

The cover features a vertical split landscape. The left side shows green, grassy hills under a clear blue sky. The right side shows a mountain range covered in snow, with a sunset or sunrise sky in shades of orange and pink. The text is overlaid on the right side.

ANNUAL

REPORT

2020

HOTHAM

CONTENTS

INTRODUCTION	2
ABOUT THE RESORT	5
STRATEGIC DIRECTION	11
ENABLE INVESTMENT	18
PROTECT THE ENVIRONMENT	20
ENHANCE THE VISITOR EXPERIENCE	24
EFFICIENT AND EFFECTIVE SERVICES	29
IMPROVE ORGANISATIONAL CAPABILITY	37
STATUTORY REPORTING	40
INDEPENDENT AUDITOR'S REPORT	46
FINANCIAL STATEMENTS	48
DISCLOSURE INDEX	96

RESPONSIBLE BODY DECLARATION

In accordance with the *Financial Management Act 1994*, we are pleased to present the Mount Hotham Alpine Resort Management Board's Annual Report for the year ending 31 December 2020.



MAXINE MORAND

Chair

Mount Hotham Alpine Resort Management Board



AMBER GARDNER

Chief Executive Officer

Mount Hotham Alpine Resort Management Board

HOTHAM
Mount Hotham Resort Management

INTRODUCTION



CHAIR'S REPORT



2020 WAS A YEAR OF UNPRECEDENTED CHALLENGES FOR MOUNT HOTHAM.

Early in 2020, Mount Hotham and the north east of Victoria was impacted by bushfires threatening our communities and destroying significant areas of our beautiful regional environment. Our resort was closed to visitors and our staff worked remotely during this period. Just a few months later Victoria and the whole world faced the challenge of a global pandemic.

With public health the priority, we were able to respond to a rapidly changing situation that presented challenges for our winter operations. MHARMB successfully, and at short notice, implemented the necessary capacity management requirements, the visitor registration systems, and the COVID safe operating measures designed to keep guests, staff and locals safe. The Chamber of Commerce and operators all worked very hard together and with Department of Environment Land Water and Planning (DELWP) staff and DHHS staff to try and ensure a winter season could proceed safely. I commend them all for their dedication and hard work.

Ultimately the lockdowns and restrictions affected a large proportion of our winter visitor base for the majority of our season and the Melbourne lockdown effectively ended our hopes for a season of some description, which had a massive impact on operators and visitors. Best efforts were made to continue to provide winter activities for locals and permitted regional Victorian visitors. There were some people who enjoyed alternative activities such as backcountry skiing, cross country skiing and snow shoeing.

The Victorian Government was able to provide assistance to businesses and head lessees through the Alpine Support Packages that were administered by the Department of Jobs, Precincts and Regions. The Government through the Minister for Energy, Environment and Climate Change also provided financial support to Mount Hotham Alpine Resort Management Board and all the Victorian Resorts as

our revenue declined due to lack of visitors. We greatly appreciate this support which will be ongoing as we enter into the next year.

Mount Hotham is also grateful for the significant investment in local projects being made by the Victorian Government. The Alpine Gateway Project funded from Regional Development Victoria will see the creation of a \$4.2 million multi-level car park and visitor facilities at the gateway to our resort. Work is progressing well on this important project that will also provide a trail head for the much-anticipated Falls to Hotham crossing. Mount Hotham also received funding of \$800,000 from Sport and Recreation Victoria for the Whisky Flat Alpine Recreation Facility Project. This project will be underway in early 2021 and will provide greatly improved public facilities to facilitate increased participation in alpine sport and recreation.

I would like to thank our CEO Amber Gardner who started in the role in February 2020 and who very effectively adapted to unfamiliar and significant challenges that came with COVID-19. I also want to thank all our staff who had to adapt swiftly to a new working environment. Finally, I would like to thank my fellow board members for their work and ongoing commitment to MHARMB.

The resilience of our mountain community came to the fore in 2020 and I look forward to seeing the regional and mountain recovery in 2021. It won't be without challenges given the broad economic impacts of COVID, and the unknown and continuing impact on Australian and Victorian tourism. I am confident about the future of our beautiful alpine environment that will continue to adapt and succeed as a year-round destination.

Maxine Morand

MAXINE MORAND
Chair

CHIEF EXECUTIVE OFFICER'S REPORT



MT HOTHAM WAS IN A DECLARED STATE OF EMERGENCY FOR BEST PART OF 2020. SUMMER 2019-20 WAS MARKED BY BUSHFIRES THAT SAW OUR MOUNTAIN COMMUNITY EVACUATED TWICE AND THE RESORT CLOSED FOR TWO WEEKS. THIS WAS THEN FOLLOWED BY THE ONSET OF COVID-19, WHICH HAMPERED ANY MEANINGFUL SUMMER RECOVERY.

COVID-19 then had a significant impact on winter 2020. The season started a month later than usual and was then plagued by some of the worst snow falls in decades. Eventually, tightening public health restrictions led to a limited lift operation period, and the final closure of the resort, decimating the winter trading period.

Navigating this unprecedented and ever-changing COVID landscape was incredibly challenging, and will have long-lasting effects on the resort. However, with every challenge there is also opportunity, and the RMB has worked hard over the last year to secure Government funding streams to accelerate our recovery and continue to realise strategic resort priorities.

This includes securing funding to deliver new infrastructure that can diversify and lift the Mt Hotham experience. In particular, the RMB has worked to progress projects that realise the conceptual vision of the Mt Hotham Masterplan and the five precincts encompassed in that strategic body of work, which was developed with considerable stakeholder consultation.

To this effect, funding has been secured towards three major infrastructure projects that are scheduled for delivery by winter 2022. Complemented by a range of other capital works implemented by the RMB across the resort, including the upgrade to the Arlberg Wall, the resort will be truly revitalised over the coming year.

Another highlight of 2020 was the spirit of collaboration that was borne out of adversity. The level of collective action that occurred across the resorts, the RMBs and the alpine industry was exceptional, developing a strong partnership framework that will benefit the mountains for years to come.

I was particularly impressed by the strength of the Mt Hotham community, which was supportive and proactive throughout this period of great uncertainty. I would like to acknowledge the willingness of operators to embrace innovative ways of servicing guests within a COVID-safe environment and for diversifying their offering to meet rapidly changing health requirements.

I would like to thank our Board members for their guidance through a very difficult year – my first with the organisation, which was a true baptism of fire. I am also incredibly appreciative of the efforts of the RMB team, who worked tirelessly throughout 2020 to adapt to an uncertain environment and new operational requirements.

There is no doubt that the considerable impacts of 2020 will continue to affect the year ahead. However, the RMB will continue to work collaboratively with stakeholders to navigate the new COVID normal operating environment and deliver great outcomes for Mt Hotham. I look forward to leading our organisation through the coming recovery period, and into a new era of growth and resilience.

A handwritten signature in black ink, appearing to read 'Amber Gardner'.

AMBER GARDNER
Chief Executive Officer

ABOUT THE

RESORT



Mt Hotham sits on the traditional lands of the Gunaikurnai and Taungurung people, who have strong connections to their culture and Country stretching back tens of thousands of years.



MT HOTHAM

With an altitude of 1,861m above sea level, Mt Hotham is the sixth highest mountain in Victoria and the highest alpine resort. Stretched along a ridgeline, Mt Hotham offers spectacular views across the Great Diving Range and has a diversity of natural assets that act as a clear competitive differentiator for the resort.

Mt Hotham is the only alpine village in Victoria traversed by a significant tourist road, the Great Alpine Road. It has accommodation providing 4,375 beds through 86 head lessees and a small number of freehold sites.

It covers an area of 3,193 hectares, the majority of which is Crown Land and is bounded on all sides by the Alpine National Park. The ski field comprises 245 hectares, or 7% of the total Resort area. The urban area of the village covers approximately 14 hectares.

MT HOTHAM ALPINE RESORT MANAGEMENT BOARD

Mt Hotham Alpine Resort is situated on Crown Land that is managed by the Mount Hotham Alpine Resort Management Board (MHARMB). The MHARMB is a State Government statutory authority that provides a similar range of services to councils, including the management of water, waste and sewerage, and the provision of public facilities and economic development activities.

ABOUT THE RESORT

The MHARMB was established by Section 34 of the *Alpine Resorts (Management) Act 1997*. Consistent with the Act, the MHARMB's core functions are broadly defined as follows:

- + Manage the resort and strategically plan for sustainable development;
- + Market the resort, promoting year-round alpine experiences that drive usage;
- + Attract resort investment to stimulate ongoing resort improvement;
- + Maintain and preserve the unique alpine environment;
- + Deliver essential resort services;
- + Manage and protect the Crown asset, including granting leases and licenses.

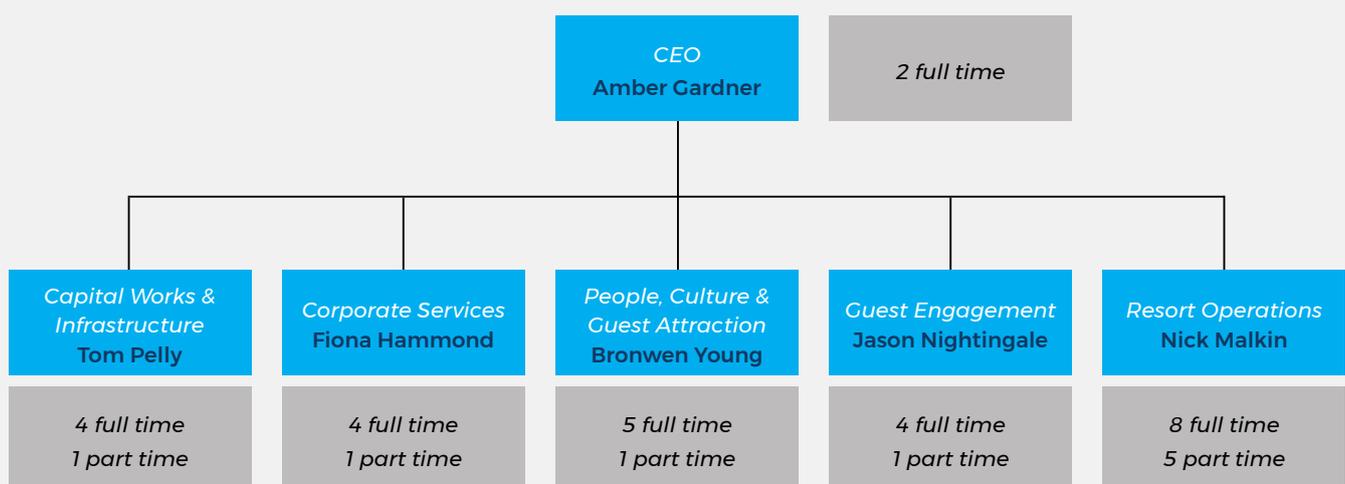
The MHARMB sits as a portfolio entity within the Department of Environment, Land, Water and Planning (DELWP), accountable to the Minister for Energy, Environment and Climate Change.

The organisation is committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

The MHARMB subscribes to the seven public sector values that guide the actions of all staff operating in this sector: responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

The MHARMB is also guided by its own organisational values that influence all its strategic and operational efforts:

- + **Innovation**
A commitment to driving continual growth and improvements both organisationally and across the broader resort offering.
- + **Collaboration**
Working as a strong team and collectively with Government, industry and stakeholders to achieve common resort goals.
- + **Communication**
Maintaining timely, transparent and two-way engagement across staff and stakeholders to optimise resort outcomes.



BOARD MEMBERS

The organisation's current management structure comprises an independent seven member skill-based Board who were appointed by the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change. Four of these Board members are common across the northern Victorian Alpine Resorts.



MAXINE MORAND

Chair

Maxine Morand was appointed to the Board in January 2016 and re-appointed as Chair on 30 March 2018. Maxine brings extensive experience in Government, not for profit management, stakeholder engagement and public health. She is a former nurse, cancer researcher, Member of the Victorian Parliament and Cabinet Minister, and was Chief Executive of Breast Cancer Network Australia. Maxine is currently Chair of Peter MacCallum Cancer Centre, board member of the Association of Australian Medical Research Institutes and is a graduate of the Australian Institute of Company Directors. Maxine has been a keen skier and visitor to Mt Hotham with her family for over 30 years.



ANDREW SKEWES

Deputy Chair

Andrew Skewes was appointed to the Board in January 2016 and re-appointed as Deputy-Chair on 30 March 2018. Andrew has a wide range of professional work experience, including over 12 years in Government as a Senior Executive at the Commonwealth and State levels, a consultant in his own practice and as a lecturer and Senior Executive in higher education. Andrew is a member of the Australian Institute of Company of Directors and has been a director of companies in the Water and Information Technology sectors. He holds a Bachelor of Science, a Graduate Diploma in Education and a Master of Commerce (Economics Hons 1st), all from the University of Melbourne. He is a member of Anton Huette Ski Lodge at Mt Hotham.



ANTHEA PACKER

Board Member

Anthea Packer was appointed to the Board on 30 March 2018. As a local, Anthea is a regular visitor to Mt Hotham on foot, bike and skis. She is passionate about regional development and sustainably growing the economic value of the Alpine Resorts to the North East Victorian economy. With qualifications in Commerce, Community Development and Conservation, and nearly two decades of professional experience in public land management, she brings to the leadership team a commitment to ensure a balance between connecting communities with nature, and protection of the unique natural and cultural heritage values, within and adjoining the Alpine Resorts.



MICHELLE CROUGHAN

Common Board Member

Michelle Croughan was appointed to the Board on 30 March 2018. Michelle has worked in Local and State government as a planner, with a particular focus on the management of the planning system, for over 20 years. Michelle was the Manager of Alpine Planning for the State Government for a number of years and over the last 15 years has spent considerable periods of time in ski resorts in Australia and Japan with her family. She is currently a consultant providing advice and advocacy about planning policy and strategy. Michelle is a Graduate Member of the Australian Institute of Company Directors, has an Honours Degree in Planning and Design at Melbourne University and a Diploma in Business Management at RMIT. Michelle is also a member of the Victorian Coastal Council.



SUE LEBISH

Common Board Member

Sue Lebish was appointed to the Board on 30 March 2018. Sue has over twenty years professional and senior management experience in Local Government, University, Defence and the Banking sectors providing finance, governance, project and risk management roles in Queensland, Canberra and Victoria. She is on the Winton Wetlands Committee of Management, Chair of the Audit Committee for the Alpine Shire, and has held various other Board appointments in Government Owned Corporations and University Research Corporations. Sue served for two years on the Board of the Falls Creek Alpine Resort Management Board. Sue's formal qualifications include being a graduate of the Australian Institute of Company Directors and a Certified Practising Accountant, a Master of Business Administration, a Bachelor of Commerce, and she is also a Member of the Australian Risk Policy Institute. She is a keen skier who has a strong belief in the commercial, ecological and social value of the Alpine regions to the local and regional communities.



PETER VALERIO

Common Board Member

Peter Valerio was appointed to the Board on 30 March 2018. Peter has over 30 years' experience in commercial, public sector and business roles within the tourism sector and is widely respected for his destination marketing expertise. In his early career he was General Manager for one of Australia's largest ski tour operators and accommodation providers. He later co-developed and applied destination branding for the Australian Tourist Commission and drove development of a national approach to tourism forecasting across Australia. In 20 years heading Tourism Development Strategy Services, he has helped the Hong Kong Tourism Board reshape its global strategy, redefine the market image of Wollongong, and develop product strategies for the NSW National Parks & Wildlife Service. He has formal qualification in Economics (B Econ. Syd) and has written and delivered MBA subjects in tourism planning and international tourism marketing. He is married with four children and lives in North Eastern Victoria.



HELEN MORAN

Common Board Member

Helen Moran was appointed to the Board on 30 March 2018. Helen is an accomplished executive leader, possessing extensive business and commercial knowledge and expertise within the ski resort and tourism industries. Helen has a demonstrated track record of providing tangible results that positively impact on organisational performance. Helen is experienced at initiating strategic change that positively impacts on efficiency and bottom line profitability, without compromising quality of service or standards. Adept at providing leadership throughout an organisation and recognised as a strategic thinker and leader within the industry, Helen’s past experience on various committees and boards in the Alpine Resort area and generally in tourism allows her to contribute towards the future direction of Victoria Alpine Resorts.

BOARD COMMITTEES

The MHARMB has three subcommittees to ensure sound governance and enable focus on strategic priorities of the organisation. This includes.

Finance, Risk & Audit Sub-committee

- + Andrew Skewes (Chair)
- + Sue Lebish
- + Peter Valerio

People, Culture & Remuneration Sub-committee

- + Helen Moran (Chair)
- + Maxine Morand
- + Anthea Packer

Growing Mt Hotham Project Committee

- + Andrew Skewes (Chair)
- + Helen Moran
- + Michelle Croughan

Table 01: Meeting Attendance chart

2020 Board Members	Board	FRAC	PCR	GMHPC
Total Meetings	10	6	4	3
Maxine Morand	10	4*	4	2*
Andrew Skewes	9	6		3
Anthea Packer	9	5*	4	1*
Michelle Croughan	10	3		2
Susan Lebish	10	5		
Helen Moran	10	5*	4	3
Peter Valerio	10	3		1

** Board members in attendance at committee meetings that are not committee members.*

STRATEGIC

DIRECTION



The MHARMB has adopted a new organisation vision and mission that points to a focus on resort growth and revitalisation to accelerate post-COVID recovery.



VISION AND MISSION

Vision

To establish Mt Hotham as a lead regional tourism destination with a thriving year-round economy, delivered within an environmentally sustainable framework.

Mission

The MHARMB will build Mt Hotham's competitive advantage via new and rejuvenated infrastructure, services and experiences. This will be achieved through collaborating with public, private and community entities, and actively planning for and seeking investment in future resort growth.

Consistent with these vision and mission statements, the MHARMB has adopted an approach that focuses on resort revitalisation and growth through stimulating investment that is consistent with the Mt Hotham Masterplan. The Mt Hotham Masterplan establishes a long-term view for the development and growth of the resort. Created by the MHARMB in consultation with stakeholders, the Masterplan identifies five key precincts for development, which the MHARMB is looking to realise.

The MHARMB also operates consistently with the new *Alpine Resorts Strategic Plan 2020-2025* (ARSP), an industry-wide strategy that looks to build a long-term and sustainable resort sector, along with enabling objectives required for the MHARMB to operate optimally. In broad terms, this includes a focus on: enabling investment; sustaining the mountain environment; improving the visitor experience; delivering efficient and effective services; and enhancing organisational capability. This annual report has been developed in a format consistent with these strategic focus areas.

FINANCIAL SUMMARY & ECONOMIC KPIS

Financial Report

The 2020 financial year recorded a comprehensive deficit result of \$2,112,317 (2019 surplus \$830,971).

Significant changes or factors affecting performance

2020 was an incredibly challenging year that started with bushfires and was immediately followed by the global COVID-19 pandemic. Compounding effects of these two events caused unprecedented uncertainty in the economy on whether the resort would be able to operate during winter, and if so at what capacity. The resort's worst-case scenario was realised when lifting operations ceased after only four days of operation as Melbourne went into a three month lock down.

In response, State Government provided financial support to the Alpine Resorts. For stakeholders, this was offered via the Rent Relief and Alpine Resorts Support programs.

MHARMB was provided with a letter of comfort to underpin business critical resort operations. In alignment with the letter of comfort, the MHARMB was required to exhaust all cash reserves built up over the past four years, to fund investment in future capital projects to support the Masterplan.

Expenditure associated with adhering to the Chief Health Officers hygiene guidelines, social distancing and contract tracing imposed additional costs to the MHARMB. These costs are likely to impact the budgets over the coming years. Further, with little to no visitor activity in the resort, the MHARMB's sewerage treatment plant required significant investment to remain compliant with EPA. This required installation of a heating mechanism for the plant and will incur ongoing maintenance and running costs.

Revenues decreased by 43.4% and operational expenditure by 29.7%, primarily due to the resort closure for winter, and not realising operational revenues and the Rent Relief program. Gas sales were also down by 47% due to the reduced consumption.

The MHARMB continued work on implementing the State Government Asset Management Accountability Framework, by commissioning Maintenance Connect software to manage the resorts \$78m assets. This will assist with whole of lifecycle asset management, condition assessments, fit for purpose and scheduled repairs and maintenance. It will further enhance the MHARMB's reporting obligations on those assets.

During 2020 \$1.9m was invested in new and replacement assets. The potable water rising main project was the most significant replacement to complete the lower playground section. This project contributed to accelerated depreciation on the existing asset impacting the depreciation charge by 18% to budget. Further investment in Pygmy possum habitat sealing works continued along the Great Alpine Road by Cherokee Corner and commencement of replacing the Arlberg retaining wall.

Despite these challenges, the MHARMB secured funding for two major projects. \$4.2m towards the Alpine Gateway project and \$800,000 towards the Whiskey Flat Alpine Recreation Facility. These projects are further explained under the Enable Investment section of this report and are scheduled for completion in the 2022 financial year.

Disclosure of grants and transfer payments

The MHARMB was successful in grant funding through Murray PHN Pty Ltd for after-hours medical services. This grant was passed onto a third party provider Mt Hotham Medical Centre. Total funds were \$30,300 (excl GST).

Subsequent events

The ARMBs were notified on Monday 22 March 2021 by the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change of the Victorian Government's intention to merge the four existing entities - Hotham ARMB, Falls Creek ARMB, Mount Buller and Mount Stirling ARMB and the Southern ARMB - into a new statutory body corporate to be known as Alpine Resorts Victoria. Full disclosure is detailed in the Notes forming part of the financial statements for the year ended 31 December 2020 in Section 1 note 1.5.

FINANCIAL SUMMARY	FY14/15	FY15/16	FY 2017	FY 2018	FY 2019	FY 2020
	<i>12 month period</i>	<i>14 month period</i>	<i>12 month period</i>	<i>12 month period</i>	<i>12 month period</i>	<i>12 month period</i>
Total Assets	88,666	82,824	82,977	83,905	84,971	84,913
Total Liabilities	3,288	3,347	3,535	3,644	3,878	5,933
Net Assets	85,378	79,477	79,442	80,261	81,093	78,980
Assets are comprised by class						
Land	41,815	30,821	30,821	30,821	30,863	30,863
Financial	7,036	4,997	5,329	6,654	6,072	6,155
Other Non-Financials	39,815	47,005	46,827	46,430	48,036	47,895
Total Assets	88,666	82,823	82,977	83,905	84,971	84,913
FIVE YEAR REVENUE AND EXPENDITURE OVERVIEW						
Revenue						
Site Rental	1,440	1,583	1,391	1,326	1,284	271
Annual Service Charges	4,343	5,181	4,565	4,791	4,736	4,932
Service Charges - Infrastructure fees	134	41	-	48	64	56
Visitors	2,731	2,816	3,270	3,714	3,945	459
Grants	74	152	205	162	433	264
DELWP support funding	-	-	-	-	-	589
Other Sources	2,065	1,990	2,113	2,816	2,793	1,074
Total Revenue	10,787	11,763	11,546	12,856	13,255	7,645
EXPENDITURE						
Operating expenses	8,414	9,355	9,637	10,369	10,447	7,413
Depreciation	1,373	1,684	1,548	1,583	1,610	1,980
Finance Expenses	105	116	92	85	81	73
Support Payments	398	466	441	212	286	291
Total Expenditure	10,290	11,621	11,718	12,249	12,424	9,757
NET OPERATING RESULT	497	142	(172)	608	831	(2,112)

CONSULTANTS

There were 19 consultants engaged in projects with MHARMB for the 2020 year. The total of 14 consultancies valued less than \$10,000 was \$35,098.48. The following table lists the 5 consultants where total remuneration was \$10,000 or above.

Consultancies	Project	No.	\$
Alpine Certification Group	Building Consultant Fees		38,000.00
Dean Heinze	Monitoring, Predator Control Planning		26,992.00
Miss Julia Ann Hunter	MHARMB marketing strategy and 2020 marketing plan Consultation		12,600.00
The Design Nook Studio	Design and formatting of the Annual Report 2019		10,988.00
Yabbie Pond Pty Ltd	Water consultancy		10,260.00
Subtotal (greater than \$10,000)		5	98,840.00
Subtotal (less than \$10,000)		14	35,098.00
TOTAL CONSULTANTS		19	133,938.00

MAJOR CONTRACTS

The Board did not enter into any contracts greater than \$10 million during the reporting period.

ADVERTISING EXPENDITURE

MHARMB's expenditure in the 2020 reporting period on government campaign expenditure did not exceed \$100,000.

ICT EXPENDITURE

Total ICT expenditure for the 2020 period

Expenditure Category	Description	\$
Business As Usual	Opex	\$214,864.99
Non-Business As Usual	Capex	\$0.00
Total ICT		214,864.99

CUSTOMER SERVICE	FY14/15	FY15/16	2017	2018	2019	2020
Total Visitor Days (Winter)	313,341	328,602	368,313	389,401	403,063	55,903
Market Share (Victorian majors water)	26.95%	26.85%	26.24%	26.87%	28.25%	30.58%
Accident Rate/'000 visitor days (Hotham Historical average)	1.77	1.54	1.4	1.2	1.5	0.48
OPERATIONS						
Property Revenue/FECA	68.08	79.56	70.19	72.02	71.31	58.29
Infrastructure and Admin Costs/FECA	78.78	85.87	80.18	82.72	77.58	69.58
Village, Visitor and Marketing costs/Visitor Day	11.15	11.42	11.28	10.66	12.37	55.11
RESORT INVESTMENT						
Total Village Size (FECA)	84,941	85,013	84,868	86,095	85,322	86,926
Total CAPEX ('000) (includes Geotech and WIP)	5.19	3.94	1.4	1.2	2.5	1.9
FINANCIAL						
Outstanding Debtors as % of revenue	6.47	9.09	8.90	9.32	6.41	17.68
Closing cash	6,338	3,928	4,301	5,456	5,222	3,778
Operating Cash Flow/Total Assets	2.12	1.99	1.99	2.63	3.27	0.68
Current Assets/Current Liabilities	4.38	2.87	2.66	2.91	2.39	1.34

Calculation of Section 4. The Performance Targets of the Board

	15/16	2017	2018	2019	2020
	14 month period	12 month period	12 month period	12 month period	12 month period
E.1 NET CASH FLOW					
Net Operating Cash flow plus Net Investing Cash Flow as reported in Cash Flow Statement	(996,296)	492,213	2,827,559	890,905	(1,310,787)
E.2 NET ACCRUAL SURPLUS					
Net Profit before allocation to Reserves as reported in the Statement of Financial Performance	142,113	(172,691)	607,565	830,971	(2,112,317)
E.3 BUSINESS CYCLE SUSTAINABILITY					
Ratio of Total Financial Assets less Net Accounts payable less Total Accrued Employee Entitlements to Snow Drought Reserve Target	3.96	3.68	3.67	4.06	(13.13)
E.4 ASSET CYCLE SUSTAINABILITY					
Ratio of Total Financial Assets less Net Accounts payable less Total Accrued Employee Entitlements less Snow Drought fund to Total Accumulated Depreciation of all Assets.	0.52	0.34	0.24	0.22	(0.80)
E.5 ALL SEASON RESORT					
* Ratio of non winter visitors to winter visitors	1.23	0.97	0.96	1.12	1.75

* Summer visitation count period finished on 5th April 2020, due to COVID-19 restrictions.

ENABLE

INVESTMENT



While 2020 has been an incredibly challenging year for Mt Hotham, MHARMB has focused on accelerating the resort's economic recovery through securing investment in significant infrastructure.

Throughout 2020, MHARMB has focused on securing Government grant funding to deliver major infrastructure projects that have the ability to accelerate economic recovery, while meeting long-term strategic objectives associated with the Masterplan.

To this effect, MHARMB is currently delivering two key infrastructure projects leveraging \$5m of State Government investment – the Alpine Gateway at Loch Car Park and the Whiskey Flat Alpine Recreation Facility. Both projects are in alignment with the Mt Hotham Masterplan and have already commenced, with construction scheduled for completion by winter 2022.

The resort also commenced the process of seeking funding for further development of the Wire Plain Snow Play and Activity Hub.

ALPINE GATEWAY

This year MHARMB secured \$4.2m toward the implementation of the Alpine Gateway project, through the Infrastructure Stimulus Fund, administered by the Department of Jobs Precincts and Regions.

Alpine Gateway will operate as the trailhead for the iconic Falls to Hotham Alpine Crossing, and will provide a much-needed new visitor facility and multi-level car park at the current Loch Car Park site. In winter, this will offer a seamless visitor experience, including significantly improved parking and direct ski field access for skiers and boarders of all abilities. In summer, it will be a launch pad for a range of green-season activities, including acting as a trail head for key resort walks. Year-round, visitors will be able to take advantage of lockers, toilets and public areas located in the new facility.

The project is also of significant strategic importance as it is seen as an enabler for future resort development, shifting cars out of Corral Car Park to facilitate development of that site. Consistent

with the Masterplan, the aim is to create a new tourism hub in and around the Corral Car Park that will feature a diverse commercial and public offering.

The design of the Alpine Gateway draws inspiration from the colours and shapes of the High Country, including native flora and the shape of traditional mountain huts, and sits in harmony with the surrounding environment.

When operational, the facility will include interpretive information panels acknowledging the Traditional Owners of the land.

WHISKY FLAT ALPINE RECREATIONAL FACILITY

MHARMB also secured \$800,000 towards the Whiskey Flat Alpine Recreation Facility under the Local Sport Infrastructure 2020–21 – Strategic Facilities Fund administered by Sport and Recreation Victoria.

This project will deliver a new accessible, multipurpose public facility incorporating community space, changing rooms and toilets, as well as basic kitchen facilities to provide catering options for groups and events.

The facility will be environmentally sensitive, using insulation, water saving and re-use measures, solar panels and efficient lighting control to minimise energy and water use.

Whiskey Flat already hosts Australia's only international-standard biathlon shooting range, which is used during winter by the Australian Biathlon Association (ABA) for events and training. The development will support the ABA's ability to host international competitions and will position Hotham as the lead biathlon training site in the southern hemisphere.

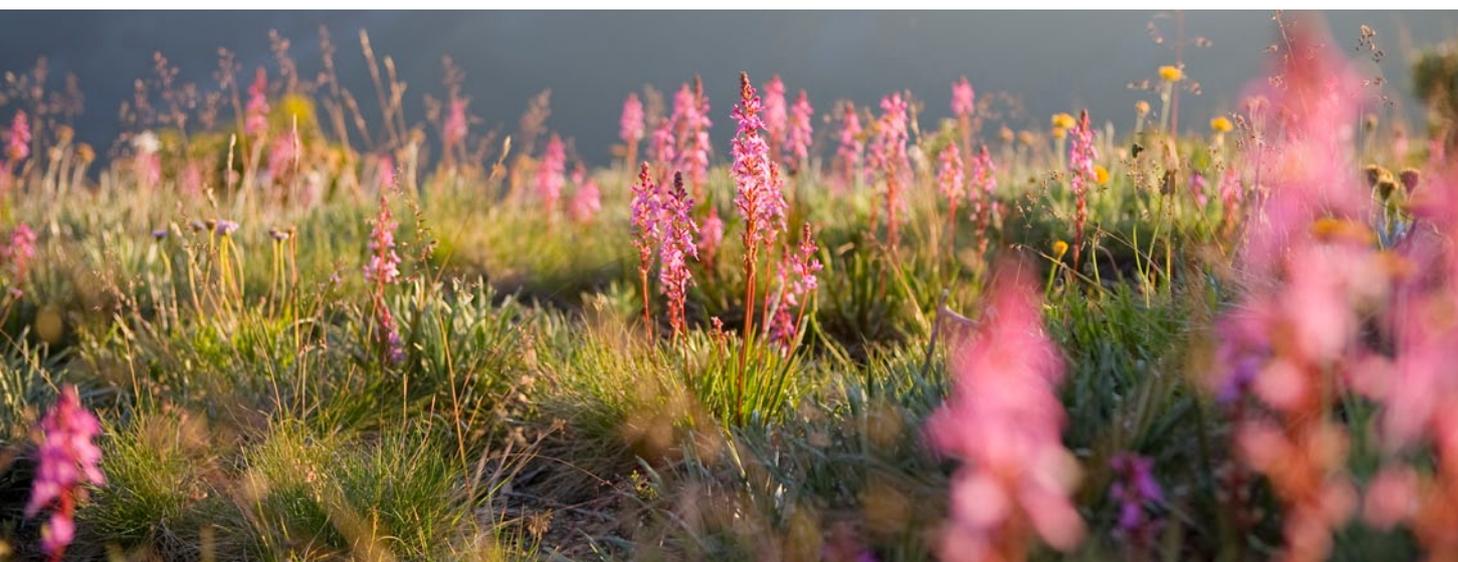
In addition, the project unlocks new uses for the Whiskey Flat precinct, which sits at the centre of 35 kilometres of year-round tracks and trails in sub-alpine snowgum woodlands, a favourite area for cross-country skiers in winter and hikers and cyclists in summer.

PROTECT THE

ENVIRONMENT



A core function of the MHARMB is the preservation and growth of the natural alpine environment that sits at the heart of the Mt Hotham offering.



In particular, climate change has the potential to negatively impact the natural snow offering that is central to the resort’s winter product, and also increases the propensity for bushfires that inhibit Mt Hotham’s summer operations.

As such, long-term climate change adaptation and consideration and/or management of climate-related risk continues to be a core focus of the MHARMB, in line with its obligations under the *Climate Change Act 2017*.

CLIMATE CHANGE

MHARMB continues to work towards lowering the resort’s greenhouse gas emissions. In 2020 greenhouse emissions reduced due to lower consumption and usage as a result of reduced visitor numbers, limited operations and minimal snow clearing requirements.

Table 02: Greenhouse gas emissions – MHARMB’s operations

	2017	2018	2019	2020
Electricity (Tonnes CO2-e)	1214.39	1142.89	1047.96	834.35
Diesel (Tonnes CO2-e)	462.86	544.66	533.28	247.44
ULP (Tonnes CO2-e)	26.47	28.60	31.83	18.49
LPG (Tonnes CO2-e)	206.77	239.94	211.19	184.95
Total (Tonnes CO2-e)	1910.48	1956.08	1824.26	1285.24

NEW INITIATIVES

In 2020 a new recyclables sorter was purchased, along with a glass pulveriser. This has provided the ability to sort the recyclables on the mountain and remove the glass components. Glass can then be processed in the pulveriser into a form suitable for road verge sealing or concreting. This initiative will help MHARMB transition to the Victorian Government’s mandated four-bin waste management program by 2030.

WATER OPERATIONS

The annual Potable Water Catchment Survey was conducted in February 2020 two gullies eastwards from Big Slope Gully and extending down along Swindlers Creek to Aqueduct Bridge. The condition of the catchment was excellent with good native vegetation cover and minimal soil disturbance and rubbish.

LAND MANAGEMENT

MHARMB continued working to preserve and foster native flora and fauna through the ongoing implementation of biodiversity conservation initiatives in accordance with the State Government's *Protecting Victoria's Environment – Biodiversity 2037* strategy.

In 2020 two revegetation projects were completed: Eastern Summit Offset Site and Loch Batter Revegetation Project, with a total of 1,940 plants hand planted. Ongoing weed control works occurred throughout the resort targeting Ox-Eye Daisy and Willow.



TRADITIONAL OWNER PARTNERSHIPS

The MHARMB acknowledges the important and unique relationship that Traditional Owners have with the Victorian Alpine Resorts. The Gunaikurnai and Taungurung are the First People affiliated with Mt Hotham, who have fostered a strong cultural connection with the resort.

The rights of these Traditional Owners have been formalised via a Native Title Agreement and a Recognition and Settlement Agreement with the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), both of which came into effect in October 2010, and a Recognition and Settlement Agreement (RSA) with the Taungurung Land and Waters Council that came into effect in August 2020. Any initiatives proposed in areas encompassed by these agreements must comply with their associated development requirements, providing opportunities to foster strong partnerships in the joint management of country.

The MHARMB also recognises the value of partnering with Traditional Owners to manage the natural resources within their agreement areas, effectively leveraging their knowledge of country and associated ecosystems. In particular, the Taungurung RSA includes a Natural Resource Agreement that ensures

its people are provided with: the opportunity to participate with the State in the design, development and decision making of natural resource management policies, programs and management plans relevant to the agreement area; employment opportunities within the natural resource management field; and exploration of the incorporation of Taungurung traditional practices associated with natural resource management.

In 2020, DELWP released *Pupangarli Marnmarnepu*, its Aboriginal Self-Determination Reform Strategy. This is a five-year strategy, founded on cultural authority, that sets the strategic direction, outcomes and priorities for DELWP to respond to Aboriginal self-determination. Consistent with this strategy, the MHARMB will form partnerships with Traditional Owners based on mutual respect that will enable improved management of the resort. In alignment with the ARSP, the MHARMB is also committed to developing partnership plans with both the Gunaikurnai and Taungurung that will identify associated collaboration and development opportunities like the exploration of new tourism experiences, cultural assets and interpretive information and signage.

ENVIRONMENTAL PROGRAMS

The Biodiversity Response Planning (BRP) program (in conjunction with Falls Creek RMB and Parks Victoria) enabled MHARMB to implement pest predator and weed control programs. Experienced contractors dedicated over 250 hours to controlling Willow and English Broom within waterways and Mountain Pygmy Possum habitat.

Pest predator control is informed by remote sensing cameras which monitor activity across tracks and trail networks. Pest predator control was undertaken by experienced contractors removing three foxes and eight cats. Bushfire Recovery funding enabled additional predator control immediately post fire targeting fox, cat and deer. Additionally, opportunistic cage trapping by MHARMB staff removed two cats. Gut analysis indicated feral cats had consumed native small mammals (*Rattus fuscipes*, *Mastacomys fuscus*) and Leporidae (Rabbit/Hare).

Through the Regional Land Partnerships (RLP) funding program MHARMB has developed the Mountain Pygmy Possum (MPP) Recovery in the Victorian Alps Project. In year two of this project MHARMB focused on pest predator control and completed road verge sealing and installation of a concrete spoon drain along a section of the Great Alpine Road to reduce sedimentation into the Little Higginbotham MPP Tunnel and boulder field habitat.

The Little Higginbotham MPP tunnel has continued to facilitate safe passage below the Great Alpine Road, with 29 MPP individuals identified through the microchip readers. Long-term population monitoring shows MPP numbers have remained relatively steady.

VICTORIAN ALPS NURSERY

The Victorian Alps Nursery is a unique operation specialising in propagating and producing alpine flora for use by multiple clients including other alpine resorts, parks authorities, and regional municipalities in Victoria and New South Wales. It plays an important role in preserving local indigenous flora, propagating a large variety of alpine and sub-alpine species for rehabilitation and restoration projects.

In 2020, the nursery sold over 33,000 plants and is currently holding 57,000 plants, the majority already pre-sold for orders for delivery in March to September 2021. It is holding another 15,000 cuttings currently on heat bed awaiting potting for next year's season 2021-22 and has a current saleable stock value over \$250,000.

The nursery produced 15,000 plants for the first year of plant production for the Mt Buller Water Storage project to rehabilitate the dam wall, a 10-year project. It also supplied seedlings to DELWP for bushfire recovery works, bank stabilisation and replanting of camping areas.

A new two-year contract was signed with North East Catchment Management Authority for the supply of seedlings for revegetation for their Willow removal and riverbank stabilisation program.

The nursery also provided advice about which plants are consumed by traditional landowners and how for the indigenous food gardens being established with grant funding at Harrietville and the Dinner Plain Alpine School. In addition, the nursery provided them with various food plants from the alpine region.

ENHANCE

THE VISITOR

EXPERIENCE



MHARMB's ability to deliver and enhance visitor activities was severely impacted in 2020, firstly by bushfires and then through COVID-19.

MARKETING AND PROMOTION

The year had only just commenced when the resort was closed on 2 January due to the threat of bushfires in the surrounding regions with some fires burning around Mt Buffalo for many weeks. The resort reopened on 17 January but as fire activity continued in the broader region it was not possible nor would it have been responsible to encourage visitation to the area for most of January and February 2020.

Throughout this period, communications focused solely on safety and keeping visitors and the community informed of what was occurring at Mt Hotham and in the surrounding communities, building trust and confidence with stakeholders, business operators and community members.

In winter, COVID-19 capacity and travel restrictions resulted in a very brief season with promotional efforts switching from a traditional demand and yield generation focus, to communications about new systems and processes associated with accessing the resort and its products.

Once it was confirmed by Vail Resorts that lift operations at Mt Hotham would cease for winter 2020 the MHARMB was able to re-focus communications to visitors interested in snow play, snow shoeing, back country skiing and riding activities to support operators delivering services in these areas.

After the end of the snow season, and when the restrictions on travel from Melbourne into regional Victoria were lifted in early November, MHARMB was able to commence promotional activity via the visitor website and social media, encouraging Victorians to visit Hotham and support local operators.

In 2020, the Community Marketing Committee was reinstated to provide on-mountain operators with a representational committee of volunteers tasked with supporting and engaging all on-mountain operators for the promotion and marketing of Mt Hotham. This group met four times during 2020: July, August, October and December.

While there was little winter season activity, MHARMB regularly engaged community participation in promotion of the businesses and activities that did operate, including food and beverage offerings and alternative snowsports (cross-country, snowshoeing, tobogganing, back country tours) and associated equipment, lesson and tour provision. The Hotham Ski Association (HSA) and Chamber of Commerce were regularly engaged as part of this activity.

COMMUNICATIONS AND VISITOR INFORMATION

The efficacy of the organisation's communications channels and processes was again demonstrated, with coordination between visitor-facing staff and the marketing and communications teams working seamlessly.

The communications team managed the preparation of messaging and approval where required via DELWP Strategic Communications, then the selection of appropriate channels and dissemination of the messages in a timely manner.

MHARMB's channels were effectively utilised to ensure visitors and operators knew how the public health guidelines applied specifically at Hotham.

No emergency communication was required regarding significant winter road events but the organisation continued to utilise the visitor website and social media to advise permitted visitors on adverse weather conditions.

THE SNOW

2020 was one of the leanest seasons for natural snowfall in the past few decades. This was compounded by many wet days, resulting in a natural base depth for the season well below average. While snow-making operations ceased in July due to the ski lift closure, snowmaking conditions were marginal for much of the remainder of the season.

Approximately 80 cm of snow fell during one storm in early May. This had all melted by early June. The average natural base depth for the season was 22 cm, and there were only 17 days with a base depth over 40 cm. The resort had a base depth of zero until 2 July and returned to zero on 17 September.

Comparative historical Mt Hotham snow depth statistics can be obtained from the ARCC website: <https://arcc.vic.gov.au/statistics/historical-snow-depth-statistics/>

2020 SNOW STATS



Total Snowfall: 201 cm
(Approximate 10 year average – 299cm)



Biggest Base Depth: 80cm
(24 August)



Biggest 24 hour snowfall: 26cm
(21 August)



Biggest Storms



18–24 August: 72cm
2–4 July: 37cm
24–27 September: 35cm



Total Snowfall days: 29
(Only 12 days with 5cm or more)



Rain Total: 285mm
Rain Days: 30

CROSS-COUNTRY SKIING

Interest in cross-country and back country skiing increased significantly during the 2020 winter season, particularly after the lifting operations ceased. Cross-country skiing easily allows for social distancing, so the remaining resort visitors and residents took to the trails when conditions allowed.

Poor natural snow at the start and end of the 2020 season reduced the product offer available for cross-country and back country skiing. When conditions did allow for grooming of trails the resort had limited visitation and was later closed to the public in line with public health guidelines.

As a result of the varying levels of visitation across the winter season no cross-country events could be held during 2020, which had an impact on the Back Country Festival, the Hotham to Dinner Plain Pub to Pub race, and numerous Biathlon competitions including State and National championships.

At points during the season when snow conditions were good and public health guidelines permitted regional Victorians to travel, small clubs and individuals were able to hold cross-country and biathlon training camps. The upsurge in interest in back country and cross-country also saw an uplift in the number of activity providers in this area with additional business permits being issued for cross-country lessons, guided back country tours, and an expansion of the area for snow mobile tours.

TOBOGGANING AND SNOWPLAY

A new toboggan slope alignment was trialed, and a user booking and registration system was put into place to manage access in a COVID-safe way. Both were successful for the short period of operation. The operators at Wire Plain continued to offer services when conditions allowed, including snowshoe tours, snowmobile tours and fondue and snow dome accommodation experiences.

The snowplay area was not opened during winter. With limited natural snow falls early in 2020 and the requirement for capacity management and contact tracing, snow play was limited to sightseeing for the early part of winter.

EVENTS

No events could be delivered in 2020 due to bushfire and COVID-19 restrictions.

FREE GUIDED BUSHWALKS

Free guided bushwalks were conducted at the beginning of January 2020 just prior to the closure of the resort. They were not subsequently offered as COVID-19 public health restrictions prevented operations.

FAMILY-FRIENDLY ACTIVITIES

Mt Hotham's passive summer family experiences including Zoo Cart park, the playground, the trampoline, the pump track and the petanque pitch were maintained throughout the 2020 green seasons.

The restrictions on international travel and varying restrictions on interstate travel meant that the late 2020 summer period was very busy at Hotham. Cycling and hiking were very popular, with a late and milder summer creating good conditions for these pastimes.

SKI PATROL SERVICES

Despite the limited visitation and lack of snow for the 2020 winter season, a ski patrol presence was still required for the duration of the winter. This ensured that appropriate safety measures were put in place for those visitors or residents who could access the alpine resort, and that a timely rescue service was available to respond in the event of an incident.

The patrol responded to 27 incidents for the winter. Approximately 50% of these were in the ski area while the lifts operated. The remaining 50% were cross-country skiers, back country skiers, walkers, resort workers, and a motor vehicle incident. There was one avalanche incident and no toboggan incidents. There were no life-threatening injuries or medical conditions.

Several casualties were transported by private vehicle to an off-mountain medical centre or hospital for further treatment. The Mt Hotham Medical Centre and Ambulance Victoria paramedics were only present at the resort while the ski lifts were in operation.

Ski Patrol services were delivered in alignment with COVID safe practices, which included additional training requirements for patrollers and increased resource for incident response.

The season provided an opportunity for the patrol to dedicate time to many ongoing projects and tasks that can be difficult to focus on and commit time to during a busy season, including:

- + Patrol huts – maintenance/refit/refurbishment
- + Ski area infrastructure maintenance/repair (Hull Bridge fence and Sled boxes)
- + Signage audit and repairs
- + Backcountry Safety Program and Signage development
- + Updating of training programs
- + Grants – research and submissions
- + Search and Rescue equipment audit and research
- + Search and Rescue program upgrade

TRANSIT OPERATIONS

During the lead up to the 2020 winter significant planning and preparatory work took place to ensure the resort could supply a transport service that would support the requirements of resort visitors and comply with COVIDSafe operating requirements at the time. Changes were made to queue management, scheduling, bus capacity, and cleaning programs.

The bus service provider, Alpine Spirit, worked with MHARMB to ensure smooth operations during the season, including provision of a reduced service between the season opening on 22 June and the commencement of lift operations on 6 July. When Metro Melbourne went into lock down and lifting operations ceased on 9 July, the decision was made to end the service in line with reduced resort entry fees.

2020 was to be the third year of the contracted services. In consideration of the short season and resulting inability to adequately review the service, an extension has been granted to the operator for one year on the same terms as that of the 2020 winter season should it have proceeded normally.

RESORT ENTRY

2020 Resort Entry Season Permit sales started strongly in 2019. MHARMB's Super Early Bird promotion again involved a deposit of \$49 paid in October 2019, with the balance due in April 2020. Strong sales resulted, up 10% on 2019's sales which were also achieved using this strategy.

However, the onset of coronavirus (COVID-19) in March and the uncertainty around the 2020 season led MHARMB to extend the due date of the final payment. The onset of coronavirus (COVID-19) in March and the uncertainty around the 2020 season led MHARMB to extend the due date of the final payment until the 22 June season start date was confirmed by the Victorian Government. Those choosing not to take up a permit were offered full refunds both prior to and during the early part of the season.

For visitors who did not hold Season Permits, discounted resort entry permits were provided from 22 June until the skifield operations commenced on 6 July.

With the restrictions on travel imposed on Melbourne and interstate residents, MHARMB subsequently introduced a generous refund policy for Resort Entry Season Permits, allowing purchasers to secure a full refund or a credit against the 2021 season.

In addition, MHARMB was required to implement a resort capacity management system in a very short timeframe. This was achieved with assistance from UbiPark, MHARMB's Resort Entry Permit processing provider. Using the UbiPark permit purchasing platform enabled the resort to launch a registration system for Resort Entry Season Permit holders, who were required to book dates that they would visit and provide contact training details.

EFFICIENT

& EFFECTIVE

SERVICES



Throughout 2020, MHARMB continued to administer services with an eye on both the present and the future. There were a number of projects throughout 2020 that focused on ensuring sustainable supply of services to the resort as well as provisioning new requirements presented by the unexpected emergence of coronavirus (COVID-19).



The organisation continues to successfully maintain compliance with current legislation in all areas of service provision and ensure it is looking to future challenges to ensure a focus on planning today for a sustainable future.

PROPERTY AND PLANNING SERVICES

Leasing

The Alpine Resorts Coordinating Council is conducting a review of the 2002 Alpine Resorts Leasing Policy. It was anticipated that the policy review would be finalised in 2020, but it was delayed due to impacts of coronavirus (COVID-19) and should be finalised in 2021. While the Policy review is underway, leasing at Mt Hotham continues to be administered under the 2002 Policy, which can be found at: arcc.vic.gov.au/uploads/publications-and-research/AlpineResorts-LeasingPolicy.pdf

Building Services

Building Inspections are carried out on a triennial basis in line with the Tenants lease. The inspection program focuses on ensuring existing buildings achieve a satisfactory level of fire and life safety, building standards of occupancy and bushfire compliance. During the inspection process, the Fully Enclosed Covered Area (FECA) of all buildings is measured for rating purposes.

Under the *Building Act 1993* s212, the MHARMB has a legislative obligation to administer the provisions of the Act, the Building Regulations 2018 and the Building Code of Australia within its area of jurisdiction. These services are carried out by 3 Peaks Building Permits & Consultants (previously known as Alpine Building Permits), to fulfil the role of Municipal Building Surveyor to carry out its responsibilities under the legislation.

A total of 49 premises were inspected in 2020, in line with coronavirus (COVID-19) guidelines at the time of the inspections. Most issues identified related to minor deficiencies in smoke and alarm system testing, smoke detector location, balustrade height requirements, bushfire compliance and current evacuation plans and fire orders.

Compliance with *Building Act 1993*

The MHARMB owns or controls seventeen government buildings located throughout Mt Hotham Resort and Bright. The MHARMB is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to those buildings.

The MHARMB requires that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by the MHARMB and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, MHARMB’s Property Department is responsible for ensuring mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventive maintenance routine of mechanical services and monthly and annual fire service audits.

In 2020, there were no significant changes to any MHARMB owned or controlled buildings. All buildings continue to comply with the *Building Act 1993*.

Property Sales

In 2020, the volume of property sales decreased by 54%, which can be attributed to the impacts of COVID-19 restrictions and the associated domestic and global tourism impacts.

Transactions in 2020 totalled \$8.04m, compared with \$12.85m in 2019. The median price for property transactions for 2020 was \$222,500, representing an average unit price of \$4,068/m².

The turnover in real estate sales in the past 21 years is shown graphically below.



Environmental Health Services

Indigo Shire Council provided the Environmental Health Service to Mt Hotham to carry out regulatory duties under the *Food Act 1984*, Public Health and *Wellbeing Act 2008*, Public Health and Wellbeing Regulations 2019 and *Tobacco Act 1987*.

This service requires full compliance and a high standard of public health within the resort, with assessments and inspections of food premises, accommodation facilities, health premises, educational visits to ensure tobacco compliance and the investigation of complaints. MHARMB handles the registrations and payments. Indigo Shire Council conducts inspections and issues certificates.

Due to the impacts of coronavirus (COVID-19) and challenges implementing the public health guidelines, a number of accommodation and food premises did not open for the 2020 winter season. Already reduced registration fees for 2020 were either partially or fully refunded/credited in line with other regional Councils.

New legislation

Public Health and Wellbeing Amendment (Coronavirus) Regulations 2020 was made under sections 232 and 238 of the *Public Health and Wellbeing Act 2008*.

In addition, *Public Health and Wellbeing (Prescribed Accommodation) Regulations 2020* replaced the 2009 regulations. The new regulations came into effect on 13 December 2020 apart from the application of the regulations to rooming houses declared by the Minister for Housing under the *Residential Tenancies Act*. Declared rooming houses will be within the scope of the regulations from 13 June 2021 to allow time for proprietors and councils to operationalise the changes.

INFRASTRUCTURE OPERATIONS

Geotechnical Risk Assessment Program

In 2020, the Department of Environment, Land, Water and Planning (DELWP) commissioned Golder Associates, a specialist consultancy firm, to undertake a resort-wide geotechnical risk assessment program across all the Victorian Alpine Resorts. DELWP has provided MHARMB with a final report and accompanying GIS database to assist in future decision making and geotechnical risk mitigation works at Mt Hotham.

Resort Asset Management System

The Victorian Government introduced the Asset Management Accountability Framework (AMAF). During 2020 MHARMB worked on the development of a resort asset management system that meets the requirements of the AMAF. Aalto Pty Ltd was engaged to complete a gap analysis of the resort's asset management system and an independent maturity assessment of MHARMB's compliance against the AMAF requirements. An Asset Management Strategy was developed and the organisation continued to improve the resort asset management information system. In addition, a 10-year Capex program was developed, as required under the Ministerial Direction released in January 2020.

Alpine Gateway

The team was kept busy in 2020 after the welcome news that MHARMB had secured funding of \$4.2 million for the Alpine Gateway development in the Loch Car Park. The project will deliver an upgrade to the existing Loch Car Park facility including a day shelter with public amenities and all abilities access to both the Heavenly Valley ski area and summer trail network.

As well as the internal project planning, engineering and geotechnical preparatory work, the team worked closely with Surface Consulting to seek expressions of interest for architectural services for the design of the associated day facility to meet the requirements of the planning permit conditions.

JWP Architects from Wodonga was selected in September 2020 to develop the final design plans which were endorsed under the existing planning permit. MHARMB went out to tender for key project items in late 2020, with a view to appointing contractors in January 2021 for the main structural concrete and structural steel packages. The project is expected to be completed by winter 2022.

Whisky Flat Multipurpose Facility

The Whiskey Flat Alpine Recreation Facility project will deliver capital improvements featuring a public shelter to provide flexible meeting rooms, change rooms, toilets and showers, basic kitchen facilities and storage space within approximately 300 sqm. The securing of funding for the Whiskey Flat Multipurpose Facility in the second half of 2020 instigated a number of activities for the Technical Services team. After engagement with the Australian Biathlon Association, a key stakeholder for this development, a full planning application was developed. In addition, DELWP granted a planning exemption for building and works associated with minor utility works along the existing cross-country trail between Slatey Cutting and Whiskey Flat. This work is scheduled to commence in early 2021.

Wire Plain Snowplay and Activity Hub

In 2020, project design and planning commenced for the Wire Plain Snowplay and Activity Hub. One of the key activity nodes noted in the Masterplan is at Wire Plain, where the organisation plans to transform the site with a new Mt Hotham Snowplay and Activity Hub. Central to this development is a new visitor facility that will incorporate:

- + A day centre, complete with toilets and public amenities that will provide the ideal location for visitors to meet, rest and revitalise.
- + A café/kiosk to meet people's food and beverage needs.
- + A retail offering that enables visitors to rent toboggans, snow tubes, snow shoes and cross-country skis in winter; and mountain bikes and hiking gear in summer.
- + A commercial counter for summer and winter activity providers, where they can meet guests and sell tours and experiences that leave from this site.

This includes developing concept plans for a building at the site in preparation for potential funding. The bulk of this preparatory work will be completed in early 2021.



Habitat protection project adjacent to the Great Alpine Road (GAR)

The key purpose of the Mountain Pygmy Possum (MPP) Habitat Protection Project proposed works was to reduce sediment and pollutants from the Great Alpine Road into adjacent key MPP boulder field habitat.

Completed over two years, 2020 saw the completion of the work, including a new concrete spoon drain, four new stormwater inlet pits/sediment traps and bitumen sealing of an existing gravel carpark to a 600m long section of the Great Alpine Road within the Little Higginbotham area of the Mt Hotham Alpine Resort. This work was completed with assistance in funding from the Australian Government's National Landcare Program.

Rising main (Sun Run Section)

Work on the rising main continued in 2020. The rising main is critical infrastructure as it delivers raw water from Swindlers Creek to the storage tanks on the peak of Mt Higginbotham. The original pipeline was at end of life and to ensure a sustainable water supply for the village, the replacement of the ageing infrastructure was scheduled to occur in a staged approach that was adopted by the Board in July 2019. The usual unpredictable alpine weather conditions and the unique geotechnical features of the area have presented some challenges to this project, along with the need to bore a new tunnel to accommodate the new pipes. During early 2020 the boring and installation of pipeline was completed and commissioned in time for the winter 2020 season.

Planning work began on the lower section (Playground) of the rising main replacement in 2019 and was scheduled for construction during the 2019–2020 summer period. Work on this section of the rising main was delayed due to the impact of the summer bushfires, but preliminary works to

provide site access were completed and all materials procured. On site construction finally commenced in November 2020.

Edelweiss sewer installation

The Edelweiss ski lodge on the north side of the Great Alpine Road was connected to the resort sewerage system in 2020. All services were completed, including the new upgraded electrical supply.

Arlberg retaining wall replacement

MHARMB worked with Coffeys to design reconstruction of the old retaining wall underneath the Arlberg apartment complex adjacent to the Great Alpine Road, which contained ageing components that had weathered and needed replacing. The existing structural steel uprights were tested and are to be retained, and the degraded timber sleepers are being removed and replaced by concrete sleepers. Improvements to the bus stop and entry structure to the Arlberg will be undertaken as part of this project. This work is ongoing.

EMERGENCY MANAGEMENT

The Emergency Management Act 1986 and the *Emergency Management Manual Victoria (EMMV)* requires the MHARMB to have a Municipal Emergency Management Planning Committee (MEMPC) and a documented Municipal Emergency Management Plan (MEMP). The MEMP is required to be audited every three years.

The resort's MEMPC met three times during 2020 and assisted with the planning and coordination of emergency services for both response and recovery within the resort.

Following the implementation of the *Emergency Management Legislation Amendment Act 2018* on 1 of December 2020, a number of changes will be implemented during 2021 included the establishment of a new MEMPC. All plans will be reviewed and updated with the Mt Hotham MEMP due for Audit in 2021.

Winter

One of the resort's challenges is access in the cooler months during inclement weather events. The MHARMB and the MEMPC have developed a 'severe weather protocol' to assist in the management of the Great Alpine Road during these weather events. Preplanning meetings were held in anticipation of inclement weather with representatives of the MHARMB, Victoria Police, VicRoads, Stadelmann (VicRoads contractor), SES and CFA. During 2020 there were no significant road-impacting events.

Summer

The MHARMB contributed to the planning and response to the 2019/2020 fires that impacted the area. This included participation in Incident Emergency Management Team (IEMT) Meetings, Road Closure IEMT meetings and event debriefs and plan reviews, preparing the resort’s critical infrastructure and assets and supporting other agencies including Victoria Police and VicRoads with road closures.

During the January 2020 bushfires, MHARMB staff assisted in the protection of the State Heritage listed Spargo’s Hut. As one of the oldest intact structures in the resort (built by Bill Spargo in 1928), the hut was wrapped to protect it during the fires in January. A staff allocation stayed on the mountain during the bushfire period to coordinate with emergency services to ensure MHARMB’s critical infrastructure was protected.

Alpine Resort Bushfire Risk Management Planning

During 2020, \$120,000 in funding was secured by Mt Hotham from DELWP’s Safer Together Program for an analysis of bushfire risk at all Victorian alpine resorts, with the objective of creating a coordinated, consistent approach to bushfire risk management across the resorts.

The funding will be used in 2021 to engage a consultant to run the analysis across all the Victorian Alpine Resorts and deliver findings and recommendations to the resort. The program includes stakeholder engagement throughout the process, to ensure stakeholders understand the risks to the resorts, their obligations and role of the agencies including ARMBs, Parks Victoria, CFA and DELWP.

UTILITIES

As part of its role as land manager, MHARMB provides utilities services to property owners in the resort.

Potable Water

MHARMB delivers a high quality drinking water supply and has achieved 100 per cent compliance with the Safe Drinking Water Quality Standards again in 2020, for the eighth year in a row – a great achievement. A copy of the 2019–20 Drinking Water Annual Report can be found on www.develophotham.com.au.

During the 2020 reporting period the village consumed 43.87 megalitres of water. This is significantly less, approximately half, than the equivalent period in 2019 and a reflection of the reduced visitation to the resort.

Table 03: Potable Water Consumption

	2017	2018	2019	2020
Winter total potable water usage	61ML	65ML	61.5ML	17.2ML
Annual total potable water usage	117ML	97ML	91ML	43.9ML
Winter total potable water usage (ltr/visitor days)	167	167	152.6	NA

Waste Water

MHARMB operates the Mt Hotham Waste Water Treatment Plant (WWTP) and continues to work towards meeting the key objective of improving overall operational efficiency and improved Class A recycled water production and biosolids reuse. 2020 was a challenging year for WWTP operations due to COVID, lack of people and consistent cold temperatures, however all compliance obligations were met for the year.

The 2019 season saw the installation of a new LBX 850 Ultraviolet (UV) unit for the Mt Hotham Class A Ultrafiltration (UF) plant. This unit had some ongoing technical issues that were addressed during summer and it was fully commissioned in April 2020. However, due to the ski season shutdown the Class A plant was run only in caretaker mode for the 2020 season.

A heating unit was installed for the WWTP during the snow season as the low bioreactor temperatures were identified as a potential critical risk to the biology in the activated sludge system. This was brought online just in time as peak season storms in August saw the clarifier freeze over completely. The heating system rectified this and returned the system to normal operations in a few days. During this period and for the year 2020 MHARMB was able to meet its license limits and obligations.

During the last year MHARMB has been working on continual improvements and upgrades to the chemical delivery systems and instrumentation in the Class A UF plant. The caustic chemical delivery system upgrade was completed with the pumps now located outside the chemical bunded area in an enclosed chemical dosing cabinet and the pipework all redone in chemical grade pipework. The sodium hypochlorite system was also upgraded with new delivery lines run.

EFFICIENT & EFFECTIVE SERVICES

During the season a focus area was updating the Mt Hotham WWTP Operations Manual and related Standard Operating Procedures (SOPs). This is an ongoing process that will be close to complete by the beginning of winter season 2021. Over the summer MHARMB's annual maintenance program will continue in preparation for the 2021 ski season with some inspections and critical repairs planned for the clarifier in early February that will guide and prepare for more in depth works next summer.

LP Gas Business undertakings

MHARMB undertakes the supply of L.P. gas to 271 customer meters within the resort. In 2020, the MHARMB received a bulk gas supply of 375.7 tonnes of LP Gas for the resort's utilisation. Compared to the 2019 figure of 654.04 tonnes this represents a reduction of approximately 44% on the previous year; a reflection on reduced occupancy within the resort.

MHARMB operates to be compliant with the *Gas Safety Act 1997*, Gas Safety (Gas Quality) Regulations 2017 and Gas Safety (Safety Case) Regulations 2018. Energy Safe Victoria (ESV) is the regulatory authority that oversees the operations of all gas companies in Victoria and routinely conducts audits to ensure regulatory compliance.

The Mt Hotham LP Gas Safety Case is the key document that describes all aspects of gas company operations and ensures compliance with the Act. During 2020 the MHARMB completed its five-year review of this document which was endorsed by ESV.



TRAIL MAINTENANCE

There was a significant decrease in trail utilisation across 2020 with the resort being closed due to fires early in the year and then travel restrictions in place across Victoria at various times for the remainder of the year. However, in November and December of 2020 trail use increased over 2019 and 2018, and is expected to increase across the whole of the summer season. See Table 04: Comparative visitation to the Razorback track, showing strong growth in late 2020

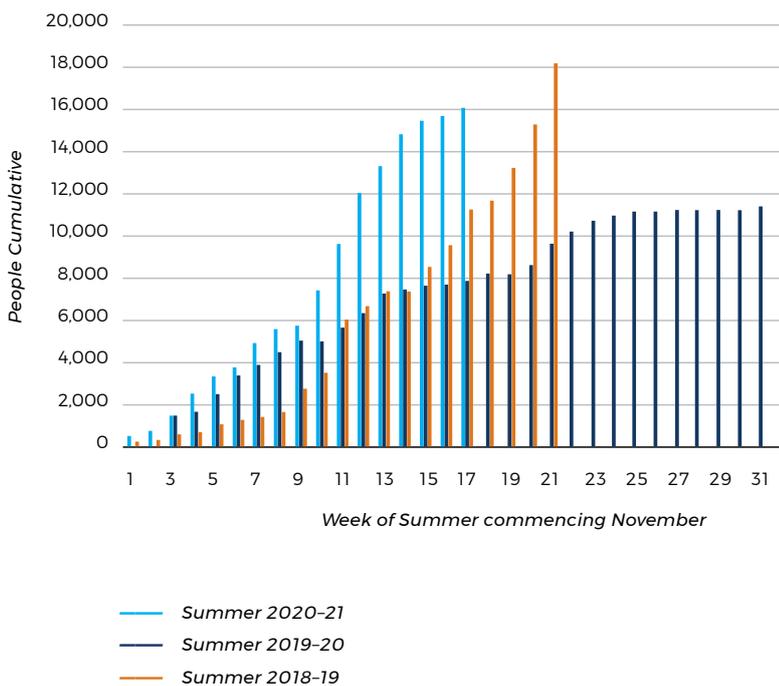
Trail maintenance works continued across the network to support summer visitors and operators that provide services to resort guests including guided walks, and glamping accommodation.

The MHARMB has received grant funding commitment at the end of 2020 for upgrade works across part of the shared trail network. Permits will be obtained and works will be completed during 2021.

Alpine Nature Experience (ANE) created a low-impact eco-glamping offering with treetop tents for launch in January 2021. MHARMB worked with ANE to help them manage environmental impacts and to ensure the trail network servicing the site was graded and cleared.

MHARMB also supported Vic Alps Backcountry, a new hiking operator run by the operator of Tirol Sports, to establish a new guided walk offering for summer.

Table 04: Comparative visitation to the Razorback track, showing strong growth in late 2020



IMPROVE ORGANISATIONAL CAPABILITY



The short winter season in 2020 had a significant impact on MHARMB's organisational growth and development.

IMPACTS OF CORONAVIRUS (COVID-19)

After a delayed start, winter seasonal staff were employed under the COVID-19 Industrial Relations Framework, for a shorter period.

Additionally, due to the financial constraints presented by the loss of Resort Entry permit income and the lack of activity in the resort, the organisation was largely unable to retain consultants, contractors (apart from essential workers related to asset maintenance).

In 2020 MHARMB received funding for five trainees local to the region under the Youth Traineeship Program, designed to support Victorian youth with employment opportunities and on-the-job training. The trainees commenced working with MHARMB in November 2020 and will continue through to 2021.

TRAINING AND DEVELOPMENT

In 2020, face-to-face training participation across the organisation was significantly impacted by the COVID-19 restrictions. The online learning management system introduced in 2019 was well utilised and some staff developed skills in delivering training online via Microsoft Teams. Training provided by third-party providers was delivered through a combination of face-to-face and online formats.

INDUSTRIAL RELATIONS

Due to the level of disruption to resort business in 2020, the resort reached agreement for the roll-over of the existing Enterprise Agreement for a further 12 months. This was supported by a staff vote and lodged with the Fair Work Commission in December. In 2021, a new three-year agreement will be negotiated with the process starting early in the year, subject to any changes resulting from the ARMB amalgamation.

EQUAL EMPLOYMENT OPPORTUNITY

MHARMB is an equal opportunity employer, and all appointments and promotions are merit-based, established on the principles of the *Public Administration Act 2004*. MHARMB has fulfilled its obligations under Section 7 of the Act regarding restriction on employees doing other work and in upholding the public-sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

In March 2020, the impact of the coronavirus (COVID-19) spread in Victoria, resulted in many changes to operating procedures with significant impact on the breadth of MHARMB's OH&S activities. To meet social distancing requirements many employees were required to work from home while others were required to adopt new routines and procedures in the workplace.

Office equipment was updated to meet Department of Health and Human Services (DHHS) requirements. This included increased sanitising supplies and personal protective equipment (PPE), creating COVIDSafe plans and procedures, signage, recording staff movements for tracking purposes and staff working from home.

Occupational health and safety committee

The OH&S Committee held seven meetings during the 2020 reporting period and has:

- + reviewed policies and procedures, including management and action plans;
- + conducted workplace inspections and rectified any issues identified;
- + identified and recommended action to address hazards in the workplace;
- + facilitated training sessions; and
- + reviewed the OH&S Management System.

Table 05: Occupational Health & Safety Statistics

	2020	2019	2018
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	2	17	34
Number of lost time standard claims for the year per 100 full-time equivalent staff members	193	238	293
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$71,274	\$73,375	\$45,301

WORKFORCE DATA

The MHARMB is committed to merit and equity principles compatible with public sector employment principles. In the selection process applicants are assessed and evaluated fairly, equitably and without discrimination. Staff conduct principles are shaped by public sector values and are incorporated into RMB policies and procedures.

Policies and procedures that were introduced or reviewed in 2020:

- + Infection Prevention and Control Policy
- + Grievance Resolution Policy
- + Working From an Offsite Location Procedure

Employees have been correctly classified in workforce data collections. The following table shows the headcount and full-time equivalent (FTE) of active RMB employees as at the last full pay period in June 2020 compared with the same period in June 2019.

		2019					2020				
		Total staff	Full Time	Part Time	Season/Casual	Total FTE	Total staff	Full Time	Part Time	Season/Casual	Total FTE
Demographic data	Gender										
	Male	50	18	2	30	42.1	44	16	1	28	31.8
	Female	31	10	10	11	21.7	27	11	8	7	20.8
	Age										
	15-24	8	1	2	6	5.5	2	0	1	1	1.2
	25-34	15	6	0	9	10.9	13	6	1	6	9.0
	35-44	18	8	4	6	15.3	16	8	2	6	11.8
	45-54	19	7	3	9	13.8	18	7	1	10	13.1
55-64	17	6	1	9	15.0	16	5	2	9	12.4	
65+	4	0	2	2	3.3	6	1	2	3	5.1	
Classification data	Band										
	3	28	1	2	25	17.8	23	3	1	19	10.8
	4	15	2	3	10	11.9	17	4	2	11	12.4
	5	19	9	5	5	16.3	16	8	4	4	14.6
	6	7	6	1	0	6.2	4	3	0	1	4.2
	7A	7	5	1	1	6.6	6	4	2	0	5.6
	7B	4	4	0	0	4.0	4	4	0	0	4.0
	Executive	1	1	0	0	1.0	1	1	0	0	1.0

STATUTORY REPORTING



MHARMB strategically plans for the future of the organisation and resort.

CORPORATE PLAN

The Board prepares an annual Corporate Plan for Ministerial approval. It must include:

- + a statement of corporate intent;
- + a business plan; and
- + estimates of the receipts and expenditure for the period of the plan.

The Business Plan is developed on an annual basis to specify objectives and measure performance of the organisation against these.

OBLIGATIONS OF THE BOARD

As a Committee of Management under the *Crown Lands (Reserves) Act 1978*, MHARMB has obligations to manage the land in accordance with the purpose for which the land has been reserved and may exercise the powers conferred to Committees of Management under that Act.

The Board's obligations are to discharge its functions effectively and efficiently.

Under section 34(7), the Board's incumbent attributes and authorities mean it:

1. Is a body corporate with perpetual succession;
2. Has a common seal;
3. May sue and be sued in its corporate name;
4. May acquire hold and dispose of real and personal property; and
5. May do and suffer all acts and things that a body corporate may by law do or suffer.

The Board carries out its functions and powers on behalf of the Crown.

FUNCTIONS OF THE MHARMB

- + To plan for the development, promotion, management and use, of each such alpine resort in accordance with the object of the *Alpine Resorts Management Act*;
- + To develop and promote or facilitate the development or promotion by others of the use of each such alpine resort in accordance with the object of the Act;
- + To manage each such alpine resort in accordance with the object of the Act;
- + To contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- + To undertake research into alpine resort issues;
- + To contribute to and support the operation of the Council;
- + To prepare and implement a Strategic Management Plan for the resort;
- + To expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(1A);
- + To manage the Crown Land in Mount Hotham by acting as a Committee of Management under the *Crown Land (Reserves) Act 1978*;
- + To develop a tourism and marketing strategy and to promote the resort;
- + To provide services in the nature of: garbage disposal, water supply, gas, drainage, sewerage, electricity, roads, fire protection, snowmaking, transport for the resort and to charge user pays contributions for the provision of those services;
- + To collect fees prescribed by the regulations for the resort;
- + To attract investment for the improvement of the resort; and
- + To carry out any other function conferred on the Board by this or any other Act.

2020 MINISTERIAL DIRECTION

MHARMB has complied with the 2020 Ministerial Direction as follows.

- + **Climate Change Disclosures.**
Please refer “Climate Change” in this Section
- + **Biodiversity response planning.** MHARMB’s 2020 Corporate Plan incorporated action to implement “Protecting Victoria’s Environment - Biodiversity 2037”, including implementation of the Biodiversity Response Planning approach to biodiversity conservation at the resort level. MHARMB will continue to implement programs in alignment with *Biodiversity 2037* and the Biodiversity Response Planning approach, to preserve and enhance alpine flora and fauna, manage pest plants and animals, and reduce the resorts’ environmental footprint.
- + **Stakeholder engagement.** MHARMB’s 2020 Corporate Plan incorporated action to implement the Victorian Alpine Resort Stakeholder Engagement Action Plan. In addition, the Board has completed IAP2 training, has implemented a formal stakeholder engagement strategy developed in conjunction with the ARCC, and has an active engagement program.
- + **Alpine Leasing Policy.** MHARMB collaborated with the ARCC, DELWP, and other stakeholders in the development of a new Alpine Leasing Policy and will engage with resort stakeholders when the Victorian Government has produced its recommendations.
- + **Reporting and transparency.** MHARMB published a copy of the 2020 Ministerial Direction on its website at www.developmthotham.com.au. Corporate Plans, Annual Reports and Ministerial directions to the Board will continue to be posted on the MHARMB website as endorsed. Note that the 2020 Corporate Plan is awaiting approval therefore has not yet been published.
- + **Asset management.** The MHARMB has implemented an asset management policy, strategy and governance framework, and is using a common asset management system across the northern alpine resorts.

Other Ministerial Directions will be realised in 2021 subject to the letter of comfort and in alignment with strategic directions that support the ARMB merger.

CLIMATE CHANGE

The MHARMB recognises the financial viability of the resort is dependent on sustainability of its natural assets which have already been impacted by climate change. In the Victorian Alps, snow cover has diminished by about 50% since the 1960s and snow cover and volume is projected to decline significantly into the future. Climate related risks and opportunities and/or impacts are being incorporated into the MHARMB’s strategic planning in line with the 2020 Ministerial Direction and ARMB Act.

It is the role of the Board to ensure that management is effectively addressing key areas of climate change risk, and that risk management is effectively embedded into governance processes at an operational level. This will be done through examining climate change risks and opportunities during the annual strategic planning session.

The Finance Risk and Audit Committee (FRAC) as the Committee delegated to monitor risk, receive quarterly reports from management on major risks with a high mitigated risk rating and any material change to these risks once identified. They are also notified of new risks. This will be further enhanced to capture climate change risks, impacts and vulnerabilities on the built and natural environment.

Management formally reviews all risks twice a year and make recommendations to FRAC. Management is also notified of changes to risk profiles on a real-time basis.

MHARMB is currently reviewing where climate-related policies and plans may be required.

Climate-risk adaptation measures and investment strategies

MHARMB currently tracks climate risk and is actively working on managing the economic, social and environmental impact to the resort viability due to climate change. Measures being investigated include use of alternative energy sources, improved water recycling at the resort's Class A facility, and developing public/private partnerships to maintain the resort's sustainable environmental assets.

MHARMB will be assessing and implementing investment strategies as per the annual budget setting process, which will be reviewed in future.

Climate change risk scenario analysis

MHARMB commits to future scenario planning commencing in 2021.

Emissions reductions

MHARMB commits to improved measurement of energy use activity commencing 2021, to be followed by target setting.

Climate change metrics

In line with the 2020 Ministerial Direction and the Alpine Resorts Coordinating Council's directives, *Table 06: Climate change metrics* provides a baseline for MHARMB's reporting into the future in a consistent manner across all alpine resorts.

Table 06: Climate change metrics

THEME	METRIC	UNIT
Tourism - Winter	Declared snow season	62 days
	Visitor days	55,903 days
	Visitors	21,717
	Maximum natural snow depth and date	80cm, 24 August 2020
	Total accumulated snowfall	201cm
Tourism - Summer	Visitors	97,693 persons
Tourism - all season resort	Total annual visitors	153,596 persons
	All-season resort index (ratio of non-winter visitors to winter visitors)	2.74:1
Sustainability - Water	Potable water consumption:	
	a) Winter total potable water usage	17.2 ML
	b) Annual total potable water usage	43.9 ML
	c) Winter total potable water usage/visitor	N/A L/visitor days
	Recycled water produced	11.61 ML
Statutory Compliance	100%	
Sustainability - Energy	Renewable energy consumption by Board	0%
	Greenhouse Gas Emissions - by fuel type (carbon dioxide equivalence)	
	a) Electricity	834.35 CO ₂ -e tonnes
	b) LPG	184.95 CO ₂ -e tonnes
	c) Diesel	247.44 CO ₂ -e tonnes
	d) Unleaded Petrol	18.50 CO ₂ -e tonnes
Total	1285.24 CO₂-e tonnes	
Sustainability - Waste	Total solid waste tonnage	53 Tonnes
	Solid waste disposed to landfill	
	a) Annual tonnage	53
	b) Winter tonnage	35
	c) Winter kilograms/visitor days	0.62
Waste diverted from landfill %	66%	
+ Recyclables		
+ Organics		

COMMONWEALTH PRIVACY ACT 1988

The MHARMB is committed to providing quality service. As such, its privacy policy outlines the organisation’s ongoing obligations in respect of how it manages personal information and sensitive information.

The MHARMB has adopted the Australian Privacy Principles (APPs) contained in the *Commonwealth Privacy Act 1988*, and *Privacy Amendment (Enhancing Privacy Protection) Act 2012* and is subject to the *Victorian Privacy and Data Protection Act 2014*. The APPs govern the way in which it can collect, use, disclose, store, secure and dispose of Personal Information.

A copy of the Australian Privacy Principles may be obtained from the website of The Office of the Australian Information Commissioner at oaic.gov.au.

COMPETITIVE NEUTRALITY POLICY

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

MHARMB is one of five alpine resort management Boards within Victoria. MHARMB has established its own pricing regime within the ceiling prescribed by the *Alpine Resort (Management) Regulations 2009*. The Board, as the independent delegated manager of the resort’s assets, purchases services and goods in line with Government Board Purchasing guidelines. MHARMB complies with the Government’s National Competition Policy.

FAIR TRADING ACT

The Fair Trading (Recreational Services) Regulations 2004 make it possible for suppliers of recreational services to obtain consent from customers to waive their rights under the Act, including their right to take legal action against the supplier if they die or are injured while using the services.

In compliance with these regulations, the MHARMB has installed warning signs at both resort entry gates to alert visitors that they are being asked to agree to waive their rights under the *Fair Trading Act 1999*.

LOCAL JOBS FIRST ACT 2003 (FORMERLY THE VICTORIAN INDUSTRY PARTICIPATION POLICY ACT 2003)

Strengthened in August 2018, the *Local Jobs First (LJF) Act 2003* amends the former *Victorian Industry Participation Policy Act 2003*. This Act was established to actively encourage greater local industry participation in major Victorian Government procurement contracts, projects and infrastructure, investment attraction and community facilities grants. The Victorian Industry Participation Policy (VIPPP) sits within the LJF Act, and the MHARMB implements policies to tenders over \$1 million as required for Regional Victoria.

During 2018, MHARMB commenced one outsourced work contract. Although the VIPPP was not required, the successful tenderer was a local business and local staff were employed on a seasonal basis. This contract was for the duration of three years. 2020 was the third and final year of the contract, however due to the impacts of COVID-19 and resort closure the contract was put on hold with the final year extended to cover the 2021 season.

In 2020, MHARMB commenced five outsourced work contracts under the Local Jobs First Policy, and tendered for one contract which will be awarded in 2021.

PUBLIC INTEREST DISCLOSURE ACT 2012

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body. MHARMB is a public body for the purposes of the PID Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body. ‘Improper or corrupt conduct’ involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. ‘Detrimental action’ is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about MHARMB or its board directors, officers or employees by contacting IBAC (details below). MHARMB is not able to receive public interest disclosures. MHARMB has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about MHARMB, its board members, officers or employees.

You can access MHARMB's procedures on its website at www.developmthotham.com.au

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

Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000

GPO Box 24234
Melbourne Victoria 3001
www.ibac.vic.gov.au
1300 735 135

DATA VIC ACCESS POLICY

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in a machine-readable format that will minimise access costs and maximise use and reuse. The MHARMB updated one data set available on the DataVic website in 2020.

FREEDOM OF INFORMATION

The MHARMB is considered to be a 'Government Agency' under the terms of the *Freedom of Information Act 1982*. Accordingly, it is required to comply with the procedures that have been prescribed under which members of the public may gain access to information held by agencies.

A decision to release information is made by either the principal officer or an authorised officer. There were no FOI requests in the reporting period. The principal officer for the resort is Bronwen Young, Visitor Services Director.

Requests under the FOI Act can be made to the principal officer. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material is time-consuming.

Principal Officer:

Bronwen Young
Visitor Services Director

PO Box 188, Bright 3741
Ph: 03 5759 3550
Email: info@mthotham.com.au

RELEVANT INFORMATION

The following is retained by the principal officer and is available to the relevant Minister, Members of Parliament and the public on request:

- + Statement declaring pecuniary interests completed by all relevant officers;
- + Details of publications produced and where available;
- + Details of changes in prices, fees, charges, rates and levies;
- + Details of any major external reviews;
- + Details of major research and development activities;
- + Details of major promotional public relations and marketing activities;
- + Details of assessments and measures undertaken to improve occupational health and safety of employees;
- + General statement on industrial relations and details of time lost through industrial accidents and disputes; and
- + Major committees sponsored, purposes of committees and achievements.
- + Details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement..

MOUNT HOTHAM ALPINE RESORT MANAGEMENT BOARD FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Maxine Morand, on behalf of the Responsible Body, certify that the Mount Hotham Alpine Resort Management Board has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Maxine Morand
Board Chair

Mount Hotham Alpine Resort Management Board
31 December 2020

Independent Auditor's Report

To the Board of the Mount Hotham Alpine Resort Management Board

Opinion	<p>I have audited the financial report of the Mount Hotham Alpine Resort Management Board (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Chairperson's, Accountable Officer's and Senior Manager Corporate Service's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<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 authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority'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>

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 authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority'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 authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
6 May 2021



Paul Martin
as delegate for the Auditor-General of Victoria

FINANCIAL

REPORT



Chair's, Accountable Officer's and Senior Manager Corporate Services' declaration.

The attached financial statements for the Mount Hotham Alpine Resort Management Board have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 31 December 2020 and financial position of the Mount Hotham Alpine Resort Management Board at 31 December 2020.

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

We authorise the attached financial statements for issue on 26 April 2021.



MAXINE MORAND
Chair



AMBER GARDNER
Chief Executive Officer



FIONA HAMMOND
Senior Manager Corporate Services

Comprehensive Operating Statement

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
CONTINUING OPERATIONS			
Income from transactions			
Site rent	2.2.1	271,125	1,284,272
Sale of goods and services	2.2.2	6,210,823	10,192,410
Other income	2.2.3	227,072	1,223,568
Grant income	2.2.4	853,758	433,472
Interest income	2.2.5	28,148	94,596
Total income from transactions	2.1	7,590,926	13,228,317
Expenses from transactions			
Employee expenses	3.1.1	4,046,559	4,539,285
Contracts, Materials & Services	3.2	1,588,268	3,326,010
Utilities & Telecommunications	3.2	452,328	610,996
Administration & Compliance	3.2	1,099,418	1,440,784
Marketing & Communications	3.2	267,001	429,216
Depreciation on property, plant & equipment	4.1.1	1,966,161	1,596,094
Depreciation on right of use assets	5.4	13,780	13,780
Interest expense	6.1.1	72,946	80,958
Other operating expenses	3.2	206,025	371,538
Total expenses from transactions		9,712,486	12,408,662
Net result from transactions		(2,121,560)	819,656
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(a)	8.1	(45,247)	26,476
Net gain/(loss) arising from revaluation of long service liability	8.1	54,491	(15,161)
Total other economic flows included in net result		9,244	11,315
Net result from continuing operations		(2,112,317)	830,971
Comprehensive result		(2,112,317)	830,971

The accompanying notes form part of these financial statements.

(a) 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.

Balance Sheet

AS AT 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
ASSETS			
Financial assets			
Cash and cash equivalents	6.2	3,778,600	5,222,118
Receivables	5.1	2,376,007	849,462
Total financial assets		6,154,607	6,071,580
Non-financial assets			
Inventories	5.3	118,629	134,671
Right-of-use assets	5.4	55,755	69,535
Investment property	4.2	70,000	70,000
Other non-financial assets	5.5	222,612	213,857
Property, plant & equipment	4.1	78,291,440	78,411,739
Total non-financial assets		78,758,436	78,899,802
TOTAL ASSETS		84,913,043	84,971,381
LIABILITIES			
Payables	5.2	3,840,562	1,604,100
Borrowings and lease liabilities	6.1	1,058,067	1,188,307
Employee related provisions	3.1.2	1,034,048	1,086,293
TOTAL LIABILITIES		5,932,677	3,878,700
NET ASSETS		78,980,366	81,092,682
EQUITY			
Accumulated surplus		8,041,510	10,153,826
Physical asset revaluation surplus	8.2	30,680,016	30,680,016
Contributed capital		40,258,840	40,258,840
NET WORTH		78,980,366	81,092,682

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Government		2,443,077	496,389
Receipts from customers and other entities		6,886,540	13,049,267
Interest received		28,148	94,596
Total receipts		9,357,765	13,640,251
Payments			
Payments to suppliers and employees		(8,237,493)	(10,765,816)
Net GST paid ^(a)		(469,496)	(19,663)
Interest paid on government loans	6.1.1	(70,452)	(78,468)
Total payments		(8,777,441)	(10,863,947)
Net cash (used in)/provided by operating activities	6.2.1	580,323	2,776,303
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash transferred out of Term Deposits		-	600,000
Payments for non-financial assets		(1,891,110)	(2,530,876)
Proceeds from sales of non-financial assets		-	45,478
Net cash (used in)/provided by investing activities		(1,891,110)	(1,885,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principle portion of lease liabilities		(13,478)	(13,439)
Repayment of borrowings from Treasury Corporation Victoria		(119,255)	(111,723)
Net cash (used in)/provided by financing activities		(132,733)	(125,162)
Net Increase/(Decrease) in cash held		(1,443,520)	765,743
Cash at the beginning of the financial year		5,222,119	4,456,375
Cash and cash equivalents at end of financial year	6.2	3,778,600	5,222,119

The accompanying notes form part of these financial statements.

(a) GST paid to the Australian Taxation Office is presented on a net basis.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Physical Asset Revaluation Surplus</i>	<i>Accumulated Surplus</i>	<i>Contribution by Owner</i>	<i>Total</i>
	\$	\$	\$	\$
Balance at 1 January 2019	30,680,016	9,322,272	40,258,840	80,261,128
Net result for the year	-	830,971	-	830,971
Other comprehensive income for the year	-	-	-	-
Adjustment to opening balance due to adoption of AASB 16	-	585	-	585
Balance at 31 December 2019	30,680,016	10,153,827	40,258,840	81,092,683
Net result for year	-	(2,112,317)	-	(2,112,317)
	-	-	-	-
Balance at 31 December 2020	30,680,016	8,041,510	40,258,840	78,980,366

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SECTION 1: ABOUT THIS REPORT

The Mount Hotham Alpine Resort Management Board (MHARMB or the Board) is constituted under the *Alpine Resorts (Management) Act 1997*.

The Board is deemed to be a Committee of Management under the *Crown Land (Reserves) Act 1978* acting on behalf of the Crown, and is subject to Ministerial directions and guidelines.

The Board's principal address is:

Mount Hotham Alpine Resort Management Board
28 Great Alpine Road
Hotham Heights VIC 3741

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

NOTE 1.1 BASIS OF PREPARATION

These financial statements are presented in Australian dollars, the functional and presentation currency of the MHARMB, and the historical cost convention has been used unless a different measurement basis is specifically disclosed in the note associated with any item measured on a different basis.

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

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

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

Judgements, estimates and assumptions are required to be made about financial information being presented. 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. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- + the allowance for expected credit losses (refer to Note 5.1);
- + the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 7.3);
- + employee benefit provisions (refer to Note 3.1.2) and
- + the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 4.1.1)

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

The financial statements cover MHARMB as an individual reporting entity and include all the controlled activities of the Board.

Amounts in the financial statements (including the notes) have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

NOTE 1.2 COMPLIANCE INFORMATION

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where appropriate, those 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 1.3
BUSHFIRE IMPACT**

During December 2019 and January 2020 there were significant bushfire events which impacted some Mount Hotham Alpine Resort stakeholders due to the closure of the Resort from 3 January 2020 to 17 January 2020, and the Great Alpine Road closure until 24 January 2020. This reduction in visitation added to the financial impact felt by COVID-19 of those stakeholders. The MHARMB experienced an increase in its transactional expenditure during this time as a result of assisting Emergency Services to protect assets within the Resort.

**NOTE 1.4
COVID-19 IMPACT**

In March 2020 the State Government declared a State of Emergency as a result of COVID-19 global health pandemic. This has had a significant impact on the operating and economic environment for the Board which has led to a number of restrictions that have impacted the ability of the MHARMB to trade.

The Resort opened on 6 June 2020 under a COVID Safe Plan including social distancing requirements, with no lifting operations, and accommodation was limited. Vail Resorts commenced lifting operations on 6 July 2020 and suspended operations on 9 July 2020. With Melbourne going into lock down from 5 August to 17 September 2020 and State borders closed, Vail confirmed cessation of all lift operations for the 2020 season. This resulted in the loss of revenue from rendering goods and services such as resort entry, gas and leasing. During this time all services, building infrastructure and utility requirements continued to be provided to permanent and seasonal residents of the Resort. The reduced season also impacted on lessee's ability to meet site rent, service charges, gas supply, and other charges and liabilities owed to the Board and other non-government suppliers.

During this period the MHARMB reduced its transactional expenditure wherever possible whilst maintaining essential services to assist in offsetting the loss in revenue. As a State Government owned entity the MHARMB is not eligible for JobKeeper subsidies but was required to keep full time, part time and designated casual staff employed as a result of the application of the Victoria Public Sector guidance for COVID-19 and as a requirement to receive ongoing financial support from the State Government.

The Board has worked closely with the State Government through the responsible minister and the Department of Environment Land, Water and Planning (DELWP) to maintain adequate financial support during these

periods of closure to the public, including the provision of regular and detailed cash flow forecasts. As a result, DELWP provided COVID-19 funding support of \$1,030,832 during 2020, with \$450,382 provided for January 2021 operations being deferred on the balance sheet as a contract liability. The responsible minister through DELWP has further committed to provide ongoing financial support for the MHARMB to meet its financial responsibilities, including the provision of a letter of financial support for the period until 30 April 2022.

There are account balances directly affected by the reduction of the 2020 Snow Season and other account balances affected by COVID-19 due to management's judgements and assumptions about the future and estimation uncertainty. The MHARMB has reviewed the underlying accounting policies and assumptions of all balance sheet and operating statement items in the preparation of these financial statements and has not made any adjustment to those balances or amounts as a result of COVID-19. Further disclosures to reflect the MHARMB's judgements, assumptions and consequential impact of COVID-19 can be found in:

- + Note 2.2 Income from transactions
- + Note 3.1 Employee Expenses
- + Note 3.2 Other operating expenses
- + Note 4.1 Total property, plant and equipment
- + Note 5.1 Receivables
- + Note 6.2 Cashflow information and balances

Due to the continuing nature of this event and the material uncertainty that exists it is not possible to quantify the full economic impact of COVID-19 on the operations of the MHARMB. The MHARMB has assessed its financial position in accordance with the impact of COVID-19 on Going Concern and related assessments as jointly published by the Australian Accounting Standards Board and the Auditing and Assurance Standards Board, and DELWP have committed to providing ongoing cash flow support to meet the MHARMB's current and future obligations as and when they fall due for a period up to 30 April 2022. On that basis it has been determined that the going concern assumption remains to be the appropriate basis for the preparation of the 2020 annual financial report.

While COVID-19 case numbers are low currently, cases may spike again and require restrictions of movement of the public and social distancing. Therefore, there is no guarantee that the 2021 snow season will not be affected by COVID-19.

**NOTE 1.5
SUBSEQUENT EVENTS**

The ARMBs were notified on Monday 22 March 2021 by the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change of the Victorian Government's intention to merge the four existing Alpine Resort Management Boards (ARMBs), Mount Hotham ARMB, Falls Creek ARMB, Mount Buller and Mount Stirling ARMB and the Southern ARMB, into a new statutory body corporate to be known as Alpine Resorts Victoria following a call for change from industry and sector stakeholders.

The Minister has made it clear that the Victorian Government remains committed to supporting on-mountain alpine businesses through a range of packages including the commercial tenancies rent relief scheme, tourism accommodation program, and business support fund. Support will also continue to be provided directly to ARMBs to ensure financial solvency during transition to the new arrangements.

Although the proposed reforms will not take effect until such time as the Victorian Parliament has enacted legislative amendments, the Minister has requested that the Department of Environment, Land, Water and Planning (DELWP) and ARMBs commence transition planning in consultation with resort and industry stakeholders, tourism bodies, Traditional Owners and local government to ensure the new arrangements are able to commence by 1 July 2022 or at an earlier time if possible.

While it is important this transition plan enables economies of scale and operational efficiencies, the Minister is committed to there being no reduction in the number of frontline operational roles across the resorts and that local regional communities continue to work closely with the new body and be engaged.

As part of the institutional reforms, the Alpine Resorts Coordinating Council (ARCC) will also be abolished with the strategic policy function presently undertaken by the ARCC will be undertaken by DELWP and other ARCC functions transitioning to the new Alpine Resorts Victoria.

SECTION 2: FUNDING DELIVERY OF OUR SERVICES

INTRODUCTION

MHARMB's overall objective is to provide a premier Alpine Resort visitor experience while also conserving and enhancing the Resort's environment through the optimal management of the Crown Asset.

To enable the MHARMB to fulfil its objective and provide the necessary infrastructure and services, it receives income from levies of site rent and service charges, gate entry and gas usage. Due to the impact of COVID (Note 1.4), COVID-19 Financial Support was provided by Department of Environment, Land, Water and Planning (DELWP) to support the Resort's operations.

STRUCTURE

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Income from transactions
- 2.3 Future site rent lease revenue

NOTE 2.1

SUMMARY OF INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

	Notes	2020 \$	2019 \$
Site rent	2.2.1	271,125	1,284,272
Sale of goods and services	2.2.2	6,210,823	10,192,410
Other Income	2.2.3	227,072	1,223,568
Grant revenue	2.2.4	853,758	433,472
Interest	2.2.5	28,148	94,596
Total income from transactions		7,590,926	13,228,317

NOTE 2.2

INCOME FROM TRANSACTIONS

Note 2.2.1 Site rental

	2020 \$	2019 \$
Site rent	271,125	1,284,272

Site rental is recognised under the terms and conditions of each lease and in accordance with the MHARMB's role as a Committee of Management of any Crown Land deemed to be permanently reserved under the *Crown Lands Reserve Act 1978*. Rental income from Crown leases is recognised on a straight line basis over the term of the relevant lease. Revenue is recognised per AASB 15: *Revenue from contracts with customers*.

In accordance with the *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licences) Regulations 2020*, Site rent relief was applied to qualifying Tenants and Sub-tenants for the period of 1 January 2020 to 31 December 2020, in accordance with the terms and conditions provided by the MHARMB.

Note 2.2.2 Sale of goods and services	2020	2019
	\$	\$
Service charges	4,931,539	4,799,964
Transport contribution	36,581	156,968
Gas trading operations	647,840	1,142,697
Gate entry	458,659	3,944,540
Horticultural supplies	136,205	148,240
Total sale of goods and services	6,210,823	10,192,410

All of the above revenue is accounted for under AASB 15 *Revenue from contracts with customers*.

Service Charge revenue is brought to account when a rate/tariff is levied or determined for service charges leviable under Section 13 of the *Alpine Resorts (Management) Act 1997*. The performance obligation is the provision of services over the billing period. Service charges are levied on a quarterly basis but the revenue is recognised on a monthly basis as the services have been provided.

Transport contribution is recognised as related performance obligations are met during the snow season.

Gate entry revenue (including from the sale of season permits) is recognised when received and when the entitlement is in the current financial year. Season permit receipts received for an entitlement to resort entry are recognised as income at the beginning of the snow season in the year that the pass relates to. Early Bird Season permits are treated as unearned revenue until the next snow season commences, there were no Early Bird Season permits sold for the 2021 snow season. MHARMB's performance obligations in relation to gate entry and season permits incorporates: ensuring access to the resort, snow clearing, provision of parking and transportation, snow patrol services and on mountain medical services during the declared snow season. These performance obligations are treated as satisfied at the beginning of the snow season upon opening day. Due to the cancellation of the 2020 snow season, refunds were allocated proportionately during the year.

Gas revenue is recognised as related performance obligations are met. Performance obligations are met as gas is provided to the end user.

Horticultural supply income is recognised as related performance obligations are met. Performance obligations are met when plants have been purchased at the Ovens based nursery.

Sale of goods and services in 2020 is lower than the prior year as a result of lower gas and gate entry sales during the reduced 2020 snow season due to impacts of COVID-19.

Note 2.2.3 Other income	2020	2019
	\$	\$
Infringement revenue ^(a)	-	422,553
Rental Income - Investment properties ^(b)	28,165	81,241
Service Charges - Infrastructure fee ^(c)	56,357	64,322
Marketing Revenue ^(d)	-	112,805
Property related Fees and charges ^(e)	5,914	26,849
Fee for service income ^(f)	3,683	162,343
Volunteer services income ^(g)	-	106,972
Sundry Income	132,953	246,483
Total Other Income	227,072	1,223,568

Other income in 2020 is lower than in the prior year as a direct result of COVID-19 due to the restrictions on lifting and visitor capacity, social distancing, travel restrictions and closure of the resort during the 2020 snow season.

- (a) Infringement notices are recognised as revenue when the penalty has been imposed. Infringements are issued to visitors who enter and stay in the resort during the declared snow season without paying an entry fee.
- (b) Rental Income from leasing of investment properties is recognised on a straight line basis over the lease term.
- (c) Service Charges - Infrastructure fee relates to capital ingoings which are costs recovered from new developments that require new connections of services. Obligations are met and revenue recognised once the services have been connected and paid for by MHARMB.
- (d) Marketing revenue relates to income received from website advertising of on-mountain businesses. Performance obligations are met and revenue recognised once the advertising is loaded onto the website.
- (e) Property related fees and charges - this income relates to consent fees, building act fees and business permit fees which are levied to resort building owners and businesses. Performance obligations are met and revenue recognised once the various permits and consents have been obtained.
- (f) Fee for service income relates to the sundry services provided by the MHARMB (Snow clearing, brushcutting, etc). Performance obligations are met and revenue recognised once the works have been undertaken.

Revenue from a, b, c, d, e, and f falls under AASB 15 *Revenue from contracts with customers* .

- (g) Volunteer services income is recognised for Volunteer Ski Patrol hours supplied during the snow season per AASB 1058. Ski Patrolling is a service provided as a compulsory requirement of operating the Alpine Resort during winter and the fair value of the services can be reliably determined. MHARMB recognises the dependence on these volunteer services and has disclosed the value of these services in the financial statements as income and expenditure.

Note 2.2.4 Grant income	2020	2019
<i>Income Recognised as income of not-for-profit entities (AASB 1058)</i>	\$	\$
Sustainability Victoria	-	50,000
Government tax rebates	11,408	25,445
Parks Victoria	24,747	62,853
DELWP	41,172	48,724
<i>Capital Funding Grants recognised as income of non-for-profit entities (AASB 1058)</i>		
North East Catchment Management Authority (NECMA)	156,000	178,180
<i>Income recognised as revenue from contract with customers (AASB 15)</i>		
Alpine Shire Council	1,000	5,850
DELWP – COVID-19 Financial Support	589,431	-
Murray PHN after hours funding	30,000	62,420
Total grant income	853,758	433,472

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when each performance obligation is satisfied per AASB 15. The performance obligations are varied based on the agreements. Each performance obligation is considered to ensure that the revenue recognition reflects the completion of performance obligations. Within grant agreements, there may be some performance obligations where performance obligations are met at a point in time and others where performance obligations are met over a period of time. Where performance obligations are met over time, generally the input methods, being either costs or time incurred, are deemed to be the most appropriate methods to reflect the transfer of benefit.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, are recognised in accordance with AASB 1058 when the MHARMB has an unconditional right to receive cash which usually coincides with receipt of cash.

Income from grants to construct the MHARMB's Whiskey Flat Alpine Recreation Facility Project and the Growing Mt Hotham - Alpine Gateway Project are recognised progressively as the asset is constructed in accordance with AASB 1058. This aligns with the MHARMB's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction progress as costs are incurred as the works are done.

Where revenue is received in advance of related obligations being met revenue is deferred on the balance sheet. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the MHARMB controls is recognised in accordance with AASB 1058 and recognised as deferred capital grant revenue.

COVID-19 Financial Support received from Government is recognised when performance obligations are met as per the Memorandum of Understanding. Performance obligations are met when funded expenditure is incurred. Funding received prior to the end of the year in relation to performance obligations yet to be met is deferred on the balance sheet as a contract liability.

Note 2.2.5 Interest income	2020	2019
Interest from financial assets not at fair value through profit and loss	\$	\$
Interest on bank deposits	25,269	88,973
Penalty Interest	2,879	5,622
Total interest income	28,148	94,596

Interest income includes interest received on bank and term deposits and penalty interest on overdue debtors. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period. Interest income in 2020 is lower than in the prior year due to the reduction of cash reserves due to the impacts of COVID-19 on income generation.

Where necessary interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2020 the Penalty Interest Rate was 10% (2019 10%).

In accordance with the *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licences) Regulations 2020*, interest has not been applied on outstanding tenants debts from 27/4/2020 and will be reviewed on expiry of the existing Omnibus.

NOTE 2.3 FUTURE SITE RENT LEASE REVENUE

Crown Land is recorded in the accounts of the MHARMB at the Valuer-General's valuation. Commitments for future rental revenue in relation to the leased sites under Section 38 of the *Alpine Resorts (Management) Act 1997* are disclosed at their nominal value and exclusive of GST receivable. The leases cover periods up to 75 years and represent 87 managed Crown leases with site holders.

	2020	2019
	\$	\$
Non-cancellable operating lease receivables	1,244,077	1,218,177
Not longer than 5 years	5,087,325	5,121,264
Longer than 5 years	23,774,298	23,797,011
	30,105,700	30,136,452

SECTION 3: THE COST OF DELIVERING SERVICES

INTRODUCTION

This section provides an account of the expenses incurred by the MHARMB in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded. There has been a significant reduction in Resort Operations during 2020 due to the requirement to reduce non-essential operating expenditure as a result of COVID-19 (see Note 1.4).

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

STRUCTURE

- 3.1 Expenses incurred in delivery of services
- 3.2 Other operating expenses

NOTE 3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

	Notes	2020 \$	2019 \$
Employee benefit expenses	3.1.1	4,046,559	4,539,285
Other operating expenses	3.2	3,613,040	6,178,545
Total expenses incurred in delivery of services		7,659,599	10,717,830

Note 3.1.1 Employee benefit expenses	2020 \$	2019 \$
Salaries, wages and other on costs	3,664,526	4,179,181
Superannuation expense	315,472	360,104
Termination benefits	66,561	-
Total employee expenses	4,046,559	4,539,285

These expenses include all forms of consideration related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. For the 2020 year, it includes payments made under the Industrial Relations Salary Maintenance Framework implemented due to COVID-19.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation consists of employer contributions for members of both defined benefit and defined contribution plans that are paid or payable during the reporting period. Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

Note 3.1.2 Employee benefit provisions

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

	2020	2019
	\$	\$
<i>Current provisions:</i>		
Annual leave		
Unconditional and expected to be settled within 12 months	203,456	232,189
Unconditional and expected to be settled after 12 months	35,679	20,230
Long service leave		
Unconditional and expected to be settled within 12 months	45,768	65,393
Unconditional and expected to be settled after 12 months	550,430	511,815
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	74,678	84,355
Unconditional and expected to be settled after 12 months	84,704	78,488
Total current provisions for employee benefits	994,715	992,470
<i>Non-current provisions:</i>		
Employee Benefits	34,744	82,262
On-costs	4,589	11,561
Total non-current provisions for employee benefits	39,333	93,823
Total Provisions for employee benefits	1,034,048	1,086,293
<i>Reconciliation of movement in on-costs provisions</i>		
Opening balance	92,679	170,208
Additional provisions recognised / (reduced)	71,292	(77,530)
Closing balance	163,972	92,679
Current	159,382	81,118
Non-current	4,589	11,561

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs), are all recognised in the provision for employee benefits as 'current liabilities', because the MHARMB 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 MHARMB expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

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

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

Long service leave: Liability for 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 MHARMB does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- + Undiscounted value if the MHARMB expects to wholly settle within 12 months; and
- + Present value if the MHARMB 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 in the 'net result from transactions', 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'.

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

Note 3.1.3 Superannuation contributions

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the MHARMB.

There were no unfunded liabilities in regard to the MHARMB's membership of defined benefit superannuation schemes. The MHARMB has no responsibility for an unfunded superannuation liability in respect to the defined benefit plans listed below. The MHARMB does not recognise a defined benefit liability in respect to any of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items.

	<i>Paid Contribution for the Year</i>		<i>Contribution Outstanding at Year End</i>	
	2020 \$	2019 \$	2020 \$	2019 \$
Defined benefit plan^(a)				
GSO	12,284	11,925	979	1,578
Defined contribution plans				
Aust Super	43,358	42,660	5,881	5,795
Vic Super	123,391	136,780	13,988	14,540
Other	132,935	162,373	15,209	22,678
Total	311,968	353,738	36,057	44,591

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

NOTE 3.2
EXPENSES FROM TRANSACTIONS OTHER THAN EMPLOYEE BENEFITS

	2020	2019
	\$	\$
Contract payments, materials and services		
Contractors	458,447	1,421,822
Consultants	207,617	166,001
Consumables (Cost of goods sold and general)	364,491	736,008
Maintenance & Materials	382,475	763,401
Other contract payments, materials and services	175,238	238,778
Total contract payments, materials and services	1,588,268	3,326,010
Administration and compliance		
Insurance	272,751	274,566
ARCC Contributions	290,556	285,933
Legal	106,761	212,334
Other administration and compliance costs	429,349	667,952
Total administration and compliance	1,099,418	1,440,784
Total utilities and telecommunications	452,328	610,996
Total marketing and communications	267,001	429,216
Volunteer Services Cost	-	106,972
Other Operating Expenses	206,025	264,566
Total Other Operating Expenses	206,025	371,538

Contract payments, materials and services relate to the costs incurred with delivering services and maintaining the infrastructure of the resort, including intra-village bus service, cleaning, hard & recyclable waste. The costs are recognised either when the goods or service have been received, or in the terms agreed to in the contracts. Contract payments, materials and services in 2020 are lower than in the prior year due to the requirement to reduce non-essential operating expenditure as a result of COVID-19.

Administration and Compliance are the costs associated with compliance to the Ministerial Directions, for example ARCC contributions, insurance, and other expenses related to consumables. These costs are recognised when the goods or service are received, or in the terms stated in the agreements

Utilities and telecommunications are those costs related to electricity and gas supply to assets owned by the MHARMB and public buildings, and the telecommunications required for operation of services provided by the MHARMB.

Marketing and communications costs relate to the promotion associated with growing and supporting visitation, including the snow and green season. These expense items are recognised when the goods and services are received, or in the terms stated in the agreements.

Volunteer ski patrol services were not required during the 2020 season due to COVID restrictions and Resort closure.

Other operating expenses includes miscellaneous items associated with general operations including the additional expenditure directly related to COVID operations for 2020 e.g. Resort entry platform upgrades for contract tracing capacity, additional cleaning, COVID testing and emergency accommodation facilities, traffic management, and personal protective equipment. These costs are recognised when the goods or service have been received.

SECTION 4: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

INTRODUCTION

The MHARMB controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities.

STRUCTURE

- 4.1 Total property, plant and equipment
- 4.2 Investment properties
- 4.3 Investments and other financial assets

NOTE 4.1

TOTAL PROPERTY, PLANT AND EQUIPMENT

	Gross carrying amount		Accumulated depreciation		Total	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Land - leased	28,111,208	28,111,208	-	-	28,111,208	28,111,208
Land - non-leased	2,752,000	2,752,000	-	-	2,752,000	2,752,000
Buildings at fair value	7,575,761	7,575,761	(986,602)	(743,217)	6,589,159	6,832,544
Village and Community Infrastructure at fair value	5,670,327	5,345,234	(827,837)	(632,649)	4,842,491	4,712,585
Roads and Carparks at fair value	8,334,838	7,705,624	(351,966)	(255,337)	7,982,871	7,450,287
Water at fair value	15,910,820	15,910,820	(1,843,996)	(1,103,834)	14,066,823	14,806,986
Sewerage at fair value	9,327,303	8,928,002	(1,167,299)	(872,719)	8,160,004	8,055,283
Gas at fair value	2,156,800	2,156,800	(297,590)	(223,281)	1,859,210	1,933,519
Plant, Equipment & Motor Vehicles at fair value	4,835,137	4,561,382	(3,664,837)	(3,371,232)	1,170,299	1,190,148
Capital Works in Progress at cost	2,757,373	2,567,179	-	-	2,757,373	2,567,179
Total	87,431,566	85,614,008	(9,140,126)	(7,202,269)	78,291,440	78,411,739

Initial recognition: Items with a cost or value in excess of \$2,000 and a useful life to the MHARMB of more than one year are capitalised. All other assets acquired are expensed.

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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.

Subsequent measurement: Property, plant and equipment is 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).

Valuation of Property, Plant and Equipment: Non financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

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

Given the nature of the MHARMB's property, plant and equipment and the purposes for which they are used, the MHARMB does not consider there is any impairment to the carrying value of these assets as a result of COVID-19.

Net revaluation decrease is recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease, recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

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

Sale of Property, Plant and Equipment: Any gain or loss on the disposal of non financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 7.3.1 *Fair Value Determination*.

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

Note 4.1.1 Depreciation and impairment charge on Property, Plant, Infrastructure and Equipment for the year	2020 \$	2019 \$
Buildings	243,385	242,936
Infrastructure	1,429,172	1,023,376
Plant, equipment and motor vehicles	293,605	329,782
Total Depreciation on Property, Plant, Infrastructure and Equipment	1,966,161	1,596,094

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding assets held for sale and land) that have finite useful lives are depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be, capable of operating in the manner intended by management.

An accelerated depreciation method has been applied to the MHARMB's Rising Main asset. This is due to the replacement works currently being undertaken on the existing asset and is estimated to be decommissioned by May 2021. The accelerated depreciation has been calculated by taking the written down value at 1 January 2020 and expected decommission date of 1 June 2021 and allocated on a straight line basis. This has resulted in an additional depreciation charge of \$361,860.

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. Depreciation rates currently applied to each class of asset are as follows:

Buildings	1.67% - 20%	Sewerage	1.25% - 5%
Community & Village Infrastructure	1.25% - 50%	Gas	2% - 6.67%
Roads & Car Parks	1.25% - 10%	Plant, Equipment & Motor Vehicles	5% - 50%
Water	1% - 30%		

The above rates have remained unchanged from the previous year, except where detailed above.

Land assets, which are considered to have an indefinite life, are not depreciated.

Note 4.1.2 Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current financial year are set out below.

	<i>Carrying amount at start of year</i>	<i>Additions</i>	<i>Disposals at Cost</i>	<i>Disposals Accumulated Depreciation</i>	<i>Depreciation Expense</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$
2020						
Land - leased	28,111,208	-	-	-	-	28,111,208
Land - non-leased	2,752,000	-	-	-	-	2,752,000
Buildings	6,832,544	-	-	-	(243,385)	6,589,159
Village and Community Infrastructure	4,712,585	398,645	(73,551)	28,304	(223,491)	4,842,492
Roads and carpark	7,450,287	629,214	-	-	(96,629)	7,982,871
Water	14,806,986	-	-	-	(740,163)	14,066,823
Sewerage	8,055,283	399,302	-	-	(294,580)	8,160,005
Gas	1,933,519	-	-	-	(74,309)	1,859,210
Plant, Equipment & Motor Vehicles	1,190,148	273,755	-	-	(293,605)	1,170,299
Capital Works in Progress	2,567,179	190,194	-	-	-	2,757,373
Total	78,411,739	1,891,109	(73,551)	28,304	(1,966,161)	78,291,440

	<i>Carrying amount at start of year</i>	<i>Additions</i>	<i>Disposals at Cost</i>	<i>Disposals Accumulated Depreciation</i>	<i>Depreciation Expense</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$
2019						
Land - leased	28,111,208	-	-	-	-	28,111,208
Land - non-leased	2,752,000	-	-	-	-	2,752,000
Buildings	6,908,789	166,691	-	-	(242,936)	6,832,544
Village and Community Infrastructure	4,645,889	278,654	-	-	(211,958)	4,712,585
Roads and carpark	7,214,182	318,631	-	-	(82,526)	7,450,287
Water	14,990,939	185,095	-	-	(369,048)	14,806,986
Sewerage	8,332,978	7,840	-	-	(285,535)	8,055,283
Gas	2,007,828	-	-	-	(74,309)	1,933,519
Plant, Equipment & Motor Vehicles	1,243,993	301,441	(149,580)	124,076	(329,782)	1,190,148
Capital Works in Progress	636,600	1,930,579	-	-	-	2,567,179
Total	76,844,406	3,188,931	(149,580)	124,076	(1,596,094)	78,411,739

NOTE 4.2
INVESTMENT PROPERTIES

	2020	2019
	\$	\$
Balance at beginning of financial year	70,000	70,000
Balance at end of financial year	70,000	70,000

Investment Property: Investment properties represent the MHARMB's interest in properties held to earn rentals and recorded as buildings in the asset register. Investment properties exclude properties held to meet service delivery objectives of the MHARMB. Rental income from the leasing of investment properties is recognised in the Comprehensive Operating Statement on a straight-line basis over the lease term.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the MHARMB.

Subsequent to initial recognition at cost, investment properties are revalued at fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties.

The investment property held by MHARMB was last valued in 2016 by the Valuer General Victoria (VGV) in 2016 with the fair value continuing to be the same as the cost. The next valuation of this investment property is due to be conducted in 2021.

SECTION 5: OTHER ASSETS AND LIABILITIES

INTRODUCTION

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

STRUCTURE

- 5.1 Receivables
- 5.2 Payables
- 5.3 Inventories
- 5.4 Right-of-use assets
- 5.5 Other non-financial assets provisions
- 5.6 Other Provisions

NOTE 5.1 RECEIVABLES

	2020	2019
Contractual	\$	\$
Trade debtors	2,303,950	586,207
Statutory		
GST input tax credit recoverable	-	108,715
Infringement debtors	249,996	360,495
Less Allowance for expected credit losses (infringement debtors)	(177,939)	(205,955)
Total receivables	2,376,007	849,462

Receivables consist of:

- + Contractual receivables, are classified as financial instruments and are categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. MHARMB 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 Board 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.

Debtors are carried at amounts due. Where necessary, interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2020 the Penalty Interest Rate was 10% (2019 10%). The carrying value of debtors approximates fair value.

Debtors experiencing financial hardship due to Covid-19 can make an application to the MHARMB and it is expected balances will be recovered via the implementation of repayment plans for terms up to 24 months. In the case of default will be recoverable under re-sale provisions contained within the head-lease.

The MHARMB's stated terms in respect of amounts receivable are payment in full within 30 days.

Allowance for expected credit losses and bad debts

The MHARMB has applied the simplified approach to measuring expected credit losses under AASB 9, which uses a lifetime expected loss allowance. The allowance for expected credit losses assessment made for infringement debtors requires a degree of estimation and judgement. Infringement debtors are based on the lifetime expected credit loss, grouped based on percentage of infringements expected to be withdrawn, percentage of infringements expected to be paid and the collectability of the infringements expected to be paid.

At the end of each reporting period, the MHARMB assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Credit loss allowance movements are classified as other economic flows in the net result. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable is reduced, and a bad debt expense for the write-off is recognised in the net result as a transaction.

The MHARMB has reviewed the carrying value of property receivables and has determined that there are no receivable impairments to bring to account. This has been determined on the basis that the terms and conditions of the MHARMB's financial hardship policy allow for repayment terms of up to 24 months are available to head leases as a result of COVID-19. Further default can be recoverable under re-sale provisions within the head-lease.

<i>Aging analysis of Trade Debtors</i>	Current \$	1-3 months \$	> 3 months \$	Total \$
31 December 2019				
Trade debtors	487,551	34,466	64,190	586,207
31 December 2020				
Trade debtors	1,483,687	95,366	724,897	2,303,950

<i>Allowance for expected credit loss analysis</i>	Current \$	1-3 months \$	> 3 months \$	Total \$
31 December 2019				
Expected loss rate (%)	0%	0%	57%	
Gross carrying amount of infringement debtors	-	-	360,495	360,495
Loss allowance	-	-	205,955	205,955
31 December 2020				
Expected loss rate (%)	0%	0%	71%	
Gross carrying amount of infringement debtors	-	-	249,996	249,996
Loss allowance^(a)	-	-	177,939	177,939

<i>Movement in Allowance for expected credit losses</i>	2020 \$	2019 \$
Balance at the beginning of the year	(205,955)	(249,569)
New provisions recognised	-	(60,807)
Amounts written off as uncollectible	28,016	104,421
Balance at the end of the year	(177,939)	(205,955)

Receivables are written off when there is not reasonable expectation of recovery.

Indicators of this include the failure of a debtor to engage in a repayment plan and no active enforcement activity.

**NOTE 5.2
PAYABLES**

	2020	2019
	\$	\$
Contractual		
Trade creditors	120,944	234,742
Accrued expenses	498,132	453,181
Contract liabilities	481,237	61,792
Deferred Capital Grant Revenue	2,580,000	-
Other payables	139,946	644,016
Statutory		
PAYG, FBT and GST liabilities payable	20,301	210,368
Total current payables	3,840,561	1,604,100

All trade and other creditors are non-interest bearing. The carrying amount of creditors approximates fair value.

Payables consist of:

- + Contractual payables are classified as financial instruments and measured as financial liabilities at amortised cost. Accounts payable represent liabilities for goods and services provided to the MHARMB prior to the end of the financial year that are unpaid, and arise when the RMB becomes obliged to make future payments in respect of the purchase of those goods and services.
- + Contractual Liabilities. Where revenue is received in advance of related obligations being met revenue is deferred on the balance sheet. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the Board controls is recognised in accordance with AASB 1058 and recognised as deferred capital grant revenue.
- + Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.
- + Trade Creditors have an average credit period of 30 days.

Note 5.2.1 Deferred Capital Grant Revenue	2020	2019
	\$	\$
Grant consideration for capital works recognised included in the deferred grant liability balance at the beginning of the year	-	-
Grant consideration for capital works received during the year	2,736,000	178,180
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(156,000)	(178,180)
Closing balance of deferred consideration received for capital works	2,580,000	-

Grant consideration was received from the Commonwealth Government to support the construction of the Whiskey Flat Alpine Recreation Facility Project and the Growing Mt Hotham - Alpine Gateway Project. Grant revenue is recognised progressively as the asset is constructed, since this is the time when the Board satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.2.4) As a result, the Board defers recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2.2 Contract Liabilities	2020	2019
	\$	\$
Opening balance brought forward	61,792	-
Grant consideration for sufficiently specific performance obligations received during the year	1,039,876	130,062
Grant revenue for sufficiently specific performance obligations recognised consistent with the performance obligations met during the year	(620,431)	(68,270)
	481,237	61,792

Contract liabilities include grant consideration received in advance from DELWP provided COVID-19 funding support. This revenue be brought to account during January 2021 for operational requirements as per the performance obligations. In addition, consideration was also received in advance for nursery plants to be delivered in February 2021 and will be recognised once the performance obligation has been met. The performance obligation will be met for these when the goods and services have been delivered.

Maturity analysis of contractual payables^(a)

	Carrying amount \$	Nominal amount \$	Maturity dates			
			Less than 1 month \$	1-3 months \$	3 months - 1 year \$	
2020						
Trade creditors	120,944	120,944	120,944	-	-	-
Accrued expenses	498,132	498,132	498,132	-	-	-
Other payables	139,946	139,946	139,946	-	-	-
Total	759,023	759,023	759,023	-	-	-
2019						
Trade creditors	234,742	234,742	234,742	-	-	-
Accrued expenses	453,181	453,181	453,181	-	-	-
Other payables	644,016	644,016	644,016	-	-	-
Total	1,331,940	1,331,940	1,331,940	-	-	-

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

NOTE 5.3 INVENTORIES

	2020	2019
	\$	\$
Current inventories		
Supplies and consumables:		
Fuel at cost	8,679	43,941
	8,679	43,941
Inventories held for sale:		
Gas at cost	57,221	54,781
Horticultural Plants at cost	52,729	35,949
	109,950	90,730
Total inventories	118,629	134,671

Inventories comprise goods for resale and goods for consumption in the ordinary course of operations. All inventories are valued at the lower of cost and net realisable value. The carrying amounts of any inventories held for distribution are expensed when distributed.

**NOTE 5.4
RIGHT-OF-USE ASSETS**

	2020	2019
	\$	\$
Gross Carrying Amount	83,315	83,315
Accumulated Depreciation	(27,560)	(13,780)
Right-of-use Assets Balance	55,755	69,535
<i>Depreciation on right-of-use assets (ROU)</i>		
Right-of-use asset - Dell Computers	5,619	5,619
Right-of-use asset - Fuji Xerox Printer	6,802	6,802
Right-of-use asset - Moritz Apartments	1,359	1,359
Total Depreciation on right-of-use assets	13,780	13,780

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

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

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

**NOTE 5.5
OTHER NON-FINANCIAL ASSETS**

	2020	2019
	\$	\$
Prepayments	222,612	213,857
Total current other non-financial assets	222,612	213,857

Prepayments. Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

SECTION 6: HOW WE FINANCED OUR OPERATIONS

INTRODUCTION

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

STRUCTURE

- 6.1 Borrowings and lease liabilities
- 6.2 Cash flow information and balances
- 6.3 Commitments for expenditure

NOTE 6.1 BORROWINGS AND LEASE LIABILITIES

	2020	2019
	\$	\$
Current		
Fixed interest loan from TCV ⁽ⁱ⁾	127,295	119,255
Lease liabilities ⁽ⁱⁱ⁾	7,551	2,211
Non-Current		
Fixed interest loan from TCV ⁽ⁱ⁾	869,976	997,271
Lease liabilities ⁽ⁱⁱ⁾	53,247	69,570
Total Borrowings	1,058,069	1,188,307

(i) Secured by the Treasurer in the form of Government guarantee

(ii) Secured by the assets leased

Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates			
			1-3 months	3 months - 1 year	1-5 years	5+ years
	\$	\$	\$	\$	\$	\$
2020						
Loans from TCV	997,271	997,271	31,049	96,245	777,370	92,606
Lease liabilities	60,797	60,797	2,806	4,744	1,992	51,254
Total	1,058,067	1,058,067	33,856	100,990	779,362	143,860
2019						
Loans from TCV	1,116,526	1,116,526	29,088	90,167	563,022	434,249
Lease liabilities	71,781	71,781	2,735	8,260	9,375	51,411
Total	1,188,307	1,188,307	31,823	98,427	572,397	485,660

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria and lease liabilities. Borrowings are classified as financial instruments.

Fixed interest TCV loans: are initially recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Lease liabilities: The MHARMB leases various items of office equipment and a property. The lease contracts terms are between three and seven years and property leases with a 37 year remaining lease term. These contracts do not allow MHARMB to purchase the facilities after the lease ends, but the lease can be renewed.

Lease Liability - initial measurement

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

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

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

Lease Liability - subsequent measurement

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

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

Short-Term Leases

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

Amounts recognised in the Comprehensive Operating Statement relating to leases

	2020	2019
	\$	\$
Interest expense on lease liabilities	2,494	2,490
Expenses relating to short term leases	5,720	114,421
Depreciation expense on lease liabilities	13,780	13,780
Total amount recognised in the statement of comprehensive income	21,994	130,691

Note 6.1.1 Interest on borrowings

Interest expense: Interest expense on loans and leases

	2020	2019
	\$	\$
Interest expense		
Interest on government loans	70,452	78,468
Interest on leases	2,494	2,490
Total interest expense	72,946	80,958

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on short-term and long-term borrowings and the interest component of lease repayments. It is recognised in the period in which it is incurred.

**NOTE 6.2
CASHFLOW INFORMATION AND BALANCES**

	2020	2019
	\$	\$
Current		
Cash and cash equivalents	3,778,600	5,222,118
Balance as per cash flow statement	3,778,600	5,222,118

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 three months 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.

Cash and cash equivalents in 2020 is lower than the prior year due to lower revenue generated and the impact of the lessee's ability to pay receivables as they fall due as a result of COVID-19's impact on the 2020 snow season.

Note 6.2.1 Reconciliation of net results for the period to cash flow from operating activities

	2020	2019
	\$	\$
Net Result for the reporting period	(2,112,317)	830,971
Non-Cash Movements		
Depreciation on PPE	1,966,161	1,596,094
Depreciation of ROU	13,780	13,780
Interest on Leases	2,494	2,490
Sale / Write down of Assets	-	(149,580)
Fair Value of assets and services received free of charge or for nominal consideration	-	(106,972)
(Gain) / loss on sale of disposal of non-current assets	45,247	(26,476)
Change in operating assets and liabilities		
Decrease / (increase) in receivables	(1,571,496)	349,017
Decrease / (increase) in inventories	16,042	11,837
Decrease / (increase) in prepayments	(8,755)	(24,249)
Increase / (decrease) in payables	2,236,461	48,141
Increase / (decrease) in accrued expenditure	44,951	123,492
Increase / (decrease) in employee entitlements	(52,245)	107,759
Net Cash Inflow from operating activities	580,324	2,776,304

**NOTE 6.3
COMMITMENTS FOR EXPENDITURE -
TOTAL COMMITMENTS PAYABLE**

	<i>Less than 1 year \$</i>	<i>1 - 5 years \$</i>	<i>5+ years \$</i>	<i>Total \$</i>
2020				
Operating commitments payable	1,437,550	119,169	-	1,556,719
Capital Commitments Payable	5,788,517	1,815,565	-	7,604,082
Total commitments (inclusive of GST)	7,226,067	1,934,734	-	9,160,801
Less GST recoverable				(844,496)
Total commitments (exclusive of GST)				8,316,305
2019				
Operating commitments payable	984,824	21,555	99,655	1,106,034
Total commitments (inclusive of GST)	984,824	21,555	99,655	1,106,034
Less GST recoverable				(100,549)
Balance as per cash flow statement				1,005,485

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

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

SECTION 7: RISK, CONTINGENCIES & VALUATION JUDGEMENTS

INTRODUCTION

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

Mount Hotham Alpine Resort Management Board's principal financial instruments comprise:

- + cash and deposits;
- + term deposits;
- + receivables;
- + payables;
- + loans from TCV; and
- + lease liabilities.

Interest rate risk exposure: The MHARMB's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

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 MHARMB's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

STRUCTURE

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

Categories of financial assets

The MHARMB has classified all financial assets as 'financial assets at amortised cost' under AASB 9. 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 MHARMB recognises the following assets in this category:

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

Categories of financial liabilities

The MHARMB has classified all financial liabilities as 'financial liabilities at amortised cost' under AASB 9. These liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

The MHARMB recognises the following liabilities in this category:

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

7.1.1 Financial instruments: Categorisation

	<i>Financial assets at amortised cost</i>	<i>Financial liabilities at amortised cost</i>	<i>Total</i>
2020	\$	\$	\$
Contractual financial assets			
Cash and deposits	3,778,600	-	3,778,600
Receivables ⁽ⁱ⁾	2,303,950	-	2,303,950
Total contractual financial assets	6,082,550	-	6,082,550
Contractual financial liabilities			
Accounts Payable ⁽ⁱ⁾	-	3,820,260	3,820,260
Fixed Rate Borrowings - TCV	-	997,271	997,271
Lease Liabilities	-	60,797	60,797
Total contractual financial liabilities	-	4,878,326	4,878,326
2019			
Contractual financial assets			
Cash and deposits	5,222,118	-	5,222,118
Receivables ⁽ⁱ⁾	586,207	-	586,207
Total contractual financial assets	5,808,326	-	5,808,326
Contractual financial liabilities			
Accounts Payable ⁽ⁱ⁾	-	1,393,732	1,393,732
Fixed Rate Borrowings - TCV	-	1,116,526	1,116,526
Lease Liabilities	-	71,781	71,781
Total contractual financial liabilities	-	2,582,039	2,582,039

(i) The total amount disclosed here excludes statutory amounts (e.g. amounts owing from Infringements, Victorian government and GST input tax credit recoverable, and taxes payable).

Note 7.1.2 Financial risk management objectives and policies


Credit quality of financial assets

2020	Financial institution (triple-A credit rating)	Government agencies (triple-A credit rating)	Other	Total
		\$	\$	\$
Financial assets				
Cash and deposits	3,778,600	-	-	3,778,600
Statutory receivables	-	1,050,000	1,253,950	2,303,950
Total financial assets	3,778,600	1,050,000	1,253,950	6,082,550

2019	Financial institution (triple-A credit rating)	Government agencies (triple-A credit rating)	Other	Total
		\$	\$	\$
Financial assets				
Cash and deposits	3,422,118	1,800,000	-	5,222,118
Statutory receivables	-	27,277	558,930	586,207
Total financial assets	3,422,118	1,827,277	558,930	5,808,325

Interest rate exposure of financial instruments

2020	Weighted average interest rate	Carrying amount	Fixed interest	Variable interest	Non- interest bearing
	%	\$	\$	\$	\$
Financial assets					
Cash and deposits	0.67%	3,778,600	2,050,000	-	1,728,600
Receivables and other receivables ⁽ⁱ⁾		2,303,950	-	-	2,303,950
		6,082,550	2,050,000	-	4,032,551
Financial liabilities					
Accounts Payable ⁽ⁱ⁾		3,820,260	-	-	3,820,260
Fixed Rate Borrowings - TCV	6.58%	997,271	997,271	-	-
Lease Liabilities		60,797	60,797	-	-
		4,878,328	1,058,068	-	3,820,260

2019	Weighted average interest rate	Carrying amount	Fixed interest	Variable interest	Non-interest bearing
	%	\$	\$	\$	\$
Financial assets					
Cash and deposits	1.67%	5,222,118	-	-	5,222,118
Receivables and other receivables ⁽ⁱ⁾		586,207	-	-	586,207
		5,808,326	-	-	5,808,326
Financial liabilities					
Accounts Payable ⁽ⁱ⁾		1,393,732	-	-	1,393,732
Fixed Rate Borrowings - TCV	6.58%	1,116,526	1,116,526	-	-
Lease Liabilities	3.08%	71,781	71,781	-	-
		2,582,039	1,188,307	-	1,393,732

(i) The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Infringements, Victorian government and GST input tax credit recoverable, and taxes payable).

Sensitivity disclosure analysis

The following table details the sensitivity to movements in interest rates based on a parallel shift of -1% and +1% from market rates at year end.

Interest rate risk sensitivity

Financial assets	Carrying amount	-1.0%	-1.0%	1.0%	1.0%
	\$	Net result	Equity	Net result	Equity
2020					
Cash exposed to variable interest rates and short term deposits	3,778,600	(37,786)	(37,786)	37,786	37,786
2019					
Cash exposed to variable interest rates and short term deposits	5,222,118	(52,221)	(52,221)	52,221	52,221

Market risk: The MHARMB's exposure to market risk is primarily through interest rate risk as detailed below.

Interest rate risk sensitivity: The MHARMB's exposure to interest rate risk is minimal, as exposure is limited to cash and deposit balances held. Taking into account past performance and future expectations, a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$37,786 (2019: \$52,221).

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

The MHARMB makes every attempt to communicate with site holders and infringement debtors regarding any overdue financial obligations. MHARMB policies are in place to ensure that sufficient communication is undertaken with site holders via various methods and communicated back to management in a timely manner. As discussed in Note 2.2.5, in accordance with the *COVID-19 Omnibus (Emergency Measures) (Commercial Leases and Licences) Regulations 2020*, interest has not been applied on outstanding tenants debts from 27/4/2020 and will be reviewed on expiry of the existing Omnibus.

In addition, the MHARMB does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. The MHARMB's policy is to only deal with banks with high credit ratings.

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

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.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the MHARMB's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Department's credit risk profile in 2020.

Refer to Note 5.1 for further details in respect to the MHARMB's calculation of expected credit losses in relation to receivables balances.

Liquidity risk: Liquidity risk arises when the MHARMB is unable to meet its financial obligations when they fall due. The MHARMB operates under the Government fair payments policy of settling financial obligations within 30 days. In the event of a dispute, the MHARMB makes payment within 30 days from the date of resolution. The MHARMB also continuously manages risk through monitoring future cashflows and planning deposit maturities to ensure an adequate holding of high quality liquid assets. In addition, the MHARMB only invests in highly liquid markets.

Due to the impact of Covid-19 (see Note 1.4) there has been a change in the creditor payment period to 14 days and also reliance on Government support to manage liquidity, given the depletion of cash reserves.

NOTE 7.2 CONTINGENT ASSETS & CONTINGENT LIABILITIES

There are no unquantifiable contingent liabilities. There are no contingent assets (2019 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 MHARMB.

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

The following assets and liabilities are carried at fair value:

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

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

Fair value hierarchy

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

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

Fair value Determination of financial assets and liabilities

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

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

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

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

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

7.3.1 Fair value determination: non-financial physical assets

Fair value measurement hierarchy	Carrying amount as at 31 Dec 2020	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$
2020			
Land at fair value			
Specialised land	30,863,208	-	30,863,208
Total of Land at fair value	30,863,208	-	30,863,208
Buildings at fair value			
Specialised buildings	6,589,159	-	6,589,159
Total of buildings at fair value	6,589,159	-	6,589,159
Village & Community Infrastructure at fair value			
Village & Community Infrastructure at fair value	4,842,492	-	4,842,492
Total of Village & Community Infrastructure at fair value	4,842,492	-	4,842,492
Roads & carparks at fair value			
Roads & carparks at fair value	7,982,871	-	7,982,871
Total of Roads & Carparks at fair value	7,982,871	-	7,982,871
Water Assets at fair value			
Headworks	2,898,000	-	2,898,000
Distribution works	1,080,787	-	1,080,787
Treatment	285,009	-	285,009
Water Storage	2,778,409	-	2,778,409
Water Reticulation	1,199,722	-	1,199,722
Drains	5,824,900	-	5,824,900
Total of Water Assets at fair value	14,066,826	-	14,066,826
Sewerage Assets at fair value			
WWTP	3,536,559	-	3,536,559
Sewer Pump wells	623,425	-	623,425
Sewer Reticulation	2,033,226	-	2,033,226
Ultrafiltration	1,966,792	-	1,966,792
Total of Sewerage Assets at fair value	8,160,002	-	8,160,002
Gas Assets at fair value			
Gas Storage	673,745	-	673,745
Gas Reticulation	1,148,340	-	1,148,340
Customer Supply	37,125	-	37,125
Total of Gas Assets at fair value	1,859,210	-	1,859,210
Plant, Equipment & Vehicles at fair value			
Vehicles	215,003	-	215,003
Plant & equipment	955,294	-	955,294
Total of Plant, Equipment & Vehicles at fair value	1,170,297	-	1,170,297

(i) Classified in accordance with the fair value hierarchy, see note 1 (b)
Assets under construction are excluded from the table above as they are measured at cost.

Fair value measurement hierarchy	Carrying amount as at 31 Dec 2019	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$
2019			
Land at fair value			
Specialised land	30,863,208	-	30,863,208
Total of Land at fair value	30,863,208	-	30,863,208
Buildings at fair value			
Specialised buildings	6,832,544	-	6,832,544
Total of buildings at fair value	6,832,544	-	6,832,544
Village & Community Infrastructure at fair value			
Village & Community Infrastructure at fair value	4,712,585	-	4,712,585
Total of Village & Community Infrastructure at fair value	4,712,585	-	4,712,585
Roads & carparks at fair value			
Roads & carparks at fair value	7,450,287	-	7,450,287
Total of Roads & Carparks at fair value	7,450,287	-	7,450,287
Water Assets at fair value			
Headworks	2,961,000	-	2,961,000
Distribution works	1,114,948	-	1,114,948
Treatment	306,622	-	306,622
Water Storage	2,867,943	-	2,867,943
Water Reticulation	1,658,227	-	1,658,227
Drains	5,898,247	-	5,898,247
Total of Water Assets at fair value	14,806,986	-	14,806,986
Sewerage Assets at fair value			
WWTP	3,500,813	-	3,500,813
Sewer Pump wells	543,051	-	543,051
Sewer Reticulation	1,925,337	-	1,925,337
Ultrafiltration	2,086,081	-	2,086,081
Total of Sewerage Assets at fair value	8,055,283	-	8,055,283
Gas Assets at fair value			
Gas Storage	697,002	-	697,002
Gas Reticulation	1,198,267	-	1,198,267
Customer Supply	38,250	-	38,250
Total of Gas Assets at fair value	1,933,519	-	1,933,519
Plant, Equipment & Vehicles at fair value			
Vehicles	310,692	-	310,692
Plant & equipment	879,454	-	879,454
Total of Plant, Equipment & Vehicles at fair value	1,190,146	-	1,190,146

(i) Classified in accordance with the fair value hierarchy, see note 8.3.1.
 Assets under construction are excluded from the table above as they are measured at cost.
 There have been no transfers between levels during the period.

Specialised land and specialised buildings

The market approach is used for owner occupied land and the present value (PV) of future cash flows is used for leased land. Specialised land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued as at 31 December 2016.

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 significant unobservable inputs in nature, specialised land are classified as Level 3 fair value measurements.

The Fair Value for the land under lease at the resort is based upon the individual site lease information. It is then assessed by determining a site value for each particular site and calculating the present value of the income stream (the site rental), combined with the reversion of the site, based on the remaining term of the lease. In other words, a valuer's discount rate is applied to the calculations of site rental and is based on the valuer's judgement of factors at the resort such as current conditions, expected activity and assessed risks. As there are significant unobservable inputs involved in lease valuation, leased land is classified as Level 3 fair value measurements.

Specialised buildings are valued using the depreciated replacement cost method. As depreciation adjustments are unobservable in nature, specialised buildings are classified as level 3 fair value measurements.

An independent valuation of the MHARMB's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 31 December 2016.

Village and community infrastructure, roads and car parks, water, sewerage and gas

All village & community infrastructure, roads & car parks, water, sewage & gas assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the roads and carparks, water, sewerage and gas infrastructure assets.

An independent valuation of the MHARMB's village and community infrastructure, roads and car parks was performed by HLB Mann Judd on behalf of the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2016.

Vehicles

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

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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 31 December 2020.

For all assets measured at fair value, the current use is considered the highest and best use. Management have deemed, as part of the Asset Management Accounting Framework, that there has been no material movement in values of asset classes to the year ended 31 December 2020.

Plant, Equipment & Vehicles
Reconciliation of Level 3 fair value movements

2020	<i>Opening balance</i>	<i>Purchases (sales)</i>	<i>Depreciation</i>	<i>Closing balance</i>
	\$	\$	\$	\$
Specialised land	30,863,208	-	-	30,863,208
Specialised buildings	6,832,544	-	(243,385)	6,589,159
Village and Community Infrastructure	4,712,587	353,398	(223,491)	4,842,494
Roads and car parks	7,450,287	629,214	(96,629)	7,982,871
Headworks	2,961,000	-	(63,000)	2,898,000
Distribution works	1,114,948	-	(34,161)	1,080,787
Treatment	306,622	-	(21,613)	285,009
Water Storage	2,867,943	-	(89,534)	2,778,409
Water Reticulation	1,658,229	-	(458,506)	1,199,722
Drains	5,898,247	-	(73,348)	5,824,900
WWTP	3,500,813	131,096	(95,351)	3,536,559
Sewer Pump wells	543,051	103,463	(23,089)	623,425
Sewer Reticulation	1,925,337	164,742	(56,853)	2,033,226
Ultrafiltration	2,086,080	-	(119,288)	1,966,792
Gas Storage	697,002	-	(23,257)	673,745
Gas Reticulation	1,198,267	-	(49,927)	1,148,340
Customer Supply	38,250	-	(1,125)	37,125
Plant, Equipment & Vehicles	1,190,046	273,756	(293,605)	1,170,197

Reconciliation of Level 3 fair value movements

2019	<i>Opening balance</i>	<i>Purchases (sales)</i>	<i>Depreciation</i>	<i>Closing balance</i>
	\$	\$	\$	\$
Specialised land	30,863,208	-	-	30,863,208
Specialised buildings	6,908,789	166,691	(242,936)	6,832,544
Village and Community Infrastructure	4,645,889	278,656	(211,958)	4,712,587
Roads and car parks	7,214,182	318,631	(82,526)	7,450,287
Headworks	3,024,000	-	(63,000)	2,961,000
Distribution works	1,149,109	-	(34,161)	1,114,948
Treatment	133,886	185,095	(12,359)	306,622
Water Storage	2,957,476	-	(89,534)	2,867,943
Water Reticulation	1,754,875	-	(96,647)	1,658,229
Drains	5,971,595	-	(73,348)	5,898,247
WWTP	3,595,071	-	(94,258)	3,500,813
Sewer Pump wells	562,711	-	(19,659)	543,051
Sewer Reticulation	1,977,896	-	(52,559)	1,925,337
Ultrafiltration	2,197,300	7,840	(119,059)	2,086,081
Gas Storage	720,259	-	(23,257)	697,002
Gas Reticulation	1,248,194	-	(49,927)	1,198,267
Customer Supply	39,375	-	(1,125)	38,250
Plant, Equipment & Vehicles	1,243,993	275,835	(329,782)	1,190,046

Description of significant unobservable inputs to Level 3 valuations

2019 & 2020	Valuation Technique	Significant unobservable inputs
Specialised land	Owner Occupied: Market Approach Leased Land: Income Approach Non-leased land: Market Approach	Extent & Impact of Restriction of Use Discount Rate Community service obligation (CSO)
Specialised buildings	Depreciated replacement cost	Replacement cost per square metre Useful life of specialised buildings
Village & Community Infrastructure	Depreciated replacement cost	Cost per unit Useful life of infrastructure
Roads & car parks	Depreciated replacement cost	Cost per unit Useful life of infrastructure
Headworks	Depreciated replacement cost	Cost per unit Useful life of headworks
Distribution works	Depreciated replacement cost	Cost per unit Useful life of distribution works
Treatment	Depreciated replacement cost	Cost per unit Useful life of treatment
Water Storage	Depreciated replacement cost	Cost per unit Useful life of water storage
Water Reticulation	Depreciated replacement cost	Cost per unit Useful life of water reticulation
Drains	Depreciated replacement cost	Cost per unit Useful life of drains
WWTP	Depreciated replacement cost	Cost per unit Useful life of WWTP
Sewer Pump wells	Depreciated replacement cost	Cost per unit Useful life of sewer pump wells
Sewer Reticulation	Depreciated replacement cost	Cost per unit Useful life of sewer reticulation
Ultrafiltration	Depreciated replacement cost	Cost per unit Useful life of ultrafiltration
Gas Storage	Depreciated replacement cost	Cost per unit Useful life of gas storage
Gas Reticulation	Depreciated replacement cost	Cost per unit Useful life of gas reticulation
Customer Supply	Depreciated replacement cost	Cost per unit Useful life of customer supply
Plant, Equipment & Vehicles	Depreciated replacement cost	Cost per unit Useful life of plant, equipment & vehicles

Investment properties

	2020	2019
	\$	\$
Balance at beginning of financial year	70,000	70,000
	70,000	70,000

Fair value measurement hierarchy for assets as at 31 December 2020	Carrying amount as at 31 Dec 2020	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$
Investment Property ⁽ⁱ⁾	70,000	-	70,000

(i) Classified in accordance with the fair value hierarchy, recognised value as at 31 December 2016 due to revaluation of buildings

SECTION 8: OTHER DISCLOSURES

INTRODUCTION

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

STRUCTURE

- 8.1 Other economic flows included in net result
- 8.2 Reserves
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related Parties
- 8.6 Remuneration of auditors
- 8.7 Australian Accounting Standards issued that are not yet effective

NOTE 8.1

OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

	2020	2019
<i>Net gain/(loss) on non-financial assets</i>	\$	\$
Net gain/(loss) on disposal of property plant and equipment	(45,247)	26,476
Total net gain/(loss) on non-financial assets	(45,247)	26,476
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability ^(a)	54,491	(15,161)
Total other gains/(losses) from other economic flows	9,244	11,315

(a) Revaluation gain/(loss) due to changes in bond rates.

NOTE 8.2

RESERVES

	2020	2019
<i>Physical Asset Revaluation Surplus:</i>	\$	\$
Balance at beginning of financial year	30,680,016	30,680,016
Revaluation increments/(decrements) ^(a)	-	-
Balance at end of financial year	30,680,016	30,680,016
Net Changes in reserve	-	-

(a) The physical assets revaluation surplus arises on the revaluation of land, infrastructure and buildings.

**NOTE 8.3
RESPONSIBLE PERSONS**

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the FMA, the following disclosures are made regarding responsible persons for the reporting period.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The relevant Minister's remuneration is reported separately in the financial statements of the Department of Environment, Land, Water and Planning.

Responsible Persons

The names of persons who were Responsible Persons during the financial year were:

Responsible Minister

Hon Liliana (Lily) D'Ambrosio, MP

Minister for Energy, Environment and Climate Change from May 2016 to 31 Dec 2020

Board (Key Management Personnel)

Michelle Croughan, *Board Member from 1 January 2020 to 31 December 2020.*

Susan Lebish, *Board Member from 1 January 2020 to 31 December 2020.*

Helen Moran, *Board Member from 1 January 2020 to 31 December 2020.*

Maxine Morand, *Board Member. Chair of the Board from 1 January 2020 to 31 December 2020.*

Anthea Packer, *Board Member from 1 January 2020 to 31 December 2020.*

Andrew Skewes, *Deputy Chair of the Board from 1 January 2020 to 31 December 2020.*

Peter Valerio, *Board Member from 1 January 2020 to 31 December 2020.*

Accountable Officer

Jon Hutchins

Chief Executive Officer and Accountable Officer from 1 January 2020 to 19 January 2020.

Fiona Hammond

Acting Chief Executive Officer 20 January 2020 to 2 February 2020.

Due to the acting nature, Fiona has not been included in the table below.

Amber Gardner

Chief Executive Officer and Accountable Officer from 3 February to 31 December 2020.

Remuneration of Responsible Persons

Remuneration received, or due and receivable by Responsible Persons in connection with the management of the MHARMB for the financial period ended 31 December 2020 was \$359,715 (2019: \$354,960).

REMUNERATION BANDS

	2020	2019
	\$	\$
\$0 - \$9,999	2	1
\$10,000 - \$19,999	5	6
\$20,000 - \$29,999	1	
\$250,000 - \$259,999	1	1
Total Responsible persons ^(a)	9	8
Total Remuneration	359,715	354,960

(a) 2020 includes an outgoing Chief Executive Officer

**NOTE 8.4
REMUNERATION OF EXECUTIVES**

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

Remuneration comprises employee benefits 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.

There were no retirement benefits paid by the MHARMB, in connection with, the retirement of Responsible Persons of the MHARMB during the financial year.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.3)	2020 \$	2019 \$
Short-term employee benefits	1,151,142	900,139
Post-employment benefits	85,739	83,044
Other long-term benefits	25,500	26,634
Termination benefits	66,561	
Total remuneration^(a)	1,328,942	1,009,817
Total number of executives	8	7
Total annualised employee equivalents^(b)	6	7

(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 8.3).

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

**NOTE 8.5
RELATED PARTIES**

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

Related parties of the MHARMB include:

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

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

Key management personnel (KMP) of Mt Hotham Alpine Resort Management Board include the Honourable Liliansa D'Ambrosio, MP Minister for Energy, Environment and Climate Change, the Board and the Accountable Officer.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The relevant Minister's remuneration is reported separately in the financial statements of the Department of Environment Land Water and Planning.

Transactions with Key Management Personnel and other related parties	2020 \$	2019 \$
Short-term employee benefits	326,820	334,533
Post-employment benefits	27,501	21,635
Other long-term benefits	5,394	5,954
Total remuneration ^(a)	359,715	362,122

(a) Some KMP's are also reported in the disclosure of remuneration of Executive officers (note 8.4).

Transactions with KMP and Other related Parties

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

Loans: At 31 December 2020 there were no loans in existence that have been made, guaranteed or secured by the MHARMB to a Responsible Person of the MHARMB or a related party of a Responsible Person (2019 - nil).

Commercial and property interests:

Jonathan Hutchins has an owner's interest in property at Moritz, Mount Hotham (Units 16 and 17).

Andrew Skewes is a Member and debenture holder of Anton Huette Mt Hotham.

Related party transactions:

All transactions are conducted on an arm's length commercial basis between the MHARMB and the organisations listed below. During the year, the MHARMB received/paid the following amounts:

Related party transactions: The following additional transactions have been entered into with related party entities:

Significant transactions with government related entities:	Revenue \$	Expenditure \$	Assets applicable to related parties \$	Liabilities applicable to related parties \$
Alpine Resorts Co-ordinating Council	-	290,556	-	-
Country Fire Authority	27,208	9,091	8,439	-
Department of Environment, Land, Water and Planning	660,139	16,265	-	450,382
Department of Health and Human Services	-	1,787	-	-
Department of Jobs Precincts and Regions	-	-	1,050,000	2,580,000
Falls Creek Alpine Resort Management Board	6,650	58,000	-	-
Mt Buller & Mt Stirling Alpine Resort Management Board	51,790	10,196	-	30,855
North East Management Catchment Authority	186,865	-	-	-
Tourism North East	-	146,650	-	-
Treasury Corporation Victoria	11,370	70,538	-	997,211
Vic Roads	-	29,940	-	-
Other transactions with related parties:				
Anton Huette (Hotham Heights) Inc.	371	-	13,599	-
Moritz Mt Hotham Pty Ltd	105,445	30,987	-	-
Total	1,049,838	664,010	1,072,038	4,058,448

**NOTE 8.6
REMUNERATION OF AUDITORS**

	2020	2019
	\$	\$
VAGO Audit of the financial statements	30,400	29,300
Internal Auditors	25,053	14,787
Total remuneration of auditors	55,453	44,087

**NOTE 8.7
AUSTRALIAN ACCOUNTING STANDARDS (AAS) ISSUED THAT ARE NOT YET EFFECTIVE**

The following Australian Accounting Standards become effective for reporting periods commencing after the operative dates stated:

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but not effective for 2020, which may result in potential impacts on public sector reporting for future reporting periods.

Issued but not yet effective Australian accounting and reporting pronouncements

Particular new AAS have been published that are not mandatory for the 31 December 2020 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the MHARMB of their applicability and early adoption where applicable. The table below lists AAS applicable to the MHARMB that become effective for reporting periods commencing after the operative dates stated.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2023	The standard is not expected to have a significant impact on the public sector. The MHARMB is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

DISCLOSURE INDEX

Legislation	Requirement	Page reference
REPORT OF OPERATIONS		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	7
FRD 22H	Purpose, functions, powers and duties	7
FRD 22H	Key initiatives and projects	19, 21-23
FRD 22H	Nature and range of services provided	6
Management and structure		
FRD 22H	Organisational structure	7
Financial and other information		
FRD 10A	Disclosure index	96
FRD 12B	Disclosure of major contracts	15
FRD 15E	Executive officer disclosures	93
FRD 22H	Employment and conduct principles	38
FRD 22H	Occupational health and safety policy	38
FRD 22H	Summary of the financial results for the year	13
FRD 22H	Significant changes in financial position during the year	13
FRD 22H	Major changes or factors affecting performance	13
FRD 22H	Subsequent events	13
FRD 22H	Application and operation of the <i>Freedom of Information Act 1982</i>	45
FRD 22H	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	31
FRD 22H	Statement on National Competition Policy	44
FRD 22H	Application and operation of the <i>Protected Disclosures Act 2012</i>	44
FRD 22H	Details of consultancies over \$10,000	15
FRD 22H	Details of consultancies under \$10,000	15
FRD 22H	Disclosure of government advertising expenditure	15
FRD 22H	Disclosure of ICT expenditure	15
FRD 22H	Statement of availability of other information	45
FRD 25D	Local Jobs First	44
FRD 29C	Workforce Data disclosures	39
SD 5.2	Specific requirements under Standing Direction 5.2	53
MRO	DataVic Access Policy	45
MRO	Capital projects	32

DISCLOSURE INDEX CONT.

Legislation	Requirement	Page reference
REPORT OF OPERATIONS		
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	42
SD 5.2.3	Declaration in report of operations	45
FINANCIAL STATEMENTS		
Declaration		
SD 5.2.2	Declaration in financial statements	49
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	49
SD 5.2.1(a)	Compliance with Standing Directions	49
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD 12B	Disclosure of major contracts	15
FRD21C	Disclosures of Executive Officers	93
Legislation		
<i>Alpine Resorts (Management) Act 1997</i>		
<i>Freedom of Information Act 1982</i>		
<i>Building Act 1993</i>		
<i>Protected Disclosure Act 2012</i>		
<i>Local Jobs First Act 2003</i>		
<i>Financial Management Act 1994</i>		

**MOUNT HOTHAM ALPINE
RESORT MANAGEMENT BOARD**

PO Box 188
Bright Victoria 3741
Australia

T +61 3 5759 3550
F +61 3 5759 3693
info@mthotham.com.au
www.mthotham.com.au

HOTHAM
Mount Hotham Resort Management

