

ANNUAL REPORT 2021



Southern Alpine Resort Management Board

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Acknowledgement of Country

We acknowledge and respect the Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

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INTRODUCTION – ABOUT US

Our Business – a snap shot

Two of Victoria's alpine resorts are managed by the Southern Alpine Resort Management Board (the Board): Lake Mountain Alpine Resort (with winter activities including cross country skiing, snowboarding and Nordic lessons, and tobogganing); and Mount Baw Baw Alpine Resort (whose winter activities include downhill skiing, cross country skiing and snowboarding lessons and tobogganing).

Both located to the east of Melbourne; Lake Mountain is less than a two hour drive and is renowned for its cross-country ski trails and first-time snow experience (snow play and tobogganing), and Mount Baw Baw is around a two and a half hour drive, celebrated for its family-friendly focus and beginner downhill skiing, as well as first time snow experiences (snow play and tobogganing). They are the closest alpine resorts to the Melbourne population hub and are increasingly popular destinations for visitors of all kinds. The Board manages these resorts as important natural assets for Victoria and Australia.

The Board was formed in 2017 to manage more than 820 hectares of Crown land for purposes including "for the conservation of areas of natural interest or beauty or of scientific, historic or archaeological interest".

We acknowledge that the public land managed by the Board forms a part of the traditional lands of the Gunaikurnai (in relation to Mount Baw Baw) and the Taungurung and Wurundjeri people (in relation to Lake Mountain).

The Board uses revenue generated through the operation of the resorts to manage and maintain the assets, trails, roads, ski lifts, and ski runs and manage conservation activities including the support of Zoos Victoria in researching and understanding the Baw Baw Frog, the care of 2 indigenous alpine dingoes participating in the endangered species breeding program, and care and management of alpine peatlands and their associated flora and fauna.

Both Lake Mountain and Mount Baw Baw are known as places to have fun in the white season when snow is present, which is why the Board has continued to increase the capacity for man-made snow production. Both resorts guarantee a teaching area and a tobogganing area. Natural snow falls continue to drive peak visitation turning the resorts into stereotypical winter wonderlands, whilst the snow guarantees provide for certainty to schools and families making bookings.

This combined with the pursuit of excellent customer service, and an increasing array of activities for people to enjoy year-round has led to improved visitor experiences, which should in turn lead to an increase in base line visitation and move us towards financial sustainability. Until financial independence is reached, there is a reliance on government funding to cover shortfalls in essential operating expenditures.

We employ a diverse team all year-round and significantly increase our employee base during the white season, helping to offset other regional hospitality and tourism employers' quieter winter period.

The Board is committed to working with our community and volunteers to ensure that the resorts can continue to thrive and operate for the future generations of all Victorians and other visitors.

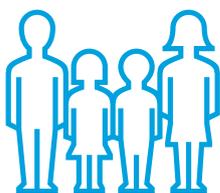


INTRODUCTION – ABOUT US

Our locations



Our visitors – 2021



Southern Alpine
Resort Management
Board 2021

173,628

**TOTAL VISITORS
TO RESORTS**



White Season
Visitation

MOUNT BAW BAW	LAKE MOUNTAIN
------------------	------------------

38,103	27,882
---------------	---------------

**VISITOR DAYS TO
RESORTS**



Green Season
Visitation

MOUNT BAW BAW	LAKE MOUNTAIN
------------------	------------------

40,678	66,965
---------------	---------------

**OUTDOOR NATURE-BASED
ACTIVITIES**

CHAIR'S FOREWORD

Southern Alpine Resort Management Board Annual Report 2021

In accordance with the *Financial Management Act 1994*, I am pleased to present Southern Alpine Resort Management Board Annual Report for the period 1 January 2021 to 31 December 2021.



Allan Bawden PSM
Chair

Southern Alpine Resort Management Board
30 May 2022

Strategic Direction

The Board has remained focused on the strategic direction set for the Lake Mountain and Mount Baw Baw alpine resorts in the 2030 Transition Plan released in 2017 to assist our resorts adapt to the impacts of climate change and to create a more sustainable future for the resorts. The Board also commenced the preparation of master plans for both resorts during the year. The Board has been engaging with the Department of Environment, Land, Water and Planning (DELWP), Alpine Resorts Co-ordinating Council (ARCC) and the other Alpine Resort Management Boards (ARMBs) on the alpine sector governance reforms announced in early 2021. These reforms are intended to amalgamate the existing four ARMBs into a single new entity, Alpine Resorts Victoria, which will assume responsibility for the governance and day to day management of all six alpine resorts in the State.

Visitation

Resort visitation continued to be impacted by the COVIDSafe Principles introduced by the State Government as a result of the COVID-19 pandemic. These Principles to varying degrees remained in force during the year which affected visitation to both resorts. White season visitation was heavily impacted by the pandemic and a number of extreme weather events which closed access roads. Green season visitation has been encouraging as visitors seek outdoor activities close to home and the resorts expand the available activity in resorts. Visitors are drawn primarily from the Melbourne metropolitan area and reflect the diversity

of the Victorian population. The addition of new activities such as the adaptive MTB trail at Lake Mountain reflect the Boards desire to offer more inclusive and accessible activities in the resorts.

Environment

The Board is the land manager for the Crown land comprising the Lake Mountain and Mount Baw Baw Alpine Resorts and is committed to the conservation and protection of the resort's natural values. The Board works closely with DELWP and Parks Victoria on a range of land management initiatives including feral animal, pest and weed control. The Board continues to maintain its natural resource and biodiversity research relationships with Zoos Victoria, Museums Victoria and Deakin University.

Traditional Owners

The Board values its relationship with traditional owner groups. At Lake Mountain the Taungurung Land and Waters Council conducted a cultural day in February which was well attended by visitors and members of the Taungurung community. A Taungurung welcome to country was also held to mark the opening of the white season in June. At Mt Baw Baw a Gunaikurnai welcome to country also marked the opening of the white season in that resort. Discussions have continued with the Taungurung Land and Waters Council and the Gunaikurnai Land and Waters Aboriginal Corporation around opportunities for the additional involvement of traditional owners in the operation and development of the resorts.

Stakeholders

The Board has maintained a close relationship with its primary stakeholders over the year, many of whom were substantially impacted by the COVIDSafe Principles. Board staff worked closely with DELWP staff and resort lessees to ensure adequate information and access to government assistance was available for business stakeholders. The Board also worked cooperatively with the northern alpine resorts to develop a consistent approach to matters such as COVID-19 safe procedures in resorts based on Department of Health advice and joint advocacy to government on stakeholder needs, particularly around business advice and support. Engagement with other stakeholders was maintained using remote communication means. The Board appreciates the financial support received from DELWP to enable the resorts to remain viable despite the loss of revenue resulting from the reduction in visitors as a result of COVIDSafe Principles.

CHAIR'S FOREWORD

Board and Committees

The Board is comprised of seven members who were reappointed by the Minister for the Environment for a further term from 1 April 2021. The Board comprises:

- Allan Bawden PSM, Chair
- Kerry Wilson, Deputy Chair
- Kerren Clark
- Randall Cohen
- Tony Thompson OAM
- Svetla Petkova
- Joanna Walker

I wish to acknowledge the contribution of Kerry Wilson as Chair of the Strategic and Environment Committee, Joanna Walker as Chair of the Audit and Risk Committee and Svetla Petkova as Chair of the Workplace Arrangements and Executive Remuneration Committee in leading the work of the Boards committees during the year. I acknowledge the support and advice provided to the Board by our CEO, Gail Conman and her senior management team. I also pay tribute to the commitment, dedication and adaptability of our staff and volunteers who kept our services and resorts operating to their potential despite the restrictions and uncertainty caused by the pandemic.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board



CHIEF EXECUTIVE OFFICER'S REPORT

Between some severe weather events; such as the flooding and high winds that occurred in June, the September 5.9 magnitude earthquake within 40km of Lake Mountain and Mount Baw Baw, where shocks and aftershocks were felt at both resorts, and, lower than historical average levels of natural snow falls, our visitation, operations and revenue were adversely impacted in 2021.

COVID-19 hit our visitation hard. The resorts were closed to the Victorian public for five weeks of the white season. For much of the balance of the white season Metropolitan Melbourne was under COVIDSafe Settings and unable to travel to the resorts. Since approximately 95% of our domestic visitors are from Metropolitan Melbourne, the visitor numbers were extremely low during white season. Borders were also closed to international travellers throughout the year. We operated under revised COVIDSafe Plans which were maintained and updated in line with the Victorian Chief Health Officer's directions and State Government's COVIDSafe Principles. Our land management and environmental protection responsibilities continued throughout the year despite the COVID-19 impacts, as did our partnerships with Zoos Victoria (Leadbetter possum habitat), Deakin University (climate change) and Museums Victoria (bioacoustics research).

Despite the COVID-19 impacts, our visitor numbers for the green season have rebounded and exceeded expectations, especially at Lake Mountain. Facilitating a significant uplift in green season visitation was the coalescing of our partnership with the charity Break The Boundary Inc, acting in combination with mountain bike trails being highlighted through television and print media. The Break The Boundary partnership will establish a Victorian accessibility hub at Lake Mountain, allowing us to focus work on inclusion and diversity within on mountain activity. Of special note, the Cascades trail which is a 28km hero trail from Lake Mountain's Summit to Marysville township completed in 2019, and the completion of an adaptive trail (in early 2021), have meant we are able to accommodate a range of abilities for mountain biking at Lake Mountain. Funding from Sports and Recreation Victoria to develop a pump trail at Lake Mountain and enhance trails at Mount Baw Baw, should further drive our attractiveness to the riding community.



CHIEF EXECUTIVE OFFICER'S REPORT

The Lake Mountain Visitor Centre opened in 2020, continues to succeed in easing the connection between resort and mountain bikers and road cyclists. Stocked with a fleet of bikes for hire, and with retail partners offering related clothing and equipment for sale, the numbers of people accessing information and service there has sharply risen this year, enhancing our visitor yield and encouraging more people to visit the resort.

At Mount Baw Baw, the Wastewater Treatment System replacement and upgrade project has commenced after receiving budget funding for the 2021-22 and 2022-23 financial year. As a part of the delivery of this project, it is anticipated that we will be in a position to provide some potable water on Lake Mountain, reducing plastic bottle waste. We have almost completed the permanent resolution of the potable water treatment at Mount Baw Baw which was delayed due to elongated lead time for equipment delivery due to COVID-19 impacts in other industries.

Working with colleagues in DELWP, we continue to participate in feral animal and pest control programs providing both data and physical support where required, whilst we endeavour to secure the indigenous flora and fauna for future generations. We have undertaken weed control and revegetation projects.

As always, this year's achievements would not have been possible without the passion, dedication and support of the Board, the management team, our staff, volunteers, leaseholders, communities, sponsors, providers, contactors, and key stakeholders.

I would like to give my personal thanks to them all for striving towards a future where the Southern Alpine Resorts and their pristine and unique natural Alpine environments are accessible and protected for the future. As we move towards consolidating with the other Alpine resorts under a new Alpine Resorts Victoria, I am immensely proud of the Southern Alpine team and all that we have to offer the new entity.



Gail Conman

Chief Executive Officer

Southern Alpine Resort Management Board



GOVERNANCE

Manner of establishment and the relevant Minister

The Southern Alpine Resort Management Board is established by the *Alpine Resorts Management Act 1997* ('the Act') s 34 (2). The Board is deemed to be the committee of management of all the Crown Land within the Lake Mountain Alpine Resort and Mount Baw Baw Alpine Resort ('the resorts') which is deemed to be permanently reserved under the *Crown Land (Reserves) Act 1978*.

The responsible Minister for the alpine resorts during the 2021 reporting period was:

- The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

Individual Board members are appointed by the responsible Minister. The functions and powers of the Board are outlined in the Act.

Purpose, Functions, Powers and Duties

The object of the Act is to make provision in respect of alpine resorts:

- for the development, promotion, management and use of the resorts on a sustainable basis and in a manner that is compatible with the alpine environment, having regard to environmental and ecological considerations (in particular, climate change) economic considerations, and cultural heritage considerations (in particular, Indigenous cultural heritage considerations)
- for the use of the resorts primarily for alpine recreation and tourism, in all seasons of the year and by persons from varied cultural and economic groups.

Section 38 of the Act specifies the functions of the Board:

- To plan for the development, promotion, management, and use of the alpine resort in accordance with the object of the Act
- To develop and promote or facilitate the development or promotion by others of the use of the alpine resort in accordance with the object of the Act
- To manage the 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 Alpine Resorts Co-ordinating Council
- To prepare and implement a Strategic Management Plan for the resorts
- To expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(1A) of the Act
- To manage the Crown land in Lake Mountain and Mount Baw Baw by acting as a *Committee of Management under the Crown Land (Reserves) Act*
- To contribute, together with Tourism Victoria and the Alpine Resorts Co-ordinating Council, to the overall promotion of alpine resorts
- To develop a tourism and marketing strategy and to promote the resorts
- To collect fees prescribed by the regulations for the resorts
- To attract investment for the improvement of the resorts
- To carry out any other function conferred on the Board by this or any other Act
- To perform its functions in an environmentally sound way.

GOVERNANCE

Governing Body

Members of the Southern Alpine Resort Management Board as at 31 December 2021, appointed from 1 January 2017, were:

Allan Bawden (Chair)
Kerry Wilson (Deputy Chair)
Tony Thompson
Kerren Clark
Randall Cohen
Svetla Petkova
Joanna Walker

Allan Bawden - Chair

Allan Bawden PSM is a CEO and non-executive director with extensive experience in the local government and not for profit sectors. His local government career spanned four decades involving senior executive appointments in some of Victoria's most dynamic regions including inner metropolitan Melbourne, the Latrobe Valley and the Bass Coast. He was the inaugural CEO of Bass Coast Shire Council following the state wide restructuring of local government in 1995 and held this position until 2014. He now divides his time between serving as a non-executive director, consulting to governing bodies on strategy and governance, pursuing his interest in primary production and mentoring young professionals. Allan is a board member of the Alpine Resorts Coordinating Council and the Gunaikurnai Traditional Owners Land Management Board. He holds an MBA (Melbourne University) and is a graduate of the Australian Institute of Company Directors. He was awarded the Public Service Medal in 2014 for outstanding public service to the Bass Coast and the Gippsland regions. He has been an active bushwalker, skier and snowboarder in the Victorian alps for many years.

Kerry Irwin - Deputy Chair

Kerry is a local government, community development and health promotion professional. She has led large scale, longer term, multi-dimensional and agency planning and policy across portfolios including: recreation, gender equity, environmental sustainability, engagement, health and wellbeing and active transport.

For more than 20 years Kerry has been involved in creating environments that foster access, inclusion and participation and loves all things about community and our great outdoors. She is an avowed traveller which has helped shape her appreciation of the impact the physical environment and public places have on our wellbeing which is central to her approach.

Kerry's policy and planning work and ability to successfully transfer this into on the ground services and infrastructure has an ongoing positive legacy and are the foundations for significant community and organisational outcomes. Her willingness to invest time, work hard, drive change, adapt and follow through on commitments and responsibilities has seen her work acknowledged at State and National levels.

Trekking to Mt Everest base camp, presenting at the Walk 21 conference in Toronto and her three adult children are life highlights.

Tony Thompson

Tony Thompson OAM has run his own businesses for over thirty years, mainly in hospitality. For the past 21 years, Tony has owned and operated Maryton Park Country Cottages. Tony was also a director of the Dandenong Ranges Banking Group (Bendigo Community Bank) for eighteen years. Other Board memberships include Chair of the Marysville & Triangle Community Foundation, Regional Development Australia and as a Board member of Lake Mountain Alpine Resort Management Board was Chairperson for three years. Since the 2009 Black Saturday fires, Tony has chaired the Community Recovery Committee, dealing with all matters regarding the region, tourism, economics, mental health and the overall recovery of the Marysville and Triangle area. Tony was awarded the Order of Australia Medal in 2020 for service to the community of Marysville and is now consulting for Emergency Management Victoria.

GOVERNANCE

Kerren Clark

Kerren is principal of Numbat Consulting, providing services in public relations, policy, strategy and governance. She specialises in government and stakeholder relations, particularly for complex projects requiring regulatory approvals. Her policy speciality is health and health research.

She was a community member of the Veterinary Practitioners Board of Victoria for four years, Victorian Board of the Medical Practitioners Board of Australia for seven years and of the Consultative Council for Human Research Ethics for five years. As a volunteer, she was a director of Flemington Financial Services, Doutta Galla Community Health, a member of the Swinburne University Human Research Ethics Committee and she chaired the West Centre Against Sexual Assault and the Australian Health Care Reform Alliance. She has a strong background in government and non-government Boards, community committees and community groups.

Kerren holds a bachelor of science and a graduate diploma of health and medical law. She is a graduate of the Australian Institute of Company Directors.

Randall Cohen

Randall has a wealth of professional experience in commercial and legal project work for the public sector, the private sector and at the interface between the public and private sectors. Over the past 15 years, Randall has assisted a broad array of Victorian Government Departments in delivery of major projects with emphasis on industry reform, infrastructure, energy and resources, dispute management and resolution, risk management and governance. Prior to that Randall worked as General Counsel and Regulatory Manager for APA GASNet Pty Ltd, as Corporate Solicitor for Alcoa of Australia Ltd, and as a solicitor with major law firm, Mallesons Stephen Jacques.

Svetla Petkova

Svetla and her family share their love for the mountains with all outdoor activities they have to offer. Over the past decade and a half she has worked as a senior manager in the planning, capital works and asset management departments of two regional water corporations, a Melbourne metropolitan water corporation and local governments in Queensland and Victoria.

Her engineering background and drive to improve on the status quo, combined with desire to work with staff, management, community and interested groups will assist her in contributing to the vision and strategy determining the future of the Southern Alpine Resort Management Board.

Joanna Walker

Joanna is an experienced CFO qualified as a chartered accountant who has a wealth of executive finance experience across retail, professional services and distribution enterprises. Additional current Board appointments include non-executive director of Countrywide. Prior Board appointments include Eastern Health and non-executive director Amcor Superannuation Fund and member of the investment committee which, during her leadership and involvement, resulted in improved governance of funds under management. She is highly commercial and is known for her tenacity to drive financial and operational excellence. Her governance and change management experience together with driving a high-performance team and culture within organisations undertaking transformation have been instrumental to her past achievements. She is passionate about skiing and making a difference to the future of both Lake Mountain and Mount Baw Baw Alpine Resorts and associated communities.

GOVERNANCE

Board committees

The Board has created the following committees which provide advice to the Board and have some delegated authorities. Meetings are held as scheduled on the Board calendar or at any other time on request of a committee member, or the Board. Attendance of committee members is detailed in the meetings attendance tables.

Membership and Roles

Audit and Risk Committee	Workplace Arrangements and Executive Remuneration Committee	Strategic and Environment Committee
<ul style="list-style-type: none"> • Joanna Walker (Chair) • Kerren Clark • Svetla Petkova • Tony Thompson 	<ul style="list-style-type: none"> • Svetla Petkova (Chair) • Allan Bawden • Kerry Wilson • Kerren Clark 	<ul style="list-style-type: none"> • Kerry Wilson (Chair) • Allan Bawden • Randall Cohen • Tony Thompson
To oversee and advise the Board on matters of accountability, internal control and financial management which affect the operation of the organisation and the resorts.	To assist the Board to develop and implement employment policies and monitor the performance of the executive team and ensure compliance to government public sector employment policy.	To assist the Board in development of the Master Plan and plans to implement the 2030 report and responding to climate change consistent with obligations under the <i>Climate Change Act 2017</i> .

Meeting Attendance

1 January to 31 December 2021

Total meetings	Board	Audit and Risk	Workplace Arrangements and Executive Remuneration	Strategic and Environment
	8	4	3	2
Allan Bawden (Chair)	8/8	-	3/3	2/2
Kerry Irwin	8/8	-	3/3	2/2
Tony Thompson	8/8	3/4	-	2/2
Kerren Clark	7/8	2/4	3/3	-
Randall Cohen	7/8	-	-	2/2
Svetla Petkova	8/8	4/4	3/3	-
Joanna Walker	6/8	4/4	-	-

GOVERNANCE

Charter and purpose

The Government's vision for alpine resorts in Victoria, as outlined in the *Alpine Resorts Strategic Plan 2020*, is:

The Victoria alpine resorts achieve their potential as thriving and sustainable destinations for mountain activities and nature-based tourism.

Vision for the resorts

Recognised as providing memorable, accessible, all-seasons alpine adventures.

Mission for management of the resorts

Building a dynamic, passionate, customer focused culture and pursuing relationships to adapt to climate change and deliver exciting all-seasons adventures.

Our values

The Board understands its role in pursuing the objectives as outlined in s1A of the Act, and it is these objectives, together with the public sector values (*Public Administration Act 2004, s7*) that guide the decision making and behaviour of Board members and those otherwise engaged in the management of the resorts.



Commit to safety



Conserve our natural environment



Create positive customer experience



Respect each other



Foster innovation



Work as a team

Principles to guide behaviours

The Board and its management team will ensure that Board members and employees are guided in behaviour by the values.

GOVERNANCE

Strategic objectives and goals

In collaboration with key Mount Baw Baw and Lake Mountain stakeholders, the Board has developed strategic objectives that will enable the resorts to transition towards 2030 and beyond. These objectives are:

- facilitate proactive adaptation to climate change
- build the sustainability of the financial position of the resorts
- maximise the economic and social benefits flowing from the alpine resorts to the surrounding communities
- integrate key stakeholder and community views.

Strategic goals

1. Enhance the resorts year round activation adapting to climate change

To deliver on factors such as:

- increasing visitor and staff diversity
- increasing green season activation through events and development of key services and activities
- increasing white season activation through improved visitor experiences;
- promoting the resort's family focus
- supporting visitation and employment for culturally and linguistically diverse (CALD) people, including indigenous peoples (ATSI)
- demonstrating value for the visitor economy spend
- providing physically and financially accessible resorts that encourage repeat visitation.

2. Generate a positive impact for the region and regional economy

To demonstrate and reinforce that the resorts are in partnership with the region's businesses and authorities, and that there is mutual benefit in our activities. This will in part be measured:

- directly by the Gross Regional Product and the annual Alpine Resorts Coordinating Council economic analysis
- visitor and staff diversity
- increasing the visitor economic impact
- indirectly measured through co-supported events and activities, cross promotion, partnerships development.

3. Create financially and environmentally sustainable resorts

To move towards financial sustainability by promoting the awareness of the resorts, measured through:

- reducing reliance on government subsidy
- annual reporting
- environmental sustainability
 - o reduction in waste per visitor levels
 - o success with habitat protection
 - o support from Zoos Victoria, Parks Victoria and Vic Forests.

GOVERNANCE

Nature and range of services provided

In order to fulfil its functions prescribed by the Act, the Board ensures that a number of services are provided at the resort including:

Utilities	Public access, safety & education	Corporate services & land management
<ul style="list-style-type: none"> • Electricity • Gas • Water supply • Wastewater and drainage • Waste management • Plant and vehicles • Snow making infrastructure 	<ul style="list-style-type: none"> • Ski patrol • Ski school • Ski lifting • Snow clearance • Equipment hire • Ticketing (lifts, activities, etc) • Trail grooming, construction, and maintenance • Tourism and education information • Events management and coordination • Guided and facilitated activities • Chain hire and chain fitting • Public infrastructure • Road Management • Car park development and maintenance • Traffic control and parking • Wild animal care and display • Accommodation and house keeping • Food and beverage 	<ul style="list-style-type: none"> • Emergency and Fire Management • Strategic, business and resort master planning • Administration • Land Management • Leaseholder management • Financial and Administrative Services • Environmental management • Risk management • Product development • Snow and weather reporting • Record keeping • Regulatory and legislative requirements • IT management and support • Business Continuity planning

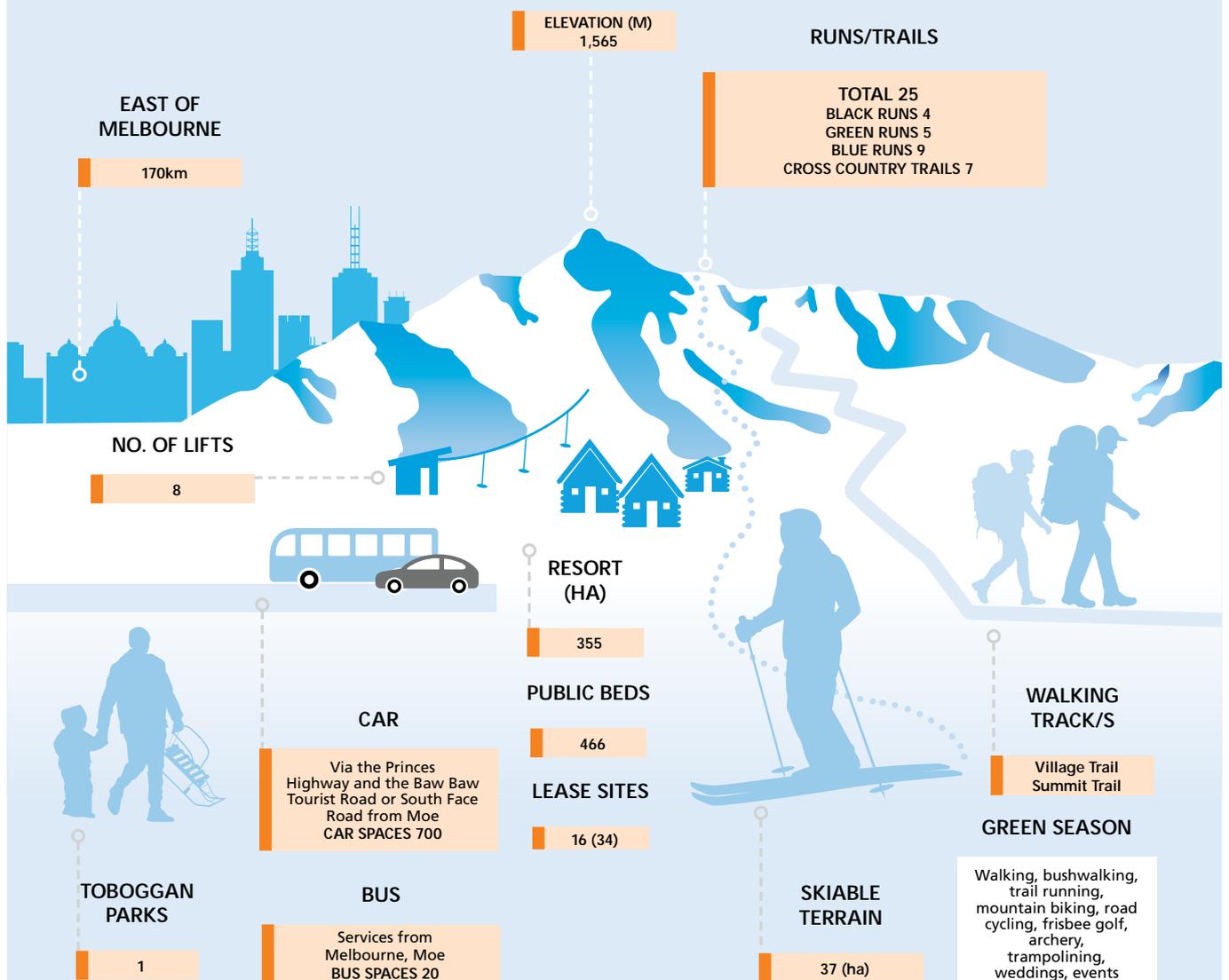




Our services



MT BAW BAW ALPINE RESORT





Our services



LAKE MOUNTAIN
ALPINE RESORT

EAST OF
MELBOURNE

120km

ELEVATION (M)
1,433

RUNS/TRAILS

TOTAL 11
CROSS COUNTRY TRAILS 11

NO. OF LIFTS

2

RESORT
(HA)

465

LEASE SITES

1

WALKING
TRACK/S

Lake Mountain
Summit Walk

CAR

Through the Yarra Valley
along Maroondah
Highway across the Black Spur
and turn off at Marysville
CAR SPACES 1050

BUS

Services from
Melbourne, Lilydale and
Marysville
BUS SPACES 40

TOBOGGAN
PARKS

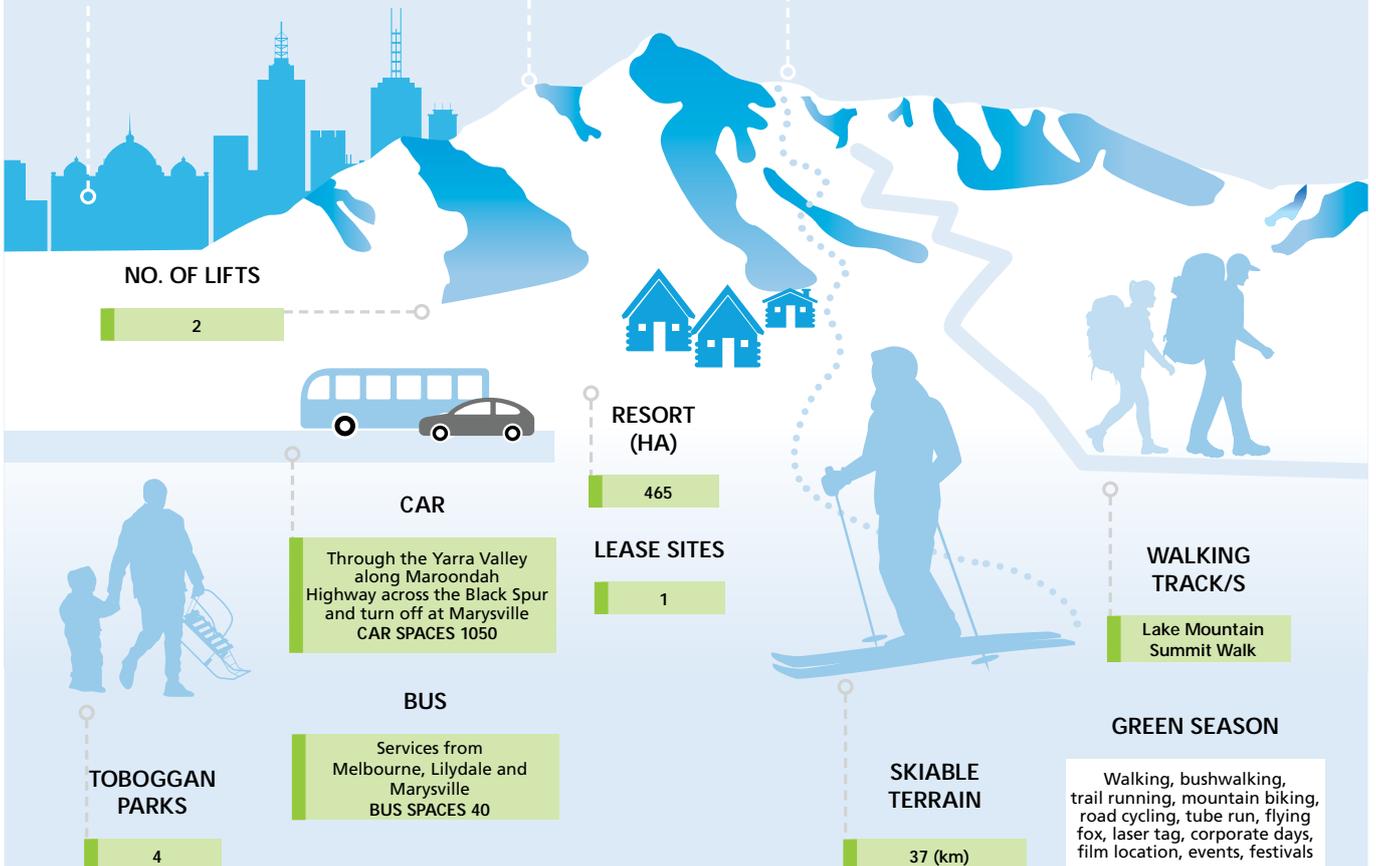
4

SKIABLE
TERRAIN

37 (km)

GREEN SEASON

Walking, bushwalking,
trail running, mountain biking,
road cycling, tube run, flying
fox, laser tag, corporate days,
film location, events, festivals



GOVERNANCE

Organisational Structure

The management model

Resort employees at Lake Mountain and Mount Baw Baw operated under the day to day direction of the General Manager, Lake Mountain and General Manager, Mount Baw Baw respectively. To take advantage of efficiencies of economies of scale of the management of the two resorts, several functions are managed centrally by General Manager, Corporate Services.

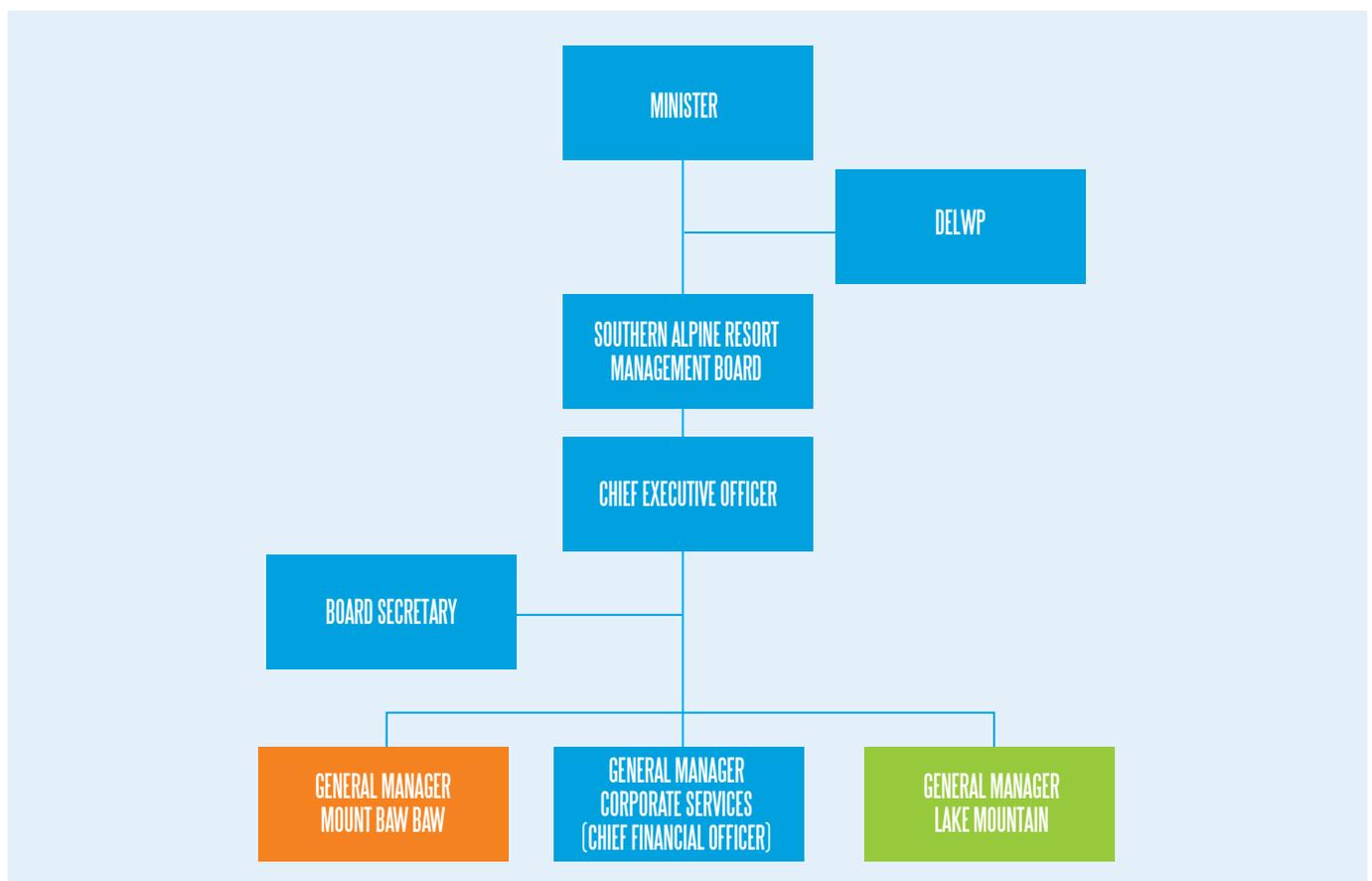
Staffing

The Board follows the employment and conduct principles set out in the Public Administration Act 2004 and Victorian Public Service merit and equity principles are applied in the appointment and management of staff. Most employees are employed under the terms of the Board's Enterprise Agreement. The applicable union is the Australian Workers Union.

The 2021 year saw the continuation of progress towards a high performing culture as the Board continues to review staffing structures.

The permanent full-time staff levels were increased to over forty staff year round with up to an additional twenty staff for green season casual support for events and one hundred and fifty white season staff utilised to service requirements. An increase in all year-round staff is part of a planned growth program expected in the green season offering and to improve the overall level of service with skilled employees.

Table 1: Board Organisational Chart



GOVERNANCE

Workforce data

The following data relates to active employees who were employed by the Board at the last full pay period in June of each year and discloses the headcount and full-time staff equivalent (FTE). Ongoing employees means people engaged on open-ended contracts of employment, and executives engaged on a standard executive contract who were active in the last full pay period in June. Excluded are those on leave without pay or absent on secondment, external contractors/consultants and temporary staff employed by employment agencies.

The workforce has been classified in accordance with the employment bands detailed in the Board's 2018 Employment Agreement. Senior managers who are employed under a contract have been classified as Managers and Executive Managers and are employed under the PEER policy.

Table 2: Workforce Data

	June 2020						June 2021							
	All Employees		Ongoing			Fixed Term and Casual		All Employees		Ongoing			Fixed Term and Casual	
	Number (Head-count)	FTE	F/T (Head-count)	P/T (Head-count)	FTE	Number (Head-count)	FTE	Number (Head-count)	FTE	F/T (Head-count)	P/T (Head-count)	FTE	Number (Head-count)	FTE
Gender														
Man	90	64.27	7	2	7.9	81	56.37	76	53.5	12	3	14	61	39.5
Woman	65	46.07	10	2	11.15	53	34.92	52	38.7	10	2	11	40	28
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Age														
15-24	43	27.27	5	1	5.47	37	21.8	35	22.5	2	2	3.5	31	18.9
25-34	61	41.21	5	0	5	56	36.21	51	35.6	10	1	10.8	40	24.8
35-44	16	13.70	3	0	3	13	10.7	12	11	3	1	3.8	8	7.2
45-54	17	14.16	1	1	1.68	15	12.48	14	11.3	2	1	2.7	11	8.6
55-64	12	9.6	2	0	2	10	7.8	12	9.7	3	1	3.3	8	6.4
65+	6	4.4	1	2	1.9	3	2.5	4	2.2	0	1	0.6	3	1.6
Classification														
Band 1	59	38.85	2	0	2	56	35.85	41	28.10	6	3	8.1	32	20
Band 2	57	34.52	7	3	7.37	47	28.15	52	31.90	4	2	5.20	46	26.70
Band 3	6	5.4	1	0	1	5	4.4	4	3.6	0	0	0	4	3.6
Band S	11	10.19	6	0	6	5	4.19	9	7.87	7	0	7	2	0.87
Managers	10	10	10	0	10	0	0	8	8	8	0	8	0	0
Executive Managers	5	5	5	0	5	0	0	6	5.4	4	2	5.4	0	0
Total	155	110.34	17	4	19.05	134	91.29	128	92.2	22	5	25	101	67.5

FTE - full-time equivalent

F/T - full time

P/T - part-time

GOVERNANCE

Workplace health and safety

The Board is responsible for providing a safe working and recreational environment, free from accidents and injuries, for all employees, contractors and visitors to the resorts. The Board is committed to ensuring that all people affected by its activities are protected from loss and from risks to safety, health, and wellbeing.

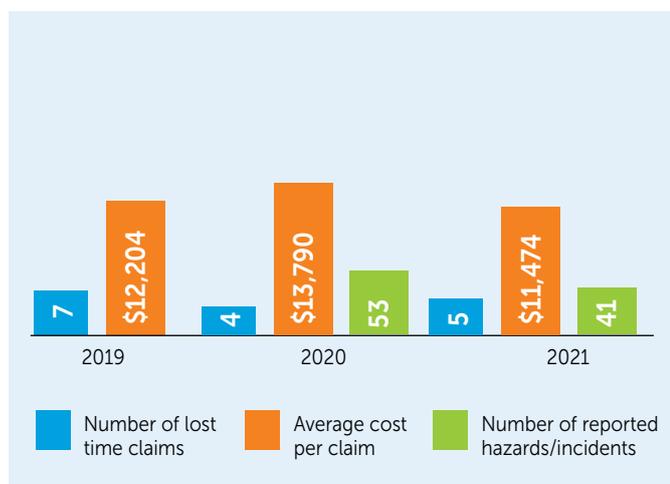
Reviews of workplace health and safety are conducted regularly, with no significant workplace health and safety issues identified that are yet to be addressed.

The Board has reviewed and adopted amendments to its workplace health and safety policies, and through its resorts management team conducts regular meetings of its Workplace Health and Safety Committee. Outcomes of these meetings are reported to the Board, via the Audit and Risk Committee.

Whilst general training is provided on workplace health and safety, specific training is provided where new equipment is provided for use by the resort operations staff.

The Board monitors monthly reports on workplace and public safety-related injuries. The number and nature of injuries and incidents are similar to those experienced in previous years.

Table 3 Lost Time Injury



Workforce inclusion policy

The Board is working towards creating a balanced working environment where equal opportunity and diversity are valued. As part of its workforce inclusion policy, the Board has developed and implemented an employment attraction strategy that recruits suitably skilled people from CALD backgrounds, with a disability and Aboriginal people. The target is to have an increasing diverse workforce year on year.

The following table outlines the Board’s actual progress against this target in 2020 and 2021.

Workforce inclusion policy initiative	Target	Actual progress in 2020	Actual progress in 2021
Develop and implement an employment attraction strategy that recruits suitably skilled people from a CALD background, with disability and Aboriginal people.	Increased diversity in workforce	Diversity improved year on year	Diversity improved year on year

YEAR IN REVIEW

Five year financial summary

Table 4 Summary of the Board's Financial Results

COMPREHENSIVE INCOME STATEMENT	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$
Income					
Operating	6,336,068	7,981,701	8,063,366	1,361,382	3,345,983
Government contributions	6,760,000	6,230,000	6,979,500	10,348,650	9,274,237
Non-operating revenue	429,122	635,212	496,947	199,648	539,765
Total Income	13,525,190	14,846,913	15,539,813	11,909,680	13,159,985
Expenses					
Operating	11,541,791	14,378,999	14,820,810	9,114,927	11,922,331
Depreciation	1,875,338	1,947,149	2,531,914	2,608,012	2,772,346
Total Expenses	13,417,129	16,326,148	17,352,724	11,722,939	14,694,677
Net result from transactions	108,061	(1,479,235)	(1,812,913)	186,741	(1,534,692)
Other economic flows	(3,497)	0	22,305	89,000	(813)
Net result	104,563	(1,479,235)	(1,790,606)	275,741	(1,534,692)
Balance Sheet					
Financial Assets	1,935,366	699,373	2,399,703	1,134,243	4,333,750
Non-Financial Assets	36,032,288	35,963,838	36,564,941	34,636,474	37,245,943
Total Assets	37,967,654	36,663,211	38,964,644	35,770,717	41,579,694
Total Liabilities	1,293,426	1,468,218	5,560,257	2,090,590	5,049,239
Equity	36,674,228	35,194,993	33,404,387	33,680,127	36,530,455

YEAR IN REVIEW

Current year financial review

In 2021, the Board relied on a letter of support issued by DELWP that provided financial support to meet its business critical expenses and ensure the ongoing operation of the resorts. The amount of operational funding provided to the Board by DELWP in the period ending 31 December 2021 was \$9.19 million compared to the amount of \$10.29 million received in 2020.

There was a formal revaluation of assets in 2021 conducted by the Valuer-General Victoria on behalf of the Board. This has resulted in an increase in the value of the Board's net assets by \$2.85 million. The net results from continuing operation for 2021 was a deficit of \$1.53 million after depreciation and amortisation. Although income from visitors, i.e. from gate entry fees and the sale of goods and services of \$2.61 million was higher than the \$0.85 million in 2020, it was still considerably lower than the income from visitors in 2019 of \$7.50 million. The net results in 2021 were again impacted by a limited snow season and the COVIDSafe Principles in place.

The major expenses for the year were employee costs of \$6.99 million, depreciation and amortisation of \$2.77 million and utilities expenses of \$1.75 million.

More detailed information is contained in the audited financial statements of this report.

Capital projects

The Board manages one capital project that does not exceed the \$10 million disclosure threshold nor has it been completed in the reporting period.

Subsequent events

The following events are considered events of material interest and are therefore being disclosed as subsequent events occurring after the reporting period and before authorisation of the financial statements.

The COVID-19 pandemic in 2022

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 Board. However, it is expected to have some impact on the operating and economic environment for the Board in 2022 which has led to a number of restrictions that have impacted the ability of the Board to trade.

Alpine Sector reform

The Alpine Resorts Co-ordinating Council and Alpine Resort Management Boards (ARMBs) were notified on 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 ARMBs into a new statutory body corporate to be known as Alpine Resorts Victoria.

Royal assent was given on 16 March 2022 enacting the legislative amendments, the new entity Alpine Resorts Victoria will commence from 1 October 2022.

Based on the details of the announcement and correspondence with the Department, management have concluded the going concern assumption in the accounting for assets and liabilities remains appropriate for the next 12 months. It is also anticipated that all assets and liabilities will be transferred to Alpine Resorts Victoria as the successor in law.

Management's assessment of the future merger is that it has no impact on the value of assets or liabilities disclosed in the statement of financial position as at 31 December 2021.

YEAR IN REVIEW

Key initiatives and projects

As COVIDSafe Principles led to reduced intrastate and interstate travel, and did not permit international visitors, the trail developments have bolstered and enhanced our green season visitation. With significant work by our staff, Lake Mountain was able to launch an adaptive trail on resort early in March 2021, further enhancing our relationship with Break the Boundary.

Break The Boundary advocates for accessibility and inclusion of people with physical and neurological disabilities in Mountain Biking (recreational and sports) and acts as a central hub for people seeking information about Adaptive Mountain Biking around Australia. In our partnership Lake Mountain will be the location for their Victorian hub, the first outside of Western Australia. The new trail adaptation was greeted with tremendous appreciation by the community. The accessible nature of the facilities and trails, and the supportiveness of our team has meant that the mountain is more available than ever to the Victorian community.

We continue to deliver the mountain bike upgrades as part of a Sports and Recreation Victoria grant of \$1.77million across the two resorts. Though designs were updated in 2020, the preliminary work needed before trails can be improved is taking longer than anticipated. Meetings with the Registered Aboriginal Parties (RAPs) are planned for early 2022. Whilst some areas of habitats of significance have been identified, these should fall outside our proposed construction footprint and are not anticipated to impact the delivery. Erosion assessments have commenced. These preliminary activities are required before the proposed changes can be submitted to planning for approval. It is expected that the works on trails will complete in the green season 2022-23.

Funding was granted for the replacement of the Wastewater treatment facility at Mount Baw Baw in the 2021 Victorian Government Budget. The funding was split as \$3m for the 2021-22 and \$1m in 2022-23. Planning and investigative work had commenced early in the 2021 calendar year. Consultants and specialists Mott MacDonald were contracted to deliver project management, project documentation and procurement process for this project. The project has two significant elements, civil work in the Mount Baw Baw Village replacing and repairing the pipe network and removing the septic systems, and, redesigning and replacing the wastewater treatment facility at the lower part of the Mount Baw Baw managed land. These two elements will go to tender in 2022.

It is hoped that a solution to the provision of potable water supply at Lake Mountain can also be part of this funded project.

The first half of 2021 was spent with a boil water advisory in place at Mount Baw Baw. Working with the Department of Health, our team was able to determine a solution to the potable water issue and with specialists Mott MacDonald's advice tender for a solution that will not only resolve the potable water supply treatment but will also create an education opportunity with the equipment built into a shipping-container with a transparent section to demonstrate the workings. The asset has been ordered and is due for delivery in April 2022.

The power solution for Mount Baw remains outstanding after several unsuccessful applications to cover the feasibility study necessary to establish the renewable opportunities. Instead, the team have introduced small trial projects to larger projects on mountain so evidence can begin to be collated, whilst we continue to pursue the feasibility study funds. Under contract, Downer are providing the operations and maintenance of the generation assets in the meantime.

Power generation at Lake Mountain reached a critical ebb in 2021, with several leased power generation assets reaching the end of their useful life. Analysis and preparatory work were completed in 2021, allowing the generation assets including photovoltaic arrays to be tendered in early 2022. It is expected that the project will complete installations in three parts, generators pre white season 2022, photovoltaic installation in green season 2022, and switchboard replacement in early 2023 (or sooner depending on lead time).

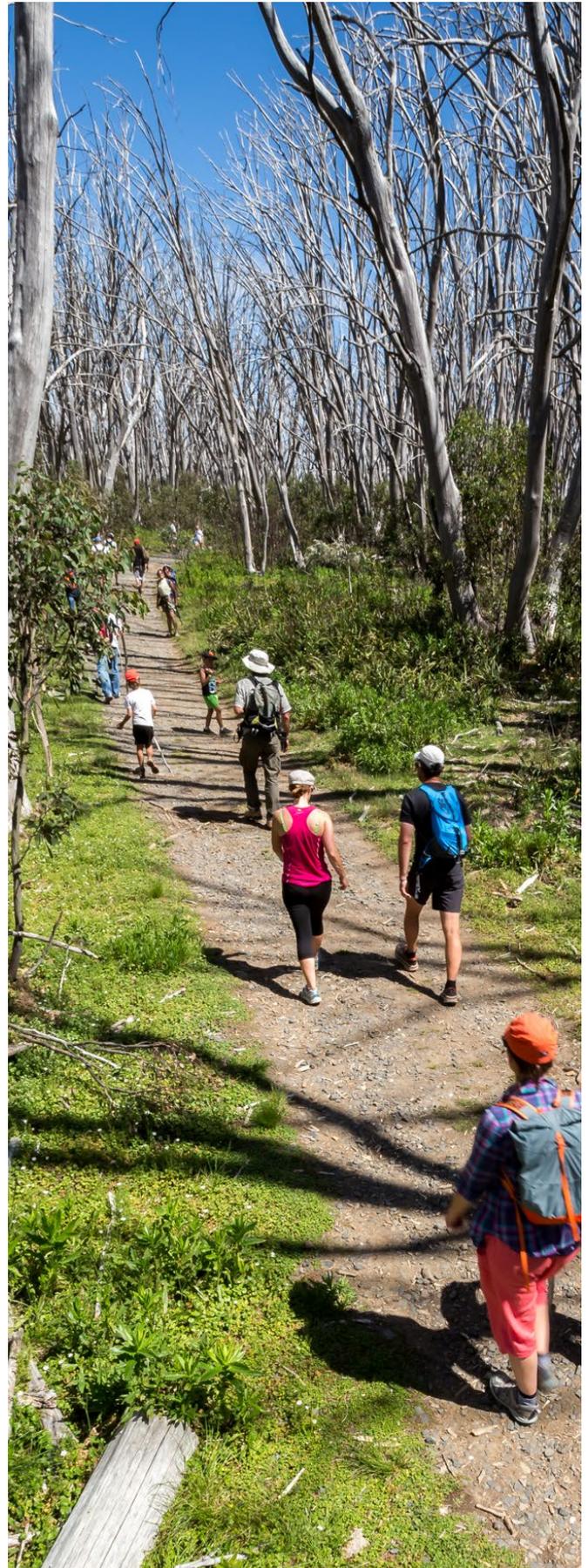
YEAR IN REVIEW

The Department for Jobs, Precincts and Regions gave SARMB \$1.6m as Alpine Support funding, announced in late 2021. These funds are to be provided in three installments, the first of \$1 million was in 2021 and the remaining two installments of \$300,000 each in 2022.

The projects covered in this funding include:

- business support funding for on-mountain businesses to support lost opportunities of past seasons (short term impact)
- marketing elements to increase visitation in green season and optimise visitation for events and activities on mountain (short term impact)
- mountain biking enhancements, providing additional services that value add to the MTB community by encouraging repeat visitation (short- and long-term impact)
- dingo enclosure adjustments to allow participation in the endangered species breeding program, attracting more visitors and developing educational materials (long term impact)
- Traditional Owner partnership initiatives to enable day activities on resort that connect and educate visitors with TO (short- and long-term impact)
- eco accommodation introduction on Lake Mountain extending visitor stay, connecting visitors with nature and providing improved visitor experience (long term impact)
- resort amenity improvements to improve the quality of the visitor experience and satisfaction in the resort (short- and long-term impact)
- accessible sports hub creating equitable access for all abilities (long term impact)
- gym equipment upgrades to encourage visitor utilisation and create revenue (short- and long-term impact)
- building improvements to increase quality of accommodation and conference facilities and grow event potential (long term impact)
- education resources to improve the educational program for visiting schools (short- and long-term impact).

It has been a good year for achieving funding outcomes and we are all hands on deck delivering the projects.



YEAR IN REVIEW

Mount Baw Baw Alpine Resort – Operational Report

2021 commenced with a renewed enthusiasm and confidence to travel to the resort after a COVID-19 impacted 2020. This resulted in a significant increase in visitation (+13%) and revenue (+65%) in January and increase in visitation (+1%) and revenue (+33%) in February compared to the previous year. Green season activities included short walks within the resort, extended walks into the Baw Baw National Park, mountain biking, wildflower photography, groups activities, guided experiences with our Alpine dingos and major events (Downhill Mountain Bike Series and Trail Run).

This unfortunately was short lived with the first of many resort closures due to regional and state-wide COVIDSafe Settings and Principles impacting operations. The 2021 Tarmac Rally scheduled in mid-February was cancelled at short notice with the majority of participants already on resort when COVIDSafe Settings came into effect. Numbers at the late-February Trail Run were significantly down due to travel uncertainty.

The Autumn months continued the positive trend of increased visitation and revenue compared to the previous 2019 (Closed for much of 2020). March in particular saw 24% increase in visitation and 73% increase in revenue compared to 2020. A new event, the Baw Baw Extreme, multisport event between Walhalla and the Resort, was added to the resort calendar in April and is hoped to be an annual local regional event. Unseasonal snow in mid-April also brought many visitors to the resort. At the end of May the resort once again closed when COVIDSafe Settings took effect State-wide for a seven day period.

The program to remove high risk asbestos containing materials from three sites was completed prior to the white season, including the re-building of the Skiosk on snow café. The upgraded Skiosk, including covered seating and new kitchen fit out is a welcomed improvement to the resort's food and beverage venues. Extremely challenging operating conditions impacted the entire 2021 white season. Following the 7-day closure in early June, record breaking rainfall fell across the resort and Baw Baw Plateau in the days prior to opening weekend. 280mm of rain fell in 24 hrs and 340mm over three days.

This impacted white season preparations, restricted resort access and delayed the opening of the season & lifts by a week. The June rain event resulted in the closure of the Baw Baw Tourist Rd for six months, as a result of 13 landslips, resulting in single road access to the resort via the unsealed South Face Rd during the season. The rain event decimating pre-season snow production accumulations by more than 50% delaying the commencement of lift operations due to the lack a natural snow.

Ongoing rolling COVIDSafe Settings, regional Victorian only travel, visitor testing requirements, and venue, activity capacity limits and the labour environment without international specialists all contributed to the challenging operating conditions during the season.

Visitor demand during the winter school holidays significantly exceeding capacity limits on limited terrain and product offerings, exacerbated by limited natural snow cover.

The challenging operating conditions continued into July, August and September with limited natural snow falls and cover, rolling COVIDSafe Settings, testing requirements, limited terrain and limited access.

On 22 September a 5.9 magnitude earthquake centred just north of the resort near Woods Point was felt strongly across the resort. The quake and after-shocks resulted in the temporary suspension of all operations. No major damage was reported.

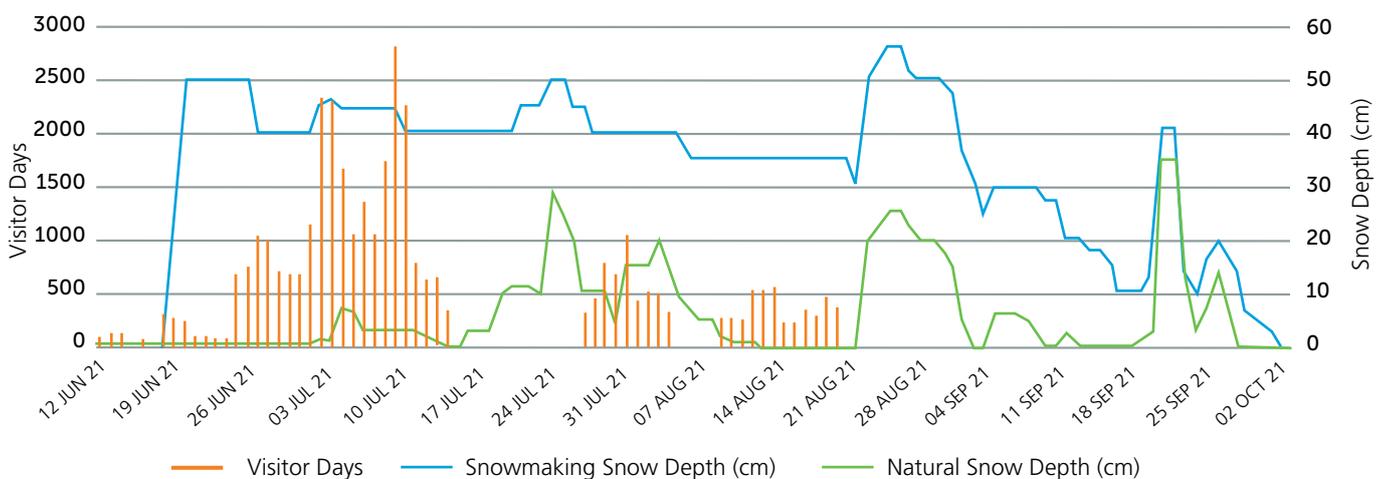


YEAR IN REVIEW

The following table and graph provide a snapshot of the key visitor and snow metrics from the 2021 white season. 170cm of snow was recorded at the resort, some 34% lower than 2019 (the last normal year of operations). The resort only recorded a maximum natural snow depth of 35cm in late September, significantly less than the previous two years. Visitation and revenue was down significantly, 70% and 66% respectively, compared to 2019. The resort was fully closed to public access on 35.5 days the season and lifts only operated on 52 days, because of challenging conditions.

WHITE SEASON COMPARISON	2021	2020	2019	VAR. TO 2019
Total natural snowfall (cm)	170	207	258	-34%
Snow production (cubic m)	16,003	4,939	4,939	39%
Snow days	26	23	23	-16%
Max daily snow fall (cm)	35 on 21/9	45 on 23/8	45 on 11/8	-22%
Max natural snow depth (cm)	35 on 21/9	74 on 24/8	98 on 20/8	-64%
Consecutive day snow event (cm)	40 (3 days Sept)	109 (6 days Aug)	84 (7 days Aug)	-52%
Fan Gun Operations (days)	24	6	N/A	
Max snow making depth (cm)	56 on 26/8	74 on 24/8	138 on 20/8	-59%
Highest Visitor Day	2,377 on 10/7	887 on 5/7	3,698 on 9/6	-36%
Lift Operations (days)	52	27	121	-57%
Cars	6,051	2,230	19,947	-70%
Visitors	23,254	9,281	81,460	-71%
Visitor Days	38,253	15,811	129,050	-70%
Revenue (Excl. accomm) \$m	\$1.310	\$0.577	\$3.818	-66%
Yield (revenue per Visitor) \$	\$56.33	\$62.17	\$ 46.87	20%
Temporary Closure to Public (days)	\$35.5	44	-	

Mount Baw Baw - 2021 Snow Depth vs Visitor Days



Green season visitation didn't return to pre COVID-19 levels until late December.

2021 will be a year to be remembered for its significant challenges – COVID-19, rain event, earthquake, limited natural snow, the list goes on. Our ongoing and seasonal staff are to be congratulated for their resilience, flexibility, leadership, and contribution to delivering outstanding customer experiences during the year.

YEAR IN REVIEW

Lake Mountain Alpine Resort – Operational Report 2021

2021 started optimistically with solid visitation through Marysville from the Lake Mountain Visitor Centre providing great conversion to Lake Mountain Alpine Resort of 68% month to date increase and 70% full season conversion rate. Visitation on mountain was up 24.5% on 2020 and an increase of 16.7% compared to 2019 figures in January.

The wildflowers bring much colour and warmth to the resort and along with a passionate flora following visitors. Mountain Bike shuttle passengers had a 30% increase from 2020, and the increase season to date against 2019 is a staggering 657%.

Despite the COVIDSafe Settings in Victoria in February, we still achieved a 14% increase of car numbers compared to 2020. The COVIDSafe Principles that applied for Metropolitan Melbournians meant that we took the decision to close Lake Mountain Alpine Resort for some of the period that they applied. At least 95% of Victorian visitors are from the metro area. This had a direct impact on our Mountain Bikers in February, recording a 12% downturn compared to 2020.

In partnership with Taungurung Land and Waters Council, we hosted a highly successful Cultural Day. The day included a welcome to country, smoking ceremony, guided bush food walk, weaving, jewellery making, storytelling and interactive archaeology. It was well received by the public. The day included a bush food tasting plate for lunch. A wonderful day with some fabulous feedback from both the facilitators and our guests. We look forward to future events and continued collaboration with Taungurung Land and Waters Council staff.

In March we celebrated the inaugural Females on Trails event. A fabulous day with all levels of rider accommodated. We applaud the participants for their effort as the weather was a wet and chilly March day.

We continued to see some great improvements in March with conversion rates from the Lake Mountain Visitor Centre in Marysville to Lake Mountain Alpine Resort at 75%. Shuttle bus ticket sales continued to perform strongly with a 255% increase on 2020 figures. Mountain bike rider numbers also continued to improve with a 207% increase from 2020.

In 2020 our white season was significantly disrupted by the pandemic. Whilst in 2021 we were looking forward to a great snow season, it was also a highly affected year, with direct impact to every aspect of our white season operation, revenue, and visitor numbers.

The Welcome to Country and Smoking Ceremony officially opened the snow season.

Circuit breaker COVIDSafe Principles attributed to low number to start the white season. This combined with severe weather events causing the Black Spur to be closed (the main route from Melbourne to Marysville) and travel restrictions to Melbournians limited them to a 25km from home radius, resulted in a disheartening start to the 2021 white season.

Pre-Purchased resort entry tickets were an enormous success to control appropriate numbers of guests on resort and to comply with the then current COVIDSafe Principles.

Challenges and frustrations were felt from guests when the COVIDSafe Principles included proof of negative PCR test within 48 hours of visiting an Alpine resort for any person over the age of 12 was introduced. In August this was reflected by 820 cars arriving and another 274 cars turned around at the resort gate due to non-compliance. This was over the 16.5 days (about two and a half weeks) that we were able to operate in August around COVID-19Safe Settings applied. August revenue was down 86% compared with 2019 figures.

YEAR IN REVIEW

The decision was made to discontinue snow production in August.

The Resort was open to regional Victorians on the 10th of September, however, we really noticed little additional visitation, highlighting the fact we rely heavily on Melbourne Metro visitation.

A 5.9 magnitude earthquake was recorded on the 22nd of September with no damage reported across the resort and its infrastructure.

Our Mountain Bike Shuttle Service opened from the Ticket box down to Marysville on the 24th of September at the same time as we were still open for tobogganing and snow play in the resort village.

The 30th of October was the day all Victorians were welcomed back to the resorts as one state and this aligned with the Melbourne Cup Weekend. This weekend saw sensational visitation with 2021 figures up 967% compared to 2020 and 305% compared to 2019. We were delighted to welcome large groups of guests back to the resort.

In December we started to notice some substantial numbers of visitation numbers and consistency once again.

2021 was another challenging and at times disheartening year for the committed staff that work at Lake Mountain Alpine Resort. Mental Health wellness was a significant consideration in taking care of the team and supporting them through these challenging and rollercoaster restrictions that have been enforced on the Alpine Resorts.

One of our achievements in 2021 was the status and alignment with Break the Boundary and becoming Break the Boundary Hub Victoria. Break the Boundary is a WA Not for Profit that provides nature-based off-road cycling and hiking opportunities for people living with disability to break their physical, mental and social boundaries to engaging with the outdoors and the wider community.

Lake Mountain has committed a physical space, staff time commitment and energy to ensure we have an accessible, welcoming, supportive adaptive and inclusive Alpine Resort for all Victorians.

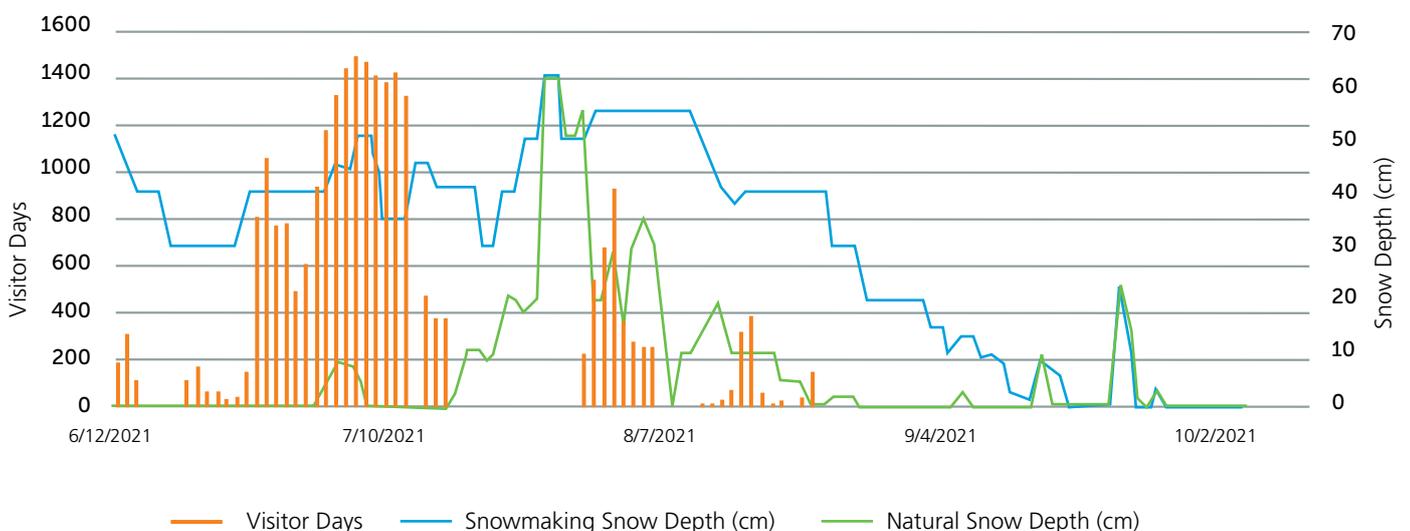


YEAR IN REVIEW

The commitment, professionalism, dedication, and perseverance was remarkable and a credit to the team that call Lake Mountain Alpine Resort as their workplace. We will continue to remain strong and united to ensure Lake Mountain Alpine Resort is the resort for every Victorian.

WHITE SEASON COMPARISON	2021	2020	2019	VAR. TO 2019
Total natural snowfall (cm)	152	185	220	-31%
Snow production (cubic m)	18,666	3,455	37,196	-50%
Snow days	27	20	83	-67%
Max daily snow fall (cm)	23 on 21/9	40 on 5/8	50 on 11/8	-54%
Max natural snow depth (cm)	60 on 25/7	60 on 23/8	135 on 11/9	-56%
Consecutive day snow event (cm)	52 (6 days July)	60 (6 days Aug)	1213 (52 days Aug-Sep)	NA
Fan Gun Operations (days)	9	7	17	-47%
Highest Visitor Day	1483 on 6/7	417 on 4/7	4629 on 17/8	-68%
Magic Carpet Operations (Days)	22	-	-	NA
Vehicles	2,603	1,082	27,775	-91%
Visitors	9,631	4,375	120,999	-92%
Visitor Days	9,631	8,071	120,999	-92%
Yield (Av Spend per visitor)	\$31.31	19,52	28.60	9%
Revenue \$m	\$0.044	\$0.018	\$3.40	-99%
Temporary Closure to Public (days)	38	86	0	

Lake Mountain - 2021 Snow Depth vs Visitor Days



COMPLIANCE INFORMATION

Financial Management Compliance Attestation Statement

I, Allan Bawden, on behalf of the Responsible Body certify that the Southern Alpine Resort Management Board has no Material Compliance Deficiency with the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board

30 May 2022

General information requirements

Section 5.2 of the Standing Directions 2018 of the Minister for Finance states:

‘The report of operations should include qualitative and quantitative information on the operations of agencies and should be prepared on a basis consistent with the financial statements prepared by the agencies pursuant to the Financial Management Act 1994. This report should provide users with general information about the entity and its activities, operational highlights for the reporting period, future initiatives and other relevant information not included in the financial statements.’

This Annual Report for Southern Alpine Resort Management Board meets this requirement.

Local Jobs First

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately. The Board is required to apply Local Jobs First policy in all project valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

In 2021 there were no tenders to disclose based on these expenditures.

Social Procurement Framework

The SARMB is fully committed to supporting the Government’s directions under the Social Procurement Framework (SPF) and we recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

In 2021, the Board developed a Social Procurement Strategy to enable a strategic approach to how it will deliver social and sustainable outcomes through our procurement in accordance with the Social Procurement Framework and beyond. In that Strategy, the Board prioritised three SPF objectives – detailed in the table below, with their associated reporting metrics. These SPF objectives were chosen based on their high degree of alignment with the Board’s strategic direction and values as well as being best positioned to advance our identified social and sustainable procurement opportunities.

Objective prioritised	Outcome sought	SPF reporting metric
Supporting safe and fair workplace objectives	Purchasing from suppliers that comply with industrial relations laws and promote secure employment	Number of Victorian Government suppliers that attest to compliance with the supplier code of conduct
Environmentally sustainable business practices	Purchasing from suppliers who prioritise management of environmental performance through recycling and waste avoidance	Number of Victorian Government suppliers with accredited Environmental Management Systems and/or zero waste to landfill target
Environmentally sustainable outputs	Purchasing from suppliers that consider whole-of-life impacts by providing sustainably sourced goods with the least environmental impacts which are recycled and recyclable at end-of-life	Number of Victorian Government suppliers that attest to waste minimisation and provide sustainably sourced goods and materials

COMPLIANCE INFORMATION

Government advertising expenditure

Government policy requires disclosure of all Government Advertising Expenditure with a total media buy of \$100,000 or greater (exclusive of GST). No "qualifying" Government Advertising Expenditure was incurred by the Board during the 2021 reporting period.

Details of consultancies (valued at \$10,000 or greater)

In 2021, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021 in relation to these consultancies was \$288,000 (excl. GST).

Details of individual consultancies are outlined below.

Table 5 Consultancies \$10,000 or greater

Consultant	Services provided	Total approved project costs (excl. GST)	Expenditure in 2020 (excl. GST)	Future commitment (excl. GST)
Hansen Partnership Pty Ltd	Commercial advice	\$220,000	\$130,000	\$90,000
Mott MacDonald Aust Pty Ltd	Technical advice	\$85,000	\$85,000	\$45,000
Kennedys Australia	Legal advice	\$18,000	\$18,000	\$27,000
Biosis Pty Ltd	Technical advice	\$24,000	\$24,000	Nil
Sherpa Consulting Pty Ltd	Technical advice	\$16,000	\$16,000	Nil
Aalto Pty Ltd	Commercial advice	\$15,000	\$15,000	Nil

Details of consultancies (valued at less than \$10,000)

In 2021, there were four consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2021 in relation to these consultancies was \$18,000 (excl. GST).

ICT expenditure

For the 2021 reporting period, the Board had a total ICT expenditure of \$199,000, with the details shown below.

Table 6 ICT expenditure

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business as usual (BAU) ICT expenditure	Non-Business as usual (nonBAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
(Total)	(Total = Operational expenditure and Capital expenditure)		
\$159,000	\$40,000	\$159,000	\$40,000

Note:

ICT expenditure refers to the Board's costs in providing business enabling ICT services within the current reporting period. It comprises Business as usual (BAU) ICT expenditure and Non-Business as usual (Non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing Board's current ICT capabilities.

BAU ICT expenditure is all remaining ICT expenditure, which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Major contracts

There were no contracts greater than \$10 million entered into by the Board during 2021.

COMPLIANCE INFORMATION

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by the Board. The purpose of this Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Board. This comprises documents both created by the Board or supplied to the Board by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Board is available on the Board's website under its Part II Information Statement.

The *Freedom of Act* allows the Board to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Board in-confidence.

The Act was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the Board, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged online at <https://ovic.vic.gov.au>. An application fee of \$30.10 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to the Board's Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act*.

When making a FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of the Board should be addressed to:

Freedom of Information Officer
Southern Alpine Resort Management Board
PO Box 55
Marysville VIC 3779

FOI Statistics

In the year ended 31 December 2021 there were no freedom of information requests, and there were no outstanding items from previous years.

Further Information

Further information regarding the operation and scope of Freedom of Information can be obtained from the Freedom of Information Act; regulations made under the Act; and foi.vic.gov.au.

Compliance with Building Act 1993

There are 16 buildings owned by the Board, all conforming to building standards as at 31 December 2021.

Building standards

There have been no building and construction activities in the resorts during this reporting period.

Buildings in the resorts are subject to regular maintenance and use. There is no evidence to suggest that all recently constructed buildings within the resorts do not conform to building standards. There have been no major works on these buildings during the reporting period.

The buildings will be subject to regular inspection by resort operations staff and maintenance and rectification works will be carried out as required and identified. Any building practitioners engaged by the Board to carry out building works within the resorts (unless they are employees) are to be registered and to maintain that registration during the course of the works.

COMPLIANCE INFORMATION

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The Board continues to comply with the requirements of the Competitive Neutrality Policy.

Compliance with Public Interest Disclosure Act 2012

The *Public Interest Disclosure Act 2012* enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body.

The Board is a public body for the purposes of the Public Interest Disclosure 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 the Board or its Board members, officers or employees by contacting Independent Broad-Based Anti-Corruption Commission IBAC (details below).

The Board is not able to receive protected disclosures.

DELWP has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about the Board, its Board members, officers or its employees. You can access DELWP's procedures on its website at <https://www2.delwp.vic.gov.au/our-department/public-interest-disclosures>

Contacts

Independent Broad-Based Anti-Corruption Commission
Victoria:

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

Mail: Independent Broad-Based Anti-
Corruption Commission, GPO Box 24234,
Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

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

Telephone: 1300 735 135

Compliance with *Disability Act 2006*

The Disability Act 2006 requires the Board to prepare a disability action plan and report on its implementation in their annual report. The Board's disability action plan, 'Employment equity policy' has a five year Disability and Diversity action plan that ensures the focus for diversity and inclusion.

The Board's disability action plan is aligned with Absolutely everyone: state disability plan for 2017-2020, which is the Victorian Government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community.

Compliance with DataVic Access Policy

Consistent with the Victorian Government's DataVic Access Policy (2012) issued by the Victorian Government in 2012, the Board intends to make available any data sets that it may produce in the future on the DataVic website at <http://www.data.vic.gov.au> in machine-readable format.

Declaration of pecuniary interests

A comprehensive register of private pecuniary interests is maintained. This contains details relating to members of the Board and key management personal.

Details of shares held in statutory authority or subsidiary

Not applicable. There are no shares of this nature in Mount Baw Baw Alpine Resort or Lake Mountain Alpine Resort.

COMPLIANCE INFORMATION

Victorian information privacy policy

The Southern Alpine Resort Management Board is committed to ensuring that the *Victorian Privacy and Data Protection Act 2014* is adhered to. This Act applies to all the Board's operations including websites and emails. Our Privacy Policy is available to all staff, visitors and stakeholders as requested. A statement of the policy is also available on our website southernalpine.vic.gov.au.

Human rights

The Board is committed to upholding the principles of human rights as established by the United Nations. This applies to our dealings with our visitors, employers and service providers. Human rights are rights inherent to all human beings, whatever their nationality, place of residence, gender, national or ethnic origin, colour, religion, and or language.

Fraud and corruption policy

The Board has adopted fraud and corruption policy and rigorously implements its prevention plan.

Summary of environmental performance

There were no office-based environmental impacts in 2021.

Statement of availability of other information

Information relevant to the headings listed in Financial Reporting Direction 22D of the *Financial Management Act 1994* is held at the Board's office and is available on request, subject to the Freedom of Information Act:

- a) details of publications produced by the Board about itself, and how those can be obtained
- b) details of any major external reviews carried out on the Board
- c) details of major research and development activities undertaken by the Board
- d) details of major promotional, public relations and marketing activities
- e) details of changes in prices, fees, charges, rates and levies charged.

Reports and plans can be obtained on our website that includes:

- Annual Report
- Water Supply Annual Report
- Corporate Plan
- Municipal Emergency Management Plan.

Asset Management Accountability Framework

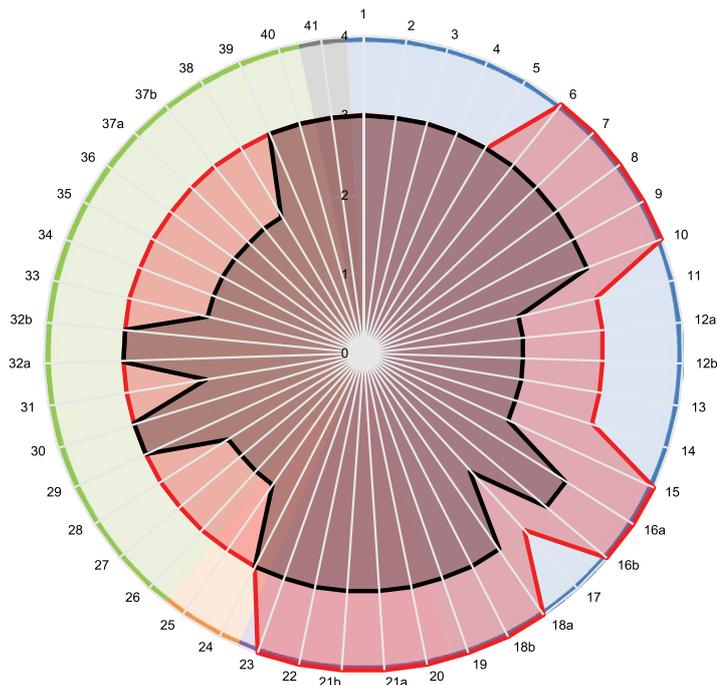
The Board's manages its assets in accordance with the Asset Management Accountability Framework (AMAF). The AMAF requires an agency to provide a summary of results of its maturity assessment every three years. The Board has undertaken this assessment in 2021 using a Maturity Rating Tool provided in the Department of Treasury and Finance guidelines.

The Board's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.'

The following graph is a representation of our asset management maturity based on the 41 AMAF requirements. This enables us to easily view areas of deficiency and improvements over time. The spider graph is made up of four rings that measure the level of competence. The centre of the circle (0) represents innocence, the organisation is unaware of the requirement. The inner-most ring (1) represents that an organisation is aware of the requirement. The second ring from the centre (2) represents that an organisation is developing its competency to the requirement. The third ring from the centre (3) represents that an organisation is competent to the requirement and the outside circle (4) represents that an organisation is optimising their approach to the requirement.

COMPLIANCE INFORMATION

Compliance and Maturity Rating Tool Asset Management Maturity



Legend

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

■ Target

■ Overall

The Board's performance against the target maturity within the five category areas are as follows:

Leadership and Accountability (requirements 1-19)

The Board is working to meet its target in this area with the development of an asset management strategy and policy and the implementation of an Asset Management System.

Planning (requirements 20-23)

The Board currently has not met its targets in this area and is reviewing its asset management plans and risk management measures in relation to its assets.

Acquisition (requirements 24-25)

One of the targets in this area has been met and the Board is working towards the other.

Operations (requirements 26-40)

Although some of the targets in this area have been met the majority still need further work to achieve the targets. The Board is working towards improvements in the areas of asset information monitoring and analysis with the use of the Asset Management System.

Disposal (requirements 41)

We have met our target maturity level in this category.

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2021



HOW THE 2021 FINANCIAL STATEMENTS ARE STRUCTURED

Financial Report

How this report is structured

The Southern Alpine Resort Management Board (SARMB) has presented its audited general purpose financial statements for the financial year ended 31 December 2021 in the following structure to provide users with the information about SARMB's stewardship of resources entrusted to it.

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DECLARATION IN THE FINANCIAL STATEMENTS

Chair's, Accountable Officer's and Chief Financial Officer's declaration

The attached financial statements for the Southern 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, statement of cash flows and accompanying notes, presents fairly the financial transactions during the twelve month period ended 31 December 2020 and financial position of the Board at 31 December 2021.

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

In accordance with the resolution of the Board of SARMB, we authorise the attached annual financial statements for issue on 30 May 2022



.....
Allan Bawden PSM Melbourne
Chair 30 May 2022



.....
Gail Conman Melbourne
Chief Executive Officer 30 May 2022



.....
Neil D'Vauz Melbourne
Chief Financial Officer 30 May 2022

AUDITOR'S OPINION



Independent Auditor's Report

To the Board of the Southern Alpine Resort Management Board

Opinion	<p>I have audited the financial report of the Southern Alpine Resort Management Board (the authority) which comprises the:</p> <ul style="list-style-type: none"> balance sheet as at 31 December 2021 comprehensive operating statement for the year then ended statement of changes in equity for the year then ended statement of cash flows for the year then ended notes to the financial statements, including significant accounting policies chair's, accountable officer's and chief financial officer'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 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 9 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 <i>APES 110 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>
Other Information	<p>The Board of the authority is responsible for the "other information" included in the authority's Annual Report for the year ended 31 December 2021. The other information in the Annual Report does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</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 OPINION

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.



Paul Martin

as delegate for the Auditor-General of Victoria

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

 COMPREHENSIVE OPERATING STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
Continuing Operations			
Revenue and income from transactions			
Visitor fees	2.2	2,614,443	846,533
Government funding	2.3	9,274,237	10,348,650
Site & service fees	2.4	731,540	514,849
Other income	2.5	539,765	199,648
Total income from transactions		13,159,985	11,909,680
Expenses from transactions			
Employee benefits	3.1.1	6,992,911	5,340,379
Depreciation & amortisation expense	4.1.2	2,772,346	2,608,012
Interest expense	6.2.2	8,128	25,763
Supplies and services	3.3	1,058,421	750,891
Marketing expenses		229,028	211,059
Repairs & maintenance	3.4	708,357	585,461
Utilities expenses		1,752,751	919,746
Insurance		446,630	456,971
Administration expense		423,118	323,921
Other operating expenses	3.5	302,988	500,736
Total expenses from transactions		14,694,677	11,722,939
Net result from transactions (net operating balance)		(1,534,692)	186,741
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.3	(813)	89,000
Total other economic flows included in net result		(813)	89,000
Net result from continuing operations		(1,535,505)	275,741
Other economic flows - other comprehensive income:			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus		4,385,833	-
Total other economic flows - other comprehensive income		4,385,328	
Comprehensive result		2,850,328	275,741

The accompanying notes form part of these financial statements

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021	2020
Financial assets		\$	\$
Cash and deposits	6.3	4,126,443	629,206
Receivables	5.1	207,307	505,037
Total financial assets		4,333,750	1,134,243
Non-financial assets			
Inventories	5.3	222,600	215,405
Prepayments	5.4	275,958	229,220
Property, infrastructure, plant and equipment	4.1	36,606,081	34,146,045
Intangible assets	4.2	141,304	45,804
Total non-financial assets		37,245,943	34,636,474
Total assets		41,579,694	35,770,718
Liabilities			
Payables	5.2	940,914	412,605
Deferred Capital Grant Revenue	5.6	2,473,775	0
Leases	6.2	316,104	956,031
Employee related provisions	3.1.2	708,877	695,454
Contract liabilities	5.5	609,569	26,500
Total liabilities		5,049,239	2,090,590
Net assets		36,530,455	33,680,127
Equity			
Accumulated surplus/(deficit)		(4,425,043)	(2,889,538)
Contributed capital		36,569,664	36,569,665
Asset revaluation reserve		4,385,833	0
Net worth		36,530,455	33,680,127

The accompanying notes form part of these financial statements

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
Cash flows from operating activities			
Receipts			
Receipts from operating activities		4,555,538	1,262,612
Receipts from government entities		12,331,080	8,335,013
Interest received		802	3,377
Net GST received		234,371	418,907
Total receipts		17,121,791	10,019,909
Payments			
Payments to suppliers and contractors		(5,418,150)	(4,935,787)
Payments to and on behalf of employees		(6,615,487)	(5,266,298)
Interest paid		(8,128)	(25,763)
Total payments		(12,041,765)	(10,227,848)
Net cash flows from operating activities	6.3.1	5,080,026	(207,939)
Cash flows from investing activities			
Purchase of non-financial assets		(942,863)	(585,727)
Net cash flows from/(used in) investing activities		(942,863)	(585,727)
Cash flows from financing activities			
Repayment of borrowings		(639,927)	(1,061,842)
Proceeds of borrowings		0	212,032
Net cash flows from/(used in) financing activities		(639,927)	(849,810)
Net increase in cash and cash equivalents		3,497,237	(1,643,476)
Cash & cash equivalents at beginning of financial year		629,206	2,272,682
Cash and cash equivalents at end of financial year	6.3	4,126,443	629,206

The accompanying notes form part of these financial statements

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Accumulated surplus / (deficit) \$	Contributed capital \$	Asset revaluation reserve \$	TOTAL \$
Balance at 31 December 2019	(3,165,278)	36,569,665	0	33,404,386
Net result for the year - 2020	275,741	-	-	275,741
Capital contributions during the year	-	-	-	-
Balance at 31 December 2020	(2,889,538)	36,569,665	0	33,680,127
Net result for the year - 2021	(1,535,505)	-	-	(1,535,505)
Other comprehensive income	-	-	4,385,833	4,385,833
Capital contributions during the year	-	-	-	-
Balance at 31 December 2021	(4,425,043)	36,569,665	4,385,833	36,530,454

The accompanying notes form part of these financial statements

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1.0 About this report

The Southern Alpine Resort Management Board (SARMB) was established on 1 January 2017 pursuant to the *Alpine Resorts (Management) Act 1997* (the Act) as amended by the *Alpine Resorts Legislation Amendment Act 2016* which outlines the functions, responsibilities and requirements of SARMB.

SARMB operates the Lake Mountain Alpine Resort and Mount Baw Baw Alpine Resort, and these financial statements cover SARMB as an individual reporting entity. SARMB is a public body acting on behalf of the Crown and reporting to the Department of Environment, Land, Water and Planning (DELWP).

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

Its principal address is:

Southern Alpine Resort Management Board
1071 Lake Mountain Road
Marysville, VIC 3779

Basis of preparation

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

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

Consistent with the requirement 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 SARMB.

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 or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgements or estimates'.

All amounts in the financial statements (including the notes) have been rounded to the nearest \$1 unless otherwise stated. Figures in the financial statements may not equate exactly due to rounding.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards 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 selected and applied in these financial statements ensure 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.

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

Alpine Resorts Victoria

The Alpine Resorts Co-ordinating Council and Alpine Resort Management Boards (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 ARMBs into a new statutory body corporate to be known as Alpine Resorts Victoria.

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 the ARMBs to ensure financial solvency during transition to the new arrangements.

Royal assent was given on 16 March 2022 enacting the legislative amendments, the new entity Alpine Resorts Victoria will commence from 1 October 2022. The ARMBs has been undertaking transition planning in consultation with the Department, resort and industry stakeholders, tourism bodies, Traditional Owners and local government to ensure the new arrangements are able to commence from 1 October 2022.

Based on the details of the announcement and correspondence with the Department, the Board has concluded the going concern assumption in the accounting for assets and liabilities remains appropriate for the next 12 months. It is also anticipated that all assets and liabilities will be transferred to Alpine Resorts Victoria as the successor in law.

Management's assessment of the future merger is that it has no impact on the value of assets or liabilities disclosed in the statement of financial position as at 31 December 2021.

The COVID-19 pandemic and its impact on the financial statement

On 16th March 2020 the State Government declared a State of Emergency as a result of COVID-19 global health pandemic. This continued to have a significant impact on the operating and economic environment for the Board during 2021 which also had a number of COVIDSafe Settings and Principles that have impacted the ability of the Board to trade.

The resorts were closed to the public multiple times over the course of 2021, including over the declared snow season. Controlled border movements were in place across several states and Melbourne experienced strict and prolonged COVIDSafe Settings. The impact on visitors to the resorts was severely curtailed and resulted in significantly reduced numbers visiting the resorts. This resulted in the loss of revenue from resort entry and all other events. Stakeholders were unable to enter the resorts or trade to generate revenue over the declared snow season.

When the resort did re-open, COVID-19 testing requirements and localised COVIDSafe Settings and controlled border movements meant that the number of people who could visit the resort was dramatically decreased compared to the period prior to COVID-19. It should be noted that there was more trading allowed in 2021 than in 2020, and the revenues as a result are better in 2021, though significantly decreased from pre COVID-19 seasons.

The spread of Omicron became the major variant starting in January 2022. The effect on the 2022 season remains uncertain. The State Government announced further rent relief programs for 2022 effective until 15 March 2022.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Similar to the 2020 Financial Year, the State Government announced various grant and relief programs. Rent relief programs were announced covering the period 28 July 2021 to 15 January 2022, and then another covering the period 16 January 2022 to 15 March 2022. Stakeholders apply for this relief directly to the Board, reducing the revenue received by the Board for site rent. No programs were available for a reduction or relief in Service Charges, noting this revenue line was not impacted by the Board. The Board has also reduced its operational expenditure, wherever possible to assist in offsetting the loss in revenue.

The Board has worked closely with the State Government through the Minister and 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 operational support funding throughout 2021 for COVID-19 funding support (see note 2.3). The Minister through DELWP has further committed to provide ongoing financial support for the Board to meet its financial responsibilities, including the provision of a letter of financial support for the period until 30 April 2023.

The Board has considered the impacts of COVID-19 on the judgements and assumptions applied to 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. The impacts and assessments have been considered on assets and liabilities which are detailed in Note 4.1.3 Fair value determination, Note 4.1.2 Depreciation, amortisation and impairment, Note 7.1 Financial instruments specific disclosures, Note 7.2 Contingent assets and liabilities and Note 7.3 Fair value determination.

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 Board. The Board has assessed its financial position in accordance with the impact of COVID-19, related assessments as jointly published by the Australian Accounting Standards Board and the Auditing and Assurance Standards Board, and DELWP's commitment to provide ongoing cash flow support to meet the Boards current and future obligations as and when they fall due for a period up to 30 April 2023. On that basis it has been determined that the going concern assumption remains to be the appropriate basis for the preparation of the 2021 annual financial report.

Revaluation of Assets

2021 is a formal valuation year. The valuation was performed on behalf of the Valuer-General Victoria and the Southern Alpine Resort Management Board. The assets were physically inspected and verified from the 6th to 8th December 2021.

Assets have been valued on the basis of fair value for financial reporting purposes and in accordance with reference to the following:

AASB 13 Fair Value Measurement

AASB 116 Property, Plant & Equipment

Victorian Government Financial Reporting Directive Non-Financial Physical Assets - FRD103I and Financial Reports, Australian Property Institute, effective 1 July 2021.

The date of valuation is for the period ending 31 December 2021.

Due to possible changes in market forces and circumstances in relation to the subject assets, the valuation can only be regarded as representing an opinion of the value of the assets at the date of valuation.

The Australian Property Institute has issued a disclosure statement to be included and considered when relying on the valuation reports:

The market that the assets are valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation there is market uncertainty resulting in significant valuation uncertainty. The value assess may change significantly and unexpectedly over a relatively short period of time.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.0 Funding delivery of our services

Introduction

The overall objective of SARMB is to develop, promote, manage and use Mount Baw Baw Alpine Resort and Lake Mountain Alpine Resort in an environmentally and financially sustainable way for alpine recreation and tourism in all seasons by persons from varied cultural and economic groups.

To enable SARMB to fulfil its objective it receives income from visitor fees which is derived from a range of services provided including resort entry fees from the public visiting during the declared snow season.

SARMB also receives income from site and service fees from site holders in accordance with its role as manager of Crown Land, as well as Government funding in the form of an operational subsidy and other operating income.

Structure

2.1	Summary of revenue and income that funds the delivery of our services	49
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2.3	Government funding	51
2.4	Site & service fees	51
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2.1 Summary of revenue and income that funds the delivery of services

	Notes	2021	2020
Visitor fees	2.2	2,614,443	846,533
Government funding	2.3	9,274,237	10,348,650
Site & service fees	2.4	731,540	622,333
Other income	2.5	539,765	199,648
Total Summary of revenue and income that funds the delivery of services		13,159,985	12,017,165

Revenue and income is recognised to the extent it is probable the economic benefits will flow to SARMB and the income can be reliably measured. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes. The revenue and income that funds the delivery of the SARMB's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

Grant revenue is recognised progressively as the asset is constructed, since this is the time when SARMB 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 completed. During 2021 minimal expenses towards these projects have been incurred. SARMB has therefore recognised the grant consideration received as a liability.

SARMB is applying *AASB 1058 Income of Not-For-Profit Entities* to recognise these grants have been provided under enforceable agreements for the construction and/or acquisition of recognisable non-financial assets.

Funds received are initially recognised as a financial asset (cash) with a corresponding liability (obligation to construct the assets). Subsequently, the liability is derecognised as the performance as the construction is completed).

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2.2 Visitor fees**

	2021	2020
Resort entry fees	708,666	157,145
Bistro & functions	590,600	252,086
Ski hire and ski school	748,109	217,552
Accommodation & guest services	393,118	177,641
Merchandise	145,951	34,874
Adventure activities	27,999	7,235
Total Visitor fees	2,614,443	846,533

The sale of goods and services included in the table above are transaction that SARMB has determined to be classified as revenue from contracts with customers in accordance with *AASB 15 Revenue from Contracts with Customers*.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. SARMB recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods, assets and services to the customer are satisfied

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided in accordance with *AASB 15 Revenue from Contracts with Customers*.

Income from goods and services includes resort entry fees, bistro and functions income, ski hire and ski school income, accommodation and guest services income, merchandise and adventure activities income and other miscellaneous income.

Resort entry fees

Income is recognised at the point of sale when services are rendered or when a rate/tariff is fixed for service charges levied under Section 13 of the *Alpine Resorts (Management) Act 1997*. Infringements are issued to visitors who do not pay their resort entry fee under the *Road Safety Act 1986 and the Road Safety (General) Regulations 2009*.

The closures of both Mt Baw Baw Alpine Resort and Lake Mountain Alpine Resort to the public and the limited activities available in 2021 due to the COVIDSafe Principles, have resulted in a major reduction in income from visitor fees and in particular resort entry fees, income from bistro, functions, ski hire and ski school.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2.3 Government funding**

	2021	2020
DELWP support payments ^(a)	9,192,528	10,294,047
Other government grants	81,709	54,603
Total Government funding	9,274,237	10,348,650

Note:

(a) DELWP refers to Department of Environment, Land, Water and Planning

Significant judgement: Government funding

SARMB has made a judgement on the recognition of grant revenue as income of not-for-profit entities where they do not contain sufficiently specific performance obligations. Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when SARMB satisfies the performance obligation by providing the relevant services.

SARMB has determined that all government grant income is recognised as income of not-for-profit entities in accordance with *AASB 1058 Income of Not-for-Profit Entities*, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15 Revenue from Contracts with Customers.

Grants or other government funding from third parties (other than contributions by owners) are recognised as income in the reporting period in which SARMB gains control over the underlying assets.

During the financial year DELWP has continued to provide funding to SARMB during the COVID-19 pandemic to support cashflow requirements.

Grants and contributions for capital works from all sources are recognised as operating income over time when acquisition and/or construction occurs as agreed and disclosed in the comprehensive operating statement as government grants. However, grants and contributions received from the Victorian State Government that are deemed as being owner's contributions, in accordance with FRD 119A Transfers through Contributed Capital are accounted for as Equity - Contributed Capital.

2.4 Site and service fees

	2021	2020
Site rental fees	112,695	36,503
Service fees	618,845	585,831
Total Site and service fees	731,540	622,334

Site rental fees are recognised under the terms and conditions of each lease and in accordance with SARMB's role as a Committee of Management of any Crown land deemed to be permanently reserved under the *Crown Lands Reserve Act 1978*.

Service fees are recognised under the terms and conditions of each lease and charged in accordance with the Fully Enclosed Covered Area (FECA) guidelines. This year's service fees decreased due a decrease in the FECA rate.

Note 2.4 shows an increase in revenue this year which is primarily due to a change in the treatment of Recovery accounts for Power & Gas. In 2020, these were an offset of expenses, Utilities (reducing expenses) but have been included as income using Recovery accounts in 2021 (increasing revenue) at Service fees by the amount of \$282k. The Service fee for 2020 has been restated to include the Recovery amount of \$107k.

The State Government's rent relief initiative which applied to commercial leaseholders at the resorts impacted on the site fees that was paid to SARMB in 2021. Refer to Note 1 for further details on the impact of the COVID-19 pandemic.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**2.5 Other Income**

	2021	2020
Marketing & events	83,853	22,030
Staff accommodation	87,766	47,412
Fuel tax credit rebate	216,930	111,835
Commission	35,679	10,907
Interest	802	3,377
Other income	114,735	4,087
Total Other Income	539,765	199,648

The sale of goods and services included in the table above are transaction that SARMB has determined to be classified as revenue from contracts with customers in accordance with *AASB 15 Revenue from Contracts with Customers*.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. SARMB recognises revenue when it transfers control of a good or service to the customer, i.e. when, or as, the performance obligations for the sale of goods, assets and services to the customer are satisfied

Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided in accordance with *AASB 15 Revenue from Contracts with Customers*.

Fuel tax credit rebate

Fuel tax credit is income received from the Australian Tax Office as a credit for tax paid on fuel used to operate plant, equipment, machinery and vehicles.

Commission

Commission income is received for booking of accommodation and services managed by SARMB on behalf of third party owners and operators.

Interest

Interest income includes interest received on bank accounts, term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3.0 The cost of delivering our services

Introduction

This section provides an account of the expenses incurred by SARMB in delivering services and outputs. These expenses are recognised as they are incurred and reported in the financial year to which they relate. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1	Expenses incurred in delivery of services	53
3.2	Operating expenses	56
3.3	Supplies and services	58
3.4	Repairs and maintenance	58
3.5	Other operating expenses	59

3.1 Expenses incurred in delivery of services

	Notes	2021	2020
Depreciation	4.1.2	2,772,346	2,608,012
Employee benefit expenses	3.1.1	6,992,911	5,532,879
Operating expenses	3.2	4,929,421	3,689,533
Total Expenses incurred in delivery of services		14,694,677	11,830,424

3.1.1 Employee benefits in the comprehensive operating statement

	2021	2020
Salaries and wages, annual leave and long service leave	5,767,750	4,780,462
Payroll tax and Fringe benefits tax	319,140	124,249
Other employee associated costs	364,000	192,500
Post-employment benefits		
Defined contributions superannuation expense	535,029	424,375
Defined benefits superannuation expense	6,992	11,293
Total Employee benefits in the comprehensive operating statement	6,992,911	5,532,879

Employee expenses include all costs related to employment including salaries and wages, superannuation, leave entitlements, fringe benefits tax, payroll tax and any termination payments.

Ongoing full time, part time and designated casual staff were maintained throughout the resort closures in accordance with the Industrial Relations Framework for Managing the Coronavirus (COVID-19) Pandemic.

This year general ledger accounts and their usage have been comprehensively reviewed, leading to changes in classifications to more accurately reflect a common chart of accounts for the Victorian Alpine Resorts.

Other employee associated costs have been disclosed at this Note in 2021 for the first time.

In prior years these costs were classified as Administration, Supplies & services or Other operating expenses.

- This year Employee costs - Recruitment, \$51k was disclosed as Employee Costs. Last year, \$35k was disclosed as Administration expenses.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

- This year Training, conferences, seminars & courses, \$92k was disclosed as Employee costs. Last year, \$31k was disclosed as Supplies & services expenses.
- This year Travel, - Mileage re-imburement, \$26k was disclosed as Employee Costs. Last year, \$18k was disclosed as Administration expenses.
- This year Employee costs - Accommodation, \$54k was disclosed as Employee Costs. Last year, (name change from Rent & Overheads) \$17k was disclosed as Administration expenses.
- This year Employee costs - Labour Hire, \$115k was disclosed as Employee Costs. Last year, \$77k was disclosed as Other operating expenses.

The amount recognised in the Comprehensive Operating Statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. SARMB does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

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. Termination benefits are recognised when SARMB is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.1.2 Employee benefits in the balance sheet

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.

	2021	2020
Current provisions:		
Annual leave		
Unconditional and expected to settle within 12 months	302,222	256,514
Unconditional and expected to settle after 12 months	75,556	64,128
Long service leave		
Unconditional and expected to settle within 12 months	57,350	142,707
Provisions for on-costs		
Unconditional and expected to settle within 12 months	108,979	105,186
Unconditional and expected to settle after 12 months	27,222	24,379
Total current provisions for employee benefits	571,329	592,913
Non-current provisions:		
Employee benefits	121,060	90,380
On-costs	16,488	12,160
Total non-current provisions for employee benefits	137,548	102,540
Total provisions for employee benefits	708,877	695,454

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Reconciliation of movement in on-cost provision

	2021	2020
Opening balance	18,866	85,250
Additional provisions recognised	182,010	23,042
Reductions arising from payments/other sacrifices of future economic benefits	(48,187)	(89,426)
Closing balance	152,689	18,866
Current	136,201	18,866
Non-current	16,488	0

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because SARMB 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 SARMB expects the liabilities to be wholly settled within twelve 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 SARMB does not have an unconditional right to defer settlement of the liability for at least twelve 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 Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, fringe benefits 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.

Long Service Leave

Unconditional long service leave is disclosed as a current liability; even where SARMB does not expect to settle the liability within twelve months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within twelve months.

The components of this current long service leave liability are measured at:

- undiscounted value – if SARMB expects to wholly settle within twelve months; or
- present value – if SARMB does not expect to wholly settle within twelve months.

Conditional long service leave is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

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

SARMB transitioned from using the **2004 Long Service Leave model to 2008 model** during the 2021 financial year.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The nominal long service leave with both methods are the same, however some components of the calculation varied as follows:

Inflated liability reduced from \$508K to \$411k, a movement of \$97k. This is due to the inflation factor being slightly less in 2008 vs 2004 version, but it is applied from year 13 when it is predicted to be fully paid. The 2008 model applies slightly higher inflation from year seven, leading to the 2008 model inflating the liability significantly more.

Discounted liability reduced from \$428k to \$384k, a movement of \$44k. The 2008 model uses a single discount rate, the 2004 model uses an array of rates (one for each year). The 2008 model discounts back to the year seven trigger of unconditional, whereas the 2008 model discounts back to year 13. Therefore, the discount rate for years 1,2,3 etc. are higher in the 2004 model than the 2008 model. The variance is a result of the single inflation/discount factor compared to an array and more significantly the application of these rates from year seven (2008 model) or year 13 (2004 model). While the 2008 model single array tends to be slightly higher the rate is applied over a longer period in the 2004 model, which produces greater inflation and higher discount value.

Calculated liability reduced from \$154K to \$91k, a movement of \$63k. The 2008 model uses a simpler method to calculate probability of retention of staff. This creates a probability factor lower than the 2004 version which then annualises the movements more in depth from year to year. Overall, the 2008 model further reduced the liability due to a lower probability factor.

3.1.3 Superannuation contributions

Employees of SARMB are entitled to receive superannuation benefits and SARMB contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

	Paid contributions for the year		Contributions outstanding at year end	
	2021	2020	2021	2020
Defined benefits plan ^(a)				
ESS Super	16,645	18,458	1,085	1,538
Defined contributions plan				
VicSuper	172,349	168,017	11,331	11,085
Other	421,176	330,796	28,046	21,407
Total Superannuation contributions	610,170	517,271	40,462	34,030

Note:

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

As previously noted, the defined benefit liability is recognised in the Department of Treasury and Finance (DTF) as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement.

3.2 Operating expenses

	Notes	2021	2020
Interest expense		8,128	25,763
Supplies and services	3.3	1,058,421	699,579
Marketing expenses		229,028	211,059
Repairs & maintenance	3.4	708,357	585,461
Utilities expenses		1,752,751	1,027,231
Insurance		446,630	456,971
Administration expenses		423,118	362,130
Other operating expenses	3.5	302,988	321,340
Total Operating expenses		4,929,421	3,689,533

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

COVID-19 and resort closures

In 2020 and 2021 the Mt Baw Baw Alpine Resort and Lake Mountain Alpine Resort were closed to the public or had COVIDSafe Principles applied due to the COVID-19 pandemic. As a result, there were fewer opening days and ensuing limited activities particularly during the snow season. Operating expenses were significantly below those of previous years.

During this period SARMB also reduced its operational expenditure wherever possible to assist in off-setting the loss of revenue.

In 2021 there were more days when the resorts were open to the public compared to 2020, and COVIDSafe Principles were predominantly in Melbourne metro areas. This allowed some regional and interstate visitors to the resorts. As a result, revenues in 2021 were above 2020 levels, as were operating expenses to reflect the increased activity.

During 2021 there was particular focus on increasing activities during the green season, and these revenues were moderately above 2020 levels.

Supplies and services expenses

Supplies and services expenses were reduced as fewer meals and drinks were served to visitors. Marketing was reduced as fewer visitors were allowed into the resorts. Repairs and maintenance were kept to a minimum (with reduced wear and tear) and contractors' access to the resorts was also diminished. Utilities declined significantly as much less power was required, and administration expenses were also curtailed. Other operating expenses incorporate snow making expenses and labour hire expenses, both of which were significantly reduced due to resort closures and/or reduced activity.

Interest expense

Interest expense is recognised in the period in which it is incurred and includes lease charges and interest charges under *AASB 16 Leases* which now capitalises operating leases in the statement of financial position as right of use of use assets.

Supplies and services - Cost of sales

When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related income is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write down or loss occurs.

The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the level of inventories recognised as an expense in the period in which the reversal

Marketing expenses

Marketing expenses are recognised as an expense in the reporting period in which they are incurred and represent media promotion, event organisation and general advertising.

Utilities expenses

Utilities expenses are recognised as an expense in the reporting period in which they are incurred and represent fuel and gas consumed for the operation of the resorts along with waste disposal charges.

Administration expenses

Administration expenses are recognised as an expense in the reporting period and represent costs in relation to motor vehicle, telephone and other general overhead expenses.

This year general ledger accounts and their usage have been comprehensively reviewed, leading to changes in classifications to more accurately reflect a common chart of accounts for the Victorian Alpine Resorts.

- This year Consultancy - Legal, \$46k, was disclosed as Administration expenses. Last year, \$88k, was disclosed as Other operating expenses.
- This year Employee Costs - Recruitment, \$51k was disclosed as Employee Costs. Last year \$35k was disclosed as Administration expenses.
- This year Employee costs - Accommodation, \$54k was disclosed as Employee Costs. Last year, (name change from Rent & Overheads) \$17k was disclosed as Administration expenses.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**Other operating expenses**

Other operating expenses generally represent the day to day running costs incurred in normal operations and further detail is provided in Note 3.5.

3.3 Supplies and services expense

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for sale or use are expensed when sold or used.

	2021	2020
Food and beverage purchases	362,630	174,464
Guest services	49,267	21,345
ICT costs	198,818	236,237
Motor vehicle costs	12,104	13,124
Other supplies and services	6,822	4,630
Printing and stationery	16,619	23,079
Purchases of minor equipment	121,327	75,624
Rental of equipment	219,999	113,675
Services and contracts	70,836	37,401
Total Supplies and services expense	1,058,421	699,579

Reclassification of expenses

During 2021 there has been a reclassification of Training and conference expenses. This classification has been changed to reflect a common chart of accounts for the Victorian Alpine Resorts.

- This year Training, conferences, seminars & courses \$92k, were disclosed as Employee expenses. Last year \$30k, was disclosed at Note 3.3 Supplies & services expense, Training and conferences.

3.4 Repairs and maintenance expense

Repairs and maintenance expenses are recognised as an expense in the reporting period in which they are incurred and represent cost incurred to maintain assets in their current condition.

	2021	2020
Repairs to:		
Buildings	256,485	142,458
Plant, equipment and vehicles	384,665	353,473
Roads, carparks and infrastructure assets	67,207	89,530
Total Repairs and maintenance expense	708,357	585,461

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**3.5 Other operating expenses**

Resort operations expenses represent the day to day running costs incurred in normal operations of the resorts. They include snowmaking costs, uniform & protective clothing, labour hire and communications.

	2021	2020
Audit Fees	105,875	123,407
Lease payments & other financial arrangements	6,977	7,859
Short -term leases and low value assets	78,463	12,617
Other operational & administrative support	19,510	35,990
Resort operations	92,163	141,466
Total Other operating expenses	302,988	321,340

Lease payments

From 1 January 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments that are not included in the measurement of the lease liability (i.e., variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

Reclassification of expenses

During 2021 there has been a reclassification of Other operational & administrative support expenses and Snow making expenses. This classification has been changed to reflect a common chart of accounts for the Victorian Alpine Resorts.

- This year Employee costs - Labour Hire, \$115k was disclosed as Employee Costs. Last year, \$77k was disclosed as Other operating expenses.
- This year Snowmaking expenses, \$17k was disclosed at Resort Operations. Last year, \$35k was disclosed at Snow making expenses

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4.0 Key assets available to support output delivery

Introduction

SARMB controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to SARMB to be utilised for delivery of those activities.

Structure

4.1	Total infrastructure, property, plant and equipment	60
4.2	Intangible assets	64

4.1 Total infrastructure, property, plant and equipment

Items are at fair value	Gross carrying Amount		Accumulated Depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
Land	4,500,000	3,899,000	0	0	4,500,000	3,899,000
Buildings	19,040,631	20,326,710	158,328	2,460,061	18,882,303	17,866,649
Plant and equipment and vehicles	6,228,206	5,772,396	1,514,730	2,571,341	4,713,476	3,201,055
<i>Infrastructure:</i>						
Water and sewerage	803,081	2,775,264	0	316,472	803,081	2,458,792
Road, trail & carpark	6,504,233	6,981,777	0	2,403,747	6,504,233	4,578,029
Ski lift	811,650	2,646,704	0	625,696	811,650	2,021,009
Office equipment	295,073	265,156	229,524	190,416	65,549	74,740
Rental equipment and clothing	195,015	195,015	166,572	148,244	28,442	46,770
Assets under construction	297,346	0	0	0	297,346	0
Net carrying amount	38,675,234	42,862,022	2,069,154	8,715,977	36,606,080	34,146,045

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The following tables are a subset of buildings, and plant and equipment by right-of-use assets.

4.1.1 Total right-of-use assets: buildings, plant, equipment & vehicles

2021	as at 31 December 2021	Gross carrying Amount	Accumulated Depreciation	Net carrying amount
	Buildings at fair value	0	0	0
	Plant, Equipment and vehicles	783,971	511,635	272,337
	Office Equipment	87,112	50,816	36,297
	Net carrying amount	871,084	562,450	308,633

2020	as at 31 December 2020	Gross carrying Amount	Accumulated Depreciation	Net carrying amount
	Buildings	0	0	0
	Plant, Equipment and vehicles	2,102,189	1,280,833	821,356
	Office Equipment	87,112	29,037	58,075
	Net carrying amount	2,189,301	1,309,870	879,431

2021		Buildings	Plant, Equipment & Vehicles	Office Equipment
Opening balance	1 January 2021	0	821,356	58,075
Additions		0	0	0
Disposals/expired		0	(1,318,217)	(10,261)
Accumulated depreciation on disposal		0	1,318,218	10,261
Asset revaluation reserve		0	0	0
Depreciation		0	(549,020)	(21,778)
Closing balance	31 December 2021	0	272,336	36,297

2020		Buildings	Plant, Equipment & Vehicles	Office Equipment
Opening balance	1 January 2020	2,292	1,385,650	79,853
Additions		0	160,490	0
Disposals/expired		(9,170)	(155,363)	(10,261)
Accumulated depreciation on disposal		9,170	145,140	10,261
Depreciation		(2,292)	(714,562)	(21,778)
Closing balance	31 December 2020	0	821,356	58,075

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Initial recognition: Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

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

Right-of-use asset acquired by lessees – Initial measurement

SARMB 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.

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

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Specialised land and specialised buildings: The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of land being valued.

Infrastructure and road infrastructure and earthworks are valued using the current replacement cost method. This cost generally represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

Vehicles are valued using the historical cost method. SARMB 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 SARMB who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Right-of-use asset – Subsequent measurement

SARMB 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.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Refer to Note 7.3.2 for additional information on fair value determination of infrastructure, property, plant and equipment.

During the 2021 financial year, all asset categories besides plant, equipment and vehicles were revalued by the Valuer-General Victoria and written back to their fair value.

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.

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4.1.2 Depreciation and amortisation

Charge for the period ^(a)	2021	2020
Buildings	653,962	651,674
Plant and equipment and vehicles	1,163,975	998,517
<i>Infrastructure:</i>		
Water and sewerage	79,702	79,121
Road, trail & carpark	633,020	631,136
Ski lift	160,771	159,252
Office equipment	39,108	46,341
Rental equipment and clothing	18,328	19,897
Intangible assets (amortisation)	23,481	22,073
Total Depreciation and amortisation	2,772,346	2,608,012

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life (years)
Buildings and improvements	2-60 years
Leasehold buildings	3 years
Plant and equipment and vehicles	3-35 years
Water and sewerage	5-100 years
Land management	5-40 years
Roads and car parks	5-25 years
Trails	10-300 years
Ski lift infrastructure	5-30 years
Office equipment	3-5 years
Rental equipment	3 years
Intangible assets	3-5 years

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Board obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Indefinite life assets: Land, earthworks, land under declared roads, and core cultural assets, which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
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Software	2021	2020
Gross carrying amount		
Opening balance	113,884	113,884
Additions	62,353	0
Assets under construction	56,629	0
Closing balance	232,866	113,884
Accumulated depreciation, amortisation and impairment		
Opening balance	(68,081)	(46,007)
Amortisation ^(a)	(23,481)	(22,073)
Closing balance	(91,562)	(68,080)
Net book value at end of financial year	141,304	45,804

Note:

(a) The consumption of intangible produced assets is included in 'depreciation' line item, where the consumption of the intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement.

Initial Recognition of intangible assets

Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation 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.

Subsequent measurement of intangible assets

Intangible produced assets with finite useful lives are amortised as an 'expense from transactions' on a straight line basis over their useful lives. The amortisation period is three and five years.

Impairment of intangible assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

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4.1.3 Reconciliation of movements in carrying amount of infrastructure, property, plant and equipment

2021	Assets at fair value	Infrastructure							Total		
		Land	Buildings	Plant and equipment and vehicles	Water and sewerage	Road, trail & carpark	Ski lift	Office equipment		Rental equipment and clothing	Assets under construction
	Opening balance	3,899,000	17,866,649	3,201,055	2,458,792	4,578,029	2,021,009	74,740	46,770	0	34,146,045
	Additions	0	16,807	121,855	11,833	19,773	8,000	29,917	0	615,696	823,881
	Transfers	0	318,350	0	0	0	0	0	0	(318,350)	0
	Disposals	0	0	(1,353,897)	0	0	0	0	0	0	(1,353,897)
	Accumulated depreciation on disposal	0	0	1,353,084	0	0	0	0	0	0	1,353,084
	Revaluation increase/(decrease)	601,000	1,334,459	2,555,354	(1,587,843)	2,539,451	(1,056,588)	0	0	0	4,385,833
	Depreciation	0	(653,962)	(1,163,975)	(79,702)	(633,020)	(160,771)	(39,108)	(18,328)	0	(2,748,865)
	Closing balance	4,500,000	18,882,303	4,713,476	803,081	6,504,233	811,651	65,550	28,442	297,346	36,606,081
2020	Assets at fair value	Infrastructure							Total		
		Land	Buildings	Plant and equipment and vehicles	Water and sewerage	Road, trail & carpark	Ski lift	Office equipment		Rental equipment and clothing	Assets under construction
	Opening balance	3,899,000	18,498,324	3,671,423	2,537,913	5,209,165	2,153,925	38,393	59,337	0	36,067,480
	Additions	0	0	545,649	0	0	26,336	2,835	10,906	0	585,727
	Transfers from Ausnet	0	20,000	(7,217)	0	0	0	79,853	(3,636)	0	89,000
	Disposals	0	(9,170)	(155,363)	0	0	0	(10,261)	0	0	(174,794)
	Accumulated depreciation on disposal	0	9,170	145,080	0	0	0	10,261	60	0	164,571
	Depreciation	0	(651,675)	(998,517)	(79,121)	(631,136)	(159,252)	(46,341)	(19,897)	0	(2,585,939)
	Closing balance	3,899,000	17,866,649	3,201,055	2,458,792	4,578,029	2,021,009	74,740	46,770	0	34,146,045

Note:

Fair value assessments performed by the Valuer General Victoria was performed at 31 December 2021. Fair value assessments have been performed for Land, Buildings, Infrastructure and Plant & Equipment and vehicles. The remaining classes of assets have been assessed and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group is scheduled for 2026.

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5.0 Other assets and liabilities

Introduction

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

Structure

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5.1 Receivables

	2021	2020
Contractual		
Sale of goods and services	162,590	465,199
Other receivables	1,140	5,532
Allowance for impairment of contractual receivables	(25,908)	(6,345)
Statutory		
GST input tax credit recoverable	63,896	35,061
Other tax receivable	5,590	5,590
Total Receivables	207,307	505,037
<i>Represented by:</i>		
Current receivables	206,167	499,447
Non-current receivables	1,140	5,590

Contractual receivables include debtors in relation to goods and services.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'.

They are initially recognised at fair value plus any directly attributable transaction costs. SARMB 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.

Expected credit losses on contractual receivables at amortised cost

SARMB applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowances for contractual receivables are based on assumptions about risk of default and expected loss rates. SARMB uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the SARMB's history and existing market conditions including the current COVID-19 conditions, as well as forward-looking estimates at the end of each reporting period.

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Credit loss allowance is classified as other economic flows in the net result.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense.

Indicators that there is no reasonable expectation of recovery include, the failure of a debtor to engage in a repayment plan, and a failure to make receivable contractual payments greater than 120 days past due.

Subsequent recoveries of amounts previously written off are credited against the same line item.

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

Indicators that there is no reasonable expectation of recovery include, the failure of a debtor to engage in a repayment plan, and a failure to make receivable contractual payments greater than 120 days past due.

There are no material financial assets that are individually determined to be impaired.

Statutory receivables include amounts owing from the Victorian Government and Federal Government.

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. SARMB 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. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about SARMB's impairment policies, exposure to credit risk and the calculation of the loss allowance are set out in Note 7.1.2

5.1.1 Maturity analysis of contractual receivables ^(a)

	Carrying Amount	Nominal Amount	Past due but not impaired			
			Current	Less than 1 month	1 to 3 months	3 months to 1 year
2021						
Sale of goods & services	162,590	136,682	93,191	889	68,510	0
Other receivables	1,140	1,140	0	0	0	1,140
Total	163,730	137,822	93,191	889	68,510	1,140
2020						
Sale of goods & services	465,199	458,854	445,205	8,358	5,291	0
Other receivables	5,532	5,532	4,392	0	0	1,140
Total	470,731	464,385	449,597	8,358	5,291	1,140

Note:

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

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FOR THE YEAR ENDED 31 DECEMBER 2021**5.1.2 Finance lease receivables (SARMB as a lessor)**

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leasing powers are defined in Section 7 of the *Alpine Resorts (Management) Act 1997*. Lease terms of up to 99 years are permissible under this section. New leases are granted on the basis that the rental will be set at the Victorian Valuer-General's market valuation.

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Non-cancellable operating lease receivables	2021	2020
Operating leases - Crown Land		
Less than one year	73,309	42,561
One to two years	44,122	35,664
Two to three years	44,949	36,271
Three to four years	44,197	36,887
Four to five years	45,031	35,918
Longer than five years	315,142	315,104
Total undiscounted lease payments receivable	566,750	502,405

During the 2021 financial year, SARMB recognised finance income on the finance lease receivable of **\$26,794**.

Leases as a lessor

SARMB's accounting policy under AASB 16 has not changed from the comparative period.

As a lessor, SARMB classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

5.2 Payables

	2021	2020
Contractual		
Supplies and services	545,595	151,523
Amounts payable to government and agencies	41,605	36,927
Other payables	353,714	224,155
Total Payables	940,914	412,605
<i>Represented by:</i>		
Current payables	940,914	412,605
Non-current payables	0	0

Contractual payables include accounts and other payables.

Contractual payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to SARMB prior to the end of the financial year that are unpaid.

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Statutory payables include GST and other taxes payable.

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 contracts.

Payables for supplies and services have an average credit period of 30 days. The terms and conditions of amounts payable to the government and agencies vary according to their agreements.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

5.2.1 Maturity analysis of contractual payables (a)

	Carrying Amount	Nominal Amount	Maturity dates			
			Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
2021						
Supplies and services	545,595	545,595	529,702	585	15,308	0
Amounts payable to government and agencies	41,605	41,605	41,605	0	0	0
Other payables	353,714	353,714	237,104	116,610	0	0
Total	940,914	940,914	808,411	117,195	15,308	0
2020						
Supplies and services	151,523	151,523	151,523	0	0	0
Amounts payable to government and agencies	36,927	36,927	36,927	0	0	0
Other payables	224,155	224,155	224,155	0	0	0
Total	412,605	412,605	412,605	0	0	0

Note:

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

5.3 Inventories

	2021	2020
Supplies and consumables - fuel at cost	55,955	70,991
Inventories held for sale - at cost	166,645	144,414
Total Inventories	222,600	215,405

Inventories include goods held for sale and goods intended as supplies and consumables to be used in the ordinary course of resort operations at measured at cost and are measured at the lower of cost and net realisable value, adjusted for any loss of service potential.

5.4 Prepayments

	2021	2020
Prepayments	275,958	229,220
Total Prepayments	275,958	229,220

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services, or the payments made for services covering a term extending beyond that financial accounting period.

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	2021	2020
Contract Liabilities	609,569	26,500
Total Contract liabilities	609,569	26,500

Contract liabilities include funds received prior to SARMB delivering that service, or that part of income received in one accounting period covering a term extending beyond that period, in accordance with *AASB 15 Revenue from Contracts with Customers*.

SARMB received \$31,438 from Visionstream for services provided in relation to a communications tower.

As part of the Rent Relief Program announced by the Victorian Government due to COVIDSafe Settings, SARMB has determined that amounts to be returned to lease holders at 31 December 2021 is \$6,289.

On 31 December 2021 SARMB received funding in advance of \$571,841 from DELWP for January 2022.

5.6 Deferred capital grant revenue

	2021	2020
Deferred capital grant revenue	2,473,775	0
Total Deferred capital grant revenue	2,473,775	0

Deferred capital grant revenue

Grant consideration was received from the Department of Jobs, Precincts and Regions (DJPR) for the Mountain Bike Destination Renewal Project of \$1,413,225. It provides funding to update mountain bike trails primarily at Mt Baw Baw, and also provides some funding for Lake Mountain.

Grant consideration was received from the Department of Jobs, Precincts and Regions (DJPR) for the Business Activation Project of \$1,100,000. It provides funding to purchase and create various assets to assist the operations of the resorts.

Grant revenue is recognised progressively as the asset is constructed, since this is the time when SARMB 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 2.1) During 2021 minor expenses towards these projects have been incurred. As a result, SARMB has deferred recognition of the grant consideration received as a liability for the outstanding obligations.

SARMB is applying *AASB 1058 Income of Not-For-Profit Entities* to recognise these grants have been provided under enforceable agreements for the construction and/or acquisition of recognisable financial assets.

Funds received are initially recognised as a financial asset (cash) with a corresponding liability (obligation to construct the assets). Subsequently, the liability is derecognised as the performance obligation is satisfied (i.e. as the construction is completed).

Reconciliation of movement in deferred capital grant revenue

	2021	2020
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	0	0
Grant consideration for capital works received during the year	2,513,225	0
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(39,450)	0
Closing balance of deferred grant consideration received for capital works	2,473,775	0

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6.0 How we financed our operations

Introduction

This section provides information on the sources of finance utilised by SARMB during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities. It includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional financial instrument disclosures.

Structure

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6.1 Borrowings

SARMB has no borrowings other than lease liabilities. Lease details are disclosed at Note 6.2

6.2 Leases

	2021	2020
Current Leases		
Current Lease liabilities ^(a)	209,147	639,927
Total current leases	209,147	639,927
Non-current Leases		
Non-current Lease liabilities	106,957	316,104
Total Leases	316,104	956,031

Notes:

(a) Secured by the assets leased. Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Information about leases for which SARMB is a lessee is presented below.

Leases are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless SARMB elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

6.2.1 Maturity analysis of leases

	Carrying Amount	Nominal Amount	Maturity dates			
			Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
2021						
Lease liabilities	316,104	316,104	18,247	37,913	155,435	104,509
Total	316,104	316,104	18,247	37,913	155,435	104,509
2020						
Lease liabilities	956,031	956,031	31,607	63,356	544,443	316,625
Total	956,031	956,031	31,607	63,356	544,443	316,625

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	2021	2020
Interest on lease liabilities	8,128	25,763
Total Interest expense	8,128	25,763

Interest expense includes costs incurred in the borrowing of funds on either a short term or long-term basis. Interest expense is recognised in the period in which it is incurred.

SARMB recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

SARMB's leasing activities

SARMB leases a range of assets including snow making equipment, plant, equipment, IT software and hardware and the organisation's motor vehicle fleet. Except for short-term leases and leases of low-value underlying assets, which includes corporate office space and motor vehicles, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

SARMB classifies its right-of-use assets in a consistent manner to its property, plant and equipment (refer Note 4). Lease contracts for motor vehicle leases are typically 3 or 4 year terms; leases for plant and other equipment including the snow factory, are generally 4 or 5 year terms. Lease payments for properties are renegotiated every two years to reflect market rentals.

At 31 December 2021, SARMB was committed to short term leases and the total commitment at that date was

6.2.3 Right-of-use assets

Right-of-use assets are presented in Note 4.1.1

6.2.4 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2021
Interest expense on lease liabilities	8,128
Expenses relating to short term and low value leases	78,463
Total amount recognised in the comprehensive operating statement	86,591

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6.2.5 Amounts recognised in the Statement of Cashflows

	2021
Total cash outflow for leases	639,927

For any new contracts entered on or after 1 January 2019, SARMB considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition SARMB assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to SARMB and for which the supplier does not have substantive substitution rights;
- Whether SARMB has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Board has the right to direct the use of the identified asset throughout the period of use; and
- Whether SARMB has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

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 SARMB'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 and leases of low-value assets

SARMB has elected to account for short-term leases and leases of low-value assets 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.

Presentation of right-of-use assets and lease liabilities

SARMB presents right-of-use assets as 'property, plant or equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**6.3 Cash flow information and balances**

Cash and deposits, including cash equivalents, 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 which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2021	2020
Cash and deposits disclosed in the balance sheet	4,126,443	629,206
Balance as per cash flow statement	4,126,443	629,206

6.3.1 Reconciliation of net result for the period to cash flow from operating activities

	2021	2020
Net result for the year	(1,535,505)	275,741
Non-cash movements		
Depreciation	2,772,346	2,608,012
Loss/(gain) on disposal of non-financial physical assets	813	(89,000)
Movements in assets and liabilities		
Decrease/(increase) in receivables	297,730	(383,606)
Decrease/(increase) in inventories	(7,196)	4,465
Decrease/(increase) in prepayments	(46,738)	(19,506)
Increase/(decrease) in payables	528,309	(664,489)
Increase/(decrease) in deferred capital grants	2,473,775	0
Increase/(decrease) in provisions	13,423	74,080
Increase/(decrease) in income in advance	583,069	(2,013,638)
Net cash flows from/(used in) operating activities	5,080,026	(207,939)

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7.0 Risks, contingencies and valuation judgements

Introduction

SARMB is exposed to risk from its activities and outside factors. 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, which for SARMB related mainly to fair value determination.

Structure

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7.1 Financial instruments specific disclosures

Introduction

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 SARMB'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*.

SARMB is dependent on the continued financial support of the State Government and in particular DELWP which provided SARMB essential operational funding.

Categories of financial assets

Financial assets at amortised cost

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

- undiscounted value – if SARMB expects to wholly settle within twelve months or
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests

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

SARMB recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities at amortised cost

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

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

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7.1.1 Financial instruments: categorisation

	<i>Cash and deposits</i>	<i>Financial assets at amortised cost</i>	<i>Financial liabilities at amortised cost</i>	<i>Total</i>
2021				
Contractual financial assets				
Cash and deposits	4,126,443	0	0	4,126,443
Receivables (a)				
Finance lease receivables	0	34,420	0	34,420
Sale of goods and services	0	128,170	0	128,170
Other receivables	0	1,140	0	1,140
Total contractual financial assets	4,126,443	163,730	0	4,290,173
Contractual financial liabilities				
Payables				
Supplies and services	0	0	545,595	545,595
Amounts payable to government and agencies	0	0	41,605	41,605
Other payables	0	0	353,714	353,714
Interest bearing liabilities				
Finance lease liabilities	0	0	316,104	316,104
Total contractual financial liabilities	0	0	1,257,018	1,257,018
2020				
Contractual financial assets				
Cash and deposits	629,206	0	0	629,206
Receivables (a)				
Finance lease receivables	0	390,687	0	390,687
Sale of goods and services	0	68,166	0	68,166
Other receivables	0	5,532	0	5,532
Total contractual financial assets	629,206	464,385	0	1,093,591
Contractual financial liabilities				
Payables				
Supplies and services	0	0	151,523	151,523
Amounts payable to government and agencies	0	0	36,927	36,927
Other payables	0	0	224,155	224,155
Interest bearing liabilities				
Finance lease liabilities	0	0	956,031	956,031
Total contractual financial liabilities	0	0	1,368,636	1,368,636

Note:

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**7.1.2 Financial risk management objectives and policies**

SARMB's financial risk management program seeks to manage these risks and associated volatility of this financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage SARMB's financial risks within the government policy parameters.

SARMB uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

**Financial instruments: Credit risk**

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

Board 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 and any payment plans entered are discussed with the General Manager Corporate Services and Chief Executive Officer and recorded in writing. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

In addition, SARMB 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.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that SARMB will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 90 days overdue, and changes in debtor credit ratings.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents SARMB's maximum exposure to credit risk.

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2021	<i>Financial Institutions</i>	<i>Government agencies</i>	<i>Other</i>	<i>Total</i>
Cash and deposits	4,126,443	0	0	4,126,443
Other receivables	0	0	1,140	1,140
Contractual receivables applying the simplified approach for impairment	0	0	162,590	162,590
Total financial assets	4,126,443	0	163,730	4,290,173

2020	<i>Financial Institutions</i>	<i>Government agencies</i>	<i>Other</i>	<i>Total</i>
Cash and deposits	629,206	0	0	629,206
Other receivables	0	0	5,532	5,532
Contractual receivables applying the simplified approach for impairment	0	0	465,199	465,199
Total financial assets	629,206	0	470,731	1,099,937

Notes:

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

Impairment of financial assets under AASB 9

SARMB records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss (ECL) approach. Subject to AASB 9 impairment assessment include SARMB's contractual receivables, statutory receivables and its investment in debt instruments.

Contractual receivables at amortised cost

SARMB applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

The loss allowances for contractual receivables are based on assumptions about risk of default and expected loss rates. SARMB uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculation, based on the SARMB's history and existing market conditions including the current COVID-19 conditions, as well as forward-looking estimates at the end of each reporting period.

This year SARMB has an ECL of \$25,908. This is due to an assessment that two customers have a potential loss rate of 50%.

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

1 January 2021	<i>Current</i>	<i>less than 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>Total</i>
Expected Loss Rate %	1.0%	2.0%	5.0%	10.0%	
Gross carrying amount of contractual receivables	413,979	31,226	8,358	11,636	465,199
Loss allowance	4,140	625	418	1,163	6,345

31 December 2021	<i>Current</i>	<i>less than 1 month</i>	<i>1 to 3 months</i>	<i>3 months to 1 year</i>	<i>Total</i>
Expected Loss Rate %	1.0%	2.0%	5.0%	36.4%	
Gross carrying amount of contractual receivables	93,191	0	889	68,510	162,590
Loss allowance	932	0	44	24,932	25,908

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

	2021	2020
Balance at beginning of year	6,345	2,403
Opening loss allowance	0	2,403
Transfers in	(1,112)	0
Reversal of provision recognised in the net result	(5,233)	(2,403)
Reversal of provision of receivables written off during the year as uncollectable	25,908	0
Increase in provision recognised in the net result	25,908	6,345
Balance at end of the year	45,472	6,345

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. SARMB operates under the Government fair payments policy of settling financial obligations within thirty days and in the event of a dispute, making payments within thirty days from the date of resolution.

SARMB is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. SARMB manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

As indicated in Note 8.1 Economic dependency SARMB is dependent on the Victorian Government to ensure it can meet its obligations as and when they fall due. In this respect SARMB works closely with DELWP to ensure support payments are received in a timely manner for it to meet its financial obligations.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**Financial instruments: Market risk**

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

Sensitivity disclosure analysis and assumptions

SARMB's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Sensitivity analyses shown are for illustrative purposes only.

A movement of 10 basis points up and down in market interest rates is 'reasonably possible' over the next 12 months.

The tables that follow show the impact on SARMB's net result and equity for each category of financial instrument held at the end of the reporting period if the above movements were to occur.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. SARMB does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

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

Interest rate exposure of financial instruments

2021	Weighted average interest rate	Carrying Amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.03%	4,126,443	0	4,117,302	9,141
Receivables ^(a)					
Finance lease receivables		34,420	0	0	34,420
Sale of goods and services		128,170	0	0	128,170
Other receivables		1,140	0	0	1,140
Total financial assets		4,290,173	0	4,117,302	172,871
Financial liabilities					
Payables ^(a)					
Supplies and services		545,595	0	0	545,595
Amounts payable to government and agencies		41,605	0	0	41,605
Other payables		353,714	0	0	353,714
Borrowings					
Finance lease liabilities	4.05%	316,104	316,104	0	0
Advances from government		571,841	0	0	571,841
Total financial liabilities		1,828,859	316,104	0	1,512,755

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	Weighted average interest rate	Carrying Amount	Interest rate exposure		
			Fixed interest rate	Variable interest rate	Non-interest bearing
2020					
Financial assets					
Cash and deposits	0.23%	629,206	0	619,665	9,541
Receivables ^(a)					
Finance lease receivables		390,687	0	0	390,687
Sale of goods and services		68,166	0	0	68,166
Other receivables		5,532	0	0	5,532
Total financial assets		1,093,591	0	619,665	473,926
Financial liabilities					
Payables ^(a)					
Supplies and services		151,523	0	0	151,523
Amounts payable to government and agencies		36,927	0	0	36,927
Other payables		224,155	0	0	224,155
Borrowings					
Finance lease liabilities	1.86%	956,031	956,031	0	0
Total financial liabilities		1,368,636	956,031	0	412,605

Notes:

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

Interest rate risk sensitivity

	-10 basis points			+10 basis points	
	Carrying Amount	Net result	Equity movement	Net result	Equity movement
2021					
Contractual financial assets					
Cash and deposits ^(a)	4,117,302	(4,117)	(4,117)	4,117	4,117
Total impact	4,117,302	(4,117)	(4,117)	4,117	4,117
2020					
Contractual financial assets					
Cash and deposits ^(a)	619,665	(620)	(620)	620	620
Total impact	619,665	(620)	(620)	620	620

Notes:

(a) Cash and deposits include nil deposits (2020: nil) that are exposed to floating rate movements.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. SARMB is exposed to foreign currency risk mainly through its payables relating to purchases of plant, supplies and consumables from overseas. It has a limited number of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement, therefore risk is minimal. Based on past and current assessment of economic outlook and by ensuring availability of funds through rigorous cash flow planning and monitoring, it is deemed unnecessary for SARMB to enter any hedging arrangements to manage the risk.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable. As at the reporting date, SARMB has no contingent assets (2020: \$Nil).

Contingent liabilities

Contingent liabilities are:

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

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

SARMB has a legal case in progress at the Victorian Civil Administration Tribunal (VCAT). There has been a request for VCAT to strike out the application and if successful the future cost to SARMB is expected to be \$15k.

If the strike out is not successful, then the likely future costs are about \$110k.

Any estimated damages are unknown as there was not remedy attached to the application. If the application to strike out is successful, then there will be no damages awarded. If the application to strike out is not successful, damages should not be awarded as no remedy was attached to the application.

7.3 Fair Value determination

Significant judgement: Fair value measurements of assets and liabilities

This section sets out information on how SARMB 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;

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Fair value hierarchy

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

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

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

How this section is structured

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

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

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

7.3.1 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.

SARMB 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 2021 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits Receivables: <ul style="list-style-type: none"> • finance lease receivables • sale of goods and services • other receivables 	Payables: <ul style="list-style-type: none"> • for supplies and services • amounts payable to government and agencies • other payables Borrowings: <ul style="list-style-type: none"> • finance lease liabilities

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Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

SARMB has determined for financial assets and liabilities, the carrying amount is the same as fair value.

There have been no transfers between levels during the period.

7.3.2 Fair value determination: non-financial physical assets

Fair value measurement hierarchy

2021	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	1,710,000	0	1,710,000	0
Specialised land	2,790,000	0	0	2,790,000
Total of land at fair value	4,500,000	0	1,710,000	2,790,000
Buildings at fair value				
Specialised buildings	18,882,303	0	0	18,882,303
Total of buildings at fair value	18,882,303	0	0	18,882,303
Plant, equipment and vehicles at fair value				
Plant, equipment and vehicles	4,713,476	0	0	4,713,476
Total of buildings at fair value	4,713,476	0	0	4,713,476
Infrastructure at fair value				
Water and sewerage	803,081	0	0	803,081
Road, trail and carpark	6,504,233	0	0	6,504,233
Ski lift	811,650	0	0	811,650
Total infrastructure at fair value	8,118,964	0	0	8,118,964
Office equipment at fair value				
Office equipment	65,549	0	0	65,549
Total of office equipment at fair value	65,549	0	0	65,549
Rental equipment at fair value				
Rental equipment	28,442	0	0	28,442
Total of rental equipment at fair value	28,442	0	0	28,442
Total assets	36,308,734	0	1,710,000	34,598,734

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2020	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	1,250,000	0	1,250,000	0
Specialised land	2,649,000	0	0	2,649,000
Total of land at fair value	3,899,000	0	1,250,000	2,649,000
Buildings at fair value				
Specialised buildings	17,866,649	0	0	17,866,649
Total of buildings at fair value	17,866,649	0	0	17,866,649
Plant, equipment and vehicles at fair value				
Plant, equipment and vehicles	3,201,055	0	0	3,201,055
Total of buildings at fair value	3,201,055	0	0	3,201,055
Infrastructure at fair value				
Water and sewerage	2,458,792	0	0	2,458,792
Road, trail and carpark	4,578,029	0	0	4,578,029
Ski lift	2,021,009	0	0	2,021,009
Total infrastructure at fair value	9,057,830	0	0	9,057,830
Office equipment at fair value				
Office equipment	74,740	0	0	74,740
Total of office equipment at fair value	74,740	0	0	74,740
Rental equipment at fair value				
Rental equipment	46,770	0	0	46,770
Total of rental equipment at fair value	46,770	0	0	46,770
Total assets	34,146,045	0	1,250,000	32,896,045

Note:

(a) Classified in accordance with the fair value hierarchy.

Based on information from the VGV and DTF, the Board has reclassified some land held as specialised and level 3 asset for both the current and prior year, this is due to the valuation being based on significant unobservable inputs.

Specialised land

Specialised land is valued using the market approach, adjusted for Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

Under the market approach to valuation, the assets are compared to recent comparable sales or sales of comparable assets, which are considered to have nominal or no added improvement value. The valuation of such assets is performed by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued.

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that it is also equally attributable 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.

Specialised land that is valued on lease rent and a discount rate with no CSO applied is categorised as level three land. Specialised land and buildings with adjustments of CSO that are considered as significant unobservable inputs, would be classified as level 3 assets.

SARMB completes an annual assessment of fair value in accordance with Financial Reporting Direction 103I Non-financial physical assets for specialised land. Reliance is placed on land indices provided by the Valuer-General Victoria and there is a level of uncertainty inherent to this approach during the COVID-19 environment.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

An independent valuation of SARMB's land assets was performed by the Valuer-General Victoria in 2021. The valuation was performed based on the Market Based Direct Comparison method, whereby the subject properties are compared to recent comparable land sales or land with no added or nominal added improvement value sales and making adjustment for points of difference to establish the fair value. The effective date of the valuation is 31 December 2021.

The valuation cycle required by the Valuer-General Victoria is five years. During non-valuation years, SARMB completes an annual assessment of fair value in accordance with Financial Reporting Direction 103I Non-financial physical assets for non-specialised land and buildings. As 2021 was a valuation year, no assessment was performed in 2021.

Specialised buildings and structures

Specialised buildings are valued using the depreciated replacement cost method, adjusting for the associated depreciations. As depreciation adjustments are observable in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of specialised land and buildings was performed by the Valuer-General Victoria (VGV). A valuation was performed during 2021 and the effective date of the valuation is 31 December 2021.

SARMB completes an annual assessment of fair value in accordance with Financial Reporting Direction 103I Non-financial physical assets for specialised land. Reliance is placed on land indices provided by the Valuer-General Victoria and there is a level of uncertainty inherent to this approach during the COVID-19 environment.

Non-specialised land

Non-specialised land is valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. The leased sites are valued using the income approach where the future income stream of land is discounted back to present value.

Independent valuations of the Board's non specialised lands were performed by the Valuer-General Victoria and used the market approach and income approach for leased land. The effective date of the valuations is 31 December

SARMB completes an annual assessment of fair value in accordance with Financial Reporting Direction 103I Non-financial physical assets for non-specialised land and buildings. Reliance is placed on land indices and building cost indexation factors provided by the Valuer-General Victoria and there is a level of uncertainty inherent to this approach during the Coronavirus (COVID-19) environment.

This year a formal valuation was undertaken and the effective date is 31 December 2021.

Plant, equipment and vehicles

Plant, equipment and vehicles are 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 Depreciated Replacement Cost method.

An independent valuation of SARMB's Plant and Equipment assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2021.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**Infrastructure**

Infrastructure assets are held at fair value. When infrastructure is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using Depreciated Replacement Cost method.

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.

An independent valuation of SARMB's infrastructure assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2021.

Description of significant unobservable inputs to Level 3 valuations

2021	Valuation technique	Significant unobservable inputs
Specialised land	Market approach Income approach	Community Service Obligation (CSO) adjustment Discount rate and future lease payable
Specialised buildings	Depreciated replacement cost	Replacement cost per square metre Useful life of specialised buildings
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Infrastructure: Water and sewerage	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure: Road, trail & car park	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure: Ski lift	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Office equipment	Depreciated replacement cost	Cost per unit Useful life of the equipment
Rental equipment	Depreciated replacement cost	Cost per unit Useful life of the equipment

Significant unobservable inputs have been reviewed with the revaluations completed for December 2021.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
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2021	Assets at fair value	Infrastructure							Total	
		Land	Buildings	Plant and equipment and vehicles	Water and sewerage	Road, trail & carpark	Ski lift	Office equipment		Rental equipment and clothing
Opening balance	3,899,000	17,866,649	3,201,055	2,458,792	4,578,029	2,021,009	74,740	46,770	0	34,146,045
Additions	0	16,807	121,855	11,833	19,773	8,000	29,917	0	615,696	823,881
Transfers	0	318,350	0	0	0	0	0	0	(318,350)	0
Disposals	0	0	(1,353,897)	0	0	0	0	0	0	(1,353,897)
Accumulated depreciation on disposal	0	0	1,353,084	0	0	0	0	0	0	1,353,084
Revaluation increase/(decrease)	601,000	1,334,459	2,555,354	(1,587,843)	2,539,451	(1,056,588)	0	0	0	4,385,833
Depreciation	0	(653,962)	(1,163,975)	(79,702)	(633,020)	(160,771)	(39,108)	(18,328)	0	(2,748,865)
Closing balance	4,500,000	18,882,303	4,713,476	803,081	6,504,233	811,651	65,550	28,442	297,346	36,606,081
2020	Assets at fair value	Infrastructure							Total	
		Land	Buildings	Plant and equipment and vehicles	Water and sewerage	Road, trail & carpark	Ski lift	Office equipment		Rental equipment and clothing
Opening balance	3,899,000	18,498,324	3,671,423	2,537,913	5,209,165	2,153,925	38,393	59,337	0	36,067,480
Additions	0	0	545,649	0	0	26,336	2,835	10,906	0	585,727
Transfers from Ausnet	0	20,000	(7,217)	0	0	0	79,853	(3,636)	0	89,000
Disposals	0	(9,170)	(155,363)	0	0	0	(10,261)	0	0	(174,794)
Accumulated depreciation on disposal	0	9,170	145,080	0	0	0	10,261	60	0	164,571
Depreciation	0	(651,675)	(998,517)	(79,121)	(631,136)	(159,252)	(46,341)	(19,897)	0	(2,585,939)
Closing balance	3,899,000	17,866,649	3,201,055	2,458,792	4,578,029	2,021,009	74,740	46,770	0	34,146,045

Note:
Fair value assessments performed by the Valuer General Victoria was performed at 31 December 2021. Fair value assessments have been performed for Land, Buildings, Infrastructure and Plant & Equipment and vehicles. The remaining classes of assets have been assessed and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group is scheduled for 2026.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8.0 Other disclosures

Introduction

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

Structure

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8.1 Economic dependency

SARMB is dependent on the continued financial support of the Victorian Government and in particular DELWP, which provided SARMB essential operational funding. Consequently, these financial statements have been prepared on a going concern basis.

8.2 Ex-gratia expenses

There were no ex-gratia expenses paid during the financial year ended 31 December 2021 (2020: nil).

8.3 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 gains and losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates;
- reclassified amounts relating to available-for-sale financial instruments from reserves to net result due to a disposal or derecognition of a financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

	2021	2020
Net gain/(loss) on disposal of infrastructure, property, plant, equipment and vehicles	(813)	89,000
Total Other economic flows included in net result	(813)	89,000

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

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Net gain/(loss) on 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.

Other gains/(losses) from other economic flows includes the gains or losses from:

- the valuation of the snow factory at Lake Mountain. The right-of-use lease liability expired in October 2021, after making the final annual lease payment. Then the right-of-use asset converted to a fixed asset and a market valuation was sought. That valuation was \$780,490.
- During 2021 all land, buildings and infrastructure had a fair value assessment performed by the Valuer-General Victoria. There was an increase in the fair value of all these assets in 2021.

8.4 Reclassification of expenses

During 2021 there has been a review of the chart of accounts and the allocation of various expenses. These adjustments to classification have been made to better reflect the nature of the revenues and expenses, in addition to further reflect a common chart of accounts for the Victorian Alpine Resorts.

The following items have been re-classified in 2021.

- This year Recoveries of Power & Gas were included as revenue at Service Fees. The value of the recoveries for 2021 is \$282k. Last year these amounts were allocated to Utilities and reduced overall expenses for the year.
- This year Employee Costs - Recruitment, \$51k was disclosed as Employee Costs. Last year, \$35k was disclosed as Administration expenses.
- This year Training, Conferences, Seminars & Courses, \$92k was disclosed as Employee Costs. Last year, \$31k was disclosed as Supplies & Services expenses.
- This year Travel, - Mileage re-imburement, \$26k were disclosed as Employee Costs. Last year, \$18k was disclosed as Administration expenses.
- This year Employee costs - Accommodation, \$54k was disclosed as Employee Costs. Last year, (name change from Rent & Overheads) \$17k was disclosed as Administration expenses.
- This year Employee costs - Labour Hire, \$115k was disclosed as Employee Costs. Last year, \$77k was disclosed as Other operating expenses.
- This year Consultancy - Legal, \$46k, was disclosed as Administration expenses. Last year, \$88k was disclosed as Other operating expenses.
- This year Training, Conferences, Seminars & Courses \$92k, was disclosed as Employee expenses. Last year \$30k was disclosed at Note 3.3 Supplies & Services expense, Training and Conferences.
- This year Employee costs - Labour Hire, \$115k, was disclosed as Employee Costs. Last year, \$77k was disclosed as Other operating expenses.
- This year Snowmaking expenses \$17k was disclosed at Resort Operations. Last year \$35k was disclosed at Snow making expenses

8.5 Change in accounting policies

There were no new accounting standards adopted in 2021.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
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In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994 (FMA)*, the following disclosures are made regarding responsible persons for the reporting period.

Names

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

Responsible Minister

The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change
from 1 January 2021 to 31 December 2021

Board Members

Mr. A Bawden	Board Chair	1 January 2021 to 31 December 2021
Ms. K Irwin	Board Deputy Chair	1 January 2021 to 31 December 2021
Mr. A Thompson	Board member	1 January 2021 to 31 December 2021
Mr. R Cohen	Board member	1 January 2021 to 31 December 2021
Mrs. J Walker	Board member	1 January 2021 to 31 December 2021
Mrs. S Petkova	Board member	1 January 2021 to 31 December 2021
Ms. K Clark	Board member	1 January 2021 to 31 December 2021

Accountable Officer

Ms. G Conman	Chief Executive Officer	1 January 2021 to 31 December 2021
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Remuneration

Remuneration received or receivable by the Accountable Officers in connection with the management of SARMB during the reporting period are shown in the table below:

Remuneration of responsible persons	Number	
	2021	2020
\$10,000 - \$19,999	6	6
\$20,000 - \$29,999	1	1
\$230,000 - \$239,999	1	0
\$250,000 - \$260,999	0	1
Total number	8	8
Total remuneration	372,243	394,578

8.7 Remuneration of executives**8.7.1 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 on the following page.

Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

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

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

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

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

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

Remuneration of executives (a)	2021	2020
Short term benefits	530,906	542,640
Post-employment benefits	77,514	49,298
Other long-term benefits	9,608	12,973
Termination benefits	13,699	0
Total remuneration (a)	631,727	604,911
Total number of executives	6	4
Total annualised employee equivalents (b)	5	4

Note:

(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 8.8)

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

8.8 Related parties

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

Related parties of SARMB 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;
- 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 on an arm's length basis.

Significant transactions with Government related entities

Southern Alpine Resort Management Board received funding from the Department of Environment, Land, Water and planning of \$9,764,369.

Southern Alpine Resort Management Board was provided insurance cover from Victorian Managed Insurance Authority to the value of \$392,887.

Southern Alpine Resort Management Board was provided grant funding from the Department of Jobs, Precincts and regions to the value of Sustainability Victoria to the value of \$2,513,225.

Southern Alpine Resort Management Board was provided grant funding from Sustainability Victoria to the value of \$45,148.

Southern Alpine Resort Management Board received funding in advance of \$571,841 from DELWP for January 2022 on 31 December 2021.

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Key management personnel (KMP) for the Southern Alpine Resort Management Board includes the Portfolio Minister, members of the Board and the Chief Executive Officer. They are:

The Hon Lily D'Ambrosio	Minister for Energy, Environment and Climate Change
Mr. A Bawden	Board Chair
Ms. K Irwin	Board Deputy Chair
Mr. A Thompson	Board member
Mr. R Cohen	Board member
Mrs. J Walker	Board member
Mrs. S Petkova	Board member
Ms. K Clark	Board member
Ms. G Conman	Chief Executive Officer

Remuneration of key management personnel

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

Compensation of KMP (a)	2021	2020
Short term benefits	329,835	353,772
Post-employment benefits	33,866	32,304
Other long-term benefits	8,542	8,501
Termination benefits	0	0
Total remuneration	372,243	394,578
Total number of KMP	8	8

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.6)

Transactions with key management personnel 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 occurs 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 Procurement Board requirements.

All payments made or received between SARMB and other government entities are on an arm's length basis and at normal commercial terms.

SARMB has a related party relationship with Alpine Resorts Co-ordinating Council (ARCC) due to SARMB chair, Mr. Allan Bawden, also being a board member with ARCC. During 2021 SARMB paid \$18,768 for membership.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the SARMB's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8.9 Remuneration of auditors

Remuneration of auditors		2021	2020
Audit of the financial statements	VAGO	66,000	61,000
Internal and other audit services	Crowe	39,875	62,407
Total Remuneration of auditors		105,875	123,407

8.10 Subsequent Events

The policy in connection with recognising subsequent events that are for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

The following events are considered events of material interest and are therefore being disclosed as subsequent events occurring after the reporting period and before authorisation of the financial statements.

The COVID-19 pandemic in 2022

Due to the continuing nature of this event and the material uncertainty that exists it is not possible to quantify the full continuing economic impact of COVID-19 on the operations of the Board. However, it is expected to have some impact on the operating and economic environment for the Board in 2022 which may impact on visitor numbers and the ability of the Board to trade.

Alpine Sector reform

The Alpine Resorts Co-ordinating Council and Alpine Resort Management Boards (ARMBs) were notified on 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 ARMBs into a new statutory body corporate to be known as Alpine Resorts Victoria.

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 the ARMBs to ensure financial solvency during transition to the new arrangements.

Royal assent was given on 16 March 2022 enacting the legislative amendments, the new entity Alpine Resorts Victoria will commence from 1 October 2022.

Based on the details of the announcement and correspondence with the Department, management have concluded the going concern assumption in the accounting for assets and liabilities remains appropriate for the next 12 months. It is also anticipated that all assets and liabilities will be transferred to Alpine Resorts Victoria as the successor in law.

Management's assessment of the future merger is that it has no impact on the value of assets or liabilities disclosed in the statement of financial position as at 31 December 2021.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
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8.11 Australian accounting standards issued that are not yet effective

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on:	Impact on public sector entity financial statements
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023. SARMB will not early adopt the Standard.	1 January 2022	The Board is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact. The most recent available update of FRD 120N states the standard is not expected to have a significant impact on the public sector.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the SARMB's reporting.

- *AASB 17 Insurance Contracts.*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19 - Rent Related Concessions: Tier 2 Disclosures.*
- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform - Phase 2.*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.*

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**8.12 Glossary of technical terms**

The following is a summary of the major technical terms used in this report.

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

Borrowings refers to interest-bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities, service concession arrangements and other interest-bearing arrangements. Borrowings also include non interest-bearing advances from government that are acquired for policy purposes.

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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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

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

Effective interest method is the method used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

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

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

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

Financial asset is any asset that is:

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

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

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Financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements in the Model report comprises:

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

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

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

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

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those that are mainly non-market in nature, those that are largely for collective consumption by the community and those that involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Infrastructure systems provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State.

Interest expense represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of lease repayments, service concession financial liabilities and amortisation of discounts or premiums in relation to borrowings.

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

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NOTES TO THE FINANCIAL STATEMENTS
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Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net lending/borrowing is the financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

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

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

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'.

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

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

Right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

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

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8.13 Style conventions

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

The notation used in the tables is as follows:

(xxx) negative numbers

202x year period

The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the SARMB's annual report.

APPENDIX 1 - DISCLOSURE INDEX

The Annual Report of Southern Alpine Resort Management Board is prepared in accordance with all relevant Victorian legislation. The index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

DISCLOSURE INDEX		
LEGISLATION	REQUIREMENT	PAGE NO.
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Charter and purpose		
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FRD 22I	Purpose, functions, powers and duties	9
FRD 22I	Nature and range of services provided	15
FRD 22I	Key initiatives and projects	23
Management and structure		
FRD 22I	Organisational structure	18
FRD 22I	Board committees	12
SD 3.2.1	Audit committee membership	12
Financial and other information		
FRD 8D	Performance against output performance measures	23
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FRD 22I	Employment and conduct principles	18
FRD 22I	Occupational health and safety policy	20
FRD 22I	Summary of the financial results for the year	22
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Declaration		
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SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	39
SD 5.2.1(a)	Compliance with Standing Directions	39
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD 11A	Disclosure of Ex gratia Expenses	89
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	93
FRD 110A	Cash Flow Statements	44
FRD 112D	Defined Benefit Superannuation Obligations	56
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	77
Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.		
Legislation		
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<i>Alpine Resorts Management Act 1997</i>		
<i>Financial Management Act 1994</i>		
<i>Building Act 1993</i>		
<i>Public Interest Disclosure Act 2012</i>		
<i>Disability Act 2006</i>		
<i>Local Jobs First Act 2003</i>		



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