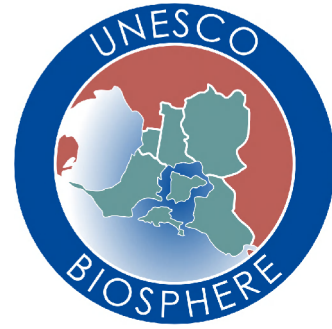




"Showing the Way to Sustainability"



# **ANNUAL REPORT 2008-2009**

INCORPORATING

# **FINANCIAL REPORT 2008-2009**

OF THE

# **MORNINGTON PENINSULA AND WESTERN PORT BIOSPHERE RESERVE FOUNDATION LTD**

ABN 15 107 484 408

OFFICE:

4 / 37-41 Victoria Street  
Hastings, Victoria, 3915

## CHAIR'S REPORT

The last twelve months have been a period of consolidation and modest growth for the Biosphere Foundation. With the perspective of the last 5 years as Chairman of the Board, I believe that we are continuing to make progress in the key areas of our work program and against the objectives of the UNESCO Man and the Biosphere Program. Importantly, we have been able to initiate new alliances at the local, national and international levels.

We are continually developing relationships through our partner local governments. The Man and the Biosphere Program is not universally understood; however, through our established projects, the Southern Brown Bandicoot Recovery Program and the Watson Creek Integrated Catchment Management Project, we are gaining respect for our initiative and capacity. Our Research Committee continues to build strong themes for our future work. Our proposed Mass Balance Project in conjunction with CSIRO's Division of Sustainable Ecosystems remains in development and I hope that we will be able to engage positively with the five councils and shires that make up the Biosphere region to build this unique program.

Nationally we are developing alliances with two new Australian Biospheres. The Noosa Biosphere was proclaimed in 2007, and this year the Great Sandy Biosphere in the Burnett Mary region of Queensland was proclaimed at the UNESCO Biospheres Meeting in Jeju, South Korea. Clearly biospheres are an attractive mechanism for communities to build understanding and engagement on sustainability matters. There is now interest in the formation of an "Association of Australian Biospheres" in an effort to help coordinate Biosphere activities, education, awareness, marketing and promotion of Biospheres both in Australia and internationally, and to act as a lobby group to increase Biosphere awareness and support from all levels of government.

Internationally our Biosphere has been represented on two occasions this year. Our Executive Officer, Cecelia Witton has attended UNESCO sponsored meetings in South Korea; this included a meeting of the International Coordinating Committee of the Man and the Biosphere Program to discuss common issues on the potential impacts of climate change and opportunities offered in ecotourism. The Board congratulates Cecelia on this strong initiative, welcomes the opportunities she has created and looks forward to the development of the program relationships she has been able to generate.

I am able to report that a key component of the development of our Biosphere is the establishment of an Advisory Board. This group includes the former Minister for Planning and Environment Tom Roper, Associate Professor Michael Buxton and Professor John Fien of RMIT University, Dr Mick Lumb, Honorary Associate Professor Ian Wills formerly of Monash University and Andrew Grant, CEO of CO2 Australia and former Chair of the Port Phillip and Westernport Catchment Management Authority. We are very pleased that Andrew is able to speak at our Annual General Meeting this year. This group is meeting regularly and providing high level strategic advice to the Board.

As we go to our Annual General Meeting, our organisation is necessarily focussed on restoring and building our membership, initiating effective fundraising programs, and securing long term financial support.. I must impress upon you that your support in these areas is crucial to our continued success. I encourage you to access our website at [www.biosphere.org.au](http://www.biosphere.org.au) to familiarize yourself with our programs and progress; renew your association, consider supporting the Biosphere financially in addition to your membership and introduce your friends and family to our Bandicoot Buddies campaign.

The members of the Board have committed to ongoing personal support of our organisation. Through this leadership we hope that we can build new alliances throughout the community consistent with Biosphere objectives. We are looking forward to the forthcoming year.

*Rob. Gell*  
*Chair*

## EXECUTIVE OFFICER'S REPORT

The past year has been an exciting time for the Foundation, with the completion of three of our Envirofund projects - Pines Flora and Fauna Reserve habitat improvement, Southern Brown Bandicoot recovery and Phase I of the Watson Creek Project - and the WWF Threatened Species grant, with additional funds being received from WWF to continue monitoring, which will help to confirm the progress made towards securing the future in the Biosphere Reserve of the iconic and threatened Southern Brown Bandicoot.

These projects have enabled the Foundation to establish a profile and demonstrate its ability to complete projects successfully. The Watson Creek Project has contributed to community capacity building as well as improved catchment and water quality condition. A number of native species will benefit from fox control and other work carried out primarily to protect bandicoots. We thank the many volunteers who worked tirelessly on these projects to help the Foundation to achieve these outcomes.

UNESCO's invitation to the Foundation to participate, last December, in the *Conference on the Impact of Climate Change on Coastal and Island Biosphere Reserves*, held on Jeju Island, Republic of South Korea, was a pivotal point in our development. The further invitation to return to Jeju for a follow-up workshop and seminar in May 2009 provided an invaluable opportunity to exchange information and strengthen contacts in the world network of Biosphere reserves, which now includes over 550 sites across 107 countries. Participation enabled us to showcase the assets of the Mornington Peninsula and Western Port Biosphere Reserve to a worldwide audience and to open avenues through which we can benefit from international experience.

We have now established the reference group Advisory Panel whose members understand the value of the Biosphere model. They are volunteering their time because they believe in the future and the need for change. Their experience and guidance, both in broad terms and on specific issues that may be referred to them by the Board, will provide advice to the Foundation that will help direct our focus to build capacity and achieve outcomes.

Recently the Western Port Catchment Committee secretariat relocated to the Foundation, this forum will continue facilitation of community and stakeholders in providing exchange of information and fostering of greater understanding and co operation in the region.

We look forward to the challenges of the future, which are many, and to expanding our role in the region. At this critical stage we need the ongoing support of our current members and supporters and to recruit new members, to continue working to keep this special place special.

*Cecelia Witton*  
*Executive Officer*

## RESEARCH COMMITTEE

The Research Committee has had another active year. The Committee has met regularly during the year, usually once a quarter. The meetings are open to the public and all are welcome to attend.

The Biosphere successfully completed two Envirofund grants for bandicoot conservation works worth \$52,000, including a Landscape Species Grant worth \$5,000 for mapping and planning. The Biosphere was awarded a World Wildlife Fund (WWF) Threatened Species Network Community Grant worth \$15,000 for fox control and a habitat improvement Envirofund grant of \$16 000.

The Committee prepared a briefing paper on a proposed education strategy for the Biosphere. The paper considers the major themes of the education strategy that are consistent with the United Nations Decade for Education for Sustainable Development. These being: gender equality, health promotion, the environment, cultural diversity, peace and human security, sustainable urbanisation and sustainable consumption. The paper makes a number of recommendations to the Foundation Board for the further development of the education strategy, including the benefit of running an open workshop to seek community input into the draft strategy and the formation of a stand-alone education committee in due course.

The Research Committee received excellent presentations during the year from:

- Greg Hunt (Western Port Greenhouse Alliance) on the Western Port Human Settlements and Adaptation Project.
- Mr. Garrick Pergl (Mornington Peninsula Shire Council) on the Biodiversity Action Plan for the Mornington Peninsula.
- Rod McLellan and Scott Chidgey (Port of Hastings Corporation) regarding the scoping phase studies for the Stage I expansion of the Port of Hastings.
- Cecelia Witton, Executive Officer of the Foundation, on her UNESCO/MAB visit to Jeju Island Biosphere Reserve (Jeju Special Self-Governing Province, Republic of Korea).

The Committee completed a community survey into the research priorities for the Biosphere. The top four issues identified were: a second Western Port study, an inventory of biodiversity, further research on the Southern Brown Bandicoot, and the development of a suite of core indicators.

David Nicholls and Terry Coates continued to very capably lead the Research Committee's activities in relation to the Southern Brown Bandicoot (see separate report).

The Committee helped formulate a Foundation Board policy on the management of the Southern Brown Bandicoot as an issue of priority for the Biosphere. This is available on our website.

The Committee continued to assist the Biosphere in progressing the Mass Balance project. This project seeks to develop an understanding of the flow of energy, water and recyclables right across the Biosphere using a procedure developed by CSIRO. The project is still in proposal form and consultations are continuing with local government and other potential project partners.

The Committee would like to thank: the Biosphere Foundation's Executive Officer, Ms Cecelia Witton; the Chairman, Mr Rob Gell, the Foundation Board; Ms Yvonne Reifenberg, the Foundation's Administration Officer; and Chisholm Institute for their great support and help during the year.

*Peter Woodgate*  
*Chair, Research Committee*

## SOUTHERN BROWN BANDICOOT RECOVERY PROJECT

The Southern Brown (SB) Bandicoot is but a single species; however it is a key service provider in the ecosystem contributing to the health of the soil by distributing fungi spores and ensuring successful cycling of soil and plant nutrients. The bandicoot has a high birth rate and the population can recover quickly, if the adverse effects of habitat fragmentation and predation from introduced pest predators are reduced. The species occurs across all local government regions of the Biosphere Reserve. As we become successful in achieving its recovery, such efforts will have a major benefit for many other species of our biodiversity and our conservation objectives. Most activity was directed to the bandicoot recovery; however, our program has included a GIS study of biodiversity following the Research Plan Strategy and is contributing to wildlife corridor studies of the Department of Sustainability and Environment (DSE) and the Cardinia Environment Coalition.

This year saw completion of three Natural Heritage Trust projects, concluding with the final auditing and reports to NHT.

1. An ambitious community engagement project at The Pines Flora and Fauna Reserve saw the installation of dog-proof gates to the perimeter fence, a survey of hundreds of 5x3 metre panels of the eleven kilometres of perimeter fencing. We conducted walks and community meetings in the Reserve and in six schools and communities. We planted local provenance native plants to reduce the width of tracks and conducted a survey of the attitudes of the neighbours to the Pines Reserve. We surveyed the bandicoot habitat, searched for bandicoots and monitored sand pads for the activity of foxes, dogs, motor bikes and people. Parks Victoria and the neighbouring Golf Course conducted pest predator management.

2. In the Koo Wee Rup region we improved the habitat of the southern brown bandicoot by planting 6,000 grasses, sedges, shrubs and trees. We distributed pipes as safe shelters. Six kilometres of fence was installed. Some of the wildlife corridor plantings meet CMA guidelines; others explored new solutions. This work also benefited wetlands and the endangered growling grass frog.

3. Our partners, WWF and Westernport Swamp Landcare, with extensive advice and support from Royal Botanic Gardens Cranbourne, DSE Southern Ark and DSE Port Phillip Region (with Phillip Agribusiness) and Phillip Island Nature Reserve, we implemented a fox control program across 300 square kilometres. We used 1080 poison, recommended as the only cost effective control measure. This is a major accomplishment, for there was community concern and while the procedure is safe, there was no room for error. We estimate that we reduced the population of foxes by 133; this may be half to one tenth of the population. The Biosphere gave a report to each of the quarterly Swamp Land meetings. Melbourne Water (using their new SB Bandicoot Strategic Management Plan) is starting its fox control program. Melbourne Water land connects and gives refuge to small populations of bandicoots, so is a vital piece of the Recovery Program.

We developed interpretation materials as a result of these activities and we have been included in signage prepared by the DSE including a roadside sign, sign for contributing properties and other literature.

We applied for Caring for our Country funding – the replacement for the NHT program. This has not been successful on three occasions. We may be able to make a contribution to a successful Port Phillip and Westernport CMA project with Parks Victoria and Mornington Peninsula Shire Council for the continuation of our fox control program and a scientific evaluation of changes to fox numbers and biodiversity gains.

Three funding applications are in preparation to private philanthropic trusts.

The scientific program has focused on detecting bandicoots in their natural habitat. Reports from the community continue to be welcomed, but there is a need to have undisputed identification. With the SB Bandicoot Technical Reference Group we have investigated a variety of techniques and determined that digital surveillance cameras, known as trail cameras, are the most cost effective. Parks Victoria and Malcolm Legg discovered a population of bandicoots on Quail Island; a most important find.

The proposed freeway through the Pines Flora and Fauna Reserve occupied considerable energy from the Biosphere and individual members. The new Advocacy Policy was drafted and then used to guide the Biosphere membership. Six members of the Frankston Roundtable and the Research Committee, and the Executive Officer made submissions to the EES Panel, explaining the threats to the population of bandicoots and other biodiversity values. These identified habitat loss, fragmentation of the population and habitat degradation and fox predation as key threats. The Frankston Roundtable members, The Pines Protectors and the Friends of The Pines Flora and Fauna Reserve continue to make submissions for the Pines Management Plan and to the Minister for the Environment, Peter Garrett, under the EBPC Act. The Minister's determination that the proposed freeway go through the Pines Flora and Fauna Reserve, is not seen as sustainable management; however, the conditions imposed are a strong vindication for the positions taken by our members. These include a management plan, translocation, predator fence and studies on reconnecting the habitat.

The Growth Area Authority identified rural land for Melbourne's growing human population that impinges bandicoots. These proposed new developments further isolate the Royal Botanic Gardens and further fragment our bandicoot population. We contributed advice to such meetings and recently, to the biological and planning studies aimed at identifying biodiversity and wildlife corridors with DSE, with Practical Ecology, Bret Lane Associates and Ecology Australia.

The Research Committee added to its library of electronic maps, entering into agreements with DSE CGDL for the use of property boundary and address data. This adds to GIS layers on the Ecological Vegetation Classes and Atlas of Victorian Wildlife records on Threatened Species. We acknowledge Chisholm Institute as curator for these data.

Victoria's large infrastructure projects offer an opportunity to achieve biodiversity gains to offset the substantial losses that also occur. However, it is proving to be very difficult to have significant environmental, gains included. The pipelines and roads can and do fragment the environment but the Melbourne water flood mitigation channels and the old rail line across Koo Wee Rup indicate how these linear features can also connect parts of the environment (Coates *et al.* 2008). There is an opportunity for the new infrastructure, if wide enough and if properly revegetated and managed might rejoin isolated natural reserves.

In the last Annual General Meeting, it was reported that integrating and communicating our activities within the Biosphere community was a significant challenge. This is still true today. A partial solution was to implement the list server so that there is a forum for discussion; the service has been kindly provided by Jane Jobe.

The Research Committee's SB activities have been very generously served by volunteers; individuals Stephen Flack (2008- July 2009), Emma Birnbaum (June 2009 – on going), Gillian Cromie (August 2009 – on going) contribute one day per week. Greg Ashby contributed in 2007-2008. Students of the Conservation and Land Management of Chisholm Institute of TAFE contribute regularly. Leigh Swan, our fox control contractor, provided excellent service.

Chisholm Institute of TAFE provided services thanks to the generosity of Malcolm Macpherson Director and Peter Curson, School of Sustainability.

*DG Nicholls*  
*Bandicoot Recovery, Research Committee.*

### **Southern Brown Bandicoot - Reports**

- Biosphere. 2009 Report to NHT Envirofund Round 8. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Biosphere 2009 Report to NHT Envirofund Round 10. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Biosphere 2009 Report to WWF-NHT Threatened Species Network Community Grant. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Cairns, Mark 2008. Results from Workshop on Landscape Species for the Frankston Region. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Coates, T. 2009. Notes on Predator-proof perimeter fences. Prepared for Research Committee, MP & WP Biosphere Reserve Foundation Ltd.
- Flack, Stephen, David G Nicholls 2009. Observations of animal tracks in a suburban reserve in south-eastern Melbourne. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Nicholls, David, Stephen Flack and Terry Coates. 2009. 1080 poisoning of foxes using baits: results from initial control in the Koo Wee Rup region. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Nicholls, DG., Ronnie May, Gillian Collins and Greg Ashby. 2008 An inventory of the perimeter fence of The Pines Flora and Fauna Reserve. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Nicholls, DG., Stephen Flack. 2009. Summary of Results from of the attitudes of the neighbours of The Pines Flora and Fauna Reserve. MP & WP Biosphere Reserve Foundation Ltd. Report.
- Nicholls, DG 2009 Survey of potential sites for the Southern Brown Bandicoot in West and South Gippsland Victoria in 2008. Report to DSE West Gippsland.
- Nicholls, David G., Terry Coates. 2009 Buried Bait Survey – an evaluation of a new technique to detect bandicoots. Report to DSE West Gippsland.

### **Southern Brown Bandicoot - Presentations**

- Nicholls, DG or Stephen Flack. Presentation to Westernport Swamp Landcare Group 2008, 2 February, 4 May, 3 August 2009 on Fox Control Program.
- Submission to SEITA Panel Hearings for EES for Frankston By-Pass. March 2009. Individuals and members of the Biosphere.

## **WATSON CREEK INTEGRATED CATCHMENT MANAGEMENT PROJECT**

The Watson Creek ICM strategic plan has guided activities over the last 18 months. With a grant awarded by Envirofund, the first phase of the strategy to “engage with the rural landholders to improve the water quality of Watson Creek” was put in motion. The Envirofund grant included funding for: facilitated meetings and workshops; field days; a boat trip within Yaringa Marine National Park; publication of a landholder booklet of Best NRM Practices; water testing along the creek and underwater photography of Yaringa Marine National Park.

### **Watson Creek Boat Tour**

40 people, including Watson Creek landholders and representatives from the market garden industry, the Vegetable Growers Association, Inghams Chickens, horse agistment operators, and Yaringa Marina management, participated in this field trip of Yaringa Marine National Park. The objective was to demonstrate to all present the natural values of the marine park and the risk elements involved. During the tour, representatives from Parks Victoria and Central Coastal Board gave presentations to the participants, explaining the “bigger picture” – to enable them to gain a better understanding of how all activities undertaken in the catchment affect the marine environment.

The trip was a milestone event for the Project, as it brought together representatives from agencies, local government, local schools, and stakeholders from business and the community, in an informal setting, with a common focus, providing an opportunity for interaction between these diverse interest groups that would not otherwise occur.

### **Rural Landholder Catchment Tour**

18 landholders participated in a field day, visiting rural properties that have undertaken sustainable land management practices and viewing demonstrations of best practices in water quality improvement and protection. A representative from Melbourne Water accompanied the tour and offered advice on grants available and seven participants availed themselves of this opportunity.

### **Watson Creek Business Breakfast**

This was attended by 23 Watson Creek industry representatives, including market gardeners, the poultry industry and businesses operating at the Yaringa Marina. The objective of this event was to promote the environmental values of Yaringa Marine National Park and to challenge industry to adopt sustainable land management practices. Parks Victoria and a Vegetable Industry consultant made a presentation at the meeting. A number of participants had no previous affiliation with the Watson Creek ICM Project, therefore this was their first opportunity to become involved with this project.

### **Watson Creek Catchment Landcare Group**

The Watson Creek Catchment Landcare Group has not been active since early 2007. The Watson Creek ICM Project has worked together with past Watson Creek Landcare Group members to re-establish the group. A community engagement and information session, with the objective of raising awareness and changing perceptions within the community, drew 40 participants. The meeting combined formal presentations from the Watson Creek ICM team, the Watson Creek Landcare Group President, and a Central Coastal Board representative; and informal discussions covering catchment and water management issues affecting Watson Creek and Yaringa Marine National Park.

## **Water Monitoring**

Water monitoring of the entire length of Watson Creek has continued as a focus of the project. Seasonal water monitoring has provided landholders with current data, highlighting that sections of the creek contain elevated concentrations of nutrients. The Project is working with individual landholders to create on-farm plans to improve the creek's water quality.

## **Media**

The Watson Creek ICM Project is continuing to maintain its presence in the local print media, by contributing articles on the reestablishment of the Watson Creek Catchment Landcare Group, Watson Creek indigenous planting days at Inghams Chickens' Somerville site, Watson Creek's rare green comb spider orchids and swamp skinks. This particular article was also discussed on ABC Radio. The underwater photography of Yaringa Marine National Park funded through Envirofund was also utilised in the media.

The Dolphin Research Institute has supported the Project through the promotion of Watson Creek and Yaringa Marine National Park in its "*i sea, i care*"® newsletter and its regular articles in *Dive Log* magazine, and through integration of the Watson Creek Story into DRI's Communications Programs. The "*i sea, i care*"® newsletter reaches an audience of 30,000 and a *Dive Log* audience of 70,000.

## **Caring for our Country Community Coastcare Grant**

The Watson Creek ICM Project was successful in receiving \$45,000 from the Federal Government to broaden its focus to include the urban sectors of the Watson Creek catchment, utilising:

- Community Groups – by building rapport, raising awareness, and changing perceptions through the Watson Creek ICM Project meetings and presentations.
- The Dolphin Research Institute's "*i sea, i care*"® Ambassador Community Engagement Program, to work for four local schools within the Watson Creek catchment, focusing on the issues affecting this catchment.
- Local media – to create community awareness and to change the perception of the Watson Creek catchment and Yaringa Marine National Park and their correlated issues.

Under this grant, community stewardship is also being built through the ongoing engagement of the rural sector, resulting in landholders also seeking grants for on-ground work.

The Watson Creek ICM Project is developing and achieving on-ground solutions with major market gardeners, the Vegetable Growers Association and the poultry industry, to improve sustainable farm practices that will in turn improve the water quality of Watson Creek.

## **Replication of the Model in other Areas**

The Watson Creek ICM Project is recognised as being an excellent model for successfully integrating and addressing the spectrum of issues associated with repairing polluted waterways, and therefore seeks to influence positive outcomes for catchment management in other regions.

The Biosphere Foundation is currently holding discussions with other groups, agencies and local government with a view to deploying the Watson Creek Model elsewhere. The model is currently being refined and will be documented to provide a promotional tool for achieving improved water quality and biodiversity.

*Janet Borley, Project Officer  
Watson Creek ICM Project*

## **BASS COAST ROUNDTABLE**

The Bass Coast Roundtable has a small, but diverse and knowledgeable membership, which meets at Newhaven every two months. Roundtable activities this year continued to focus on three areas:

- Raising awareness of the Biosphere Reserve as a special place with internationally recognised values, how our lives are connected with this environment, and the need to live sustainably.
- Encouraging better collaboration and knowledge-sharing between local organisations to improve sustainability outcomes.
- Offering local knowledge, expertise and views to assist the Biosphere Foundation Board and Research Committee.

### **Raising awareness**

The Roundtable provided displays and support for the World Environment Day Expo on 10-11 June 2009 and the Sustainable Living Festival on 13 June 2009. The World Environment Day Expo, organised by local environment groups and the Bass Coast Shire, was attended by over 600 primary school students from across the region. The Sustainable Living Festival, organised by Phillip Island Landcare, attracted approximately 250 people.

### **Collaboration and knowledge-sharing**

The Roundtable worked to encourage the Bass Coast Shire to review the Municipal Bicycle Strategy. Our agenda included not only safety and infrastructure, but also biodiversity, sustainability, and education/interpretation aspects. The roundtable and Phillip Island Bicycle Users Group organised a meeting in February 2009 to focus on Phillip Island issues as a means of starting the review process. The meeting was hosted by the Phillip Island Nature Park and attended by a Bass Coast Shire councillor and the shire's economic development manager and infrastructure director. It included representatives from Bicycle Victoria and a broad range of businesses and community groups.

The Roundtable is represented on the project management team for the Phillip Island Landcare project, Sustaining Coastal Communities, which is funded by the Victorian Sustainability Fund. This three-year project is working with Phillip Island residents, businesses, and landholders to provide sustainability audits, workshops and events, and investigate local carbon sequestration strategies. The Roundtable was also represented at the inaugural meeting of the Energy Innovation Cooperative, a renewable energy cooperative established in the Bass Coast and South Gippsland region.

### **Local knowledge, expertise and views**

The Roundtable provided feedback on the Education Strategy discussion paper by Research Committee member, Dr Sharron Pfueller.

*Jane Jobe, Convenor and Director  
Bass Coast Roundtable,*

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**CONTENTS**

Directors Report	1
Auditor's Independence Declaration	3
Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8
Director's Declaration	20
Independent Audit Report	21

# Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited

ABN 15 107 484 408

## DIRECTORS' REPORT

Your directors present their report on the company for the financial period from 1 July 2008 to 30 June 2009.

### DIRECTORS

The names of the directors in office at any time during or since the end of the period are:

Robert Gell

Jack Krohn (Alternate Doug Miller)

Bob Brinkman (Alternate Kevin Yorke)

Doug Hamilton (Alternate Ian Stevenson)

- Resigned December 2008

Stuart Halligan (Alternate Ian Stevenson)

- Appointed January 2009

Janet Halsall (Alternate Lorraine Wreford)

- Resigned March 2009

Lynette Keleher (Alternate Lorraine Wreford)

- Appointed January 2009

Judy Wachendorfer (Alternate Libby Anthony)

- Resigned January 2009

Libby Anthony

- Appointed as Director May 2009

Reade Smith (Alternate Alex Atkins)

Jane Jobe (Alternate Neil Beddoe)

Jim Kerin (Alternate Alison Kuiten)

Jeff Weir (Alternate Peter Woodgate)

Unless indicated, otherwise, all directors held their position as a director throughout the entire year and up to the date of this report.

**COMPANY SECRETARY** Jack Krohn

### MEETING OF DIRECTORS

During the financial period, 7 meetings were held. Attendances by each director during the financial year were:

Directors	Number of Meetings eligible to attend	Number of Meetings attended
Rob Gell	7	7
Jack Krohn	7	7
Bob Brinkman	7	4
Doug Hamilton	4	2
Stuart Halligan	3	2
Janet Halsall	4	0
Lynette Keleher	3	3
Judy Wachendorfer	4	1
Libby Anthony	1	1
Reade Smith	7	7
Jane Jobe	7	6
Jim Kerin	7	4
Jeff Weir	7	7

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial period were conservation, scientific research and education.

# Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited

ABN 15 107 484 408

## RESULTS OF OPERATIONS

The operating loss of the company for the financial period amounted to \$54,511 (2008 \$20,570)  
The entity is exempt from income tax as an income exempt charity under Section 50-145 of the  
Income Tax Assessment Act 1997.

## REVIEW OF OPERATIONS

No significant change in the nature of these activities occurred during the period.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the economic entity's state of affairs occurred during the financial period.  
The company has minimal cash reserves at the end of the financial period.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances, not previously referred to, have arisen since the end of the  
financial period which significantly affected or may significantly affect the operations of the  
economic entity, the results of those operations, or the state of the economic entity in the future  
financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operation of the economic entity and the expected results of those  
operations in future financial years include consolidation of the entity's financial position to  
produce an operating surplus, resulting from a strategic fund-raising program and  
implementation of a marketing strategy to secure the entity's market niche. The directors have  
recently launched the Biosphere Bandicoot Buddy fund raising appeal and will continue to fully  
explore all funding and possible revenue opportunities.

The entity is a not for profit company limited by guarantee. Under its constitution, it cannot pay  
dividends to its members.

## ENVIRONMENTAL REGULATION

The economic entity's operations are not regulated by any significant environmental regulation  
under a law of the Commonwealth or of a state or territory.

## INDEMNIFICATIONS AND INSURANCE OF DIRECTORS

Whilst no insurance premiums have been paid directly by the company during or since the end  
of the financial period, adequate and appropriate insurances have been secured as a named  
additional insured under insurance policies of the Mornington Peninsula Shire Council.

Appropriate cover for volunteer workers has been secured and premium paid directly.

No person has applied for leave of Court to bring proceedings on behalf of the company or  
intervene in any proceedings to which the company is a party for the purpose of taking  
responsibility on behalf of the company for all and any part of those proceedings.

The company was not a party to any such proceedings during the financial period.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the  
Corporations Act 2001 is set out on page 3

This declaration is made in accordance with a resolution of the Board of Directors.

Director  
Jeff Weir



Date: 17<sup>th</sup> September 2009  
HASTINGS

Director  
Jack Krohn



Date: 17<sup>th</sup> September 2009  
HASTINGS

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF  
MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there has been:

1. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. No contravention of any applicable code of professional conduct in relation to the audit.

*W H K Horwath*

WHK Horwath Melbourne

*M D Crossley*

.....  
M D Crossley  
Partner

Date: 10 September 2009

Melbourne

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 \$	2008 \$
Revenues from operating activities	2	<u>121,354</u>	<u>114,120</u>
Employee benefits expense		(38,687)	(55,035)
Depreciation Expense		(2,974)	(1,745)
Project Expenses		(57,109)	(23,137)
Contractor Costs		(47,071)	(29,579)
Occupancy Costs		(20,208)	(2,138)
Other expenses from operating activities		(9,816)	(23,056)
		<u>(175,865)</u>	<u>(134,690)</u>
<b>Net result from operating activities</b>		<u>(54,511)</u>	<u>(20,570)</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**BALANCE SHEET  
AS AT 30 JUNE 2009**

	Note	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	68,159	129,841
Trade and other receivables	4	1,970	50,920
<b>TOTAL CURRENT ASSETS</b>		<u>70,129</u>	<u>180,761</u>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	5	4,765	6,479
<b>TOTAL NON CURRENT ASSETS</b>		<u>4,765</u>	<u>6,479</u>
<b>TOTAL ASSETS</b>		<u>74,894</u>	<u>187,240</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	5,798	3,432
Provision for employee benefits	7	2,532	0
Unexpended grants	8	49,739	112,472
<b>TOTAL CURRENT LIABILITIES</b>		<u>58,069</u>	<u>115,904</u>
<b>TOTAL LIABILITIES</b>		<u>58,069</u>	<u>115,904</u>
<b>NET ASSETS</b>		<u>16,825</u>	<u>71,336</u>
<b>EQUITY</b>			
Accumulated surplus	9	16,825	71,336
<b>TOTAL EQUITY</b>		<u>16,825</u>	<u>71,336</u>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Retained Profits \$	Total \$
<b>Balance at 1 July 2007</b>		<b>91,906</b>	<b>91,906</b>
Profit attributable to members		(20,570)	(20,570)
<b>Balance at 30 June 2008</b>		<b>71,336</b>	<b>71,336</b>
Profit/(Loss) attributable to members		(54,511)	(54,511)
<b>Balance at 30 June 2009</b>	<b>9</b>	<b>16,825</b>	<b>16,825</b>

The accompanying notes form part of these financial statements.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from local government contributions	41,727	61,996
Receipts from grants	53,624	80,854
Receipts from membership fees	1,611	1,050
Receipts from other operations	4,075	7,050
Interest received	3,784	5,755
Payments to suppliers and employees	<u>(165,243)</u>	<u>(139,501)</u>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES 13 (b)</b>	<u>(60,422)</u>	<u>17,204</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	<u>(1,260)</u>	<u>(5,586)</u>
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<u>(1,260)</u>	<u>(5,586)</u>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		
Cash at the beginning of the financial year	<u>129,841</u>	<u>118,223</u>
<b>CASH AT THE END OF THE FINANCIAL YEAR 13 (a)</b>	<u>68,159</u>	<u>129,841</u>

The accompanying notes form part of these financial statements

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

This financial report is for Mornington Peninsula and Western Port Biosphere Reserve Foundation Ltd including the Mornington Peninsula Roundtable and Frankston Roundtable, incorporated and domiciled in Australia. Mornington Peninsula and Western Port Biosphere Reserve Foundation Ltd is a public company limited by guarantee.

**NOTE 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*.

Australian Accounting standards set out accounting policies and that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets.

As noted in the directors' report, the expected results of the operations of future years include consolidation of the entity's financial position to produce an operating surplus, resulting from a strategic fund-raising program and implementation of a marketing strategy to secure the entity's market recently launched the Biosphere Bandicoot Buddy fund raising appeal and will continue to fully explore all funding and possible revenue opportunities. The ability of the entity to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business is dependent upon its ability to raise additional revenue,

**Accounting Policies**

**(a) REVENUE**

Grant revenue is recognised in the income statement when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured accurately.

If conditions are attached to grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the balance sheet as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Mornington Peninsula & Westernport Biosphere Reserve Foundation Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the balance sheet with corresponding amount of income recognised in the income statement.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

(a) REVENUE (continued)

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST)

(b) PROPERTY, PLANT AND EQUIPMENT

Each class of property plant and equipment is carried at cost or fair value as indicated, less where applicable accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(i) Depreciation

Assets with a cost in excess of \$300 are capitalized and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives to the entity using the straight line method.

The depreciation rates used for each class of depreciable assets are:

Asset Class	Rate of Depreciation 2009	Rate of Depreciation 2008
Furniture and Fittings	33.33%	33.33%
Office Equipment	33%	33%
Plant and Equipment	33.33%	33.33%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated amount.

(c) IMPAIRMENT OF ASSETS

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

(c) IMPAIRMENT OF ASSETS (continued)

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

(d) EMPLOYEE BENEFITS

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to Balance Sheet date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

(f) GOODS and SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Cashflow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) INCOME TAX

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(h) COMPARATIVE FIGURES

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(i) COMPARATIVE FIGURES

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

		2009	2008
		\$	\$
<b>2</b>	<b>Revenue</b>		
	<b>Operating activities</b>		
	Local government contributions	41,227	44,546
	Grants	70,657	56,200
	Memberships	1,611	1,050
	Donations	4,075	7,091
	Frankston Forum	-	--
	Other	-	140
	Total	<u>117,570</u>	<u>109,027</u>
	<b>Interest from:</b>		
	Interest Received		
	NAB Cash Maximiser	<u>3,784</u>	<u>5,093</u>
	Total	<u>3,784</u>	<u>5,093</u>
	Total Revenue	<u>121,354</u>	<u>114,120</u>
<b>3</b>	<b>Cash and cash equivalents</b>		
	Cash at Bank		
	- Foundation	5,892	9,551
	- Cash Maximiser	42,483	103,700
	- Roundtables	8,403	9,320
	- Public trust fund	11,186	7,100
	Cash on hand	25	--
	Petty Cash Imprest	170	170
	Total	<u>68,159</u>	<u>129,841</u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$	\$
<b>4 Trade and other receivables</b>		
<b>Current</b>		
Councils	550	44,000
Grants	0	5,500
Interest Receivable	0	0
Frankston Forum	0	0
Bond on Premises	1,420	1,420
Other	0	0
Total	<u>1,970</u>	<u>50,920</u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	\$	\$
<b>5 Property, Plant and Equipment</b>		
Computer equipment, at cost	3,950	3,950
Accumulated depreciation	<u>(1,535)</u>	<u>(2,413)</u>
Total Computer equipment	<u>2,415</u>	<u>1,537</u>
Office Equipment, at cost	4,391	4,391
Accumulated depreciation	<u>(4,208)</u>	<u>(1,282)</u>
Total office equipment	<u>183</u>	<u>3,109</u>
Furniture and Fittings, at cost	3,093	1833
Accumulated depreciation	<u>(926)</u>	<u>-</u>
Total Furniture and Fittings	<u>2,167</u>	<u>1,833</u>
<b>Total Property, Plant and Equipment</b>	<u><b>4,765</b></u>	<u><b>6,479</b></u>
<b>6 Trade and other payables</b>		
Trade Creditors	1,980	0
Payroll Liabilities	1,842	1,562
GST Payable	<u>1,976</u>	<u>1,870</u>
Total current payables	<u>5,798</u>	<u>3,432</u>

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

		2009	2008
		\$	\$
<b>7</b>	<b>Provision for employee entitlement</b>		
	<b>Current</b>		
	Provision for Annual Leave	<u>2,532</u>	<u>0</u>
<b>8</b>	<b>Unexpended grants</b>		
	Southern Bandicoot	0	15,720
	Eco Footprint	5,106	6,175
	Envirofund 9	135	15,022
	Envirofund 10	5,273	22,498
	Watsons Creek	38,300	784
	WWF Threatened Species	0	12,273
	Other	925	0
	Contributions in Advance	<u>0</u>	<u>40,000</u>
		<u>49,739</u>	<u>112,472</u>
<b>9</b>	<b>Accumulated Surplus</b>		
	Balance at the beginning of the period	71,336	91,906
	Net (deficit)	<u>(54,511)</u>	<u>(20,570)</u>
	Balance at the end of the period	<u>16,825</u>	<u>71,336</u>
<b>10</b>	<b>Auditor's Remuneration</b>		
	Audit services – for auditing the financial statements	1,900	1,500
<b>11</b>	<b>Contingent Liabilities</b>		
	There are no contingent liabilities.		

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**12 Subsequent Events**

There have been no significant events which have occurred subsequent to 30 June 2009.

**13 Financial Risk Management**

**(a) Financial Risk Management Policies**

The Foundation's accounting policies, including terms and conditions of each material class of financial asset and liability, recognised at the balance date, are as follows:

**(i) Treasury Risk Management**

An audit committee consisting of the Board of Governance members meet on a monthly basis to analyse financial risk exposure and to confirm that the foundation is complying with Financial Risk Management Policies. The committee's overall risk management strategy seeks to assist the foundation in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Audit Committee operates under policies approved by the Board and risk management policies are approved and reviewed by the committee on a regular basis. These include the future cash flow requirements.

<b>Financial Instruments</b>	<b>Accounting Policy</b>	<b>Terms and Conditions</b>
<u>Financial Assets</u>		
Cash at Bank	Cash at bank is carried at Principal amount. Interest Recognised as it is paid.	Interest earned on cash at bank is at floating rates. The rate at balance date was 3%
Receivables	Amount receivable are carried at nominal amounts due.	No interest is chargeable on late payment.
<u>Financial Liabilities</u>		
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Foundation.	Liabilities are normally settled on 30 day terms

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**13 Financial Risk Management (Cont'd)**

(ii) Financial Risk Exposures and Management

The main risks the foundation is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk

**Interest Rate Risk**

The Foundation's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised, are as follows:

**Liquidity Risk**

The foundation manages liquidity risk by monitoring forecast cashflows

**Credit Risk**

The Foundation's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet. There are no material amounts of collateral held as security at 30 June 2009.

Credit risk is managed and reviewed regularly by the audit committee. It arises from exposure to customers and deposits with financial institutions.

The Audit Committee monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "A" rating are utilised
- all potential members are rated for credit worthiness taking into account their particular circumstances and financial standing; and

At year end the foundation does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the foundation.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**13 Financial Risk Management (Cont'd)**

**(b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

<b>Financial Instruments</b>	<b>Non-Interest Bearing</b>		<b>Interest Bearing</b>		<b>Total Carrying Amount</b>		<b>Weighted Average Interest Rate</b>	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b><u>Financial Assets</u></b>								
Cash at Bank	195	26,141	67,964	103,700	68,159	129,841	3.0%	7.10%
Receivables	1,970	50,920	-	-	1,970	50,920	-	-
<b>Total</b>	<b>2,165</b>	<b>77,061</b>	<b>67,964</b>	<b>103,700</b>	<b>70,129</b>	<b>180,761</b>	<b>3.0%</b>	<b>7.10%</b>
<b><u>Financial Liabilities</u></b>								
Payables	3,822	3,432	-	-	3,822	3,432	-	-
<b>Total</b>	<b>3,822</b>	<b>3,432</b>	<b>-</b>	<b>-</b>	<b>3,822</b>	<b>3,432</b>	<b>-</b>	<b>-</b>

**(c) Net Fair Values**

The net fair values of the Foundation's financial assets and financial liabilities are not expected to be significantly different from the class of asset and liability as disclosed above and recognised in the Balance Sheet as at 30 June 2009

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**13 Financial Risk Management (Cont'd)**

**Sensitivity analysis**

Interest rate risk

The foundation has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could result from a change in this risk.

As at 30 June 2009, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows

	2009	2008
	\$	\$
Change in profit		
- Increase in interest rate by 1%	680	1,037
- Decrease in interest rate by 1 %	(680)	(1,037)
 Change in equity		
- Increase in interest rate by 1%	680	1,037
- Decrease in interest rate by 1 %	(680)	(1,037)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the foundation is not exposed to foreign currency functions.

**MORNINGTON PENINSULA AND WESTERN PORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**14 Cash Flow Information**

(a)	Reconciliation of cash	<b>2009</b>	<b>2008</b>
-----	------------------------	-------------	-------------

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash at bank	25,507	25,971
Petty cash imprest	170	170
Term deposit/ Cash Maximiser	42,482	103,700
<b>Cash at the end of the financial year</b>	<b>68,159</b>	<b>129,841</b>

(b)	Reconciliation of cash flow from operations with surplus from ordinary activities:		
-----	--	--	--

Operating (deficit)	(54,511)	(20,570)
Depreciation	2,974	1,745
Changes in operating assets and liabilities:		
(Increase)/Decrease in receivables	48,950	(27,569)
Increase/(Decrease) in provisions	2,532	0
Increase/(Decrease) in payables	2,366	(6,556)
Decrease in unexpended grants	(62,733)	70,154
<b>Net cash from operating activities</b>	<b>(60,422)</b>	<b>17,204</b>

**15 Operating Lease Commitments**

Non cancellable operating operating leases contracted for but not capitalised in the financial statements.

**Property Lease**

Payable - Minimum lease payments

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Not later than 12 months	15,496	15,496
Later than 12 months but no later than 5 years	14,204	29,700
	29,700	45,196

**MORNINGTON PENINSULA AND WESTERNPORT  
BIOSPHERE RESERVE FOUNDATION LIMITED  
ABN 15 107 484 408.**

**DIRECTORS' DECLARATION  
AT 30 JUNE 2009**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 20 are in accordance with the Corporations Act 2001:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

Director   
Name J Krohn

Director   
Name J Weir

Dated this .....17th..... day of .....September..... 2009

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MORNINGTON PENINSULA AND WESTERN PORT BIOSPHERE RESERVE FOUNDATION LIMITED**

### ***Report on the Financial Report***

We have audited the financial report of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited which comprises the balance sheet as at 30 June 2009 and the operating statement, statement of changes in equity, cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we followed applicable independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 provided to the directors of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited, would be in the same terms if provided to the directors as at the date of the audit report.

### ***Audit Opinion***

In our opinion, the financial report of Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited is in accordance with:

- a. the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements.

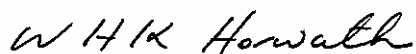
**Emphasis of matter**

Without qualification to the opinion expressed above, attention is drawn to the following matters.

As indicated in note 1 to the financial statements, revenue is recognised at the time receipts are entered in the accounting records. As is common for foundations of this type, it is not practicable for the Mornington Peninsula and Western Port Biosphere Reserve Foundation Limited to maintain an effective system of internal control over donations or other receipts until their final entry in the accounting records. Accordingly, our audit in relation to receipts was limited to the amounts recorded.

**Uncertainty regarding continuation of going concern**

As also indicated in note 1, and in the directors' report, the expected results of the operations of future years include consolidation of the entity's financial position to produce an operating surplus, resulting from a strategic fund-raising program and implementation of a marketing strategy to secure the entity's market recently launched the Biosphere Bandicoot Buddy fund raising appeal and will continue to fully explore all funding and possible revenue opportunities. The ability of the entity to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business is dependent upon its ability to raise additional revenue, to date the benefits from the fundraising and other revenue opportunities have not yet eventuated.



WHK Horwath Melbourne



M D Crossley  
Principal

Date 17 September 2009  
Melbourne