Trust recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Categories of financial assets previously under AASB 139

**Loans and receivables and cash** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Trust recognises the following assets in this category:

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

**Available-for-sale financial instrument assets** are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result. The Trust recognises investments in equities and managed investment schemes in this category.

**Held to maturity financial assets:** If the Trust has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The Trust makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes term deposits for which the Trust intends to hold to maturity.

### Categories of financial liabilities under AASB 9 and previously under AASB 139

#### Financial liabilities at amortised cost

Financial instrument 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 cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

Financial liabilities at amortised cost category includes payables (excluding statutory payables), borrowings and other financial liabilities.

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Trust retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Trust has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Trust has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Trust's continuing involvement in the asset.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**Reclassification of financial instruments:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Trust's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, the Trust is generally unable to change its business model because it is determined by the Performance Management Framework (PMF).

If under rare circumstances an asset is reclassified, the reclassification is applied prospectively from the reclassification date and previously recognised gains, losses or interest should not be restated. If the asset is reclassified to fair value, the fair value should be determined at the reclassification date and any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in net result.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### 7.1.1 Financial instruments: Categorisation

	Cash and deposits	Financial assets at amortised cost (AC)	Financial assets / liabilities designated at fair value through net result (FV/PL)	Financial liabilities at amortised cost (AC)	Total
<b>2019</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Cash and deposits	14,558,230	-	-	-	14,558,230
Receivables: <sup>(i)</sup>					
Sale of goods and services		427,058	-	-	427,058
Accrued investment income		407,946	-	-	407,946
Investments and other contractual financial assets:					
Term deposits		22,307,674	-	-	22,307,674
Listed securities and managed investment schemes		-	12,682,501	-	12,682,501
<b>Total contractual financial assets</b>	<b>14,558,230</b>	<b>23,142,678</b>	<b>12,682,501</b>	<b>-</b>	<b>50,383,409</b>
<b>Contractual financial liabilities</b>					
Payables <sup>(i)</sup>	-	-		701,161	701,161
Borrowings	-	-		18,402	18,402
Other financial liabilities	-	-		35,719,309	35,719,309
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,438,872</b>	<b>36,438,872</b>

Note:

(i) The total amounts disclosed here exclude statutory amounts.

	Cash and deposits	Financial assets at amortised cost (AC)	Financial assets / liabilities designated at fair value through net result (FV/PL)	Financial liabilities at amortised cost (AC)	Total
<b>2018</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Cash and deposits	7,937,327		-	-	7,937,327
Receivables: <sup>(i)</sup>					
Sale of goods and services	-	6,726,213	-	-	6,726,213
Accrued investment income	-	263,697	-	-	263,697
Other receivables	-	175,075	-	-	175,075
Investments and other contractual financial assets:					
Term deposits	-	21,586,522	-	-	21,586,522
Listed securities and managed investment schemes		-	11,079,615	-	11,079,615
<b>Total contractual financial assets</b>	<b>7,937,327</b>	<b>28,751,507</b>	<b>11,079,615</b>	<b>-</b>	<b>47,768,449</b>
<b>Contractual financial liabilities</b>					
Payables <sup>(i)</sup>	-	-	-	651,090	651,090
Borrowings	-	-	-	23,523	23,523
Other financial liabilities	-	-	-	31,860,348	31,860,348
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,534,961</b>	<b>32,534,961</b>

Notes:

(i) The total amounts disclosed here exclude statutory amounts.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### 7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category<sup>(i)</sup>

	Net holding gain/(loss)	Total dividend income	Total interest income/(expense)	Impairment loss	Total
<b>2019</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Financial assets at amortised cost	-	-	987,081	-	987,081
Financial assets designated at fair value through net result	24,172	499,672	-	-	523,844
<b>Total contractual financial assets</b>	<b>24,172</b>	<b>499,672</b>	<b>987,081</b>	<b>-</b>	<b>1,510,925</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	-	(557,745)	-	(557,745)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(557,745)</b>	<b>-</b>	<b>(557,745)</b>

Notes:

(i) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

	Net holding gain/(loss)	Total dividend income	Total interest income/(expense)	Impairment loss	Total
<b>2018</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Financial assets at amortised cost	-	-	783,512	-	783,512
Financial assets designated at fair value through net result	191,937	272,612	-	-	464,549
<b>Total contractual financial assets</b>	<b>191,937</b>	<b>272,612</b>	<b>783,512</b>	<b>-</b>	<b>1,248,061</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	-	(469,165)	-	(469,165)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(469,165)</b>	<b>-</b>	<b>(469,165)</b>

The net holding gains or losses disclosed above are determined as follows:

- For cash and cash equivalents and loans or receivables, the net gain or loss is calculated by taking the interest revenue, plus dividend revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.
- For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from revaluation of the financial liabilities measured at amortised cost.

### 7.1.3 Financial risk management objectives and policies

The Trust's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The Trust manages these financial risks in accordance with its risk management framework and investment policy.

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

#### Financial instruments: Credit risk

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

Credit risk associated with the Trust's financial assets is minimal. Most receivables are with government-funded organisations, and cash, deposits and held-to-maturity investments are held at a range of financial institutions with high credit ratings of a minimum BBB. Financial assets available-for-sale includes managed investments which are managed by JBWere, and listed securities.

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

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

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Financial instruments: Credit risk - continued

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Trust's maximum exposure to credit risk without taking into account the value of any collateral obtained.

There has been no material change in the Trust's credit risk profile in 2018-19.

### Credit quality of financial assets<sup>(i)</sup>

	Government agencies	Financial institutions (min. AA-credit rating)	Other financial institutions (min. BBB credit rating)	Other	Equities and managed funds	Total
2019	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
<b>Financial assets with loss allowances measured at 12-month expected credit loss:</b>						
Cash and deposits (not assessed for impairment due to materiality)	-	14,556,130	-	2,100	-	14,558,230
Accrued investment income	-	177,433	230,513	-	-	407,946
Term deposits	-	11,268,124	9,964,570	1,074,980	-	22,307,674
Listed securities and managed investment schemes	-	-	-	-	12,682,501	12,682,501
<b>Financial assets with loss allowances measured at lifetime expected credit loss:</b>						
Sale of goods and services <sup>(i)</sup>	197,866	-	-	229,192	-	427,058
<b>Total financial assets</b>	<b>197,866</b>	<b>26,001,687</b>	<b>10,195,083</b>	<b>1,306,272</b>	<b>12,682,501</b>	<b>50,383,409</b>

### Credit quality of contractual financial assets that are neither past due nor impaired<sup>(i)</sup>

	Government agencies	Financial institutions (min. AA-credit rating)	Other financial institutions (min. BBB credit rating)	Other	Equities and managed funds	Total
2018	\$	\$	\$	\$	\$	\$
<b>Financial assets</b>						
Cash and deposits	1,267,286	6,667,941	-	2,100	-	7,937,327
Sale of goods and services <sup>(i)</sup>	6,624,124	-	-	102,089	-	6,726,213
Accrued investment income	-	176,065	87,632	-	-	263,697
Other receivables	-	-	-	175,075	-	175,075
Term deposits	-	13,239,350	8,332,266	14,906	-	21,586,522
Listed securities and managed investment schemes	-	-	-	-	11,079,615	11,079,615
<b>Total financial assets</b>	<b>7,891,410</b>	<b>20,083,356</b>	<b>8,419,898</b>	<b>294,170</b>	<b>11,079,615</b>	<b>47,768,449</b>

Note:

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

### Impairment of financial assets under AASB 9 - applicable from 1 July 2018

From 1 July 2018, the Trust has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment includes the Trust's contractual receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents, term deposits and accrued interest income are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Contractual receivables at amortised cost

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

On this basis, the Trust determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at the end of the financial year as follows:

1-Jul-18	Current	Less than 1 month	1 – 3 months	3 months -1 year	1-5 years	Total
<b>Expected loss rate</b>	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	\$6,168,980	\$512,930	-	\$44,303	-	\$6,726,213
<b>Loss allowance</b>	-	-	-	-	-	-

30-Jun-19	Current	Less than 1 month	1 – 3 months	3 months -1 year	1-5 years	Total
<b>Expected loss rate</b>	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	\$287,468	\$16,600	\$100,000	\$16,830	\$6,160	\$427,058
<b>Loss allowance</b>	-	-	-	-	-	-

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

	2019	2018
	\$	\$
<b>Balance at beginning of the year</b>	-	-
Increase in provision recognised in the net result	-	-
Reversal of provision of receivables written off during the year as uncollectible	-	-
Reversal of unused provision recognised in the net result	-	-
<b>Balance at end of the year</b>	-	-

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

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

### Statutory receivables and debt investments at amortised cost

The Trust's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance was recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Financial instruments: Liquidity risk

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

The Trust manages its liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

The Trust's exposure to liquidity risk is deemed insignificant. Cash for unexpected events is generally sourced from funds held at call.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet.

The following tables disclose the contractual maturity analysis for the Trust's contractual financial liabilities.

### Maturity analysis of contractual financial liabilities<sup>(ii)</sup>

	Carrying amount	Nominal amount	Maturity dates		
			Less than 1 month	1 month to 1 year	1 year or more
	\$	\$	\$	\$	\$
<b>2019</b>					
<b>Payables<sup>(i)</sup>:</b>					
Contractual payables at amortised cost	701,161	701,161	622,456	78,705	-
Other financial liabilities at amortised cost	35,719,309	35,719,309	2,038,709	15,955,477	17,725,123
<b>Borrowings:</b>					
Lease liabilities	15,542	15,542	-	15,542	-
Other borrowings	2,860	2,860	2,860	-	-
<b>Total</b>	<b>36,438,872</b>	<b>36,438,872</b>	<b>2,664,025</b>	<b>16,049,724</b>	<b>17,725,123</b>
<b>2018</b>					
<b>Payables<sup>(i)</sup>:</b>					
Contractual payables at amortised cost	651,090	651,090	563,045	88,045	-
Other financial liabilities at amortised cost	31,860,348	31,860,348	1,452,805	9,036,368	21,371,175
<b>Borrowings:</b>					
Lease liabilities	21,469	21,469	1,789	19,680	-
Other borrowings	2,054	2,054	2,054	-	-
<b>Total</b>	<b>32,534,961</b>	<b>32,534,961</b>	<b>2,019,693</b>	<b>9,144,093</b>	<b>21,371,175</b>

Notes:

(i) The carrying amount of financial liabilities disclosed here excludes statutory payables (e.g. taxes payable).

(ii) Maturity analysis is presented using the undiscounted cash flows.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Financial instruments: Market risk

The Trust's exposures to market risk are primarily through interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

#### Interest rate risk

The Trust manages interest rate risk by undertaking fixed rate financial instruments with maturity profiles mostly spread over 3 to 24 months. The Trust does not enter into interest rate swaps.

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

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

#### Interest rate exposure of financial instruments

	Weighted average effective	Carrying amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
	%	\$	\$	\$	\$
<b>2019</b>					
<b>Financial assets</b>					
Cash and deposits	1.67%	14,558,230	-	14,498,568	59,662
Receivables <sup>(i)</sup> :					
Sale of goods and services		427,058	-	-	427,058
Accrued investment income		407,946	-	-	407,946
Investments and other contractual financial assets:					
Term deposits	2.48%	22,307,674	22,307,674	-	-
Listed securities and managed investment schemes	1.52%	12,682,501	550,000	550,062	11,582,439
<b>Total financial assets</b>		<b>50,383,409</b>	<b>22,857,674</b>	<b>15,048,630</b>	<b>12,477,105</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup> :					
Payables	2.38%	701,161	-	404,927	296,234
Borrowings	3.25%	18,402	15,542	2,860	-
Other financial liabilities <sup>(ii)</sup>	2.11%	35,719,309	30,636,541	-	5,082,768
<b>Total financial liabilities</b>		<b>36,438,872</b>	<b>30,652,083</b>	<b>407,787</b>	<b>5,379,002</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	2.17%	7,937,327	-	7,888,020	49,307
Receivables <sup>(i)</sup> :					
Sale of goods and services		6,726,213	-	-	6,726,213
Accrued investment income		263,697	-	-	263,697
Other receivables		175,075	-	-	175,075
Investments and other contractual financial assets:					
Term deposits	2.66%	21,586,522	21,571,616	14,906	-
Listed securities and managed investment schemes	2.02%	11,079,615	800,000	612,767	9,666,848
<b>Total financial assets</b>		<b>47,768,449</b>	<b>22,371,616</b>	<b>8,515,693</b>	<b>16,881,140</b>
<b>Financial liabilities</b>					
Payables <sup>(i)</sup> :					
Payables	2.40%	651,090	-	371,005	280,085
Borrowings	3.25%	23,523	21,469	2,054	-
Other financial liabilities <sup>(ii)</sup>	2.40%	31,860,348	26,164,929	-	5,695,419
<b>Total financial liabilities</b>		<b>32,534,961</b>	<b>26,186,398</b>	<b>373,059</b>	<b>5,975,504</b>

Notes:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable, and GST payables).

(ii) Weighted average effective interest rate reflects the interest earned and allocated to trust funds held in accordance with the various agreements.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Equity price risk

The Trust is exposed to equity price risk through its investments in managed investment schemes which are invested in domestically traded securities and managed funds. The value of dividend income and imputation credits will also vary. The managed investment schemes are administered by JB Were. The fund manager on behalf of the Trust closely monitors performance and manages the equity price risk through diversification of its investment portfolio. Direct equity investments are sometimes received from bequests and are liquidated once registered ownership is received.

The Trust's exposure to equity price risk is set out below.

### Sensitivity disclosure analysis and assumptions

The Trust's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The Trust's fund managers cannot be expected to predict movements in market rates and prices and sensitivity analyses shown are for illustrative purposes only. The following movements are 'reasonably possible' over the next 12 months:

- a movement of 50 basis points up and down (2018: 50 basis points up and down) in market interest rates (AUD)
- a movement of 10 per cent up and down (2018: 10 per cent) for the top ASX 200 index.

The table below discloses the material impact on net result and equity for each category of financial instrument held by the Trust at year-end if the above movements were to occur.

### Market risk exposure

	Carrying amount	Interest rate risk		Equity price risk	
		- 0.5 per cent	+0.5 per cent	- 10 per cent	+10 per cent
		Net result	Net result	Net result	Net result
<b>2019</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Cash and cash equivalents	14,558,230	(72,493)	72,493	-	-
Investments and other contractual financial assets:					
Term deposits	22,307,674	(111,538)	111,538	-	-
Listed securities and managed investment schemes <sup>(i)</sup>	12,682,501	(5,500)	5,500	(1,158,244)	1,158,244
<b>Total impact</b>	<b>50,383,409</b>	<b>(189,531)</b>	<b>189,531</b>	<b>(1,158,244)</b>	<b>1,158,244</b>

	Carrying amount	Interest rate risk		Equity price risk	
		- 0.5 per cent	+ 0.5 per cent	- 10 per cent	+10 per cent
		Net result	Net result	Net result	Net result
<b>2018</b>	\$	\$	\$	\$	\$
<b>Contractual financial assets</b>					
Cash and cash equivalents	7,937,327	(39,440)	39,440	-	-
Investments and other contractual financial assets:					
Term deposits	21,586,522	(107,933)	107,933	-	-
Listed securities and managed investment schemes <sup>(i)</sup>	11,079,615	(7,064)	7,064	(966,685)	966,685
<b>Total impact</b>	<b>47,768,449</b>	<b>(154,437)</b>	<b>154,437</b>	<b>(966,685)</b>	<b>966,685</b>

Note:

(i) Non-interest bearing managed funds include \$3,961,342 of domestic equities and managed funds (2018: \$4,029,190), \$700,631 of fixed interest trusts (2018: \$415,192) and \$6,920,466 of fixed income securities (2018: \$5,222,466).

## **Note 7 Risks, Contingencies and Valuation Judgements - continued**

### **Note 7.2 Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because: it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or, the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There are no known contingent assets or contingent liabilities. (2018: nil).

### **Note 7.3 Fair value determination**

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

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

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through the net result; and
- land, buildings, plant and equipment.

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

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

#### **Fair value hierarchy**

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

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

The Trust determines whether transfers have occurred between levels in the hierarchy by reassessing categorisations (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 Trust, in conjunction with the Valuer-General Victoria (VGV), monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### How this section is structured

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1), non-financial physical assets (refer to Note 7.3.2) and non-financial physical assets classified as held for sale (refer to Note 7.3.3).

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

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

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

The Trust considers that the carrying amount of other 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. These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	• For supplies and services
• Sale of goods and services	• Interest payable to landowners
• Accrued investment income	• Other payables
• Other receivables	Borrowings
Term deposits	Other financial liabilities

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

### Fair value of financial instruments measured at amortised cost

	Carrying amount	Fair value	Carrying amount	Fair value
	2019	2019	2018	2018
	\$	\$	\$	\$
<b>Contractual financial assets</b>				
Cash and deposits	14,558,230	14,558,230	7,937,327	7,937,327
Receivables <sup>(i)</sup> :				
• Sale of goods and services	427,058	427,058	6,726,213	6,726,213
• Accrued investment income	407,946	407,946	263,697	263,697
• Other receivables	-	-	175,075	175,075
Investments and other contractual financial assets:				
• Term deposits	22,307,674	22,307,674	21,586,522	21,586,522
• Listed securities and managed investment schemes	1,100,062	1,100,062	1,412,767	1,412,767
<b>Total contractual financial assets</b>	<b>38,800,970</b>	<b>38,800,970</b>	<b>38,101,601</b>	<b>38,101,601</b>
<b>Contractual financial liabilities</b>				
<b>Payables<sup>(i)</sup>:</b>				
• Payables	701,161	701,161	651,090	651,090
• Borrowings	18,402	18,402	23,523	23,523
• Other financial liabilities	35,719,309	35,719,309	31,860,348	31,860,348
<b>Total contractual financial liabilities</b>	<b>36,438,872</b>	<b>36,438,872</b>	<b>32,534,961</b>	<b>32,534,961</b>

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government, GST input tax credit recoverable, and GST payables).

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Financial assets measured at fair value

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3
<b>2019</b>	\$	\$	\$	\$
Financial assets at fair value through net result:				
Listed securities and managed investment schemes	11,582,439	8,302,157	3,280,282	-
<b>Total</b>	<b>11,582,439</b>	<b>8,302,157</b>	<b>3,280,282</b>	<b>-</b>
<b>2018</b>				
Financial assets at fair value through net result:				
Listed securities and managed investment schemes	9,666,848	6,505,397	3,161,451	-
<b>Total</b>	<b>9,666,848</b>	<b>6,505,397</b>	<b>3,161,451</b>	<b>-</b>

Note:

(i) There is no significant transfer between level 1 and level 2

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value:

#### Listed securities and managed investment schemes

The listed securities and managed investment schemes are managed by JB Were and include direct investment in listed securities and managed funds. The Trust classifies these as level 1 (direct investment in listed securities and securities traded on the OTC corporate bond market) and level 2 (managed funds).

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### 7.3.2 Fair value determination: Non-financial physical assets

#### Fair value measurement hierarchy of property, plant and equipment

	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land at fair value				
Specialised land	16,486,951	-	-	16,486,951
<b>Total of land at fair value</b>	<b>16,486,951</b>	<b>-</b>	<b>-</b>	<b>16,486,951</b>
Buildings at fair value				
Specialised buildings	2,875,664	-	-	2,875,664
<b>Total of buildings at fair value</b>	<b>2,875,664</b>	<b>-</b>	<b>-</b>	<b>2,875,664</b>
Leasehold improvements at fair value				
Leasehold improvements	16,407	-	-	16,407
<b>Total of leasehold improvements at fair value</b>	<b>16,407</b>	<b>-</b>	<b>-</b>	<b>16,407</b>
Plant and equipment at fair value				
Plant and equipment	130,952	-	-	130,952
<b>Total of plant and equipment at fair value</b>	<b>130,952</b>	<b>-</b>	<b>-</b>	<b>130,952</b>
Motor vehicles at fair value				
Motor vehicles	24,633	-	-	24,633
<b>Total of motor vehicles at fair value</b>	<b>24,633</b>	<b>-</b>	<b>-</b>	<b>24,633</b>
<b>2018</b>				
Land at fair value				
Specialised land	16,486,951	-	-	16,486,951
<b>Total of land at fair value</b>	<b>16,486,951</b>	<b>-</b>	<b>-</b>	<b>16,486,951</b>
Buildings at fair value				
Specialised buildings	2,962,776	-	-	2,962,776
<b>Total of buildings at fair value</b>	<b>2,962,776</b>	<b>-</b>	<b>-</b>	<b>2,962,776</b>
Leasehold improvements at fair value				
Leasehold improvements	23	-	-	23
<b>Total of leasehold improvements at fair value</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>23</b>
Plant and equipment at fair value				
Plant and equipment	127,822	-	-	127,822
<b>Total of plant and equipment at fair value</b>	<b>127,822</b>	<b>-</b>	<b>-</b>	<b>127,822</b>
Motor vehicles at fair value				
Motor vehicles	48,060	-	-	48,060
<b>Total of motor vehicles at fair value</b>	<b>48,060</b>	<b>-</b>	<b>-</b>	<b>48,060</b>

Note:

(i) Classified in accordance with the fair value hierarchy

The measurement and classification of each class of property, plant and equipment is outlined below. There have been no transfers between levels during the period.

#### Specialised land and buildings

Specialised land is valued using the market approach, although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

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. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

An independent valuation of the Trust's specialised land and buildings was last performed by G.M.Brien & Associates Pty Ltd under contract to the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2016.

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Leasehold improvements

Leasehold improvements are valued using the depreciated replacement cost method. The depreciation rates are set to reflect utilisation of the leasehold improvements over the minimum lease term.

### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

### Motor vehicles

Motor vehicles are valued using the depreciated replacement cost method. The Trust acquires new vehicles and at times disposes of them before the end of their economic life. The depreciation rates are set to reflect the utilisation of the motor vehicles.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use.

### Reconciliation of Level 3 fair value

	Specialised land	Specialised buildings	Leasehold improvements	Plant and equipment	Motor vehicles
2019	\$	\$	\$	\$	\$
<b>Opening balance</b>	<b>16,486,951</b>	<b>2,962,776</b>	<b>23</b>	<b>127,822</b>	<b>48,060</b>
Purchases (sales)	-	-	21,062	69,563	-
Transfers in (out) of Level 3	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
Gains or losses recognised in net result	-	-	-	-	-
Depreciation	-	(87,112)	(4,678)	(66,433)	(23,427)
Impairment loss	-	-	-	-	-
<b>Closing balance</b>	<b>16,486,951</b>	<b>2,875,664</b>	<b>16,407</b>	<b>130,952</b>	<b>24,633</b>
2018					
<b>Opening balance</b>	<b>16,486,951</b>	<b>3,049,888</b>	<b>28,160</b>	<b>166,630</b>	<b>72,985</b>
Purchases (sales)	-	-	-	19,156	-
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result	-	-	-	-	-
Depreciations	-	(87,112)	(28,137)	(57,964)	(24,925)
Impairment loss	-	-	-	-	-
<b>Closing balance</b>	<b>16,486,951</b>	<b>2,962,776</b>	<b>23</b>	<b>127,822</b>	<b>48,060</b>

## Note 7 Risks, Contingencies and Valuation Judgements - continued

### Description of significant unobservable inputs to Level 3 valuations

2019 and 2018	Valuation technique	Significant unobservable inputs <sup>(i)</sup>	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
<b>Specialised land <sup>(i)</sup></b>	Market approach	Community Service Obligation (CSO) adjustment	0%-25% (3%) <sup>(i)</sup>	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
<b>Specialised buildings</b>	Depreciated replacement cost	Direct cost per square metre	\$1,000 - \$1,142,000 per building (\$62,000)	A significant increase or decrease in direct cost per unit would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	20-40 years (23 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Leasehold improvements</b>	Depreciated replacement cost	Direct cost per square metre	\$840 per m <sup>2</sup> (\$840)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of leasehold improvements	3 years (3 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Plant and equipment</b>	Depreciated replacement cost	Cost per unit	\$1,000 - \$69,000 per unit (\$5,200)	A significant increase or decrease in direct cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment	3-5 years (4 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
<b>Motor vehicles</b>	Depreciated replacement cost	Cost per unit	\$1,000 - \$76,000 per unit (\$22,000)	A significant increase or decrease in direct cost per unit would result in a significantly higher or lower fair value.
		Useful life of motor vehicles	7-10 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Note:

(i) CSO adjustments of 25 per cent were applied to some specialised land to reduce the market approach value.

### 7.3.3 Fair value determination: Non-financial physical assets classified as held for sale

	Carrying amount as at 30 June	Fair value measurement at end of reporting period using <sup>(ii)</sup> :		
		Level 1 <sup>(i)</sup>	Level 2 <sup>(i)</sup>	Level 3 <sup>(i)</sup>
<b>2019</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land at fair value				
Specialised land	2,017,476	-	2,017,476	-
<b>Total of land at fair value</b>	<b>2,017,476</b>	<b>-</b>	<b>2,017,476</b>	<b>-</b>
<b>2018</b>				
Land at fair value				
Specialised land	1,050,532	-	1,050,532	-
<b>Total of land at fair value</b>	<b>1,050,532</b>	<b>-</b>	<b>1,050,532</b>	<b>-</b>

Notes:

(i) Classified in accordance with the fair value hierarchy

(ii) Non-financial physical assets classified as held for sale have been classified as level 2 as the significant inputs to fair value measurement are indirectly observable, in this case the recent acquisition costs with reference to recent comparable sales in the area.

There have been no transfers between levels during the period.

## Note 8 Other disclosures

### Introduction

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

### Structure

- 8.1 Ex gratia expenses
- 8.2 Other economic flows included in net result
- 8.3 Reserves
- 8.4 Responsible persons
- 8.5 Remuneration of executives
- 8.6 Related parties
- 8.7 Remuneration of auditors
- 8.8 Subsequent events
- 8.9 Australian Accounting Standards issued that are not yet effective

### Note 8.1 Ex-gratia expenses <sup>(a)</sup>

Ex-gratia expenses are 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.

	2019	2018
	\$	\$
Ex-gratia expenses	-	-
<b>Total ex-gratia expenses</b>	<b>-</b>	<b>-</b>

Notes:

(a) Includes ex-gratia expenses greater than or equal to \$5,000 or those considered material in nature. There were no such ex-gratia expenses in 2018-19 (2017-18: nil).

### Note 8.2 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that does not result from transactions. These include:

- revaluation gains/(losses) on non financial assets and liabilities
- net gain/(loss) on the sale of non financial assets, recognised at the date of disposal and determined after deducting from the proceeds the carrying value of the asset at the time
- net gain/(loss) on financial instruments including realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held for trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets
- revaluation gain/(loss) on financial instruments at fair value excluding dividends or interest earned on financial assets, which is reported as part of income from transactions.

	2019	2018
	\$	\$
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of land	204,360	554,093
<b>Total net gain on non-financial assets</b>	<b>204,360</b>	<b>554,093</b>
<b>Net gain/(loss) on financial instruments</b>		
Net gain on disposal of financial investments	(52,101)	202,235
Net gain/(loss) arising from revaluation of financial assets at fair value	76,273	(10,298)
<b>Total net gain on financial instruments</b>	<b>24,172</b>	<b>191,937</b>

## Note 8 Other disclosures - continued

### Note 8.3 Reserves

	2019	2018
	\$	\$
<b>Physical asset revaluation surplus<sup>(i)</sup></b>		
Balance at the beginning of the financial year	14,802,806	14,802,806
<b>Balance at the end of the financial year</b>	<b>14,802,806</b>	<b>14,802,806</b>
<b>Donations surplus<sup>(ii)</sup></b>		
Balance at the beginning of the financial year	4,278,512	3,084,230
Transfers to/(from) accumulated surplus:		
Investment income earned on funds held less administration fee	112,803	(401)
Donations for reserve and proceeds from sale of properties	475,552	1,627,869
Funds appropriated and properties acquired	(1,318,153)	(433,186)
<b>Balance at the end of the financial year</b>	<b>3,548,714</b>	<b>4,278,512</b>
<b>Covenant stewardship surplus<sup>(iii)</sup></b>		
Balance at the beginning of the financial year	1,573,816	1,577,326
Transfers to/(from) accumulated surplus:		
Investment income earned on funds held	88,279	77,500
Surpluses transferred for future covenant monitoring	21,600	18,600
Funds appropriated on covenant monitoring program	(145,144)	(99,610)
<b>Balance at the end of the financial year</b>	<b>1,538,551</b>	<b>1,573,816</b>
<b>Properties surplus<sup>(iv)</sup></b>		
Balance at the beginning of the financial year	406,248	406,248
<b>Balance at the end of the financial year</b>	<b>406,248</b>	<b>406,248</b>
<b>Bequest surplus<sup>(v)</sup></b>		
Balance at the beginning of the financial year	1,217,692	1,238,078
Transfers to/(from) accumulated surplus:		
Investment income earned on funds held less administration fee	39,251	35,939
Funds appropriated	(11,502)	(56,325)
<b>Balance at the end of the financial year</b>	<b>1,245,441</b>	<b>1,217,692</b>
<b>Endowment surplus<sup>(vi)</sup></b>		
Transfers to/(from) accumulated surplus:		
Donations for endowment	50,000	-
Investment income earned on funds held	2,950	-
<b>Balance at the end of the financial year</b>	<b>52,950</b>	<b>-</b>
<b>Total reserves</b>	<b>21,594,710</b>	<b>22,279,074</b>

**Notes:**

(i) The physical asset revaluation surplus records increments and decrements on the revaluation of non-current assets.

(ii) Donations surplus funds are derived from Government grants and donations from other organisations or individuals. These donations are directed towards property purchases or are held in trust for specified purposes.

(iii) The covenant stewardship surplus is for monitoring of covenanted properties and approved management expenditure. The Trust has adopted the policy of transferring \$600 for each new covenant to the covenant stewardship reserve.

(iv) The properties surplus is for property purchases and management, educational and legal costs for Trust properties.

(v) Bequest surplus funds are held in trust for specified purposes.

(vi) The Endowment surplus includes endowments funded from gifts to support long-term conservation work according to the spending conditions of each endowment. The Endowment surplus is made up of the West Gippsland Endowment Fund \$52,950 which includes a \$50,000 donation in memory of Mr. Petrus (Peter) Droog and Mrs. Hendrika (Rita) Droog.

## Note 8 Other disclosures - continued

### Note 8.4 Responsible persons

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

#### Names

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

#### Responsible Minister:

Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change, and Minister for Solar Homes	1 July 2018 to 30 June 2019
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#### Governing Board of Trustees:

Geoff Driver (Chairman)	1 July 2018 to 30 June 2019
Gayle Austen	1 July 2018 to 30 June 2019
Carol Bennetto	1 July 2018 to 30 June 2019
Charles Meredith	1 July 2018 to 30 June 2019
Amanda Noble	1 July 2018 to 30 June 2019
James Bentley	1 July 2018 to 30 June 2019
Dr Sandra Brizga	1 July 2018 to 30 June 2019
Katherine Cary (returned from leave of absence in January 2019)	1 July 2018 to 30 June 2019
Dr Georgia Garrard	1 July 2018 to 30 June 2019
Binda Gokhale	1 July 2018 to 30 June 2019

The Trust for Nature (Victoria) Board is established under the *Victorian Conservation Trust Act 1972*.

#### Chief Executive Officer (Accountable Officer):

Victoria Marles	1 July 2018 to 30 June 2019
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Amounts relating to Ministers are disclosed in the financial report of the Department of Parliamentary Services.

#### Remuneration

Remuneration received or receivable by the Trustees is in the range \$357 - \$432 per sitting (2017-18: \$357 - \$432). Trustees may elect not to receive sitting fees. Total sitting fees paid in 2018-19 were \$29,403 (2017-18: \$28,085). The remuneration of the Trustees fell within the band:

	2019	2018
<b>Income band</b>		
less than \$9,999	10	12

Remuneration received or receivable by the Accountable Officer during the reporting period was in the range:

	2019 No.	2018 No.
<b>Income band</b>		
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-

## Note 8 Other disclosures - continued

### Note 8.5 Remuneration of executives

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

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

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

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

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

**Termination benefits** include termination of employment payments, such as severance packages.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.6)	2019	2018
	\$	\$
Short-term employee benefits	145,531	140,078
Post-employment benefits	14,517	12,517
Other long-term benefits	4,330	4,232
<b>Total remuneration <sup>(a)</sup></b>	<b>164,378</b>	<b>156,827</b>
<b>Total number of executives</b>	<b>1</b>	<b>1</b>
<b>Total annualised employee equivalents <sup>(b)</sup></b>	<b>1</b>	<b>1</b>

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.6).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

### Note 8.6 Related parties

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

Related parties of the Trust include:

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

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

#### Significant transactions with government-related entities

The Trust received funding from government-related entities of \$4,285,444 (2018: \$3,776,691).

During the year, the Trust had the following government-related entity transactions:

- Department of Environment, Land, Water and Planning - Operating grant recurrent \$424,000 (2018: \$417,000);
- Department of Environment, Land, Water and Planning - Operating grant non-recurrent \$950,000 (2018: \$1,050,000);
- State Government grants \$2,911,444 (2018: \$2,309,691); and
- State Government grants used to acquire properties \$nil (2018: \$500,000).

## Note 8 Other disclosures - continued

**Key management personnel** of the Trust includes the Portfolio Minister, Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change and Minister for Solar Homes, the governing Board of Trustees, the Chief Executive Officer, Victoria Marles, and the Chief Finance Officer, Greg Bowers.

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

Compensation of KMPs	2019	2018
	\$	\$
Short-term employee benefits	382,201	354,806
Post-employment benefits	32,728	31,279
Other long-term benefits	5,954	12,698
<b>Total <sup>(a)</sup></b>	<b>420,883</b>	<b>398,783</b>

Notes:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.5).

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

There were no related party transactions that involved key management personnel, their close family members and their personal business interests.

### Note 8.7 Remuneration of auditors

	2019	2018
	\$	\$
<b>Victorian Auditor-General's Office:</b>		
Audit or review of the financial statements	18,000	17,300
<b>Total amount</b>	<b>18,000</b>	<b>17,300</b>

No other services were performed during the reporting period.

### Note 8.8 Subsequent events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

## **Note 8 Other disclosures - continued**

### **Note 8.9 Australian Accounting Standards issued that are not yet effective**

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 1059 Service Concession Arrangements: Grantor;
- AASB 16 Leases;
- AASB 15 Revenue from Contract with Customers; and
- AASB 1058 Income of Not-for-Profit Entities.

#### **Service concession arrangements**

Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnership (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: Service Concession Arrangements: Grantor.

For arrangements within the scope of AASB 1059, the public sector grantor will be required to record the asset(s) used in the service concession arrangement at current replacement cost in accordance with cost approach to Fair Value under AASB 13: Fair Value Measurement (AASB 13), with a related liability, which could be a financial liability, an accrued revenue liability (referred to as the "Grant Of A Right To The Operator" or GORTO liability) or a combination of both. The AASB recently announced a one-year deferral on the new accounting requirements for public sector grantors in service concession arrangements. As a result, AASB 1059 will apply to annual periods beginning on or after 1 January 2020, rather than 1 January 2019. However, the Trust intends to early adopt AASB 1059 in line with the original adoption date of 1 January 2019, i.e. the 2019-20 financial year.

The Trust will apply the standard using a full retrospective approach to prior reporting periods from 1 July 2018 ("transition date"). As a result, all comparative information in the financial statements has been prepared as if AASB 1059 had always been in effect with a cumulative adjustment between the recognition of service concession assets and financial liabilities and/or GORTO liabilities recognised in accumulated surplus as at 1 July 2018.

The Trust has identified no material service concession arrangements and therefore there is no material impact.

#### **Leases**

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The Trust intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The Trust will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The Trust will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

## **Note 8 Other disclosures - continued**

### **Note 8.9 Australian Accounting Standards issued that are not yet effective**

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The Trust intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The Trust has performed an impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU (\$800,000),
- increase in related depreciation (\$218,000),
- increase in lease liability (\$800,000),
- increase in related interest (\$10,000), and
- decrease in rental expense (\$228,000).

### **Revenue and Income**

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors (2018-4), to provide guidance on how to distinguish payments received in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 Income of Not-for-Profit Entities, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Trust intends to adopt these standards in 2019-20 financial year when it becomes effective.

The Trust will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Trust has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has been assessed as not material.



The endangered Spiny Rice-flower  
(*Pimelea spinescens*)

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