



MOUNT HOTHAM
ALPINE RESORT MANAGEMENT BOARD

2018
ANNUAL REPORT

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Mount Hotham Alpine Resort

To share an amazing alpine experience



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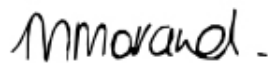
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WELCOME


Mount Hotham Alpine Resort Management Annual Report 2018

In accordance with the *Financial Management Act 1994*, we are pleased to present the Mount Hotham Alpine Resort Management Board's Annual Report for the year ending 31st December 2018.



Maxine Morand
Chairperson

Mount Hotham Alpine Resort
Management Board



Jon Hutchins
Chief Executive Officer

Mount Hotham Alpine Resort
Management Board

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Introduction

OUR CHAIR'S REPORT



2018 was another successful year with big snowfalls a highlight.

In March 2018 the Minister for Energy Environment and Climate Change, the Honourable Lily D'Ambrosio MP, appointed a new board at Mount Hotham. The Deputy Chair, Andrew Skewes, and I as the new Chair, are directors reappointed from the previous board. Minister D'Ambrosio has appointed an additional unique board member, to Mount Hotham and four common board members who serve on all the Northern Resort Boards. The new board structure gives the resort a platform for increased collaboration and cooperation between the Northern Alpine Boards. The Resort Management Board is working with the Alpine Resorts Co-ordinating Council (ARCC) on the Ministerial Directions issued on the appointment of the new boards. Mount Hotham has been working closely with consultants appointed by the ARCC to review the business systems across the northern resorts and to enhance our stakeholder engagement.

The combined experience and skills of the ongoing and the new board of directors has provided a great resource-base for the Board in this busy year. I would like to thank each of them for their ongoing commitment and passion for the alpine sector and Mount Hotham.

Another successful winter season with big snowfalls has been one of the highlights of the past year. It was pleasing to see increased winter visitation across the Victorian Alps compared to the previous ten-year average. Mount Hotham received 13% more winter visitors than the previous ten-year average and a 6% increase on the number of visitor days compared to 2017.

In 2017, Mount Hotham resort's economic contribution to Victoria represented \$218m to the gross state product (value-added) and 2,174 jobs. Mount Hotham is a smaller resort than its northern counterparts; however, its contribution is significant to the region and the tourism and hospitality sector.

Consistent snowfalls in June, July and August combined with low temperatures, little rain and good snow making meant the snow base ranged between 80cm and 2 metres deep throughout the season and right to the end of the extended closing date.

Despite record snowfalls, the Great Alpine Road remained open with no overnight closures or major incidents interrupting traffic flow for extended periods. Weekly meetings between our managers, Vic Roads, Vic Police, SES and Hoys chain service were integral to managing the road with minimal delays.

The True Spirit of Alpine Australia Campaign continued into its second year. This second stage following the rebranding was a marketing strategy that drew on market research and targeting specific audience segments with the aim of growing our visitor numbers and differentiating the experience of Mount Hotham from other resorts.

The campaign received a further accolade of industry acknowledgement, with Mount Hotham and the branding agency 10 Feet Tall being awarded the Mumbrella Travel Marketing Award for Breakthrough Destination of the Year. This was a great result for all those who have been involved in the development of this campaign.

Summer activities in the resort are growing with the development of facilities and infrastructure for visitors to the resort. These include installing playground equipment and camping platforms, further developing our Tracks and Trails network and promoting high country walk and run events.

We have developed the Little Higgi Park Community Playground installing playground equipment, two pétanque/bocce-style courts and a bike pump track. Camping platforms have been installed at Wire Plain and the Dargo loop. Our Tracks and Trails Program has been enhanced by the start of the Mount Hotham Village Backtracks Project to improve trails from the Corral carpark through to the Little Higgi playground. The engagement of a weekend ranger has enabled us to provide visitor information and guided bush walks on peak weekends. We have been working with Tourism North East to promote high country walk and run events.

Our 2018 capital works program covered improvements across a range of areas in the resort. These included the Tunnel of Love biolink for pygmy possums at Cherokee Corner, the development of an operations centre within Slatey shed, upgrades to our vehicle fleet, and plant and equipment in our workshops, the Waste Water Treatment Facility and the medical centre. Infrastructure improvements involved work on track and

trail resurfacing, Information Technology and Communication system upgrades and water main replacement.

We were very pleased to receive Approval-in-Principle from Minister D'Ambrosio for the Corral Development project in October 2018. This proposed development which is significant in scale, will enable Mount Hotham to progress our Growing Mount Hotham Strategy and year-round activities, into the future. In December 2018, a planning amendment was issued for minor realignment of the Great Alpine Road related to this proposed development. This will allow increased room for guests (pedestrians and traffic) to move safely through the central resort area.

The Board has continued our established program of consultation with our stakeholders. We held our first briefing for the year with the Hotham community at the MCG in Melbourne in May. It was encouraging to see over 130 people there interested in the coming season and the future plans for the resort.

Our Consultative Forum meets to improve communication amongst Mount Hotham's major stakeholders which include representatives from Tourism North East, the Mount Hotham Chamber of Commerce, Hotham Ski Association, Mount Hotham Skiing Company and the Alpine Shire Council. This committee aims to develop a shared understanding of the Mount Hotham Alpine Resort Management Board's (MHARMB) business plans and stakeholder needs and expectations. Our four meetings held in 2018 covered a range of topics of interest to the diverse range of stakeholders on the mountain.

The Board would like to recognise the contribution and passion of all our Mount Hotham community and our neighbours including the Mount Hotham Skiing Company, the Hotham Ski Association, business owners, property owners, accommodation providers, snowsports organisations including Disabled Wintersport Australia (DWA), the Alpine Shire, Dinner Plain, our traditional owners and our guests. We thank you for contribution to our resort to make it a unique and amazing place for current and future generations.

Lastly, I would like to thank the staff at the resort management board. Whether that are all-year-round staff or working the winter season only, I would like to thank them for their commitment, passion and hard work that goes into delivering an amazing alpine experience for our guests.

Maxine Morand
Chairperson

Mount Hotham Alpine Resort
Management Board

OUR CEO'S REPORT



Sharing an amazing alpine experience is what we believe in and aim to deliver.

Sharing an amazing alpine experience is what we believe in and aim to deliver for our stakeholders and guests. 2018 delivered that in snowfalls and increased visitation. An early start to the ski season was just the beginning with consistent snow falling throughout. Snowfall, snowmaking and good grooming enabled the resort to have good snow cover with many runs open until the very last day of the extended season.

These conditions and our coordinated road management resulted in a season where amazing alpine experiences were almost guaranteed. With visitation 13% higher than the average for the last ten years and record snow levels, there were no road closures due to weather and vehicle incidents were quickly resolved without major disruption.

In terms of resort management, 2018 has been a year of achievements and challenges. As we grow our customer base we need to be able to support this with the requisite infrastructure. Minister D'Ambrosio's recent Approval-in-Principle of the Corral Development enables us to progress this work.

Our "True Alpine Spirit" marketing campaign continues to receive praise, this year taking the Mumbrella Travel Marketing Award for Breakthrough Destination of the Year. Our statistics show we had 148,848 visitors to the resort in winter and 126,925 in 2017/18 summer. This provides for nearly 550,000 annual visitor days.

In response to our market research, we launched two new resort entry permits as special offers this year. Our 2019 Super Saver deal was well received with sales exceeding expectation. The Super Saver deal was bundled with the Ski Company Hero Pass, allowing guests to purchase

both passes through the same portal.

Our redevelopment of the mthotham.com.au website this year, is another way we are working with the lift company and stakeholders to improve our guest experience. This refreshed site provides an upgraded content management system that allows easier access to information and simplified navigation. Our resort entry system is embedded in this site and is the next area targeted for upgrading.

Safety on the slopes is always paramount and we recognise that having good systems in place provides safe visitor experiences. Our ski patrol worked extensively to again exceed international safety standards, despite having more visitors and more terrain open longer. The efforts of our volunteer ski patrollers to assist in peak periods is very much appreciated.

This year as part of our ongoing infrastructure work, repair was done on the rising water main that directs potable water from Swindlers Creek to the water storage tanks on Mount Higginbotham. A second break in the pipeline occurred in September requiring excavation work. As a result, this introduced a geotechnical risk that has required immediate attention for its mitigation. The Board has allocated funds in its capital works program to redirect and reinstall the damaged section and complete the first stage of the works before the 2019 winter season.

We initiated two outsourcing arrangements in 2018. These were the village bus service, outsourced to Alpine Spirit Coaches and infringement processing, outsourced to Tenix Solutions. Both arrangements have enabled the board to focus on managing the guest experience in the resort.

2018 was the first year of a three-year outsourced contract with Alpine Spirit Coaches, for the intra-village bus service. The new fleet offered access for disabled passengers and a tracking system for visitors to 'hail a bus' during quieter periods.

The establishment of this new arrangement presented issues during the early arrival of the season. However, we worked with Alpine Spirit to resolve issues as they arose. In working with the operator, improvements were seen.

We are continuing to develop our year-round activities for Mount Hotham. I am pleased to report the Minister's approval of the Master Plan for the Falls to Hotham Alpine Crossing (FHAC) and \$2m of government funding has been made available for the detailed design of the Crossing. This iconic walk will be developed in partnership with Tourism North East, Regional Development Victoria, Visit Victoria and the Department of Economic Development, Jobs, Transport and Resources.

Free guided walks on some of our tracks and trails were offered in the summer. These were well-attended and provided an informative insight into some of the natural beauty the resort has to offer.

Strategic partnerships are crucial in our destination marketing efforts. These include:

- adjoining land managers (local government agencies) – Parks Victoria, the Department of Environment, Land, Water and planning (DELWP) and Alpine Shire
- emergency services – CFA, Victoria Police, Ambulance Victoria and SES
- traditional land owners – Gunaikurnai and Tugnerong
- government agencies – Vic Roads, DELWP, Department of Human Services (DHS) and the EPA

Throughout the year our stakeholders engaged with us through various events and activities.

An important part of our custodianship is the conservation and enhancement to the alpine flora and fauna at Mount Hotham. This year we completed the second "tunnel of love" for the Mountain Pygmy Possum (*buramys parvus*), located on the Great Alpine Road at Cherokee Corner. This biolink provides access for the possums on both sides of the great Alpine Road and is vital for the survival of this threatened species.

In 2018, we noted growth in the number and range of groups that made good use of our resort facilities. Mount Hotham hosted a number of events including the Victorian and Australian Biathlon championships, SSA Futures Camp & SSA Grom SBX Championship, and the Interschool training and trial series.

DWA activity doubled this year compared to 2017, with increased demand for volunteer guides and equipment usage. Our cross-country trails attracted more traffic thanks to good snow cover and grooming throughout the season.

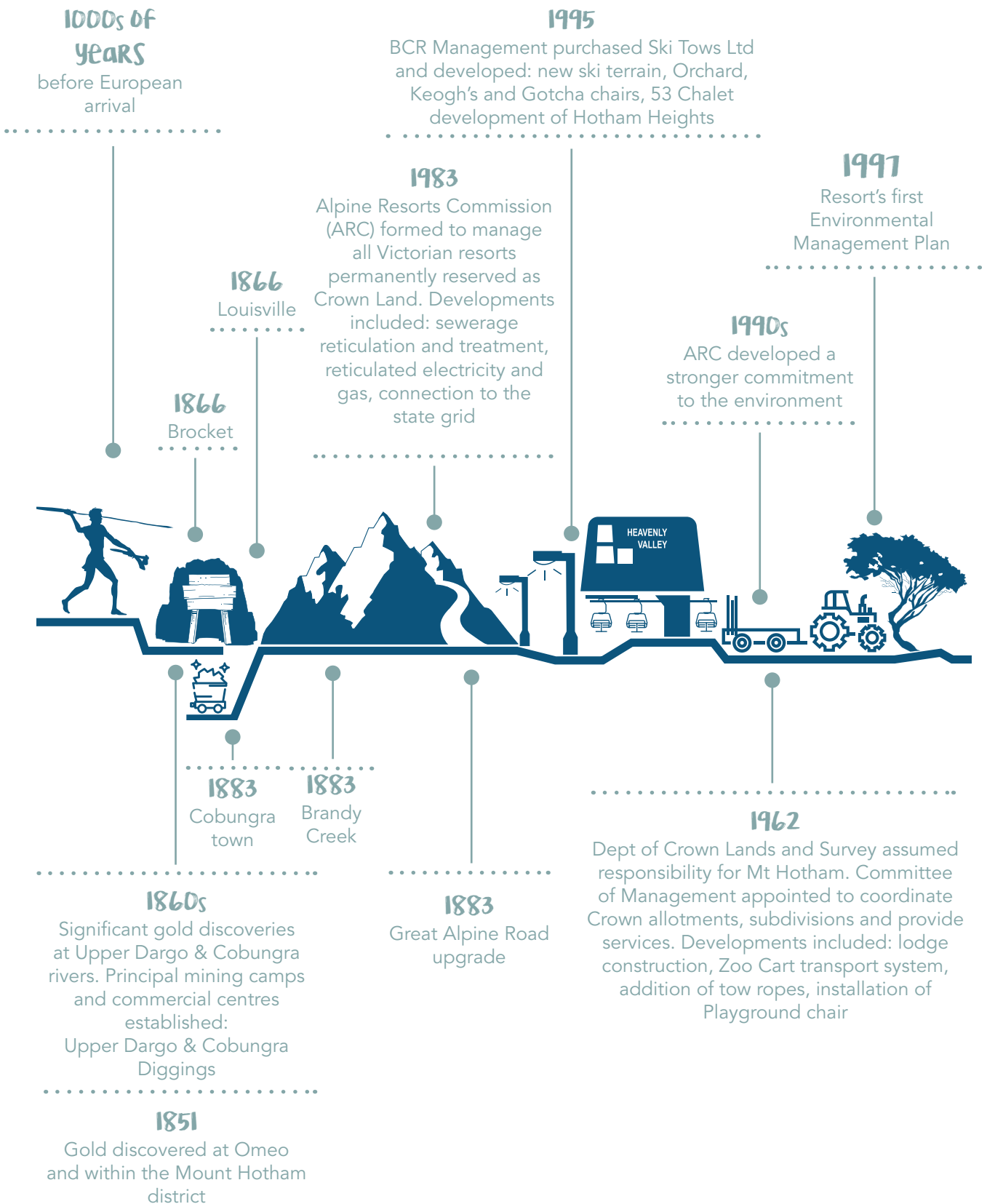
In 2018 we were sorry to see Liz Alley, Nicole Hayes and Makayla Rimington leave our staff. We thank them for their contributions to the achievements of 2018 and wish them every success in the future.

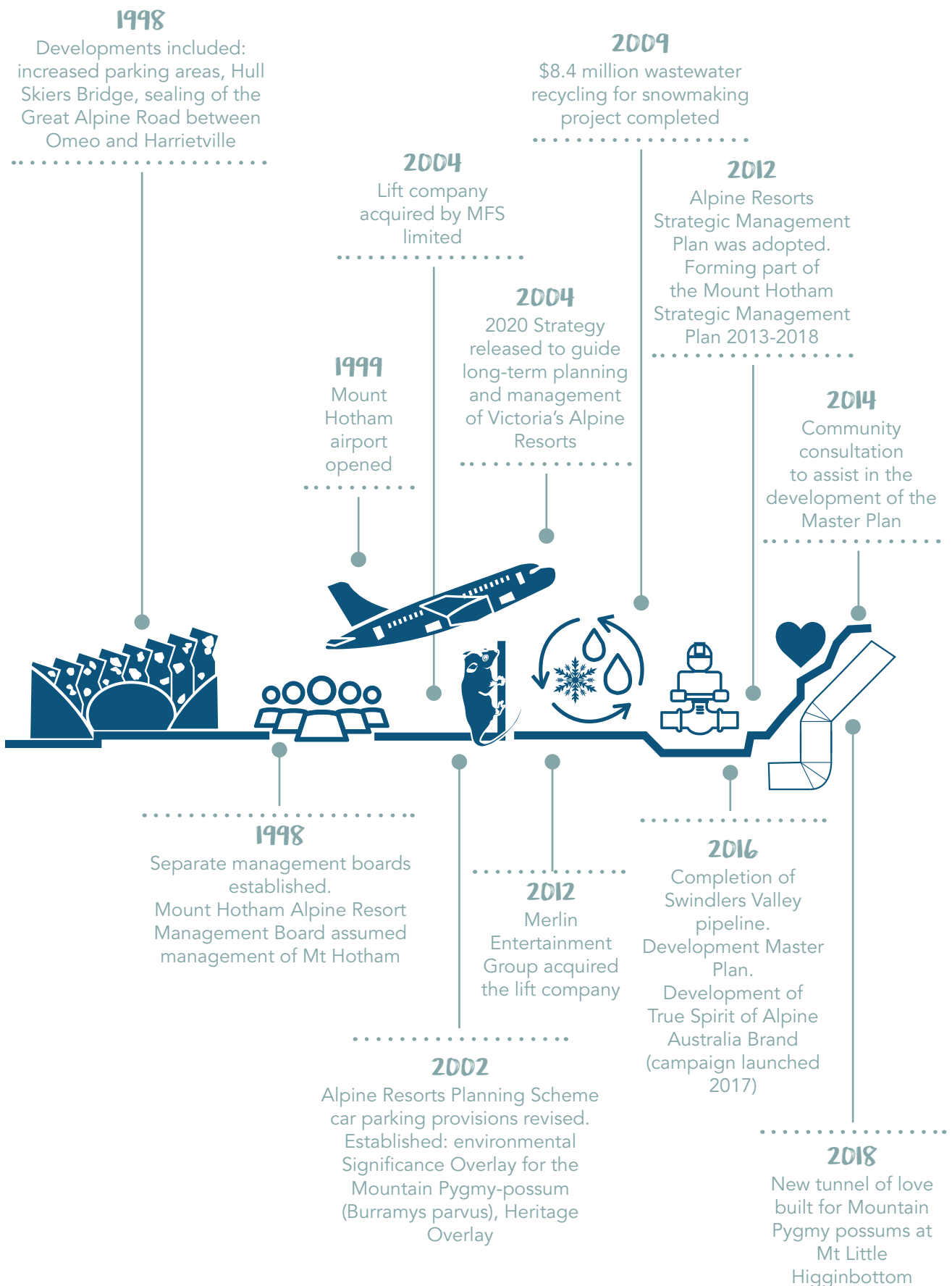
New staff welcomed to the team this year included Anita Coia our Media and Communications Officer and Gillian Glenister our Financial Accountant. They join our committed staff and management team who are passionate about their involvement in sharing our alpine environment with visitors.

Jon Hutchins
Chief Executive Officer

Mount Hotham Alpine Resort
Management Board

OUR HISTORY





OUR BOARD MEMBERS



Maxine Morand
Chairperson

Maxine was appointed to the Board in January 2016 and re-appointed as Chair on March 30, 2018. Maxine brings extensive experience in government, not-for-profit management, stakeholder engagement and public health. She is a former nurse, cancer researcher and advocate for cancer patients. Maxine was a Member of the Victorian Parliament and the Minister for Children and Early Childhood Development and Women's Affairs and held the position of Chief Executive of Breast Cancer Network Australia.

Maxine is currently Chair of Peter MacCallum Cancer Centre, has an appointment at Monash University as a professorial fellow in the School of Public Health and Preventative Medicine, and is a graduate of the Australian Institute of Company Directors. Her other board appointments include the ARCC and Peter MacCallum Cancer Foundations Limited. Maxine has been a keen skier and visitor to Mount Hotham with her family for over 30 years.



Andrew Skewes
Deputy Chair

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



Michelle Croughan
Board Member

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



Sue Lebish
Board Member

Sue was appointed to the Board on March 30, 2018. Sue has over 20 years professional and senior management experience in local government, university, defence and the banking sectors providing finance, governance, project and risk management roles in Queensland, Canberra and Victoria. She is on the Winton Wetlands Committee of Management, Chair of the Audit Committee for the Alpine Shire, and has held various other Board appointments in government owned corporations and university research corporations. Sue has just finished two years on the Board of the Falls Creek Alpine Resort Management Board. Sue's formal qualifications include being a graduate of the Australian Institute of Company Directors and a Certified Practising Accountant, she holds a Master of Business Administration, a Bachelor of Commerce, and is a member of the Australian Risk Policy Institute. She is a keen skier who has a strong belief in the commercial, ecological and social value of the alpine regions to the local and regional communities.

Responsibility for the day-to-day management of the Mount Hotham Alpine Resort was transferred to the Mount Hotham Alpine Resort Management Board on April 1998. Our Board representatives come from a diverse range of backgrounds and industry experience.



Peter Valerio Board Member

Peter was appointed to the Board on March 30, 2018. Peter has over 30 years' experience in commercial, public sector and business roles within the tourism sector and is widely respected for his destination marketing expertise. In his early career he was General Manager for one of Australia's largest ski tour operators and accommodation providers. He later co-developed and applied destination branding for the Australian Tourist Commission and drove development of a national approach to tourism forecasting. In 20 years heading Tourism Development Strategy Services, he has assisted over 50 destinations develop tourism marketing strategies and policy. These destinations range from precincts to countries. He has formal qualification in Economics (B Econ. Syd) and has written and delivered MBA subjects in tourism planning and international tourism marketing. He is married with four children and lives in North Eastern Victoria.



Anthea Packer Board Member

Ant was appointed to the Board on March 30, 2018. As a local, Ant is a regular visitor to Mount Hotham to hike, bike and ski. She is passionate about regional development and sustainably growing the economic value of the Alpine Resorts to the North East Victorian economy. Ant's qualifications are in Commerce, Community Development and Conservation and she has nearly two decades of professional experience in public land management. She brings to the leadership team a commitment to ensure a balance between connecting communities with nature, and protection of the unique natural and cultural heritage values, in alpine regions.



Helen Moran Board Member

Helen was appointed to the Board on March 30, 2018. Helen is an accomplished executive leader, possessing extensive business and commercial knowledge and expertise within the ski resort and tourism industries. Helen has a demonstrated track record of providing tangible results that positively impact on organisational performance. She has initiated strategic change that positively impacted efficiency and bottom-line profitability, without compromising quality of service or standards. Helen is adept at providing organisational leadership and is recognised as a strategic thinker and leader within the industry. Her past experience on various committees and boards in the alpine resort area and in the tourism sector influence her valuable contributions to the future direction of Victorian Alpine Resorts.



RESORT GOVERNANCE REVIEW

The Board structure was revised in 2018.

The revised Board structure comprises:

- three board members unique to Mount Hotham Alpine Resort Management Board
 - Maxine Moran (Chair)
 - Andrew Skewes (Deputy Chair)
 - Anthea Packer
- four common board members appointed to the three northern resorts management boards
 - Michelle Croughan
 - Sue Lebish
 - Helen Moran
 - Peter Valerio

Establishment of boards

The Mount Hotham Alpine Management Board was established by Section 34 of the *Alpine Resorts (Management) Act 1997*. The inaugural Board officially took over control of the resort on 30 April 1998. Prior to this, the alpine resorts were managed collectively under the jurisdiction of the Alpine Resorts Commissioner.

The current management structure comprises an independent seven-member skill-based Board who were appointed by Minister D'Ambrosio.

Functions of the Board and Corporate Governance

- Plan for the development, promotion, management and use of the resort
- Develop and promote or facilitate the development or promotion by others of the use of the resort
- Manage the resort
- Contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole
- Undertake research into alpine resort issues
- Contribute to and support the operation of the Council
- Prepare and implement a Strategic Management Plan for the resort
- Expend and apply revenue of the Board in accordance with the minister under section 31(1A)
- Manage the Crown Land in Mount Hotham by acting as a Committee of Management under the *Crown Land (Reserves) Act 1978*
- Contribute; together with *Tourism Victoria Act 1992*, and the Council, to the overall promotion of alpine resorts
- Develop a tourism and marketing strategy and to promote the resort
- Provide services in the nature of:
 - garbage disposal
 - water supply
 - gas
 - drainage

- sewerage
- electricity
- roads
- fire protection
- snowmaking
- transport for the resort
- Charge user-pays contributions for the provision of these services
- Collect fees prescribed by the regulations for the resort
- Attract investment for the improvement of the resort
- Carry out any other function conferred on the Board by this or any other Act

*Amended from Section 38 of the *Alpine Resorts (Management) Act 1997*.



BOARD STRUCTURE

4

Common board members

3

Unique board members

2018 Sub-committees

MARKETING & DEVELOPMENT	PEOPLE, CULTURE & REMUNERATION
<ul style="list-style-type: none"> Peter Valerio (Chair) Anthea Packer Helen Moran 	<ul style="list-style-type: none"> Helen Moran (Chair) Andrew Skewes Maxine Morand
Assists in developing Board policy and monitoring corporate activity and makes recommendations on matters relating to the Board's Sustainable Growth Plan.	Establishes the organisation's policy and practice for executive remuneration, reviews and makes recommendations to the Board on Strategic Workforce Planning and ensures compliance with relevant legislation, public sector policy and reporting requirements.
FINANCE, RISK & AUDIT	GROWING MT HOTHAM
<ul style="list-style-type: none"> Andrew Skewes (Chair) Sue Lebish Michelle Croughan 	<ul style="list-style-type: none"> Andrew Skewes (Chair) Maxine Morand Helen Moran
Responsibility for internal and external audit, finances, risk management and monitoring compliance with the Financial Management Compliance Framework. All members are deemed interdependent under the Financial Management Act 1994.	Supports the Board's strategic oversight of the Growing Mount Hotham Project – with a particular focus on the Corral Car Park development, establishing a risk framework for the project, facilitating funding, loan applications or internal resources to complete the project and defining the outcomes for all stakeholders.

Consultative forum

- Andrew Skewes (Chair)
- Maxine Morand

All board members are encouraged to participate when possible.

Established in July 2014, with representatives from Tourism North East (TNE), Mt Hotham Chamber of Commerce, Hotham Ski Association (HSA), Mt Hotham Skiing Company (MHSC) and Alpine Shire Council.

Meeting attendance

	Board	Finance, Risk & Audit	People, Culture & Remuneration	Marketing	Growing Mt Hotham	Consultative Forum
2018 Board						
Total Meetings	8	4	6	4	1	4
Maxine Morand	8	1	6	3	1	2
Andrew Skewes	8	4	5		1	4
Michelle Croughan	6			2		1
Sue Lebish	5	4	1	1		3
Helen Moran	6	3	6	3	1	2
Ant Packer	6			4		3
Peter Valerio	6		1	3		3
Outgoing Board						
Nicole Feeney	2		1	1		
David Anstee	2	1		1		
Julia Hunter	2	1		1		
Jo Shannon	2	1				

About the Resort

OUR STRATEGY

These program areas link our strategy with government legislation and our operations.

- **Our customer and community focus**

- **Our year round resort**

- **Our services**

- **Our developer services**

- **Our environment on the ridge**

- **Our strategic partnerships**

- **Our corporate governance**

Our vision

The true spirit of alpine Australia.

Our mission

To deliver Australia's premier alpine resort through the optimal management of this unique crown asset.

Our belief statement

To share an amazing alpine experience.

Our brand statement

Australia's highest alpine resort with the most down to earth people.



Our focus areas



The crown

- Managing the public assets of the resort
- Attracting investment for development and improvement



Our visitors

- Transport
- Ski patrol
- Resort entry sales
- Visitor information
- Traffic and parking management
- Snow clearing
- Cross country trails
- Urban amenities

Victorian Public Sector values



Human Rights



Integrity



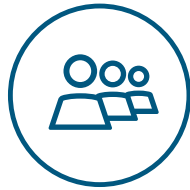
Impartiality



Accountability



Respect



Leadership



Responsiveness



Our property

- Measure & monitor performance



Our stakeholders, investors and developers

- Deliver consistency, certainty, transparency in decision-making
- Resort planning and development
- Reliable utility services
- Effective marketing
- Business and product development
- Land and lease management
- Efficient revenue collection



Our corporate performance

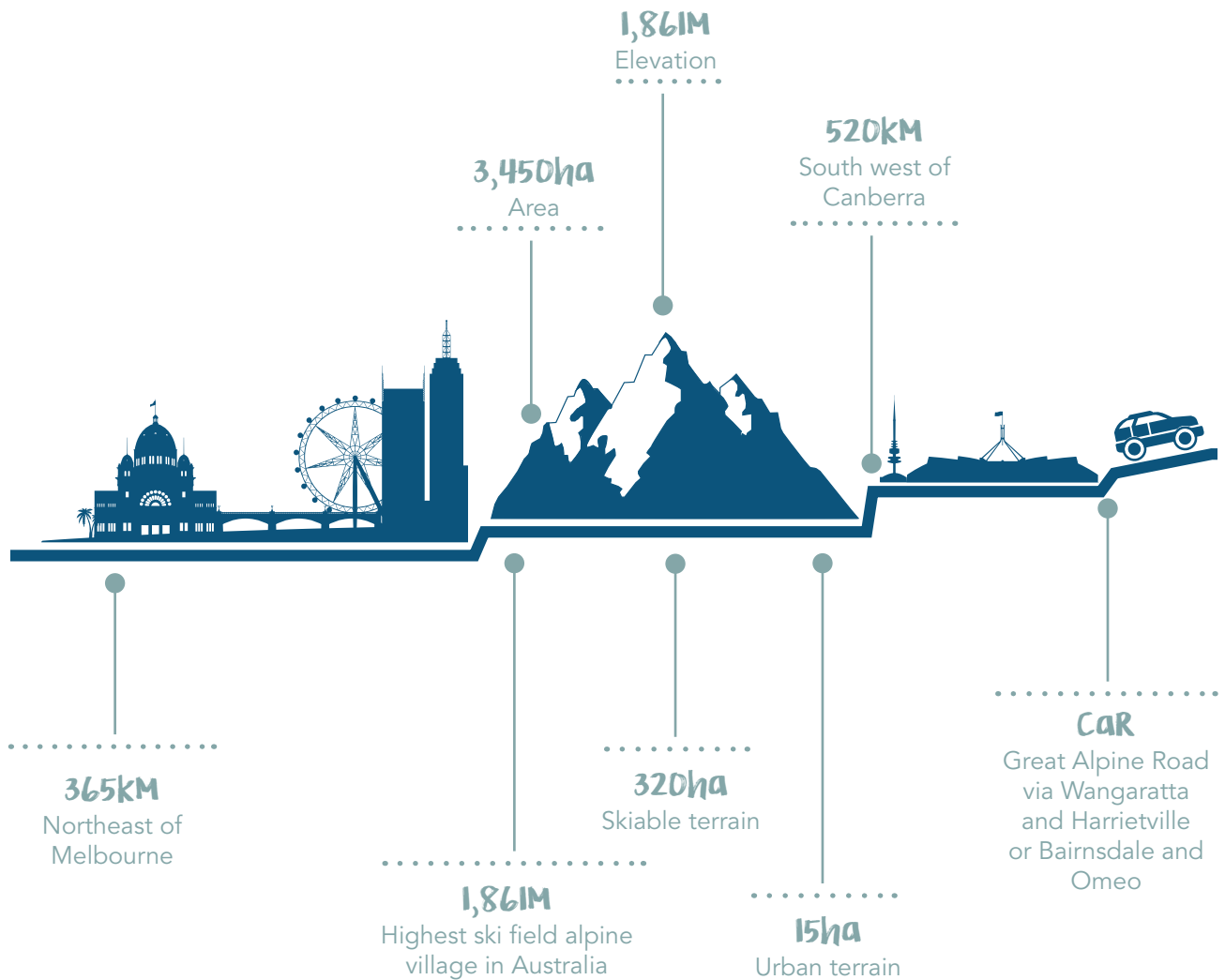
- Manage the biodiversity, ecology and catchment
- Consider climate change



Our environment

- Manage the biodiversity, ecology and catchment
- Consider climate change

NATURE & SCOPE OF ACTIVITIES



Utilities

- Water
- Sewerage
- Drainage
- Waste management
- Snowmaking infrastructure
- Plant/vehicle & workshops



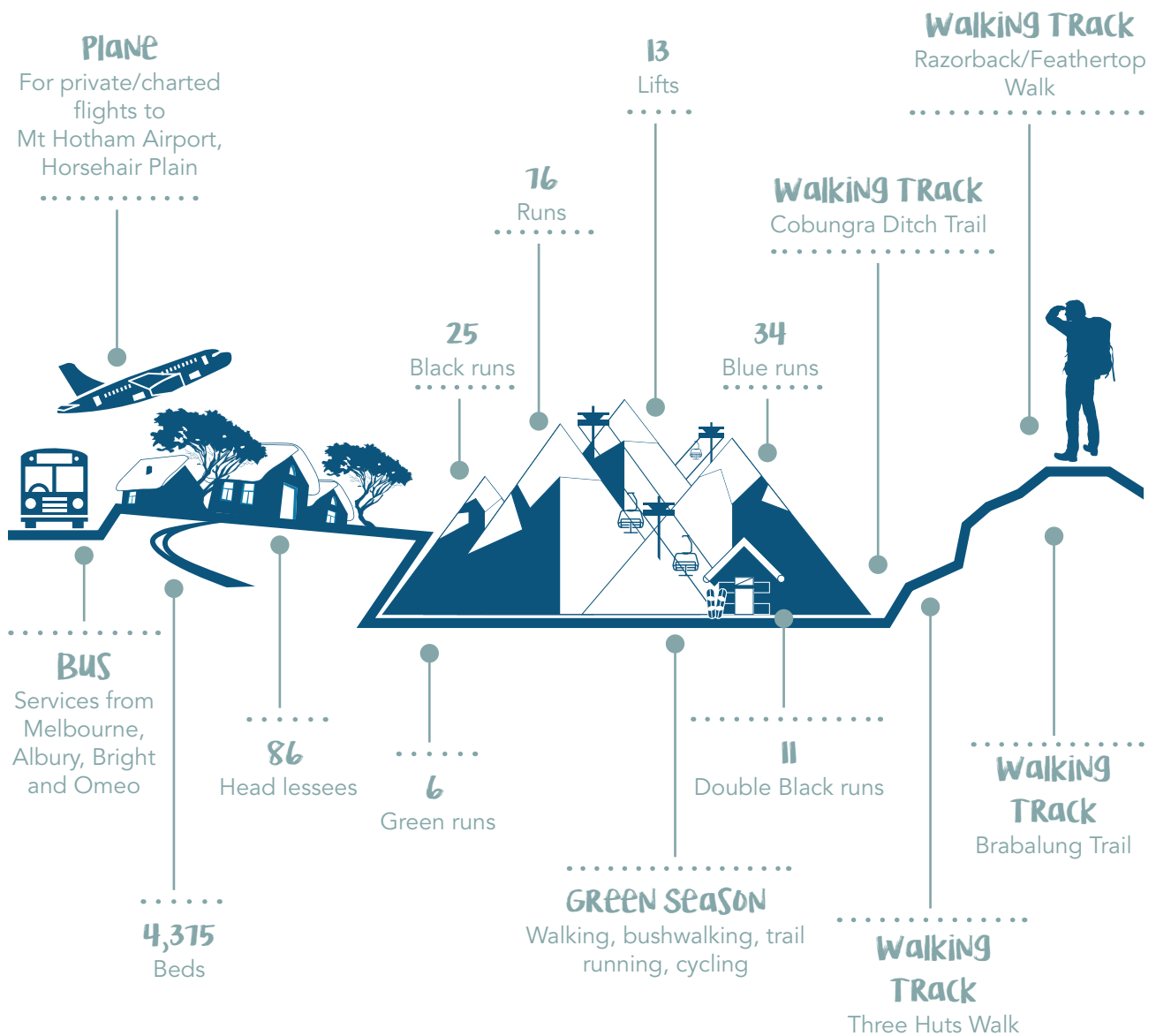
Public access, safety & education

- Ski patrol
- Public infrastructure
- Guest safety
- Village maintenance
- Car parks & roads
- Resort entry & guest information
- Traffic control
- Transport
- Trails & snowplay
- Snow clearing
- Cross country trails
- Public liability insurance



Corporate services

- Strategic, business & resort master planning
- Administration
- Stakeholder management
- Emergency management
- Human resources
- Board administration
- Compliance
- Corporate governance
- OH&S
- Financial management
- IT



Land management & environmental services

- Property development
- Environmental
- Stewardship
- Property & leasing
- Licences
- Planning
- Building
- Health
- Capital works and operations



Risk management

- Risk register
- Asset maintenance
- Risk management



Business & product development

- Product development
- Business development
- Website development
- Weather & snow reporting
- Walking trail products



Business undertakings

- Gas supply
- Victorian Alpine Nursery

FINANCIAL SUMMARY

The 2018 accounts produced a surplus of \$607,565 for the year (2017 deficit of \$172,691).

This is a result of strong visitation due to a second consecutive year of good snow conditions and the True Spirit of Alpine Australia marketing campaign. Early snow fall enabled the ski field to open from mid-June. Good conditions for snow making throughout June and July ensured a product for the July school holidays. Consistent natural snow falls enabled greater ski area terrain to open during the school holidays and remain open for most of the season. This all added to the extension of the ski season for an extra week to encapsulate the two weeks of Victorian school holidays producing revenues exceeding 2017 by 14% growth.

2018 was the first year of the outsourced free intra-village bus transport. This delivered an upgraded fleet compared to the outdated Mercedes bus fleet provided by the Board and improved comfort for guests and many users of the service. As a result, wages and bus maintenance and running costs decreased from 2017. The service experienced some early teething problems which were worked through. It is anticipated to provide an amazing alpine experience for all passengers for 2019. We thank the many providers of feedback which assisted the Board in managing the performance and early problems.

Other sources of revenue included a number of contracted works the Board provided for third parties.

These included the Loch turning lanes, Dungee Hollow chain bay/overtaking lane and some other minor rechargeable works. These contracted works were performed for full cost recovery only and provided improvements for safer travel along the Great Alpine Road for our resort visitors.

The Board's net total cash increased by \$1.15 million. This is a result of two consecutive years of the capital works program being below the annual depreciation charge which has decreased the Board's non-financial assets by \$576k. This was intentional to assist with future funding of the Growing Mt Hotham Project and further investment in resort amenity.

	FY13/14	FY14/15	FY15/16	FY 2017	FY 2018
	12 month period	12 month period	14 month period	12 month period	12 month period
Financial Summary	\$000	\$000	\$000	\$000	\$000
Total Assets	88,443	88,666	82,824	82,977	83,905
Total Liabilities	3,562	3,288	3,347	3,535	3,644
Net Assets	84,881	85,378	79,477	79,442	80,261
Assets are comprised by class					
Land	41,815	41,815	30,821	30,821	30,821
Financial	10,559	7,036	4,997	5,329	6,655
Other Non-Financials	36,069	39,815	47,005	46,827	46,429
Total Assets	88,443	88,666	82,823	82,977	83,905
Five Year Revenue And Expenditure Overview					
	FY13/14	FY14/15	FY14/16	FY 2017	FY 2018
Revenue	12 month period	12 month period	14 month period	12 month period	12 month period
Site Rental	1,421	1,440	1,583	1,391	1,326
Annual Service Charges	4,193	4,343	5,181	4,565	4,791
Service Charges - Infrastructure fees	177	134	41	-	48
Visitors	2,665	2,731	2,816	3,270	3,714
Grants	60	74	152	205	161
Other Sources	2,362	2,065	1,990	2,113	2,817
Total Revenue	10,878	10,787	11,763	11,546	12,856
Expenditure					
Operating expenses	8,146	8,414	9,355	9,637	10,369
Depreciation	1,233	1,373	1,684	1,548	1,583
Finance Expenses	110	105	116	92	85
Support Payments	356	398	466	441	212
Total Expenditure	9,845	10,290	11,621	11,718	12,249
Net Operating Result	1,033	497	142	(172)	608

There were seven consultants engaged with MHARMB for the 2018 year in projects valued over \$10,000. A total of eight consultancies with projects valued less than \$10,000 each, totalled \$25,193. The following table lists how the expenditure was distributed.

Consultancies	Project	Qty	\$
Dean Heinze	Burrmys monitoring		\$11,017
Biosis Research	FFA 3 Infrastructure Project, Flora and Fauna Assessment for Wire Plain Helipad, Rising Main and Edelweiss Sewer		\$25,459
On Tap	Growing Mount Hotham Project – monthly retainer		\$61,960
Horizon Studio	Landscape Architectural Services (Whisky Flat)		\$13,705
Luminous Biz Developments	Consulting Services – assistance with ARCC response		\$10,726
Alpine Building Permits and Consultant	Municipal Building Surveyor Services		\$14,714
Surface Consulting	Hotham Bus Tender		\$16,773
Subtotal (greater than \$10,000)		7	\$154,354
Subtotal (less than \$10,000)		8	\$25,193
Total Consultants		15	\$179,547

Major contracts

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

Disclosure of government advertising expenditure

Name of campaign	Contractor	Start Date	End Date	Advertising \$	Creative & Campaign Development
True Spirit of Australia Campaign	10 Feet Tall Pty Ltd	Jul-18	Oct-18		\$60,256
	MK Media	Mar-18	Oct-18	\$127,006	
Snow Victoria, Ride High Country, Walk High Country	Tourism North East	Jul-18	Jun-19	\$65,213	
Total Advertising Expenditure					\$125,469

Disclosure of information and communication technology (ICT) expenditure

For the 2018 reporting year, the Board had a total ICT expenditure of \$499,867, with the details shown below.

Total ICT expenditure for the 2018 period		
Expenditure category	Description	\$
Business as usual	Opex	\$454,983
Non-business as usual	Capex	\$44,884
Total ICT		\$499,867

KEY PERFORMANCE INDICATORS

	FY13/14	FY14/15	FY15/16	2017	2018
Customer service					
Total Visitor Days (Winter)	332,281	313,341	328,602	368,313	389,401
Market Share (Victorian majors visitor days)	28.52%	26.95%	26.85%	26.24%	26.87%
Accident Rate/'000 visitor days (Hotham Historical average)	1.51	1.77	1.54	1.4	1.2
Operations					
Property Revenue/FECA	66.62	68.08	79.56	70.19	71.05
Infrastructure and Admin Costs/FECA	78.33	77.05	84.05	78.85	75.76
Village, Visitor and Marketing costs/Visitor Day	9.03	11.15	11.42	11.28	10.66
Resort investment					
Total Village Size (FECA)	84,270	84,941	85,013	84,868	86,095
Total CAPEX ('000) (includes Geotech and WIP)	3.34	5.19	3.94	1.4	1.2
Financial					
Outstanding Debtors as % of revenue	8.29	6.47	9.09	8.9	9.32
Closing cash	9,657	6,338	3,928	4,301	5,456
Operating Cash Flow/Total Assets	2.7	2.12	1.99	1.99	2.63
Current Assets/Current Liabilities	5.94	4.38	2.87	2.66	3.09

Economic key performance indicators

	2015/16	2017	2018
	14 month period	12 month period	12 month period
E.1 Net Cash flow			
Net Operating Cash Flow plus Net Investing Cash Flow as reported in Cash Flow Statement	-996,296	492,213	2,827,559
E.2 Net Accrual Surplus			
Net Profit before allocation to Reserves as reported in the Statement of Financial Performance	142,113	-172,691	607,565
E.3 Business Cycle Sustainability			
Ratio of Total Financial Assets less Net Accounts Payable less Total Accrued Employee Entitlements to Snow Drought Reserve Target	3.96	3.68	3.67
E.4 Asset Cycle of Sustainability			
Ratio of Total Financial Assets less Net Accounts payable less Total Accrued Employee Entitlements less Snow Drought fund to Total Accumulated Depreciation of all Assets	0.52	0.34	0.24
E.5 All Season Resort			
Ratio of non-winter visitors to winter visitors	1.23	0.97	0.96
E.6 Average Visitor Spend			
Ratio of Total Revenues to Total Visitors (winter and non-winter)	43.76	39.18	44.11

Environmental key performance indicators

N.1	Compliance with water licence conditions	2014/15	2015/16	2017	2018
	a) Safe Water Drinking Act standards	100%	100%	100%	100%
	b) EPA licence conditions	89%	100%	89%	89%
	c) GMW licence conditions	100%	100%	100%	100%
N.2	Potable Water consumption				
	Winter total potable water usage	61ML	61ML	61ML	65ML
	Annual total potable water usage	102ML	110ML	117ML	97ML
	Winter total potable water usage (ltr/visitor days)	195	187	167	167
N.3	Renewable Energy consumption by Board				
	Renewable energy as a proportion of total energy consumption (Joules) by Board related activities per annum Unit: % (Joules/Joules)	0%	0%	0%	0%
N.4	Greenhouse Gas Emissions				
	Greenhouse gas emissions from electricity, diesel and ULP consumption by MHARMB activities	2262t	2052t	1910t	1872t
N.5	Solid Waste Disposed to Landfill				
	Solid waste disposed to landfill based on truck tonnage figures				
	a) Annual tonnage	180.9t	214t	165.8t	170.2t
	b) Winter tonnage	155.7t	163t	125.6t	136.3t
	c) Winter kilograms/visitor day	0.5	0.5	0.34	0.35
N.6	Activities implemented that protect threatened species population and communities				
	Activities implemented that protect threatened species action plans to protect threatened species populations and communities	100%	100%	100%	100%

Social key performance indicators

Theme	Indicator	Measurements
Community strength	S3 Supporting community participation and consultation	<p>Good community participation in resort sponsored/co-sponsored events, programs and activities including:</p> <ul style="list-style-type: none"> - Razorback Run - Opening Weekend events - Deck party - 300+ participants - Mum's the Word Rail Jam - 300+ participants - Victorian & Australian Biathlon Championship - 150+ participants - Volunteer Ski Patrol Big Gig - 150+ participants - Retro Day - 300+ participants - Head to Head walk - 7 Peaks Program - 1500+ registrations - Alpine Challenge (running events)
	S3B Supporting community participation - consultation	<p>Establishment of Marketing committee with key business operators</p> <p>Four meetings held with varying attendance</p>

Our Customer & Community Focus

OUR WORKFORCE DATA

Mount Hotham Alpine Resort Management Board has introduced policies and practices that are consistent with the Victorian Public Service Commission (VPSC) employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. All employees are provided with the VPSC Code of Conduct at induction. Mount Hotham Alpine Resort Management Board provides training for its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

2018 Policy updates:

- Workplace Bullying & Violence Policy
- Drug & Alcohol Policy
- A Workplace Child Safety Statement (new)

The following table discloses the headcount and full-time staff equivalent (FTE) of all active employees of the Mount Hotham Alpine Resort Management Board employed at the last full pay period in June of the current reporting period and in the last full pay

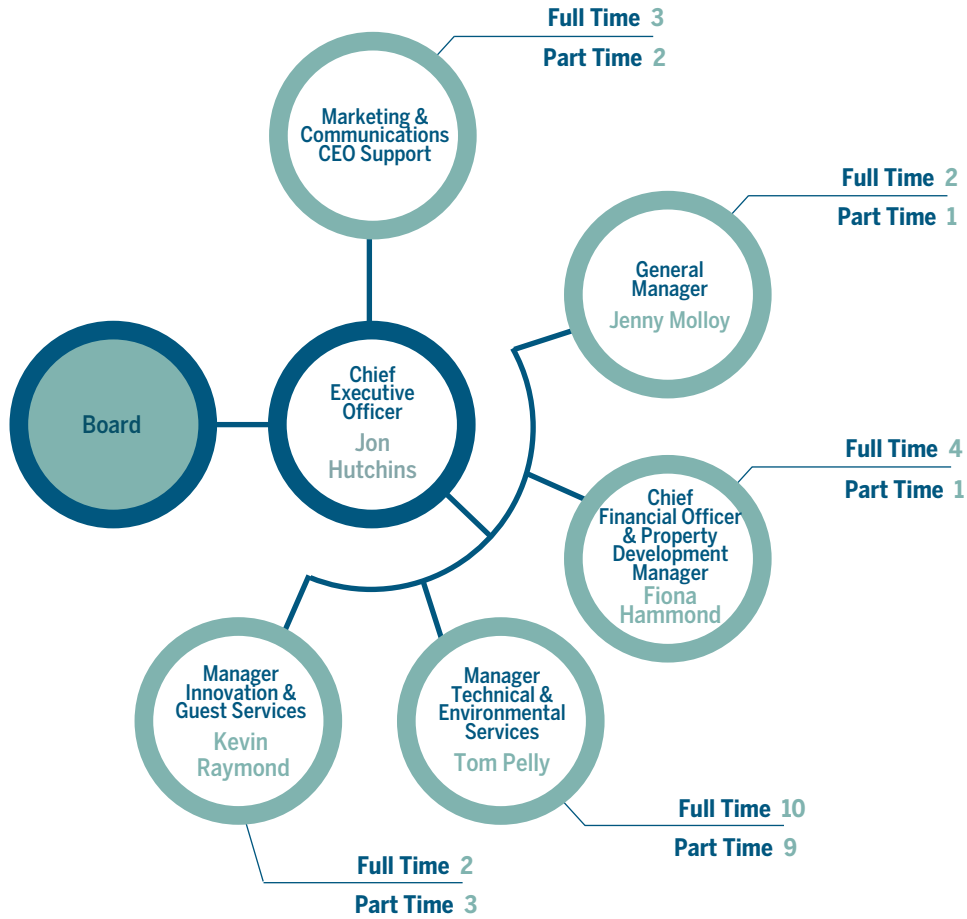
period in June (2017) of the previous reporting period. The data is extracted in this way to report to VPSC annually.

In accordance with FRD 29B, workforce data has been included for the Executive Officer and senior non-executive employees. Financial data for these positions is included at tables 9.4 of the financial reports.

Details of employment levels in June of 2017 and 2018 (i)(ii)

	JUNE 2018						JUNE 2017							
	All Employees		Ongoing			Fixed Term And Casual		All Employees		Ongoing			Fixed Term And Casual	
	Number (Head-count)	FTE	Full Time (Head-count)	Part Time (Head-count)	FTE	Number (Head-count)	FTE	Number (Head-count)	FTE	Full Time (Head-count)	Part Time (Head-count)	FTE	Number (Head-count)	FTE
Gender														
Male	41	33.1	14	3	16	24	17.1	57	45.0	12	1	12.6	44	32.4
Female	31	21.9	7	13	13.2	11	8.7	26	20.1	9	7	13	10	7.1
Age														
15-24	4	2.8		1	0.2	3	2.6	6	4.6	2	0	2.0	4	2.6
25-34	10	8.1	4	2	4.9	4	3.2	15	12.7	3	0	3.0	12	9.7
35-44	19	14.9	5	5	8.2	9	6.7	20	15.4	4	3	5.5	13	9.9
45-54	15	10.8	6	5	7.8	4	3	19	15.9	6	3	7.7	10	8.2
55-64	19	14.9	6	1	6.5	12	8.4	17	12.5	5	1	5.6	11	6.9
65+	5	3.5		2	1.6	3	1.9	6	4.0	1	1	1.8	4	2.2
Classification^(vi)														
Managers	7	6.6	5	1	5.6	1	1.0		6.9	5	0	5.0	2	1.9
Professionals	9	5.6	3	6	5.6			11	9.6	6	3	8.0	2	1.6
Technicians and Trades	12	10.3	6	5	9.3	1	1.0	8	6.6	3	3	4.6	2	2.0
Community and Personal Service	28	19.7	1		1.0	27	18.7	21	13.2	0	1	0.6	20	12.6
Clerical, and Administration	9	6.7	3	4	4.7	2	2.0	8	7.4	3	1	3.4	4	4.0
Machinery operators and Drivers	5	4.6	2		2.0	3	2.6	25	19.5	4	0	4.0	21	15.5
Labourers	2	1.5	1		1.0	1	0.5	3	1.9	0	0	0.0	3	1.9
Senior Employees^(vi)						Male	Female						Male	Female
Executive Officer	1		1			1		1	1	1		1	1	
Senior Managers	4		4			2	2	4	4	4		4	2	2
Total employees	72	55	21	16	29.2	35	25.8	83	65.1	21	8	25.6	54	39.5

OUR ORGANISATIONAL STRUCTURE



Notes:

- (i) All figures reflect employment levels
- (ii) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.
- (iii) Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- (iv) The reduction in employment headcount levels between June 2017 and June 2018 is a result of a reduction in casual employment following outsourcing of resort transit operations; reducing demand on Board accommodation, reduced direct wage costs, a more responsive workforce focused on customer service; and a reduction in employee numbers at 30 June '18.
- (v) 24.8 fixed term and casual FTE staff were employed to fill short term seasonal contracts for Winter Snow Season operations (June-Sept). 1.0 FTE fixed term employed on 12-month contract
- (vi) Mount Hotham Alpine Resort Management Board's employees are classified in accordance with ANZSCO2016-17 advice to Alpine resorts distributed by the Victorian Public Sector Commission annually;
- (vii) Mount Hotham Alpine Resort Management Board's senior employees are classified as follows: Executive Officer, and Senior Managers.

OUR WORKFORCE STATISTICS



58%
Workforce

60%
Executive team



42%
Workforce

40%
Executive team



OUR HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT

Mt Hotham Resort Management Board is one of the major employers in the resort.

Mount Hotham Resort Management Board is one of the major employers in the resort. The Board aims to provide effective ongoing management of organisational development, OH&S, Work Cover, human resource management, emergency management and administrative systems and processes.

Our workforce needs vary with the seasonal activity of the resort, with three times as many people required in winter. The day to day running of the organisation is undertaken by the CEO and a small year-round work force, supplemented by seasonal staff and volunteer ski patrollers.

Industrial relations

All staff are employed under the Mount Hotham Resort Management Board Enterprise Agreement 2016. Fair Work Australia has included us in the Alpine Resorts Award. This is the most relevant modern award for the environment

in which our employees operate. Negotiations for a new enterprise agreement will commence early in 2019.

Equal employment opportunity

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

Occupational health and safety (OH&S)

Occupational Health and Safety (OH&S) is a significant component of our Risk Management Policy. The Board is fully committed to establishing a healthy and safe work environment for our permanent staff, seasonal staff, contractors and guests by:

- providing information, instruction and training in the use of safe systems of work;
- pre-commencement medical and physical assessments of staff as appropriate;
- provision of safe plant and equipment for use by appropriately licenced operators; and
- compliance with legislative requirements and current industry standards.



HIGHLIGHTS

71%
seasonal
staff return

1,312
training hours

100%
participation in the
People Matter Survey

Mental Health concerns arising from structural change has presented a major OH&S challenge during this reporting period. The Board is addressing this through improved communication structures and the introduction of an Employee Assistance Program (EAP) in 2019.

Occupational health and safety committee

The OH&S Committee held eight meetings during the 2018 reporting period and has:

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

Training and development

Training and development at the Mount Hotham Alpine Resort Management Board encourages our staff to keep up to date with their knowledge and skills in a variety of work areas. Core and seasonal staff attended 1,312 hours of course delivery. Seasonal staff also attended induction training.

Investment in training was reduced pending the release of the Workforce Plan which will map roles and capabilities across the organisation. Training investment will then be directed to addressing capability gaps.

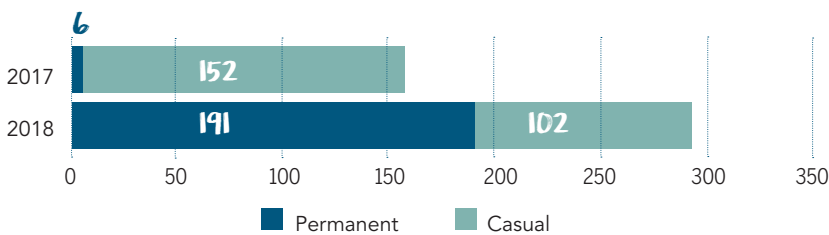
Training undertaken

Training was delivered onsite, locally, online and through TAFE. Where appropriate, other organisations, on mountain businesses or other Victorian Alpine Resorts were also involved. We took four work experience students and one work placement student who were engaged across a range of internal and external work areas including ski patrol.

People matter survey

The annual VPSC people matter survey provided good information about staff engagement. An encouraging response by all staff means we have gathered useful information for developing engagement and retention strategies. It also highlighted areas for improvement.

Lost Time Injury



116 days were lost due two employees recovering from 2017 post-season joint surgeries.



TRAINING UNDERTAKEN

Certificate III in Water Industry Treatment

Risk management principles - water industry standards, guidelines & legislation NWPGEN001

Certificate IV in Accounting

Payroll tax

Understanding Corporate Finance

Certificate IV in Human Resources

Return to Work Coordinator

First Aid & CPR Refresher

Mental Health First Aid

Health First Aider

Traffic Management

Road Governance

Certificate of Competency - Backhoe, Loader, Skidsteer, Excavator

Spotters Course

Introduction to Emergency Management

Alpine Ecology

Annual Ski Patrol Refresher Units

Mentoring programs



Ski Patrol

The snow base hovered between 80cm and 2m for most of the season.

Season 2018 was very close to the perfect winter. June, July and August delivered consistent snowfalls. Temperatures remained cold, so the snow quality was excellent and very little rain fell. September saw day after day of great weather and good spring snow conditions.

The snow base hovered between 80cm and 2m for most of the season with great cover in the core areas until the extended 7 October season end.

Snowfall & lift operations

Regular snowfalls and good snowmaking conditions continued until the end of August. Blue Ribbon opened before Gotcha, Keogh's and Orchard lifts. This was due to the initial big snow event which finished with low temperatures and a strong southerly wind. With these conditions, snow accumulates in the Blue Ribbon area but strips the more exposed slopes further up the valley.

Snow cover across nearly all areas of the resort was excellent for most of the season and virtually all lift accessible terrain was open throughout the season. The spring skiing was fantastic, with good freezes overnight followed by many days of perfect weather and softening snow.



2018 Ski Patrol

23

Paid Patrollers
14 full time, 9 part-time

43

Volunteer Patrollers
37 qualified, 6 trainees

10

Trail crew
Volunteers

Snowmaking

Excellent snowmaking conditions prevailed for most the season resulting in many nights of record production. This helped retain good cover in the core and critical areas until the end of the season. The quality of this snow and the grooming was exceptional on many days.

Skier safety

With increased visitors to the resort, ski patrol callouts increased by 20%. The accident rate of 1.7 per thousand skier days, is well below the accepted international average of 2.4.

More than half the accidents (532) required further treatment at the medical centre. There were several significant head, spinal and leg injuries, with five requiring air evacuations to trauma centres.

Most accidents attended to were minor injuries at the beginner areas of The Summit and The Big D, followed by the high traffic area of Slalom Gully (10%). In comparison, the Extreme Zone accounted for only 1% of all accidents.

Tobogganing & snowplay

Abundant natural snow helped maintain a safe environment for snow play. Two designated snow play and toboggan areas operated at Wire Plain and Little Higginbotham, for most of the season. No accidents were reported at either location.

Avalanche hazards

Due to regular snowfalls accompanied by strong winds during several snow events, we had heightened avalanche risk several times during the winter.

An avalanche hazard alert was posted on the Snow Report webpage on days of significant hazard. Public awareness of the potential for avalanches has increased and more people are heeding warnings. More avalanche involvements in future years are expected with the extremely rapid growth of backcountry skiing and snowboarding.

There were several minor avalanche involvements in the nearby backcountry areas. None of these required patrol assistance and no injuries or burials were reported.

The ski patrol conducted regular avalanche control work within the ski area boundary throughout these periods. This resulted in the mitigation of significant hazards on several mornings and no avalanche involvements were reported.

Search and rescue

Even though there was an increase in back-country use, there were no other rescues from the nearby back-country areas.

Seasonal rescues:

- six rope rescue evacuations from difficult terrain; and
- one search for cross country skiers.

It is expected that rescues from the nearby back-country areas will increase substantially in coming years.

Patient transfers

The patrol transferred most patients from the slopes to the medical centre. A patroller (or Trail Crew member) was rostered to drive the transfer vehicle each day.

Ambulance Victoria has greatly reduced the number of transfers they do within the alpine resort. Previously, they looked after more than 50% of transfers. However, they now only assist if medical intervention is required or if there is an unduly long wait time.

Mountain awareness

The patrol monitors slope behaviour and educates or reprimands those who are not skiing or snowboarding within the Alpine Code and weather conditions. The focus is on the high traffic areas (specifically Slalom Gully) and known high incident locations.



SNOW DEPTH

433CM

Total Snowfall
(299cm 10 yr average)

215CM

Deepest Base
(recorded 19th August)

26CM

Deepest 24hr Snowfall
(recorded 12th August)

97CM

Largest Storm
(12th-19th June)

75CM

Second Largest Storm
(15th-22nd August)

52

Total Snowfall Days

43MM

Rain Total
(over 5 days)



AT 1860M
THEY'RE NOT LOCALS, THEY'RE
ANGELS



LIFT OPERATIONS

113 days

Big D, Summit & Summit Trainer

Open: 16 June Closed: 7 Oct

112 days

Audi Quattro & Road Runner

Open: 17 June Closed: 7 Oct

111 days

Heavenly Valley

Open: 18 June Closed: 7 Oct

85 days

Blue Ribbon

Open: 30 June Closed: 30 Sept

82 days

Gotcha

Open: 10 July Closed: 30 Sept

71 days

Keogh's & Orchard

Open: 21 July Closed: 30 Sept

Training

Training accounts for a considerable percentage of ski patrol hours.

To be effective:

- trainees require 40 days of one-on-one training;
- experienced patrollers receive regular refresher training and training in specific skill-sets;
- four specialized skills require intensive training and regular refresher programs:
 - avalanche rescue
 - rope rescue
 - search and rescue, and
 - steep snow and ice rescue.

Due to increased visitation and callouts, facilitating adequate training proved challenging for all but the most critical core skills.

Alpine Access Australia facilitated an AST1 course which is the international standard for introduction to avalanche basics for recreational users. Two patrollers attended the two-day course.

In August we ran the third annual Senior Volunteer Intensive Training Weekend. This delivers higher level skill sets to experienced volunteer patrollers. It recognises experienced and dedicated volunteers and provides positive team building.

Victoria Police Search and Rescue facilitated the annual Steep Snow and Ice and Ropes Course at Mount Hotham this year. Four Hotham patrollers and two from Falls Creek and Mt Buller participated in this four-day program.

Trainers

Five patrollers have their Certificate IV in Training and Assessment. This helped:

- develop more effective programs
- train our trainers more thoroughly, and
- ensure legal credibility in in-house training program.

Several patrollers are now Australian Ski Patrol Association (ASPA) trainers/examiners. They can deliver certified training and assessments in certain competencies (CPR, AED and Analgesics) on mountain.

Trainees

There were two new trainees this season who both proved capable and progressed well.

School talks

Ski Patrol continued the School Education program with weekly presentations delivered to visiting school groups. The focus is on all aspects of safety in the alpine area and accepted/expected on-slope behaviour.

Junior Open Day

The Junior Open Day program proved very popular for its fifth consecutive year. The patrol facilitated one open day this year, with 10 local school children attending the four-hour program. They were introduced to ski patrol operations, shown several practical skills that we use, and participated in the sweep of the mountain at the end of the day. The children love the experience and it is great PR for the patrol.

Trail Crew

The volunteer Trail Crew program was expanded to ten positions this year. Consistent snowfalls and more visitors meant increased workload. This crew greatly relieved the patrol of on-slope equipment maintenance and driving the patient transfer vehicle. Trail Crew also provides a good stepping stone for candidates wanting to join the volunteer patrol.

Volunteer patrol

Our active Volunteer Patrol numbers are at the ideal level. They made a very valuable contribution, this year. Volunteers did 593 winter shifts (trainee and cross-country shifts), which is equivalent to 25 % of the total shifts or the work done by three full time ski patrollers during the season.

Happo-One patrol visit

The resort hosted three visiting Japanese patrollers from Happo-One resort in Hakuba, Japan. The visit served to:

- show the Happo-One patrol how our patrol operates; and
- establish an exchange program between the two mountains.

They were very impressed by our operation and recognised both the professionalism and skill-set of the Hotham Patrol. Plans for another visit in 2019 will strengthen this relationship.

Pre-Season works

Prior to the 2018 season, replacement and maintenance of area boundaries continued. This included installing a suspended catch net in Swindlers Creek, redirecting the snowmobile road crossing at Loch Carpark and installing a new area boundary to the west of Loch Carpark. Other summer jobs include installation of new signage and replacement boundary pole lines and maintenance of ski field infrastructure



VOLUNTEER PATROL HIGHLIGHTS

593

Winter shifts



CROSS COUNTRY SKIING

Great conditions across the trail network meant grooming continued until late in the season.

2018 was a great year for cross-country skiing at Mount Hotham. The natural snow falls and the work of the MHARMB trail grooming staff resulted in great conditions across the trail network with grooming continuing late into the season. Grooming on the Brabralung (Hotham-Dinner Plain) trail continued until late September and until the last week of the season in the Christmas Hill area.

The unrestricted cross-country trail network provided by MHARMB consists of several cross-country exclusive trails, catering to both beginners and the more advanced. This includes the iconic Brabralung Trail and several shared multi-use trails which cater to snow shoeing, fat tyre bikes and guided snow mobile and dog sled tours.

Mount Hotham's cross-country trail network hosted several events and 8,753 trail users during the winter. These events boasted strong fields of competitors including international participants.

- Hotham to Dinner Plain Pub to Pub race supported by 137 entrants
- Victorian and Australian biathlon championships attracting 90 plus registrations

Works during the 2018 summer season saw the completion of an all-season track at Whiskey Flat. This work was completed by the Australian

Biathlon Association (ABA) with the support of the MHARMB and provides opportunities for summer training and events.

The ABA and Mount Hotham Biathlon range played host to international coach Luca Bormolini (based at Mount Hotham) who worked closely with the Australian Biathlon team. The range hosted the Korean National team for a three-week period. Their team was made up of eight athletes (two with top 30 world cup ranking) and five support staff.

New in 2018 season was the commencement of Traverse Hotham providing introductory cross-country ski lessons, guided cross-country ski tours and guided snow shoe tours.



HIGHLIGHTS

8,753
Cross Country Trail users

SNOWPLAY

The snow play and toboggan area is located at Wire Plain.

The Mount Hotham snow play and toboggan area located at Wire Plain, continues to provide a popular attraction for first time guests to the Resort. The site is protected from extreme weather conditions, and provides a safe natural area for guests to enjoy the snow for the first time. 2018 saw the renovation of the existing drop toilet to improve access and amenity.

Little Higgi Park located in the Davenport Village again provided a safe alternative in both the early and latter part of the winter, and as a safe area for overnight visitors to enjoy snow play. The installation of a public playground at Little Higgi Park was well received and added to the existing infrastructure of a trail head info shelter, fire pit and picnic tables.

Alpine Nature Experience having joined the two operators based at Wire Plain in 2017, added to its offer of evening guided snow shoe tours and three-course dinner, with the provision of overnight accommodation. This was offered in a unique snow dome which consisted of a wood-heated canvas shelter on an elevated platform. The platforms were installed by the Board and are low impact and relocatable.

Other services offered in the Wire Plain shared trail area included dog sled tours, snowmobile tours, toboggan hire, refreshments and kids snowmobiles. These facilities were supported by the MHARMB with access by the intra-village bus service and grooming of the toboggan slope and multi-use trail network (snow conditions permitting).



HIGHLIGHTS

Growing attractions at Wire Plain



TO TAKE TO OUR
altitude
you need the RIGHT
attitude

TRANSIT OPERATIONS



2018 was year one of a contract outsourced for the season's intra-village bus service.

2018 was the first year of a three-year contract for the outsourced provision of the seasonal bus service. Following a detailed Expression of Interest and tender process, the contract was awarded to Alpine Spirit Coaches, a locally owned and operated bus company.

The new operator faced several challenges in the early part of the season. Good early snow falls, increased visitation and new staffing provided a steep learning curve for meeting their service delivery requirements. With the service changes, there were periods when bus frequency and carrying capacity were lacking and not representative of the service previously provided.

MHARMB staff worked closely with the operator throughout the season as they adapted to the new conditions. The aim was to minimise service delays where peak capacity was not managed effectively. Service adjustments to keep delays to a minimum were brought to the attention of the operator.

The MHARMB worked with Alpine Spirit to provide a reliable resort

transport service. We retained buses to supplement the service during peak periods. These vehicles were used on several occasions and will be retained to assist with peak load management as required in the future.

The tracking facility allowed guests to monitor the location of buses as they travelled through the resort and approached bus stops. It allowed guests to track the location of the next bus. If required, they could hail a bus online, alerting the operator of a request at a particular location. During the 2018 winter season, there were more than 580 such service requests for more than 1400 passengers. This is an average six hails per night which would have equated to 25 full buses over the season.

The topographical layout of the Resort requires the provision of an efficient and effective transport and car parking service. The Resort transport and parking service is provided between the hours of 6.45am and 2.00am (3.00am Friday, for late night arrivals). The service is provided for both day and overnight guests, with peak loads being influenced by lift opening times, Friday night arrivals and increased weekend

visitation. The bus transport network extends from Hotham Central to Whiskey Flat. Parking services extend to Loch Carpark.

At Ski Patrol's request, transport was provided for guests with injuries or broken equipment from Loch Carpark to the village precinct. On occasions when lifts were on wind hold or maintenance hold, transport was provided between the village precinct and Loch Carpark for ski area access.

MHARMB continues to work closely with DWA and assist with transportation of mobility-impaired guests within the Resort. DWA activity doubled in 2018, possibly assisted by an increase in disabled parking spaces and the accessibility of the new buses.

Alpine Spirit Coaches, the transport service operator and MHARMB's Guest Services staff built relationships and worked together closely throughout the winter to ensure a smooth guest arrival experience.



RESORT TRANSPORT

HIGHLIGHT

Increased access for disabled skiers

SIGNIFICANT BENEFITS

Low floors with disabled access ramps

Internal advertising and promotional facilities

On board Announcer service

Web-based tracking and 'hail a bus' service.

Our Services

POTABLE WATER

The Village water supply comes from the upper reaches of Swindlers Creek.

MHARMB sources the village water supply from the upper reaches of Swindlers Creek. The catchment of approximately 177 hectares provides high quality raw water from several small spring-fed tributaries flowing into the weir created by the headwall of the inlet to Swindlers pipeline. The MHARMB hold an annual diversion licence with Goulburn Murray Water for extraction of water from this point. Raw water flows under gravity to the pump station before being pumped up a rising main to the storage tanks on the summit of Mount Higginbotham. Stored raw water flows to one of two ultra violet (UV) facilities for treatment immediately prior to distribution for consumers.

The existing potable water rising main is approximately 1.6 kilometres long and was constructed in 1972. During 2018, we attended to two leaks in the rising main. A staged replacement of this critical piece of water supply infrastructure had been planned for final design in 2019. However, the leaks highlighted the deteriorated state of this aging infrastructure and issues for maintenance access during the winter ski season. MHARMB worked closely with DELWP and other relevant industry experts to expediate detailed design and the necessary planning approvals for replacement of the Sun Run section of the pipeline. This section, where the leaks occurred, is approximately 320 metres in length and will be constructed in 2019 with the additional stages to follow.

MHARMB achieved 100 per cent compliance with the Safe Drinking Water Quality Standards again in 2018, for the sixth year in a row. A copy of the 2017-2018 Drinking Water Annual Report can be found on the publications page of the website

<http://www.develophotham.com.au>



HIGHLIGHTS

100%

compliance Safe Drinking
Water Quality Standards
(6th consecutive year)



WASTE WATER

The Board collects and treats waste water within the village.

The Board is responsible for the collection and treatment of waste water generated within the village. MHARMB operates the Mount Hotham Waste Water Treatment Plant (WWTP). It continues to work towards improving overall operational efficiency and improved Class A recycled water production and biosolids reuse. This complies with our Environmental Protection Authority (EPA) licence and Department of Health and Human Services obligations. The EPA inspected the facility in August and no issues were identified. The WWTP treated approximately 100 megalitres of inflows and generated 17 megalitres of Class A water that was pumped to Loch Dam for reuse.

MHARMB made several additions and improvements to the Mount Hotham WWTP continually improving processing and efficiency of operations. The key improvements were aeration upgrades in the bio-reactor tanks (numbers four and five) and the digester. These improvements included:

- removal of old aeration diffusers, delivery pipes and diffuser rack; and
- installation of new stainless-steel racking, PVC pressure pipe manifolds and Aerforce diffuser.

The new equipment improved aeration in the bio-reactors and the plant's treatment efficiency, addressing zones where the aeration system was not mixing sufficiently. The newly installed diffusers are working well, achieving excellent aeration.

To conduct the aeration upgrades, the annual sludge removal process to the Cobungra evaporation pan was brought forward (before 25 December). The summer maintenance program was also brought forward by two months enabling tank cleaning and inspections to be conducted in the warmer months.

Bio-reactor tanks (number one and two)

were pumped out with a contracted vacuum truck for the first time, very successfully. Previously, they were done manually yielding around 1.5 tonnes of silt and solid matter that cannot be pumped out. The vacuum truck is a significant improvement to OH&S manual handling, reducing toxic exposure to the plant operators. OH&S upgrades to the Ultra-Filtration (UF) Plant chemical dosing systems are continuing with purchase of protected cabinets for the sodium hypochlorite and caustic dosing pumps. Installation is to be completed in summer 2018/2019.

Production of Class A recycled water from the UF plant for snowmaking ran well for most of the ski season with excellent Class C water quality from the sewage plant. We continue to monitor the Swindlers Creek stream to ascertain environmental impacts from the Class A recycled water over time. Our focus for 2019 is to increase the amount of recycled water sent to Loch Dam and decrease the discharge to the environment.



HIGHLIGHTS

17ML
Class A recycled water
produced

Waste Water Treatment
Plant upgrades

SOLID WASTE MANAGEMENT

The Board collects, manages and disposes of waste materials in the resort.

The Board is responsible for collection, management and disposal of waste materials generated within the resort. 50 designated hutch locations are used across the resort to collect waste in three-bag system:

- general waste
- co-mingled
- organics

Provision for public place waste and recycling is supported by infrastructure and a litter reduction program. Two hard waste collection days were also held during 2018. Education campaigns are conducted annually to target transient visitors and seasonal staff.

The MHARMB continues to work with stakeholders to improve education signage at all establishments to improve recovery rates thereby reducing the environmental impact of resort waste to Cobungra landfill.

Alpine resorts are affected by the impacts of the recycling issues that increased costs to local councils. Previously MHARMB held a contract for transportation of co-mingled waste (mixed recyclable materials) with no charges incurred for disposal to a Material Recycling Facility (MRF) at Bairnsdale. However, fees are now applicable.

There is a lack of suitable local re-processing options for glass in comingled recycling collections. While glass remains a significant component of the resort's mixed loads with no local reprocessing option available, significant additional costs for the transfer of co-mingled recyclable material are likely. All Alpine Resort Management Boards were included in the Victorian Government's Recycling Recovery Funding Program to offset these unexpected recycling costs.

The government will introduce a ban on all electronic waste to landfill in July 2019. To support its rollout, they are investing \$16.5 million to upgrade e-waste collection and storage facilities across the state and to deliver an education campaign. The Mount Hotham Resource Recovery Centre (Danny's Shed) was identified as a collection point. MHARMB has co-invested at 1:1 with the funding received. It will deliver an additional storage bay to Danny's Shed for e-waste collection and additional storage for other collected materials. This facility will be operational for winter 2019.

Used cooking oil continues to be a significant waste stream generated from commercial kitchens within the resort. Used cooking oil is transported

and re-processed into biofuels. Over 7,000 litres of used cooking oil was reprocessed this way in 2018. The new storage bay will provide improved storage and capacity for repackaging used cooking oil for transportation.



HIGHLIGHTS

344.6T
Tonnes of waste collected

293T
Tonnes of winter waste collected

51%
Waste recovery rate

GAS OPERATIONS

Mt Hotham Resort Management Board owns, operates and maintains the LPG system in the resort.

The Board owns, operates and maintains the LPG system at Mount Hotham. LPG is a clean, efficient and cost-effective energy source. In 2018, MHARMB received 712.58 tonnes of LPG to service customers across the resort under the contract with Origin Energy.

As a provider of gas, we are required to meet certain obligations under the *Gas Safety Act 1997*, and other associated regulations. Energy Safe Victoria (ESV) acts as the regulator and conducts regular audits of the LPG system. They require the Board to develop, implement and regularly update a gas safety case as the central mechanism in compliance with the Act.

During the reporting period, MHARMB undertook all mandatory and recurrent maintenance procedures and testing as required under the *Gas Safety Act*. This included the annual cathodic protection testing and reticulation system leakage survey.

Maintenance and upgrades included:

- continuation of the on-going consumer metre installation program;
- administration works including the updating of the gas safety case;
- development of revised gas system emergency management action plan;
- the addition of consumer gas safety information onto the "Develop Mount Hotham" website;
- continued alterations to sections of the gas reticulation system to ensure compliance to ESV reporting

There were no breakdowns or reportable incidents in 2018.



HIGHLIGHTS

0

Breakdowns

0

Reportable incidents

ASSET MANAGEMENT

Well-maintained infrastructure and equipment is a critical success factor for the resort.

The provision of compliant and well-maintained infrastructure and equipment is a critical success factor for the resort, particularly given its remote geographic and climatic profile.

The key objective of the asset management process is to use and maintain all available information to allow the Board to make informed risk assessments and decisions against three key criteria:

1. Compliance with relevant Acts, regulations and Australian standards
2. Fit for purpose
3. Capacity to meet current and future demand
4. Whole of life-cycle planning

Flowing from these assessments, any identified issues are flagged and investigated further. This information is tabled at Board meetings with recommendations for urgent maintenance, remedial or programmed capital works. The Board has a rolling capital expenditure program that covers a minimum three-year period that is updated annually. Their current focus has been on replacement of the potable water rising main.

MHARMB has undertaken significant work to identify, locate and inspect key infrastructure elements installed over the past 45 years to variable standards. Focus has been on utilities including potable water, sewerage, gas and stormwater systems. We maintain a 20-year asset maintenance projection and schedule along with spatial and mapping databases.

Other areas the resort has invested in to improve year-round facilities are:

- Fleet replacement
- Tracks and Trails
- Playground equipment

GEOTECHNICAL PROGRAM

MHARMB works cooperatively with the Dept of Environment, Land, Water and Planning to manage land stability risks.

Since 1998, MHARMB has worked co-operatively with DELWP to manage land stability risks across the resort. The main objective of the Alpine Risk Mitigation Program is to mitigate the hazards originally identified through the land stability survey (conducted by Snowy Mountain Engineering Corporation (SMEC) in 1997) and address geotechnical issues.

MHARMB has conducted an ongoing, systematic geotechnical works program based on a prioritised list of confirmed sites with High and Very High risks and additional sites identified for geotechnical risk also addressed. During this period, major works projects have reduced many risks to an acceptable level.

In 2018, we removed a deteriorated water main from the Great Alpine Road fill embankment above University Ski Club. This required a new branch from the existing water main parallel to the western side of the Great Alpine Road, to be constructed under the road

pavement. The new main provided new connection points for Blue Ribbon and University Ski Club. It was tested prior to decommission of the old water main, reinstatement of the road surface and stabilisation of the trench alignment.

During the year, DELWP announced an Alpine Geotechnical Risk Assessment 2018-2020 Project. The Project will provide a geotechnical portfolio risk assessment relevant to each of the four resort management boards covering the six resorts, and the portfolio as-a-whole. The Project will allow the Department and individual boards to understand, manage, and prioritise their geotechnical risk profile as it relates to land stability and risk to life. MHARMB looks forward to working with relevant stakeholders in delivery of this Project.

CAPITAL WORKS

Each year the MHARMB adopts a prioritised three-year capital works program.

Each year, MHARMB adopts a capital works program which is a prioritised three-year program. The works are funded from the annual depreciation charge, capital ingoings and any Board surplus so investment in capital works varies from year to year. From time to time the Board secures third party funds for specific projects as contributed capital. Projects are selected to meet the highest priorities based on seven key drivers:

- Asset replacement
- Infrastructure maintenance and development
- Opportunistic
- Regulatory
- Village aesthetics
- Geotech/land stability
- Risk management

During the 2018 reporting period, the Board entered into significant funding partnerships to deliver two strategic and infrastructure capital works projects.

1. The construction of rock filled culverts under the Great Alpine Road at Little Higginbotham to re-connect key Mountain Pygmy Possum boulderfield habitats above and below the road

2. Safety improvements to the Great Alpine Road with construction of turning lanes to the existing Loch Car Park.

The Board partnered with DELWP, Environment, Water and Planning and Zoos Victoria to deliver a capital works project to improve biodiversity outcomes at the Mount Hotham Resort. The Board undertook works to construct a rock corridor under the Great Alpine Road (GAR) to link the Mountain Pygmy Possum habitat at Little Higginbotham. The scope of work included initial excavation of the GAR to install stormwater drainage pits and pipes as well as concrete stormwater culverts that were filled with basalt rock before re-instatement of the road. Additional basalt rocks extended the rocks within the culverts up and down the road batters to the existing basalt rock screens on either side of the road. The Board will continue to work with external stakeholders to install and deliver monitoring and reporting of the effectiveness of the tunnel over the coming years.

We partnered with VicRoads to deliver an auxiliary left turn BAR lane and a basic right turn treatment turning lane to the intersection of the Great Alpine Road and Loch Car Park. The works met strategic objectives to enhance the

visitor experience, build partnerships, respect the alpine environment and broaden access opportunities. The design for new auxiliary traffic lanes was completed by GTA Consultants in accordance with preliminary advice from VicRoads. The construction of the BAR required excavation of the embankment at slope of 1:2 and construction of an adjacent swale drain connected to the existing pit. The turning lanes were constructed using placement of a frost-free pavement and bitumen sealing.

The Board invested in community facilities within the resort. These included:

- installing a playground, trampoline and bike pump track within the Davenport Village precinct;
- upgrade work to sections of the existing gravel surface of Higgi Drive delivering improvements especially for bikes, prams and pedestrians offering an alternative route to the GAR;
- constructing and improving the Wire Plain toilet;
- providing three camping platforms along Dargo Loop trail;
- constructing and installing new rubbish and recycling hutches in the Corral Car Park with additional capacity for transfer of materials from Lawlers, Alpine Heights, 1750 and Razorback apartments and from oversnow to on road collection; and
- installing a new customised waste hutch at Zirkys to address OH&S issues associated with the pre-existing facilities.

A final fit out to the mezzanine of Slatery Shed was completed. This provided a depot for Alpine Spirit in co-ordinating the village transport operations during winter.

The ongoing asset and fleet replacement program resulted in:

- replacement of a utility vehicle and snowmobile;
- re-sealing of the bitumen to Whiteys Car Park;
- purchase of a lifeguard trolley bed and a critical care ventilator system for the Hotham Medical Centre;
- IT hardware and software upgrades and replacements;
- installation of a Ski Patrol repeater for the radio system; and
- maintenance works and upgrades to the gas reticulation system and waste water UF plant.



Capital Expenditure & External Funding Report As At December 2018

	Funding Received	Prior Years WIP C/F	2018 Capitalised Expenditure	Works in Progress at 31 December 2018
Asset Replacements				
Fleet Replacement	\$0.00	\$0.00	\$42,540	\$0.00
Whiteys Car Park Sealing	\$0.00	\$0.00	\$32,844	\$0.00
IT hardware & software upgrades and replacements	\$0.00	\$0.00	\$27,772	\$0.00
Medical Centre asset - Critical Care Ventilator System	\$0.00	\$0.00	\$16,644	\$0.00
Radio System - Ski Patrol Repeater	\$0.00	\$0.00	\$8,858	\$0.00
Safety Net Swindlers Inlet works	\$0.00	\$0.00	\$7,842	\$0.00
Medical Centre asset - Lifeguard 55 Trolley Bed	\$0.00	\$0.00	\$7,718	\$0.00
Snowmobile replacement	\$0.00	\$0.00	\$5,500	\$0.00
Gas Reticulation Shut off Valves	\$0.00	\$1,052	\$0.00	\$2,832
Waste Water UF Plant	\$0.00	\$473	\$0.00	\$19,580
Sub Total Asset Replacements	\$0.00	\$38,351	\$149,718	\$22,412
Strategic Initiatives				
Burrmys bio link tunnel at Cherokee corner	\$0.00	\$0.00	\$242,315	\$0.00
Playground	\$0.00	\$0.00	\$35,673	\$0.00
Higgi Drive inner village back track	\$0.00	\$0.00	\$25,198	\$0.00
Camping platforms	\$0.00	\$0.00	\$19,980	\$0.00
Wire Plain toilet structure	\$0.00	\$0.00	\$19,712	\$0.00
Cloud server equipment & software	\$0.00	\$10,351	\$17,111	\$0.00
Pump Track	\$0.00	\$0.00	\$8,549	\$0.00
Trampoline	\$0.00	\$0.00	\$2,276	\$0.00
Sub Total Strategic Initiatives	\$0.00	\$10,351	\$370,813	\$0.00
Infrastructure Development				
Operational mezzanine in Slatey shed fit-out	\$0.00	\$11,903	\$64,388	\$0.00
Garbage Hutches	\$0.00	\$0.00	\$31,174	\$0.00
Concrete barriers	\$0.00	\$0.00	\$18,830	\$0.00
Loch turning land and carpark upgrade	\$0.00	\$85,375	\$0.00	\$270,679
Street Lighting - Hull Skier bridge to Zirky's	\$0.00	\$5173	\$0.00	\$39,259
Davenport planning and preliminaries for Bus Stop 8	\$0.00	\$0.00	\$0.00	\$1,615
Davenport road access and Tantani bridge removal, services and revegetation planning and design	\$0.00	\$0.00	\$0.00	\$38,132
Sub Total Infrastructure Developments	\$0.00	\$90,548	\$114,392	\$310,426
Geo-Technical				
Water main 100mm along GAR at University Ski Club	\$(165,000)	\$0.00	\$141,187	\$0.00
Fire Hydrant along water main at University Ski Club	\$0.00	\$0.00	\$12,000	\$0.00
GAR Batter Works Fountains	\$(50,000)	\$29,640	\$0.00	\$32,888
Total Geo-Technical Expenditure	\$(215,000)	\$29,640	\$153,187	\$32,888
Total Capital Expenditure for 2018	(215,000)	\$143,967	\$788,110	\$404,985

2018 Capital Works Prepayments Program

	Funding Received	Prior Years WIP C/F	2018 Capitalised Expenditure	Works in Progress at 31 December 2018
Rising main replacement				\$218,524
GIS mapping equipment				\$19,276
Bus stop 8 - amenity public access upgrades				\$2,644
E-Waste storage extension	(50,000)			\$18,813
Pygmy Possum Habitat Protection - drainage and roadside improvements				\$288
UV upgrade - Class A water treatment				\$144
Edelweiss sewer connection to reticulated system				\$4,872
Hull Skier Bridge drainage and landscape improvements				\$773
Davenport Bridge removal works				\$5,542
Sub Total	(50,000)	\$0.00	\$0.00	\$270,876
Total Capital Expenditure	(265,000)	\$143,967	\$788,110	\$675,861

FLEET MAINTENANCE

Summer staff carry out periodic plant fleet and equipment servicing and repairs in preparation for winter.

In Summer 2018 workshop staff carried out periodic servicing and repairs to our plant fleet and equipment in preparation for the season ahead. This was well-justified with the big snow season that 2018 brought. During winter, equipment including five Kässbohrers and many snowmobiles were used and maintenance demand was high. The snow clearing Caterpillar plant was utilized well, with our recently refurbished Snow Blower proving its worth in the heavier storms.

Pre-winter maintenance was carried out on the village buses to meet annual vehicle inspection requirements, and to ensure their availability as supplementary transport during peak times.

For 2018, a Toyota Hilux king cab was added to replace a Troop Carrier that was sold at auction. A Fleet Vehicle Appraisal enables us to plan to replace older vehicles for summer 2019.

The garbage truck required substantial repair work this winter by an external contractor. This was a consequence of regular wear and tear. Repair costs were high due to the age of the vehicle. A replacement vehicle was used with a different load sharing axle configuration which greatly reduced its drivability on heavy snow days. Our compactor was well received back into the garbage fleet once repairs were complete.

The ambulance continued to be a reliable asset for ski patrol, especially

with its increased use for patient transport during the busy ski season. Several major suspension repairs on Ski Patrol snowmobiles had to be carried out during the season because of the conditions. Crossing roads onto high banks of snow were cracking rails and collapsing suspension groups. Subsequent repairs were carried out, and re-education of drivers should minimise further damage.

2018 saw a busy year for all, with minimal downtime on most fleet vehicles and plant.



Highlight

minimal downtime on fleet vehicles and plant

Our Developer Services



The plan aims to ensure the development of Mount Hotham is aligned with our strategy.

The Master Plan sets out the future development of Mount Hotham within a clear strategic plan and policy framework. Hansen Partnership developed the Master Plan for Mount Hotham in January 2015 which was subsequently signed off on by the Minister. The aim of the plan is to ensure future development of Mount Hotham proceeds within the context of a clearly documented and strategically supported policy framework. The Master Plan provides certainty for stakeholders and investors and confidence for government that Mount Hotham's functional role and future opportunities are appropriately managed and coordinated.

The Master Plan has driven the Growing Mount Hotham Project, a package of works that will drive the ongoing evolution of Mount Hotham as one of Victoria's premier alpine resorts. This includes a continued winter season focus and expanded and economically sustainable, year-round activity.

The Master Plan design for the Hotham Central precinct has been incorporated in to the Alpine Resorts Planning Scheme as a part of the Board's proposed C28 Planning Scheme Amendment. This will realign the Municipal Strategic Statement and Comprehensive Development Plans with the new master plan vision and the Growing Mount Hotham Project.

The Master Plan identifies the medium to long-term vision for Mount Hotham. It does not seek to nominate fixed or mandatory outcomes and provides a flexible 'road map' to guide future development initiatives.

As prescribed by the Alpine Resorts Strategic Plan 2012, other elements in the Master Plan contain information dealing with:

- Infrastructure plan
- Native vegetation provisions
- Fire and Emergency Management Plan

SUSTAINABLE GROWTH PLAN

The Sustainable Growth Plan emphasises the importance of co-creation with stakeholders.

In 2018, the Board continued to update its Sustainable Growth Plan. This aims to identify a common vision, direction and purpose for capital works and development activities, centred around the aim:

"TO SHARE AN AMAZING ALPINE EXPERIENCE"

The Sustainable Growth Plan update outlines the parameters, timelines and process required to implement the Master Plan, and has driven the ongoing Growing Mount Hotham Project, with the brand and property projects. Crucially, the plan emphasises the importance of co-creation with stakeholders





GROWING MOUNT HOTHAM

This project will increase visitation and provide funding for other projects in the resort.

The Growing Mount Hotham project is derived from the Mount Hotham Master Plan which was approved in 2016. The Master plan was developed in consultation with stakeholders and provides a direction for the resort for the next 25 years.

There are 40 individual projects on the 25-year project list. These are estimated to require funding of over \$72 million over a 25-year time frame, of which the resort will only be able to generate about \$40 million with its current capacity and facilities.

Several key projects identified in the Master Plan were highlighted to not only increase visitation but also to provide the necessary funding for the other projects. Four of these projects are encapsulated in The Growing Mount Hotham Project. Their status at the end of 2018 is listed here.

Corral Car Park

The Agreement in Principle for the Corral car park development was received in October 2018 with planning amendments pending. This initiative will provide opportunities for leveraged private development.

Loch Car Park upgrade

The Loch Car Park planning permit has been received and preliminary conditions have been met. The upgrade will provide a two-tier carpark with disabled access and a trailhead facility for the Falls to Hotham crossing. Funding is required and opportunities for this are being investigated.

The Falls to Hotham Alpine Crossing

The development of this iconic walk has been approved. Parks Victoria has secured funding for its detailed design and business case.

Realignment of the Great Alpine Road

The realignment of the Great Alpine Road is safety and urban-design focused. It will create more space for pedestrians and safer conditions for traffic moving through the resort. We are awaiting planning approval for this.

NATIVE VEGETATION

In Victoria, a permit is usually required to remove, destroy or lop native vegetation. The native vegetation removal regulations are primarily implemented through local planning schemes. Guidelines for the removal, destruction or lopping of native vegetation (the Guidelines) outline how native vegetation removal is assessed and offset and incorporated in all Victorian planning schemes.

In recent years the MHARMB has worked with DELWP to finalise arrangements for registration of a Crown land offset within the resort. This will allow the Board and third parties access to biodiversity equivalence units for alpine species for permitted clearing under the regulations.

This site was registered on the Native Vegetation Credit Register in 2018 and

has provided first party offset credits for two MHARMB projects to date. Arrangements are also in place for third party trading, making native vegetation offset credits available to stakeholders and developers.

BUSHFIRE MANAGEMENT OVERLAY

There were no significant bush fire events in 2018.

There were no significant bush fire events in 2018. The Bushfire Management Overlay (BMO) within the planning scheme is a planning control which aims to implement the State Planning Policy for Bushfire. Its objective is to prioritise the protection of human life.

MHARMB has the necessary emergency management arrangements in its Mount Hotham Community Bushfire Emergency Management Plan (BEMP). This plan gives practical effect to the modified standards of the Schedule to the BMO.

This means that the modified standards apply where an application to construct a building or carry out works is accompanied by a letter from the CFA. The letter states that, in its view, MHARMB has implemented satisfactory emergency management arrangements which aim to prioritise the protection of human life. The modified requirements provide that construction of works must be one of the following:

1. BAL-40 construction in accordance with AS3959.
2. Determined by a fire safety engineer that the building will be capable of withstanding an equivalent level of predicted bushfire attack and levels of exposure. (The definition of fire safety engineer under Building Regulations 2006 means a registered building practitioner in the category of engineer, class of fire safety engineer.)
3. Determined using an alternative methodology to the satisfaction of the relevant fire authority.

Buildings must also be provided with defensible space to the satisfaction of the CFA.

Major bushfires rarely commence in the alpine area within the resorts but are subject to ember attack from lower forest areas. In a practical sense, MHARMB continues to maintain the BEMP and through this applies measures to reduce the bushfire risk within the resort. These measures include conducting annual inspections of all sites and assisting stakeholders in maintaining sites in a defensible manner. To facilitate this, we provide two green waste collection weekends, maintain MHARMB managed land and infrastructure and ensure compliance with the BMO, Municipal Fire Management Plan (MFMP) and MEMP.

MHARMB facilitates training to ensure staff have basic level training of fire behaviour and how to respond.

Leasing



Two leases were renewed in 2018.

The Alpine Resorts Leasing Policy, including the standardised lease documentation, provides the framework for the leasing of Crown land in Alpine Resorts. The policy which was approved in 2002, accounts for probity, conflict of interest, public interest and competition requirements. It is based on the principles of demonstrated public and economic benefit, transparent lease allocation and process, appropriate lease terms and conditions, consistent lease documentation and approval processes.

Since the adoption of the Alpine Resorts Leasing Policy, 44 new leases have been issued in the Alpine Standard Lease with an average lease term of 27 years. This represents 50% of the leased or occupied sites within the Resort. In 2018, two leases were renewed.

The Mount Hotham Alpine Resort Management Board provided a submission to DELWP's review of the Alpine Leasing Policy Implementation Guidelines 2002, which dictate leasing policy applicable to the Alpine Resorts. This submission was co-ordinated between all the Alpine Resort

Management Boards and was lodged with the DELWP in December.

Key opportunities for reform include:

- consideration of factors other than cost of development in the determination of lease terms;
- consideration of climate change; and
- improvements in process efficiency to facilitate faster turnover of leasing matters.

Building Services

Building inspections focus on achieving fire and life safety.

MHARMB has a legislative obligation under s212 of the *Building Act 1994* to administer the provisions of the Act, the *Building Regulations 2006* and the Building Code of Australia within its area of jurisdiction. During its last reporting period, MHARMB continued the engagement of the services of Phillip Davern, to fulfil the role of Municipal Building Surveyor to carry out its responsibilities under the legislation.

The inspection program continued the focus on ensuring existing buildings achieve a satisfactory level of fire and life safety. A priority has also been to provide guidance on the administrative obligations imposed on owners and managers to maintain nominated essential safety measures within their building. During the inspection process, the Fully Enclosed Covered Area (FECA) of all buildings is measured for rating purposes.

A total of 33 premises have been inspected in 2018, with most issues identified relating to minor deficiencies in exit signage, door furniture and smoke alarm/detector coverage.



Highlight

33

premises inspected



STATUTORY PLANNING

There were 19 changes to the Alpine Resorts Planning Scheme in 2018.

The *Alpine Resorts Planning Scheme* sets out the policies and requirements for the use, development and protection of land at Mount Hotham. The Minister for Planning, the Honourable Richard Wynne MP is both the planning authority and responsible authority for the scheme, which is administered on his behalf by the Department of Environment, Land, Water and Planning (DELWP). MHARMB has referral authority powers in relation to servicing and land stability and it can also provide comments on planning applications more generally as the land manager.

There have been 19 changes to the Alpine Resorts Planning Scheme in 2018. Most are technical in nature and relate to the implementation of the state wide 'Smart Planning' program. One amendment currently under exhibition, C28, proposes changes to the Mount Hotham Comprehensive Development Plan to facilitate development of the Corral area. The exhibition closed 10 January, and had received generally supportive feedback.

A list of these amendments can be accessed at

<http://www.planning.vic.gov.au/schemes-and-amendments/browse-amendments>

PROPERTY SALES

In 2018, there was an increase in the volume of property sales.

In 2018, the volume of property sales increased by 15%, although the combined value of sales decreased by 12%.

Real estate sales turnover has declined since the peak in 2004, which produced an annual sales volume of \$16.4m. In the ten years before 2018, sales volume ranged from \$3.83m to \$14.07m.

The period 1 January 2018 to 1 January 2019 saw transactions total \$11.4m, compared with \$13m for the same period in 2017. Turnover in real estate sales for the last 20-years is shown graphically below.

The median price for property transactions for 2018 was \$160,000, representing an average unit price of \$2,632/m². This result is driven by a high turnover in small apartments.



HIGHLIGHTS

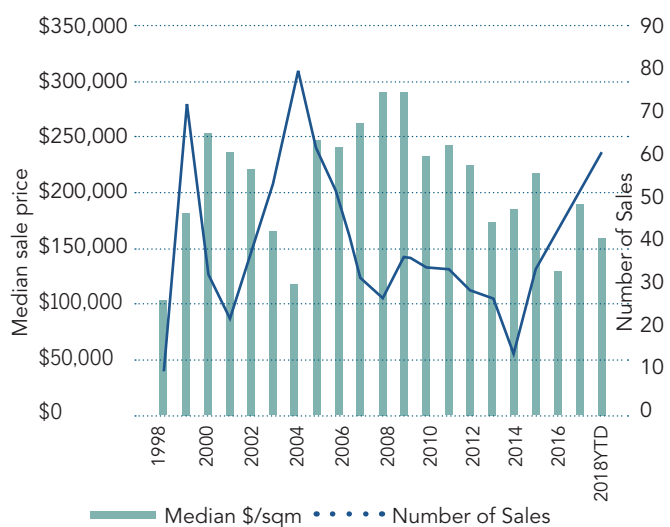
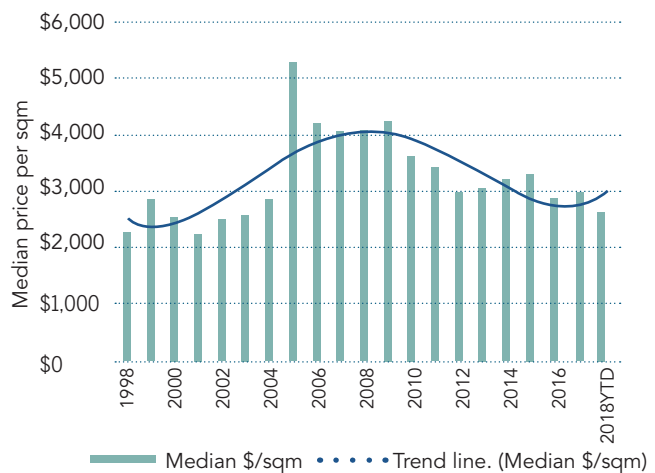
61

Properties sold

15%

Increase in sales

MOUNT HOTHAM PROPERTY SALES



ENVIRONMENTAL HEALTH SERVICES



Environmental health focuses on disease prevention and creating health-supportive environments.

Environmental Health encompasses the aspects of the physical, chemical and biological factors that have the potential to affect health. The focus is on preventing disease and creating health-supportive environments.

Indigo Shire Council provided Environmental Health Service to Mount Hotham to carry out regulatory duties under the *Food Act 1984*, *Public Health and Wellbeing Act 2008*, *Public Health and Wellbeing Regulations 2009* and *Tobacco Act 1987*.

This service requires full compliance and a high standard of public health within the resort, with assessments and inspections of food premises, accommodation facilities, health premises, educational visits to ensure tobacco compliance and the investigation of received complaints. We continued to handle the registration and payments component of the registration. Indigo Shire Council conducted inspections and issued certificates

Inspections during the season:

- 26 food premises
- 62 accommodation facilities (including six new registrations)
- 2 premises selling tobacco
- 1 health premises

Two food premises changed ownership and one food premises closed.

Two lodges obtained food registrations.



HIGHLIGHTS

100%
Compliance
food premises inspections



Food related
complaints



Accommodation related
complaints



Health related
complaints

Routine inspections

- 26 Food premises inspections (2 follow-up inspections)
- 1 Class 1 audit by third party (legislative requirement).
- No complaints were received.

Food premises

No food samples were taken during this season.

Tobacco Act compliance

Tobacco education visits were provided to two tobacco retailers, licensed premises and eating establishments. Two retailers were educated on sales to minors, signage and visibility of tobacco products.

Accommodation facilities

Tobacco Act compliance

Tobacco education visits were provided to two tobacco retailers, licensed premises and eating establishments. Two retailers were educated on sales to minors, signage and visibility of tobacco products.

Registration

Accommodation facilities are required to be registered under the *Public Health and Wellbeing Act 2008* as prescribed accommodation if payment is made for a person or persons to be accommodated.

Routine inspections

Facilities were inspected for overcrowding, maintenance and cleanliness of facilities, number of fixtures available, refuse collection and disposal.

- 62 accommodation inspections
- 1 premises required a follow up for additional rooms
- No complaints were received

Health premises

The *Public Health and Wellbeing Regulations 2009* control potential infectious diseases that may occur in the health premises. Regulations set out the requirements that proprietors of premises registered under the *Public Health & Wellbeing Act 2008* must observe. All premises are required to be maintained in a clean hygienic manner.

Routine inspections

- 1 premise was registered and inspected
- No complaints were received

Food premises

2018 REGISTERED FOOD PREMISES	REGISTRATIONS
Class 1	1
Class 2	16
Class 3	2
Class 4	7
Total	26

Classes represent food handling risk categories. For details: <https://www2.health.vic.gov.au/public-health/food-safety/food-businesses>

Accommodation facilities

2018 REGISTERED ACCOMMODATION FACILITIES	REGISTRATIONS
Accommodation facilities	62
Lodges (newly registered)	5
Apartment (newly registered)	1
Total	68

Our Year-Round Resort

GUEST SERVICES

Our team enjoyed a very busy winter with solid snow falls and high vehicle visitation.

Our Guest Services team enjoyed a very busy winter with solid snow falls and vehicle visitation throughout the snow season. Many cold, low snow falls occurred resulting in major traffic and carparking management operations. On occasions, the team came close to setting new parking records for vehicles counted in the resort. Many weekly totals surpassed previous records without compromising public safety in the resort. These achievements are testament to the team's dedication and their ability to "dig in" when the going gets tough.

Further upgrades carried out prior to winter saw increased vehicle spaces being added to the long-term staff carpark. This enabled better utilisation of the Whisky Flat parks for the overflow of long term/overnight parking. Disabled car spaces were increased for

the 2018 season throughout the resort with increased visitation and utilisation of the Disabled Winter Sports program.



Highlight

148,848
Visitors

RESORT ENTRY

In 2018 infringements processing was outsourced.

Alpine Easy Access is the resort's online resort entry system and is in its eighth year of deployment. The system continued to receive minor upgrades throughout the year.

2018 saw the introduction of outsourced parking infringements processes. Tenix Solutions is now responsible for the administration and collection of infringements resulting in reduced staffing overheads.



Highlights

389,401
Visitor days

6%
Increase on 2017

The GREAT ALPINE ROAD

In 2018 there was a significant increase in chains being fitted.

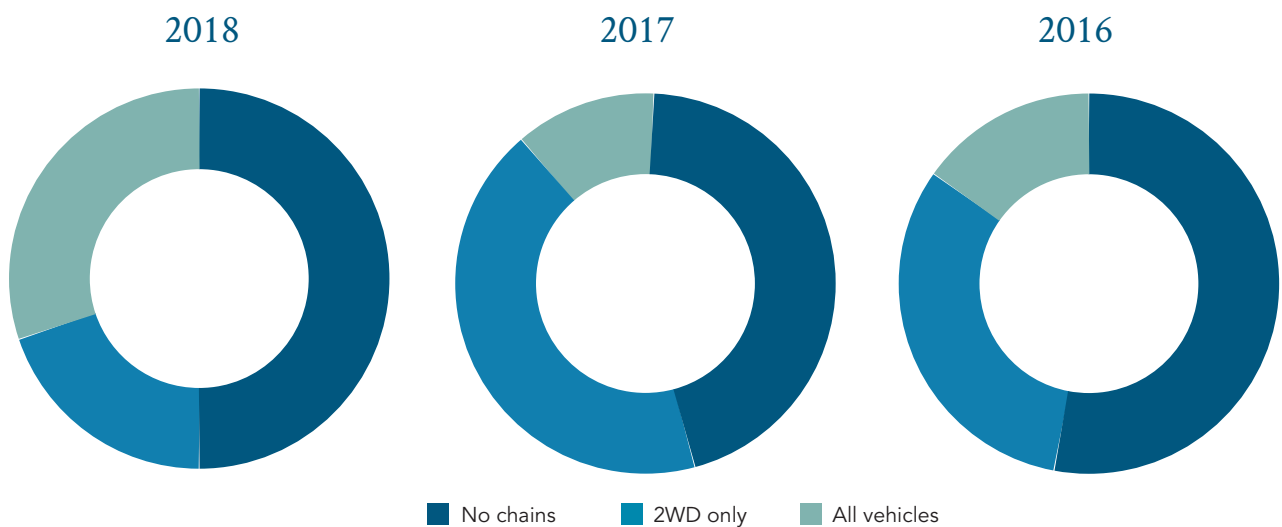
The MHARMB's guest services team continue to play an active role in assisting VicRoads and other emergency services in the management of the GAR during the season. Staff members were stationed in chain fitting bays during peak times to welcome guests, provide visitor information, and ensure guests' vehicles were ready to travel safely to Mount Hotham.

2018 saw a significant increase in chains being fitted in line with consistent snow falls throughout the season. There was a total of 60 days requiring chains to be fitted. This equates to approximately half the winter season with many occurrences of fitting at low altitudes. This additional strain on road operations was coordinated by means of weekly meetings between the MHARMB, Vic

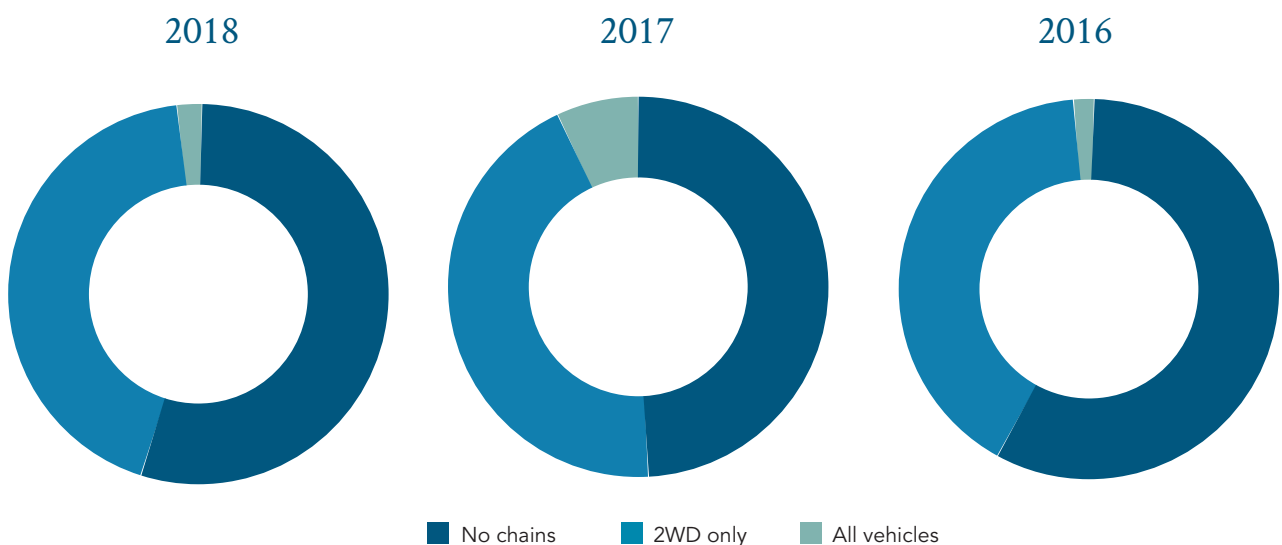
Roads, Vic Police, SES and Hoys Chain service. The outcome of these meetings was that the Harrietville approach had no road closures with only minimal delays for traffic management purposes.

The MHARMB also contracted the services of a Road Safety Patrol Officer (RSPO) to ensure that guests requiring assistance with breakdowns, accidents and snow chain issues were able to continue their journey. The RSPO also coordinated vehicle recovery and the transportation of guests to their destination in a timely manner. This proactive approach ensured guests were prepared and well informed for entering and exiting the resort, while successfully minimising road closures due to traffic issues along the GAR.

Harrietville approach



Omeo approach





MARKETING

2018 was the second stage of our destination marketing strategy.

2018 was the second stage of our destination marketing strategy following the rebranding to the True Spirit of Alpine Australia identity. The campaign's success was due to a targeted and rigorous approach based on market research and target audience segmentation.

The strategy successfully guided our decision-making around marketing relationships, content and stories, events and media opportunities. Reaction to the brand continues to be very positive and effective in distinguishing Mount Hotham from other alpine resorts.

The launch of the new website in June 2018 helped cement the new image, with a strong visual component underpinning the brand characteristics.

The winter advertising campaign again leveraged the True Spirit brand and spanned digital and traditional mediums. The digital advertising resulted in over 8 million digital impressions and generated 86,000 click throughs to the new website.

Whilst conversion was difficult to measure, it is believed the marketing strategy contributed positively to the increased visitation in winter 2018, which was well above Mount Hotham's 10-year average.

In addition to the 2017 RACV Victorian Tourism Awards (Destination Marketing) and the Australasian Leisure Management Communication and Marketing Awards (Best Government Agency), the campaign was recognised again in 2018 with an award at the Mumbrella Travel Marketing Awards for Breakthrough Destination of the Year.

For the first time this year, MHARMB

partnered with Mount Hotham Skiing Company to offer a bundled pre-sale of 2019 season resort entry and lift pass (Hero Pass) at the end of the winter 2018 season. The offer allowed purchasers to pay a deposit on their resort entry season pass at 2018 prices with the balance payable in April 2019. This has been a significant success, with take-up of more than 900 resort entry season passes for 2019.

Regional marketing

MHARMB continues to contribute to the wider promotion of the alpine region and Victorian snow industry through involvement with the ARCC, Snow Victoria and Tourism North East (TNE).

We have fostered relationships with neighbouring districts in the East Gippsland and Alpine Shires along with the Falls Creek and Mt Buller Resort Management Boards and their respective lift companies.

Website

MHARMB operates the main destination website for Mount Hotham (www.mthotham.com.au), in collaboration with the Mount Hotham Skiing Company (MHSC) and other mountain stakeholders.

The site aims to:

- compel visitors to consider Mount Hotham as a holiday destination;
- communicate current snow conditions;
- create a clear pathway to purchase;
- showcase a breadth of year-round and seasonal experiences; and

- provide a platform for on-mountain stakeholders and business operators to be well-represented.

Significant constraints were identified with the former website, which was based on an old platform with limited functionality.

A new website was commissioned and launched just prior to the 2018 Winter season. This brought Hotham's website in line with current standards and provided a platform for achieving its aims. It will also allow new functionality to be added in future. Thanks to the staff from the MHARMB and MHSC along with stakeholders who made significant contributions to the upgrade.

During the Winter 2018 campaign, the new website statistics were strong. These indicate strong user engagement with the website and is well above industry standards.

Launching the new website impacted user experience initially, as visitors had to learn the new navigation structure but the objective of providing shorter navigation paths (fewer pages) was achieved as seen in the average number of pages per session.

Organic traffic to the website was lower in winter 2018 than 2017 which meant less traffic from unpaid search results. This is due to the much more targeted advertising campaign in 2018, directing traffic directly to the website.

Another site run by MHARMB is the stakeholder website www.developmthotham.com.au which communicates information regarding development, property, standard templates for leases, correspondence, building, planning, environment, lease renewal information and building requirements. This website is due for upgrading in 2019 to a full corporate site.

Communications and publications

MHARMB continues its focus on clear and regular communication to stakeholders, the Mount Hotham community, government and industry bodies and the wider public. We distributed several communications via channels including print, digital and face-to-face. These included:

- Websites www.mthotham.com.au & www.developmthotham.com.au
- Media releases (print and online)
- Multi-use shared trail guide (print and online);
- Multicultural visitor guides in Hindi and simplified Chinese (print and online)
- Disabled Winter visitor guide (print and online)
- Getting Here visitor guide (print and online)
- Tracks and Trails summer guide (print and online)
- Weekly winter 'What's On' flyer (email and print)
- Monthly Community News (email)

	2017	2018
Sessions	959,756	811,873
Unique Visitors	358,375	292,285
Pages/Session	2.99	2.43
Av. Session Duration	3:09	2:56
Bounce Rate*	11.65%	9.71%
New Visitors	34.85%	70.6%
Organic Traffic	65.5%	58.1%

*Bounce rate - visitors who navigate away after viewing one page



Highlight

2018

Mumbrella Travel Marketing Award for Breakthrough Destination of the Year



Highlight

2,500

increase in 'Likes'

15%

growth of Facebook audience

PURPOSE OF WEBSITE REDESIGN

Improve navigation and functionality

providing more meaningful and concise content

Provide a clear journey path to book

reducing the number of clicks for bookings and purchases

Adopt a refreshed page layout

more aesthetic appeal, meeting best practice SEO guidelines and hero imagery

Create a consistent look and feel

with consistent style and content guidelines

Optimise for mobile experience

a responsive site, focused on the home page and 'call to action' buttons

Draw attention to snow report and weather-related pages

focusing on visitor experience and encouraging exploration of commercial opportunities



Highlight

110,000
more Twitter impressions



Highlight

55%
growth in Instagram
audience

- Weekly Hotham Herald in winter, monthly Hotham Herald during 'green season' from October 2018 (email)
- Social media
 - Facebook and Instagram for domestic audiences and to amplify our web-based advertising campaigns; and
 - Twitter to engage media and related organisations locally and globally

MHARMB is currently reviewing our stakeholder engagement and communications approach, in line with the ARCC review of stakeholder engagement across all resorts.

There was a focus on improved communication of road conditions this winter, with an improved and consistent process used to advise visitors and on-mountain stakeholders. This process prioritises timely and accurate advice that visitors can rely on for trip planning and engages surrounding councils, visitor information centres and local radio.

Working closely with the Administration team and Winter Operations, the Communications team was able to respond quickly to changes in conditions and provide appropriate advice. The new website was a key tool in this process and will continue to be refined over the 2019 winter season.

Social media

Social media channels continued to grow thanks to regular quality content, in terms of imagery and stories. During 2018, our Facebook audience grew by 15% and our Instagram audience by 55%, with an uplift predictably occurring from the start of the winter advertising campaign.

It should be noted that the Facebook audience increased by 7% before the start of the season, probably due to sharing good quality content to build anticipation for the winter season. The Instagram increase is unsurprising, given the highly visual nature of both our offering and the tool. Both channels were able to be developed by a dedicated social media resource to enrich the content posted.

Twitter was less of a focus but was used to commence engaging with domestic and global media and related businesses, rather than targeting visitors. There was a significant increase in impressions during the year, with a peak of 112,000 impressions in June 2018, compared with 2,500 impressions in June 2017.

Media

In 2018, Mount Hotham received over 300 mentions in the mass media and

established strong relationships with ABC Gippsland, The Age, and local media outlets. The key driver for media interest was the excellent snow conditions.

Events

MHARMB supported, promoted and organised a large range of events in conjunction with stakeholders, including:

- Alpine Challenge
- Deck Party
- Head to Head walk
- Hotham Clean Up Day
- Mum's The Word Rail Jam
- Mount Hotham Race Squad
- Olympic Winter Institute of Australia
- Opening Weekend
- Razorback Run
- Retro Day
- The Genny Rail Jam
- Volunteer Ski Patrol Big Gig
- Victorian & Australian Biathlon Championships
- 7 Peaks Program

Summer events

MHARMB continued with the free guided bushwalks in summer. Additionally, we promoted and supported TNE's 7 Peaks program and Running Wild's Great Alpine Running Festival.

Winter events

MHARMB was involved in ensuring the Winter events calendar provided guests a range of events, especially in shoulder season periods. In conjunction with commercial operators we organised the Deck Party in September, which provided a platform for on-mountain operators to open their decks in a roving event. We also worked alongside stakeholders to deliver Retro Day, Opening Weekend, the Victorian and Australian Biathlon Championships, the Genny Rail Jam and various music gigs at different venues.

Hotham365

Hotham 365 offers two indoor ski slopes that simulate conditions for skiing and snowboarding, allowing participants to develop snow sports skills 365 days of the year in an indoor environment.

Hotham 365 is perfect for introducing 'first timers' to riding without the additional complexity of having to deal with weather, crowds, obstacles and chair lifts. First time skiers and boarders can develop basic skills such as snowplough turning and stopping very quickly and progress to actual snow riding with minimal fuss.

Winter 2018 saw a new strategy for Hotham 365 aimed at improving operational efficiencies.

Opening hours changed from afternoons five days a week to sessions by appointment only.

Prices were set at \$30 per person for a 30-minute session including gear and a lesson.

This was a conversion strategy aimed at moving snow play visitors from toboggans to skiing and boarding. The Guest Services team talked to families in the snow play park about Hotham 365, encouraging them to try skiing or boarding in this way.

We made some product enhancements, introducing Go pro footage of sessions. This provided stills and videos of sessions that could be sent to customers immediately afterwards. Footage was displayed for customer viewing on a TV monitor in front of the ramp. This was well received, especially having the take-away footage for children.

Most of our visitors were families that were interested in trying skiing but were unsure if their children would enjoy it. Most visitors learn to stop and do a snowplough turn by the end of a 30-minute lesson. After the lesson we would discuss their options for taking to the slopes.

Despite reducing the opening hours, we attracted more than 190 customers, a 27% increase on 2017.

With no lifts turning on opening weekend, Hotham 365 provided another activity on the mountain. We opened for 5 hours each day 12-5pm, which resulted in:

- 27 thirty-minute sessions
- 69 customers with a mix of experienced and novice skiers and snowboarders

The facility continues to be used throughout the green season with bookings by appointment for groups and individuals midweek and opening on weekends during events.



HIGHLIGHT

21%

increased usage



Hard
decisions
should be
rewarded
with
soft
landings



Shared Tracks & Trails

Our shared summer and winter Tracks and Trails network enhances our product offering at Mount Hotham.

The shared summer and winter Tracks and Trails network at Mount Hotham continued to enhance the product on offer within the resort. The trail network is continually being improved and is maintained to ensure quality of product, user safety, and is of a recognisably high standard.

Trail marketing

The free guided bushwalking program now in its seventh year, continues to grow in popularity. Tours have been conducted over the holiday period and long weekends, offering attendees further insight into Mount Hotham's iconic tracks and trails. The guided walking program offered includes information about local flora and fauna and continues to provide an insight into the remarkable history of the region.

Track notes and Tracks and Trails Guides continue to be published and updated with new content and are available at Mount Hotham and regional visitor information centres. This is supported by the Digital Tour Guide, showcasing information on a range of activities in the Resort during the summer months.

A Great Alpine Road summer touring route signage plan has been prepared and approval from VicRoads has been given to enhance the signage between Harrietville and Flour Bag. Signage associated with the chain fitting bays between Harrietville and Hotham, in addition to video content and photo galleries, continue to play an important role in describing the history behind the names of each location. Eight short video clips take visitors back in time to some of Mount Hotham's founding history. The Digital Tour Guide can be found at explore.mthotham.com.au.

The success of the Tracks and Trails network is highlighted by the continuing increase in its use. Trail use is captured by several strategically placed track counters throughout the resort. In the summer 6,129 people passed the track counters on the Brabalung trail, Diamantina Summit link track, Wonderland and the Cobungra Ditch trail. This was a 10% increase in track users from 2017.

Track and trail events

The Mount Hotham Tracks and Trails network continues to support several events each year. This year saw parts of the Resort's trail network included in the Bogong to Hotham Trail run, the Alpine Challenge and the Dinner Plain Mile High Trail Run.



Highlights

6,129

Summer trail users

New playground facilities

Playground, pump track and pétanque

To add to the facilities on offer during the 2018 summer season we installed a children's playground and pump track.

The pre-fabricated playground was installed at Little Higgi Park prior to winter and has been well received by summer and winter visitors alike. The equipment is constructed of Cypress pine and complements the existing track and trail infrastructure with colours chosen in consideration of the environment.

A small pump track (65m) has been constructed at Little Higgi Park using local material. It boasts several small berms and rollers suitable for all skill levels that add enjoyment for the rider.

At the end of 2018, a pétanque court and a trampoline were added to the Davenport precinct. Trail head shelters, picnic shelters and resort signage continue to be maintained and enhanced and provide a point of engagement and information for guests to the resort. These augment the facilities available to guests of the resort.

Short walks and Hotham back tracks

The surface of the Higgi Drive track was improved to make it more suited to cycling and accessible to people of all abilities. Accessed from the village precinct, this track links the Davenport area with the Corral car park and is now restricted to local traffic, cyclists and walkers.

Works continue in the village to upgrade and maintain walking and cycling tracks including the strategic fire and fuel breaks.

Cultural heritage

In 2018, we prepared a condition assessment and conservation works schedule for Spargo's Hut. The hut is listed on the State heritage register for its architectural and historical significance. A permit for the works was received in October 2018 and planning for the works will commence in the coming year. An audit of the artifacts was conducted confirming items on the register held by the board.

WE ATTRACT
WOMEN
WITH ALTITUDE



Our Environment on the Ridge

OUR ENVIRONMENT ON THE RIDGE

Our State of the Environment report forms the basis for our Environmental Management Plan targets.

Sustainability

The unique natural environment at Mount Hotham has high conservation and biodiversity value within the Australian landscape. In 2015, the Board implemented an Environmental Management Plan (EMP) outlining goals and actions necessary to achieve the aims of the environmental policy.

The original report had a periodic review in 2018, and new targets were set. The Board's State of the Environment report for the operations of the resort forms the basis for setting these targets. We report on these five themes of environmental values.

- Production, waste and consumption
- Atmosphere
- Land management
- Biodiversity and threatened species, and
- Water

Production, waste & consumption

Each year the resort aims to reduce the amount of waste going to landfill. Recycling of co-mingled and cardboard was higher than previous years and on target to reach 50% of the total waste stream by 2021. Successful initiatives that contributed to the reduction of landfill included:

- Continuation of the Living Bin Program partnership with the North East Waste and Resource Recovery Group, an organic waste recycling program
- Swapping black general rubbish bags for tinted-transparent bags to intercept incorrectly sorted recycling prior to disposal
- Collection of polystyrene foam boxes
- Collection of cigarette butts for recycling through Terracycle

Atmosphere – climate variability & emissions

The updated Environmental Management Plan has set new targets for achievement by 2021, to reduce the consumption of energy from fossil fuels. One of the targets met is to have no complaints of excessive odours from any facility operated by the Board.



HIGHLIGHTS

5,141

Plants used in revegetation and landscape projects

On track to achieve

50%

recycling target by 2021.

Greenhouse gas emissions reduced by

38t

Construction of the second Pygmy Possum "tunnel of love"



THREATENED SPECIES

Mountain pygmy possum
Burrhamys parvus

Broad-toothed rat
Mastacomys fuscus mordicus

Ngooran/Dingo
Canis dingo

Alpine she-oak skink
Cyclodomorphus praealtus

Alpine bog skink
Pseudemoia cryodroma

Alpine tree frog
Litoria verreauxii alpine



Land management

A total of 5,747 advanced and tube-stock plants were used in revegetation and landscaping projects in 2018. This included revegetation works near Loch Carpark and Swindlers Trail. At Loch, shrubs and grasses of native provenance were planted as part of Stage 1 with additional plants ordered for planting in 2019. Additional planting occurred along Swindlers Trail to provide the best vegetation coverage possible. Further planting occurred on the swales below Corral Carpark to revegetate the slope.

Revegetation trials using advanced plants continued this year, following the success of 2017 planting efforts within the village and at Whisky Flat.

We are aiming to achieve 50% vegetation cover on Slalom Gully batter by 2021. Our work towards this in 2018 has included building on the successful

slope stabilisation work done in 1999.

Rope access contractors installed anchored coir logs to form planting terraces between existing vegetation. On lower parts of the slope jute mat was used for planting.

An intensive weeds control program was undertaken during the 2017-18 Summer works. This work occurs near many sensitive native plants, so weed control methods used ensure low impact on surrounding vegetation and fauna. These are more labour-intensive and include cut and paint, drill and fill and manual removal of weeds.

An education campaign was launched in winter to reduce the amount of apple cores thrown into the landscape, focussing on signage at village bus stops along the Great Alpine Road.

Dean Heinze.

In 2018 a second "Tunnel of Love" under the Great Alpine Road at Little Higginbotham was constructed to enable the population to move safely between the boulderfields on both sides of the road. We have continued to encourage researchers from a range of organisations to conduct studies in the resort. This helps us further our knowledge of the biodiversity occurring.

To reduce the impact of foxes on native wildlife, the Board continues to support the cross-tenure fox control program with Falls Creek and Parks Victoria. Pest predators in the resort are monitored using remote sensing cameras and the footage guides management interventions.

Biodiversity & threatened species

The Board's Threatened Fauna Management Plan is aimed to protect and enhance of habitats and populations of threatened alpine fauna within the resort. This plan addresses the threatened animals within the resort that are listed under the *Environment Protection and Biodiversity Conservation Act (EPBC)*, the *Flora and Fauna Guarantee Act 1988* and/or *Victoria's Advisory List of Threatened Vertebrate Fauna (2013)*.

Annual population surveying of mountain pygmy possum within the resort helps to monitor progress. This has been conducted by wildlife biologist

Water- rivers & catchments

The annual water catchment assessment survey was conducted in the Upper Swindlers Creek Section. The findings:

- excellent native vegetation cover
- minimal rubbish
- minimal soil disturbance, and
- minimal weeds

After a considerable wait for snow melt and suitable weather we managed to hold the annual Hotham Clean-up Day on the 27th of November. A massive effort by staff from the Board and Mount Hotham Skiing Company yielded 77 of bags of litter, removed from the catchment areas around the resort. A celebratory BBQ followed.

Weeds Targeted	Locations
Willow (<i>Salix cineria</i>)	Zones targeted throughout the resort
Ox-Eye Daisy (<i>Leucanthemum vulgare</i>)	Isolated patches
English Broom (<i>Cytisus scoparius</i>)	Re-treating known and reported locations
Apple (<i>Malus pumila</i>)	Throughout the village below the Great Alpine Road



We specialise in propagating and producing alpine flora.

The Victorian Alps Nursery propagates a large variety of alpine and sub-alpine species for rehabilitation and restoration projects at all major Victorian Ski resorts, Mt Buffalo, Kosciuszko National Park and NSW National Parks. Specialising in the production and propagation of the alpine flora makes the nursery unique in Australia.

In 2018, the Alpine Nursery had several equipment and facility upgrades to support its existing operations and increasing capacity in 2019. A number of large orders were secured in 2018, and will be fulfilled in the next few years. These include supplying Kosciuszko National Park and Mt Buller Resort and the production of plants for a Mountain Pygmy Possum habitat restoration project at Mt McKay, Falls Creek.

Improvements to the nursery in 2018 included:

- Upgrades and extended drainage infrastructure allowing for 25% increased growing capacity
- Installation of 22,000 litre tank as a two-day back up water supply in case of water failure on site in summer.
- Purchased pump shed and pump and improved irrigation

Seeds from a hard-to-source local plant species from the Omeo Benambra area were collected to create a seedbank. This is stored in the nursery's seedbank and supplies Landcare groups, the Lake Omeo Management Committee and farmers. The nursery has already sold 5,000 plants from this new 'provenance'.

The nursery was successful in tendering as preferred supplier of lowland riparian plants for the North East Catchment Authority. This will mean we can supply plants in regions including Ovens, King and Black Dog Creek; Upper Murray and Mitta Mitta; Wodonga, Kiewa Indigo and Omeo and Benambra.



HIGHLIGHTS

25%

Increase in plant growing capacity

Awarded preferred supplier to North East Catchment Authority (Wodonga)

OUR STRATEGIC PARTNERSHIPS

The Board has continued to build partnerships with on-mountain stakeholders and surrounding communities. The Consultative Forum has continued its communications platform with major stakeholders, Dinner Plain and Alpine shire to communicate and share knowledge. We also hosted the annual Stakeholder Briefing in May, inviting all stakeholders on Mount Hotham to participate.

Discussions and agenda items

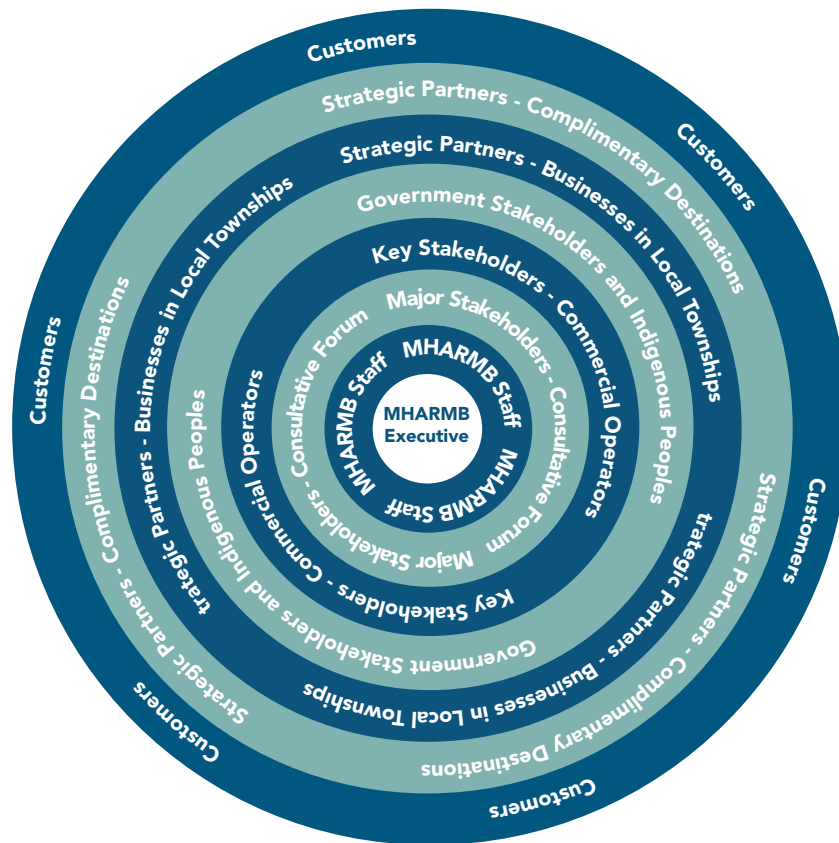
- Growing Mount Hotham Project
- Tracks and Trails for Mount Hotham, Dinner Plain,

Harrietteville and Falls Creek

- Destination Action Plan briefings and workshops with TNE
- Dinner Plain/Hotham Bus
- Village bus
- Winter management of the Great Alpine Road
- Position and branding of the Resort
- Tourism and Marketing Strategy
- Sustainable Growth Plan
- Hotham 365

Mount Hotham Skiing Company (MHSC) and the Board continued their partnership with Audi Australia for their sponsorship and associated advertising within the resort

Stakeholder Communications Framework



We use a concentric circle model of consultation where input is progressively sought from all levels of involvement with the Board. This is an iterative process that relies on the Board providing its core stakeholders with the tools and confidence to receive and share queries and feedback from its customers and partners.

The model recognises that the Board needs to consider the views of all stakeholders in a staged manner that first seeks endorsement from our most vital partners before continuing to take an idea forward to the public.

Our Strategic Partnerships

STAKEHOLDER ENGAGEMENT

Engaging with the community and our stakeholders is an integral part of our operating processes. This framework provides avenues for Board consultation with different stakeholder groups. It enables the development of relationships by:

- keeping our stakeholders informed, and
- seeking their input into what we do in the resort.

This framework indicates the ways in which we engage with the different stakeholder groups.

Stakeholder category	Stakeholder group	How we engage with them
MHARMB	MHARMB executives	<ul style="list-style-type: none"> • Executive meetings • Actively involved in stakeholder engagement activities and events • Available as required and appropriate
	MHARMB staff	<ul style="list-style-type: none"> • Tool box meetings (staff meetings) • Departmental meetings • Ad hoc workshops
Major stakeholders - Consultative forum	Mt Hotham Skiing Company (MHSC), Tourism North East (TNE), Mt Hotham Chamber of Commerce, Hotham Ski Association (HAS), Alpine Shire Council	<ul style="list-style-type: none"> • Regular forums – in resort or other location eg Melbourne
Key stakeholders – commercial operators	<ul style="list-style-type: none"> • Individual business operators 	<ul style="list-style-type: none"> • Stakeholder Briefing (annual) • Marketing Committee (monthly in season) • Direct communication on specific issues (as required) • Invitation to attend relevant official events • MHARMB attendance at their events • Community News (monthly)
Government stakeholders & traditional land owners	<ul style="list-style-type: none"> • DELWP • Vic Roads • Emergency management agencies • Alpine Resorts Coordinating Commission • Gunaikurnai Land and Waters Aboriginal Corporation (GLAWAC) 	<ul style="list-style-type: none"> • Ongoing operational meetings • Indigenous Land Use Agreement (ILUA)
Strategic partners – businesses in local townships, partner in the journey	<ul style="list-style-type: none"> • TNE • East Gippsland Marketing 	<ul style="list-style-type: none"> • Regular operational meetings
Strategic partners – complementary destinations	<ul style="list-style-type: none"> • Destinations with potential for coordinating complementary offerings 	<ul style="list-style-type: none"> • Sourcing synergistic relationships
Customers	<ul style="list-style-type: none"> • Visitors/guests 	<ul style="list-style-type: none"> • Website (ongoing) • Emails (promotions, newsletters) • MHARMB information desk • Social media • Regular surveys eg Woolcott

Our corporate governance

INFORMATION & COMMUNICATION SYSTEMS

The Board provides tools for the efficient running of the Information Technology department. This year's main activities are listed here.

System improvements

Hardware and software upgrades

- Installed a new server and associated equipment
- Installed latest generation computers

- Switched to Office 365 applications
- Installed a new firewall
- Maintained daily, weekly and monthly data backups

Business processes

- Refined infringement processing
- Negotiated new mobile phone plans

Communications upgrades

- Installed a highspeed data link

IT staff assist in the ongoing support of the resort wide Business Continuity Plan, Records Management, Emergency Management Plan and the induction of winter staff.

System Downtime

No system failures on business-critical systems were recorded.

Our corporate governance



MHARMB plays an important role in emergency management.

The MHARMB continues to play an important role in emergency management and the planning for both response and recovery from emergencies. The Emergency Management Act 1986 and the Emergency Management Manual Victoria (EMMV) requires the Board to have a Municipal Emergency Management Planning Committee (MEMPC) and a documented Municipal Emergency Management Plan (MEMP). The MEMP is required to be audited every three years.

The Resort's Emergency Management Planning Committee (MEMPC) conducts formal meetings three times a year and assists with the planning and coordination of emergency services for both response and recovery within the Resort.

The Committee comprises:

- Board staff
- Victorian State Emergency Service (SES)
- Department of Health and Human Services
- Victoria Police
- Country Fire Authority
- Resort stakeholders and
- Other agencies as required

During 2018, a detailed review of the MEMP was completed taking into consideration changes in Emergency Management Legislation, MEMP

Committee meetings and Pre-Audit Meetings. The reviewed MEMP was endorsed by the Committee and the CEO and presented to the SES for audit in October. It received Audit Compliance and positive feedback from the audit panel. The MEMP will continue to be reviewed. A current version is available on the Develop Mount Hotham websites.

www.developmthotham.com.au/publications-plans/plans/

The board maintains a Municipal Fire Management Plan and Community Bushfire Emergency Management Plan to support the MEMP. All plans are reviewed annually, and copies are available on the Develop Mount Hotham Website



Highlight

MEMP Audit compliance achieved

Municipal Fire Management Plan

Mount Hotham Municipal Fire Management Planning Committee (MFMP) was formally established in 2011. This is a subcommittee of the Emergency Management Planning Committee and the terms of reference endorsed were based on those in Part 6A of the Emergency Management Manual of Victoria. Membership of the Mount Hotham MFMP consists of MHARMB, CFA, DELWP and Parks Victoria.

The Resort's Municipal Fire Management Plan (MFMP) was developed through the risk-based planning process described by ISO 3100: 2018 Risk Management – Principles and Guidelines. As a sub plan of the MFMP, MHARMB has developed the Community Bushfire Emergency Management Plan (BEMP). This draws on the risk assessment and risk analysis process already undertaken through the broader fire management planning process.

One of the biggest challenges facing the resort is access during the winter months. The board and the MEMPC have developed a protocol to assist in the management of the Great Alpine Road during severe weather events. Despite 2018 being a record year for snowfall and visitors, there were no significant events affecting access to the resort. However, several preplanning meetings were held in anticipation of inclement weather with representatives of the MHARMB, Vic Police, Vic Roads, Stadelmann (VicRoads contractor), SES and CFA. These meetings highlight the agencies' commitment to emergency management and to maintaining business as usual for the resort.

An aerial photograph of a winding asphalt road on a steep, snow-covered mountain slope. The road curves through the landscape, with snow piled up on the sides. A road sign is visible in the foreground. The sky is bright and clear.

DESPITE 2018 being
a RECORD YEAR FOR
SNOWFALL AND VISITORS, THERE
WERE NO SIGNIFICANT
EVENTS affecting access
TO THE RESORT.

OUR COMMUNITY AREAS

We are committed to working closely with community groups to ensure they have an amazing alpine experience.

Access and diversity indigenous affairs

The Board is committed to working closely with the local indigenous community in developing partnerships to achieve Aboriginal aspirations for land, culture, heritage, family and community. We liaise with various leaders and councils in both capital works and planning projects within the Resort. There is also an opportunity to explore the development of indigenous cultural tourism through interpretation of walks and sites. We look forward to working with the Mount Hotham indigenous community on our future projects.

Cultural diversity

The Board has maintained the signage systems which use graphic symbols to advise guests of important features

about resort use. This has been particularly appropriate in alerting non-English speaking visitors to the existence of safety hazards and to any limitations on the use of particular areas within the Resort and is in line with the government's multicultural policy. Visitor welfare has been further enhanced with the use of Hindi and Mandarin versions of the Mount Hotham Village Guide.

Disabled visitors

In collaboration with DWA the resort has increased visitor access with the use of a village guide specifically for disabled users, the increase of disabled parking facilities, and the introduction of buses with low floors and disabled access ramps. This has improved accessibility in and around the resort with minimal need for the wheel-chair friendly VW transporter.

Women

Our executive management team has a gender makeup of three male and two female staff. We are committed to providing equal opportunity advancement for all employees and have adopted a recruitment structure on a merit-based selection process. We are also committed to facilitating the balance between work and family responsibilities for all employees. This is consistent with the Victorian Government's Gender Equality Strategy.

Youth

The MHARMB employs work experience youth as opportunities arise. It actively encourages participation by the Alpine Leadership School. We also provide regular environmental and safety student talks throughout the winter. We seek trade-based apprentices in line with the government's vision for young people.

Record management

The MHARMB is committed to cataloguing and filing records according to the *Public Records Act 1973*.

Risk management

Our aim is to ensure visitors and staff have a safe and enjoyable experience. We do this by providing operational services including fleet management and maintenance, transport, car parking and traffic control, snow clearing, cross-country and ski field safety, public amenities, visitor safety, resort entry, snow play, insurance (public liability) and plant/vehicle workshops.

Mount Hotham Alpine Resort Management Board Financial Management Compliance Attestation Statement

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



**Maxine Morand | Chairperson
Mount Hotham Alpine Resort
Management Board
31st December 2018**

2018 Sub-committees

STATUTORY REPORTING

Corporate Plan

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

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

The Business Plan is developed on an annual basis to specify objectives and measure performance of the organisation against these. Our Corporate Plan is structured on a set of core responsibilities:

- Our Customer and Community Focus
- Our Year-Round Resort
- Our Services
- Our Developer Services
- Our Environment of the Ridge
- Our Strategic Partnerships
- Our Corporate Governance

Obligations of the Board

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

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

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

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

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

Functions of the Board

To plan for the development, promotion, management and use, of each such 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 each such alpine resort in accordance with the object of the Act

To manage each such alpine resort in accordance with the object of the Act;

To contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole

To undertake research into alpine resort issues;

To contribute to and support the operation of the Council;

To prepare and implement a Strategic Management Plan for the Resort

To expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(1A)

To manage the Crown Land in Mount Hotham by acting as a Committee of Management under the *Crown Land (Reserves) Act 1978*.

To contribute, together with Tourism Victoria, established under the *Tourism Victoria Act 1992*, and the Council, to the overall promotion of alpine Resorts

To develop a tourism and marketing strategy and to promote the resort

To provide services in the nature of: garbage disposal, water supply, gas, drainage, sewerage, electricity, roads, fire protection, snowmaking, transport for the resort and to charge user pays contributions for the provision of those services

To collect fees prescribed by the regulations for the Resort

To attract investment for the improvement of the Resort

To carry out any other function conferred on the Board by this or any other Act

Fair Trading Act

New regulations under the *Fair Trading Act 1999* came into effect, 1 June 2004.

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

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

Privacy Act 1988 (Commonwealth)

The Federal Government introduced the *Privacy (Private Sector) Amendment Act 2000*, which amends the *Privacy Act 1988 (Cwlth)*. The main aim of this legislation is to have more control over the way private organisations collect, use, disclose and store information.

The Board prides itself in handling

personal information with extreme care and diligence. In order to comply with the *Privacy (Private Sector) Amendment Act*, we have adopted the Board Privacy Policy.

Competitive Neutrality Policy

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

We are one of five independent alpine resort management Boards within Victoria. We have established our own pricing regime within the ceiling prescribed by the *Alpine Resort (Management) Regulations 2009*. The Board, as the independent manager of the Resort's assets, purchases services and goods in line with Government Board Purchasing guidelines. We comply with the Government's National Competition Policy.

Local Jobs First - Victorian Industry Participation Policy (VIPP)

The VIPP was established in 2001 to actively encourage greater local industry participation in major Victorian Government procurement contracts, projects and infrastructure, investment attraction and community facilities grants.

The *Victorian Industry Participation Policy Act 2003 (VIPP Act)* was introduced in October 2003. Under the VIPP Act, the Board implements policies to tenders over \$1 million as required for Regional Victoria. The Minister for Manufacturing Exports and Trade is responsible for introducing the strengthened VIPP, which took effect from 1 July 2009.

During 2018, MHARMB commenced one outsourced work contract. Although a VIPP was not required the successful tenderer was a local business and local staff were employed on a seasonal basis. This contract will run for three years.

Freedom of Information

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

A decision to release information is made by either the principal officer or an authorised officer. There were two FOI requests in the reporting period. Our Authorised Officer for the Resort is the General Manager.

Jenny Molloy

Freedom of Information Officer

PO Box 188, Bright 3741

Ph: 03 5759 3550 Fax: 03 5759 3693

Email: jennymolloy@mthotham.com.au

Relevant Information

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

FRD 22E Statement of Availability of other information:

- Statement declaring pecuniary interests completed by all relevant officers;
- Details of publications produced and where available;
- Details of changes in prices, fees, charges, rates and levies;
- Details of any major external reviews;
- Details of major research and development activities;
- Details of overseas visits;
- Details of major promotional public relations and marketing activities;
- Details of assessments and measures undertaken to improve occupational health and safety of employees;
- General statement on industrial relations and details of time lost through industrial accidents and disputes; and
- Major committees sponsored, purposes of committees and achievements.

Protected Disclosure Act 2012 (and the Whistleblowers Protection Act 2001)

Mount Hotham Alpine Resort Management Board (the Board) is subject to the Protected Disclosure Act, which enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. The Protected Disclosure Act 2012 (Act) was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-Corruption Commission (IBAC).

The Board has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Board or its employees. You can access The Board's procedures on our website at www.mthotham.com.au

How to make a 'protected disclosure'

The Board is committed to the aims and objectives of the Act and values integrity and accountability in its administrative and management practices. We fully support the processes of disclosure that reveal corrupt conduct, mismanagement of public resources or conduct involving a substantial risk to public health and safety, or the environment. You can make a protected disclosure about the Board, its Board members, officers or employees by contacting the Board Protected Disclosure Coordinator, DELWP or IBAC on the contact details provided below.

Protected disclosure contacts

Mount Hotham Alpine Resort Management Board (MHARMB)

Jon Hutchins

Chief Executive Officer

PO Box 188, Bright 3741

Ph: 03 5759 3550

Fax: 03 5759 3693

Email: jonhutchins@mthotham.com.au

Independent Broad-Based Anti-Corruption Commission (IBAC)

Victoria Level 1, North Tower, 459 Collins Street

Melbourne Victoria 3001

GPO Box 24234, Melbourne Victoria 3000 www.ibac.vic.gov.au

Ph: 1300 735 135

Email: See the website (above) for the secure email disclosure process (provides for anonymous disclosures).

Disclosures under the Protected Disclosure Act 2012

In 2018 no disclosures were received.

Data Vic Access Policy

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

Independent auditor's report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Mount Hotham Alpine Resort Management Board

Opinion I have audited the financial report of the Mount Hotham Alpine Resort Management Board (the entity) which comprises the:

- balance sheet as at 31 December 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- chairman's, accountable officer's and chief financial and accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, 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.

In preparing the financial report, the Board is responsible for assessing the entity'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.

Independent auditor's report

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 entity'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 entity'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 entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
7 March 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

Mount Hotham Alpine Resort Management Board

Comprehensive operating statement for the year ended 31 December 2018

	Note	2018 \$	2017 \$
Continuing operations			
Income from transactions			
Interest income	2.2.1	92,962	73,598
Sales of goods and services	2.2.2	11,362,568	10,531,852
Grant Revenue	2.2.3	113,159	204,926
Fair value of assets and services received free of charge or for nominal consideration	2.2.4	-	64,990
Other revenue	2.2.5	1,277,080	648,840
Total income from transactions	2.1, 4.1	12,845,769	11,524,206
Expenses from transactions			
Employee expenses	3.1.1	4,288,982	4,570,782
Depreciation	5.1.1	1,582,922	1,546,664
Interest expense	7.1	84,752	91,928
Other operating expenses	3.2	6,291,967	5,467,298
Total expenses from transactions	4.1	12,248,623	11,676,672
Net result from transactions (net operating balance)		597,146	(152,466)
Other economic flows included in net result			
Net gain/(loss) on non financial assets ^(a)	9.1	10,589	21,170
Net gain/(loss) arising from revaluation of long service liability	9.1	(170)	(41,395)
Total other economic flows included in net result		10,419	(20,225)
Net result from continuing operations		607,565	(172,691)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation deficit	9.2	(20,800)	(41,511)
Total other economic flows - other comprehensive income		(20,800)	(41,511)
Comprehensive result		586,765	(214,202)

The accompanying notes form part of these financial statements.

Notes:

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

Mount Hotham Alpine Resort Management Board

Balance sheet as at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
Financial Assets			
Cash and Cash Equivalents	7.2	4,456,375	1,501,372
Receivables	6.1	1,198,479	1,027,451
Investments and Other Financial Assets	5.3	1,000,000	2,800,000
Total Financial Assets		6,654,854	5,328,823
Non Financial Assets			
Inventories	6.3	146,508	147,259
Property, Plant & Equipment	5.1	76,844,406	77,259,510
Investment Property	5.2	70,000	70,000
Other Non-Financial Assets	6.4	189,608	171,476
Total Non Financial Assets		77,250,522	77,648,245
TOTAL ASSETS		83,905,376	82,977,068
LIABILITIES			
Payables	6.2	1,432,466	1,336,314
Borrowings	7.1	1,228,249	1,332,916
Employee Related Provisions	3.1.2	978,533	860,587
Other Provisions	6.5	5,000	5,000
TOTAL LIABILITIES		3,644,248	3,534,817
NET ASSETS		80,261,128	79,442,251
EQUITY			
Accumulated surplus		9,322,272	8,714,707
Physical Asset Revaluation Surplus	9.2	30,680,016	30,700,816
Contributed Capital		40,258,840	40,026,728
TOTAL EQUITY		80,261,128	79,442,251
Capital and forward Commitments	7.3		
Contingent assets and contingent liabilities	8.2		

The above Balance Sheet should be read in conjunction with the notes to the financial statements.

Mount Hotham Alpine Resort Management Board Statement of changes in equity for the year ended 31 December 2018

	Physical Asset Revaluation Surplus	Accumulated Surplus	Contributions by Owner	Total
Balance at 1 January 2017	30,742,327	8,887,398	39,847,328	79,477,053
Contributions or Transfers by Owners	-	-	179,400	179,400
Net result for the year	-	(172,691)	-	(172,691)
Other comprehensive income for the year	(41,511)	-	-	(41,511)
Balance at 31 December 2017	30,700,816	8,714,707	40,026,728	79,442,251
Contributions or Transfers by Owners	-	-	232,112	232,112
Net result for the year	-	607,565	-	607,565
Other comprehensive income for the year	(20,800)	-	-	(20,800)
Balance at 31 December 2018	30,680,016	9,322,272	40,258,840	80,261,128

The above Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Mount Hotham Alpine Resort Management Board Cash flow statement for the year ended 31 December 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Receipts from Government		113,159	204,926
Receipts from customers and other entities		12,468,620	11,287,011
Payments to suppliers and employees		(10,370,439)	(9,827,309)
Net GST received/(paid)		(13,962)	2,369
Interest received		92,962	73,598
Interest paid		(84,752)	(91,928)
Net Cash (used in)/provided by Operating Activities	7.2.1	2,205,588	1,648,667
Cash Flows from Investing Activities			
Cash transferred out of Term Deposits		3,100,000	1,300,000
Cash transferred into Term Deposits		(1,300,000)	(1,100,000)
Payments for non-financial assets		(1,178,028)	(1,477,630)
Proceeds from sale of non-financial assets		-	121,175
Net Cash (used in)/provided by Investing Activities		621,972	(1,156,454)
Cash Flows from Financing Activities			
Proceeds from Capital contributions		232,112	179,400
Repayment of Borrowings from Treasury Corporation Victoria		(104,669)	(98,057)
Net Cash (used in)/provided by Financing Activities		127,443	81,343
Net Increase/(Decrease) in Cash Held		2,955,003	573,556
Cash at the beginning of the Financial Year		1,501,372	927,816
Cash and cash equivalents at the end of the Financial Year	7.2	4,456,375	1,501,372

The above Cash Flow Statement should be read in conjunction with the notes to the financial statements.

Notes to and forming part of the financial statements for the year ended 31 December 2018

SECTION 1: ABOUT THIS REPORT

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

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

Its principal address is:
Mount Hotham Alpine Resort Management Board
28 Great Alpine Road
Hotham Heights VIC 3741

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

Note 1.1 Basis of preparation

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

The reporting period covered in the financial statements is 1 January 2018 to 31 December 2018 with a 12 month comparative period.

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

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

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

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment
- estimation of useful life
- impairment of assets
- employee provisions
- allowance for expected credit loss
- accrued expenses.

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

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

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

Note 1.2 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AAS which include interpretations issued by the AASB. In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability thereby ensuring that the substance of the underlying transactions or other events is reported.

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result.

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

'Other economic flows' are changes arising from market re-measurements. They include:

- Gains and losses from disposals of non-financial assets
- Revaluation of Long Service Leave liability; and
- Revaluations and impairments of non-financial physical and intangible assets.

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

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled after more than 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts related to 'transaction with owners in the capacity as owners'.

Any grants and contributions received from the Victorian State Government that are deemed as being in the nature of owner's contributions are accounted for as Equity - Contributed Capital in accordance with Financial Reporting Direction (FRD) 119A *Transfers Through Contributed Capital*.

In the determination of whether an asset or liability is financial or non-financial, consideration is given to the extent of the asset's ability to be converted into liquid (cash) funds.

Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where the amount of GST is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST recoverable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

SECTION 2: FUNDING DELIVERY OF OUR SERVICES

Introduction

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

To enable the Board to fulfil its objective and provide the necessary infrastructure and services, it receives income from levies of site rent and service charges, gate entry and gas usage.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Income from transactions

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

	Notes	2018	2017
		\$	\$
Interest	2.2.1	92,962	73,598
Sale of goods and services	2.2.2	11,362,568	10,531,852
Grant Revenue	2.2.3	113,159	204,926
Fair value of assets and services received free of charge or for nominal consideration	2.2.4	-	64,990
Other Income	2.2.5	1,277,080	648,840
Total income from transactions		12,845,769	11,524,206

Income is recognised to the extent it is probable the economic benefits will flow to MHARMB and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Note 2.2 Income from transactions**Note 2.2.1 Interest Income****Interest from financial assets not at fair value through profit and loss**

	2018	2017
Interest on bank deposits	85,660	73,157
Penalty Interest	7,300	442
Total interest income	92,962	73,598

Interest income includes interest received on bank and term deposits and penalty interest on overdue debtors. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Where necessary interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2018 the Penalty Interest Rate was 10%. (2017 10%).

Note 2.2.2 Sale of goods and services

	2018	2017
Site rental	1,318,597	1,249,274
Service charges	4,672,211	4,554,951
Transport contribution	166,649	152,166
Gas trading operations	1,356,896	1,163,279
Gate entry	3,713,603	3,270,427
Horticultural supplies	134,611	141,755
Total sale of goods and services	11,362,568	10,531,852

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

Service Charge revenue is brought to account when a rate/tariff is levied or determined for service charges leviable under Section 13 of the *Alpine Resorts (Management) Act 1997*.

Gate entry revenue (including from the sale of season passes) is recognised when received and when the entitlement is in the current financial year. Season pass receipts received for an entitlement to resort entry in current and/or subsequent financial years are proportioned to the year of entitlement.

Gas revenue is recognised when LPG has physically been delivered through a meter and the meter is read, invoiced to the customer and collectability is reasonably assured and revenue can be measured reliably.

Note 2.2.3 Grant revenue

	2018	2017
Sustainability Victoria	-	15,000
Government tax rebates	44,561	126,818
Murray PHN after hours funding	60,600	60,600
Alpine Shire Council contribution to Hotham Dinner Plain Trail	7,998	2,508
Total grant revenue	113,159	204,926

Income from grants (other than contributions by owners) is recognised when the Board obtains control over the contribution. MHARMB is deemed to have assumed control when the grant is receivable or received.

Note 2.2.4 Fair value of assets and services received free of charge or for nominal consideration

Assets	2018	2017
Plant and equipment	-	64,990
Total fair value of assets and services received free of charge or for nominal consideration	-	64,990

Contributions of resources received free of charge or for nominal consideration are recognised at fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use.

Note 2.2.5 Other Income

	2018	2017
Infringement Revenue	\$ 428,665	\$ 232,901
Rental Income	59,985	88,861
Service Charges - Infrastructure fee	48,315	-
Marketing Revenue	118,679	140,120
Property related Fees and charges	58,762	43,218
Contracted income	340,206	-
Sundry Income	222,469	143,740
Total Other	1,277,080	648,840

Infringement notices are recognised as revenue when the penalty has been imposed.

Rental Income from leasing of investment properties are recognised on a straight line basis over the lease term.

All other revenues are recognised when the services are performed.

SECTION 3: THE COST OF DELIVERING SERVICES

Introduction

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

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

Structure

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

Note 3.1 Expenses incurred in delivery of services

Employee benefit expenses			
Other operating expenses	Notes	2018	2017
		\$	\$
	3.1.1	4,288,982	4,570,782
	3.2	6,291,967	5,467,298
Total expenses incurred in delivery of services		10,580,949	10,038,080
		2018	2017
		\$	\$
Salaries, wages and other on costs		3,929,996	4,196,279
Superannuation expense		358,986	374,503
Total employee expenses		4,288,982	4,570,782

Note 3.1.1 Employee benefit expenses

These expenses include all forms of consideration related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums. The amount recognised in the Comprehensive Operating Statement in relation to superannuation consists of employer contributions for members of both defined benefit and defined contribution plans that are paid or payable during the reporting period.

The decrease in employee benefits in 2018 is due to outsourcing the intra-village bus service.

Note 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.

	2018	2017
	\$	\$
Current provisions:		
Annual leave		
Unconditional and expected to be settled within 12 months	213,555	205,135
Unconditional and expected to be settled after 12 months	18,408	24,457
Long service leave		
Unconditional and expected to be settled within 12 months	55,194	84,783
Unconditional and expected to be settled after 12 months	453,300	361,780
Provisions related to employee benefits on-costs		
Unconditional and expected to be settled within 12 months	80,989	44,642
Unconditional and expected to be settled after 12 months	78,424	61,298
Total current provisions for employee benefits	899,870	782,095
Non-current		
Employee Benefits	67,868	67,721
On-costs	10,795	10,771
Total non-current provisions for employee benefits	78,663	78,492
Total Provisions	978,533	860,587
Reconciliation of movement in on-costs provisions		
Opening balance	116,712	112,263
Additional provisions recognised	53,496	4,449
Closing balance	170,208	116,712
Current	159,413	105,941
Non Current	10,795	10,771

Wages and salaries, annual leave and time in lieu leave: Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating time in lieu leave, are all recognised in the provision for employee benefits as 'current liabilities', because the MHARMB does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if the MHARMB expects to wholly settle within 12 months; or
- Present value – if the MHARMB does not expect to wholly settle within 12 months.

Long service leave: Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Nominal value if the MHARMB expects to wholly settle within 12 months; and
- Present value if the MHARMB does not expect to wholly settle within 12 months.

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

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

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

Employee benefits on-costs: Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

Note 3.1.3 Superannuation contributions

Employees of MHARMB are entitled to receive superannuation benefits and the Board contributes to both defined benefit and defined contribution plans.

The defined benefit plan(s) provides benefits based on years of service and final average salary.

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

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

The 2017 comparative figures have changed from the audited accounts which previously reflected annual expenditure rather than the paid contributions and outstanding amounts at year end. This is a disclosure only note.

	Paid contribution for the year		Contribution outstanding at year end	
	2018	2017	2018	2017
Defined benefit plan ^(a)				
GSO	22,478	13,249	3,972	2,704
Defined contribution plans				
AustSuper	50,563	39,329	-	-
VicSuper	194,789	166,895	43,432	33,123
Other	79,578	158,271	-	-
Total	347,409	377,744	47,404	35,827

Note:

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

Note 3.2 Other operating expenses

Contract payments, materials and services

Contractors (Cleaning, Transportation and general)		
Consultants	1,639,679	518,056
Consumables	160,545	322,004
Energy consumption	252,097	272,405
Insurance	537,456	497,283
Maintenance	270,393	273,370
ARCC Contributions	641,234	539,245
Waste Services (Hard and recyclable waste)	283,615	367,447
Other administration and compliance costs	56,132	42,983
	1,286,528	1,617,480
Subtotal	5,127,679	4,450,272
Bad debts from transactions	159,142	152,640
Cost of Goods Sold - Gas operations	772,037	596,759
Cost of Goods Sold - Horticultural operations	38,374	38,366
Legal	194,736	229,262
Total other operating expenses	6,291,967	5,467,298

Other administration and compliance costs generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from infringements that are no longer collectable. **ARCC Contributions** are Ministerial Directive payments to the Alpine Resorts Co-ordinating Council.

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution are expensed when the inventories are distributed.

Consultants represent specialists engaged to assist operational and strategic requirements.

Contractors include the major contract for the provision of intra-village bus services during the ski season, cleaning services and other short term projects.

SECTION 4: DISAGGREGATED FINANCIAL INFORMATION BY CORE FUNCTIONS

The Board is predominantly self-funded by contributions from head lessees and the collection of gate entry fees. The expenses from transactions are presented by way of function which relate to the core services provided by the Board.

Note 4.1 Comprehensive Operating Statement by core function

	Departmental total
	2018 2017
	\$ \$
Continuing operations	
Income from transactions	
Government Contributions	204,926
Site rental	1,318,597
Service charges	1,401,883
Transport Contribution	4,402,785
Gas trading operations	152,166
Gate entry	1,356,896
Horticultural supplies	3,713,603
Interest	134,611
Fair value of assets and services received free of charge or for nominal consideration	141,755
Other income	92,962
	-
	64,990
	648,840
Total income from transactions	11,524,206
Expenses from transactions	
Infrastructure services	1,877,741
Village operations	2,094,732
Visitor services	3,541,618
Administration & Corporate Services	1,191,649
Marketing	1,997,361
Cost of Goods Sold - Trading operations	511,380
Alpine Resorts Co-ordinating Council contributions	810,411
Board costs	283,615
Depreciation	150,182
Interest Expense	1,582,922
	84,752
	91,928
Total expenses from transactions	11,676,672
Net result from transactions (net operating balance)	597,146
Other economic flows included in net result	
Net gain/(loss) on non-financial assets ^(a)	10,589
Net gain/(loss) arising from revaluation of long service liability ^(b)	(170)
Total other economic flows included in net result	(10,419)
Net result from continuing operations	607,565
Other economic flows - other comprehensive income items that will not be reclassified to net result	
Changes in physical asset revaluation deficit ^(c)	(20,800)
Total other economic flows - other comprehensive income	(20,800)
Comprehensive result	586,765

Notes:

- (a) Sale of vehicle at auction
(b) Increase in Long Service Leave Deferred Liability based on discounted cash flow model for LSL provision calculation
(c) Revaluation of specialised building

SECTION 5: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

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

Structure

- 5.1 Total property, plant and equipment
- 5.2 Investment properties
- 5.3 Investments and other financial assets

Note 5.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Land at fair value	30,821,000	30,821,000	-	-	30,821,000	30,821,000
Land held for sale at fair value	42,208	42,208	-	-	42,208	42,208
Buildings at fair value ^(a)	7,409,070	7,293,796	(500,280)	(238,000)	6,908,789	7,055,796
Village and Community Infrastructure at fair value	5,071,201	4,717,410	(425,312)	(219,533)	4,645,889	4,497,876
Roads and Carparks at fair value	7,386,993	7,328,951	(172,811)	(89,912)	7,214,182	7,239,039
Water at fair value	15,725,725	15,572,538	(734,786)	(366,831)	14,990,939	15,205,708
Sewerage at fair value	8,920,162	8,920,162	(587,184)	(301,813)	8,332,978	8,618,349
Gas at fair value	2,156,800	2,156,800	(148,972)	(74,663)	2,007,828	2,082,137
Plant, Equipment & Motor Vehicles at fair value	4,539,919	4,451,751	(3,295,926)	(2,990,445)	1,243,993	1,461,306
Capital Works in Progress at cost	636,601	236,092	-	-	636,600	236,092
Total	82,709,678	81,540,707	(5,865,271)	(4,281,197)	76,844,406	77,259,510

Note: (a) The 2017 comparative for buildings has changed from the audited accounts which previously included the investment property value of \$70,000.

Acquisition: Property, plant and equipment includes land, buildings, roads and car parks, community and village infrastructure, water, sewerage, gas, plant, equipment, furniture and motor vehicles. Items with a cost or value in excess of \$2,000 and a useful life to the MHARMB of more than one year are capitalised.

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

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

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

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

The most recent valuation was undertaken as at 31 December 2016. The fair value of buildings, roads and infrastructure has been determined by reference to the assets current replacement cost recognising the residual value apparent in the valuation.

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

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

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

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8.3.2 Fair Value Determination.

In the Board's view, asset values do not exceed their recoverable amount from their continued use and their subsequent disposal and as such, no adjustment to these values was made in the reporting period.

Valuation of Land: The Board undertook a revaluation of its land assets for 31 December 2016 using the 'fair value' methodology. The revaluation was performed by the Valuer-General Victoria. Under fair value the MHARMB's interest in the Crown's leasehold land is measured based on a direct market comparison approach, whereby the subject properties are compared to recent land sales. Broad area land values have been applied to the other land value areas of the MHARMB's controlled area based on comparable sales evidence methodology. The addition of these represents the fair value of the land assets under the MHARMB's control. As per financial note 8.3.2, MHARMB land has been classified as per the 'Fair Value Hierarchy' levels to account for the effects of the Community Services Obligation (CSO). The figures do not include any improvement values.

Note 5.1.1 Depreciation and impairment charge for the year

	2018	2017
	\$	\$
Buildings	241,480	237,263
Infrastructure	1,014,506	1,012,039
Plant, equipment and motor vehicles	326,936	297,362
Total Depreciation	1,582,922	1,546,664

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding assets held for sale and land) that have finite useful lives are depreciated. Depreciation is always calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be, capable of operating in the manner intended by management.

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

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

The above rates have remained unchanged from the previous year.

Note 5.1.3 Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current financial year are set out below.

2018	Carrying amount at start of year \$	Additions \$	Disposals at Cost \$	Disposals Accumulated Depreciation \$	Revaluation Movement	Transfers \$	Depreciation Expense \$	Total \$
Land	30,821,000	-	-	-	-	-	-	30,821,000
Land held for sale	42,208	-	-	-	-	-	-	42,208
Buildings	7,055,796	-	-	-	(20,800)	115,274	(241,480)	6,908,789
Village and Community Infrastructure	4,497,876	-	-	-	-	351,984	(203,971)	4,645,889
Roads and carparks	7,239,039	-	-	-	-	58,042	(82,899)	7,214,182
Water	15,205,708	-	-	-	-	153,187	(367,956)	14,990,939
Sewerage	8,618,349	-	-	-	-	-	(285,371)	8,332,978
Gas	2,082,137	-	-	-	-	-	(74,309)	2,007,828
Plant, Equipment & Motor Vehicles	1,461,306	-	(19,647)	19,647	-	109,623	(326,936)	1,243,993
Capital Works in Progress	236,092	1,188,618	-	-	-	(788,110)	-	636,600
	77,259,510	1,188,618	(19,647)	19,647	(20,800)	-	(1,582,922)	76,844,406

2017	Carrying amount at start of year \$	Additions \$	Disposals at Cost \$	Disposals Accumulated Depreciation \$	Revaluation Movement	Transfers \$	Depreciation Expense \$	Total \$
Land	30,821,000	-	-	-	-	-	-	30,821,000
Land held for sale	42,208	-	-	-	-	-	-	42,208
Buildings ^(a)	7,145,759	-	(41,800)	289	-	188,809	(237,263)	7,055,796
Village and Community Infrastructure	4,322,128	-	-	-	-	371,743	(195,993)	4,497,876
Roads and carparks	7,239,322	-	-	-	-	86,141	(86,425)	7,239,039
Water	15,346,741	-	-	-	-	223,320	(364,354)	15,205,708
Sewerage	8,610,178	-	-	-	-	299,131	(290,958)	8,618,349
Gas	2,156,445	-	-	-	-	-	(74,309)	2,082,137
Plant, Equipment & Motor Vehicles	1,338,124	420,545	(79,376)	79,376	-	-	(297,362)	1,461,306
Capital Works in Progress	420,505	984,730	-	-	-	(1,169,144)	-	236,092
	77,442,410	1,405,275	(121,176)	79,665	-	-	(1,546,664)	77,259,510

Note: (a) The 2017 comparative for buildings has changed from the audited accounts which previously included the investment property value of \$70,000.

Note 5.2 Investment properties

Balance at beginning of financial year
Balance at end of financial year

	2018	2017
	\$ 70,000	\$ 70,000
	<u>70,000</u>	<u>70,000</u>

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

Note 5.3 Investments and other financial assets

Current term deposit investments

Term deposits ^(a)

Total current investments

Non-current investments

Term deposits

Total non-current investments

Total investments and other financial assets

Notes:

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

	2018	2017
	\$ 1,000,000	\$ 2,300,000
	<u>1,000,000</u>	<u>2,300,000</u>
	-	500,000
	-	500,000
	<u>1,000,000</u>	<u>2,800,000</u>

Term Deposits are classified as Other Financial Assets.

Any interest earned on the financial asset is recognised in the Comprehensive Operating Statement as a transaction.

SECTION 6: OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Inventory
- 6.4 Other non-financial assets
- 6.5 Other provisions

Note 6.1 Receivables

	2018	2017
	\$	\$
Contractual		
Trade debtors	251,524	828,360
Statutory receivable	108,560	81,044
Infringement debtors	406,323	201,066
Less Allowance for expected credit losses	(249,569)	(108,827)
Other receivables	681,642	25,808
Total Current Receivables	1,198,479	1,027,451

Receivables consist of:

- Contractual receivables, which include mainly debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Debtors are carried at amounts due. Where necessary, interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2018 the Penalty Interest Rate was 10% (2017 10%). The carrying value of debtors approximates fair value.

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

Allowance for expected credit losses and bad debts

The Board has applied the simplified approach to measuring expected credit losses under AASB 9, which uses a lifetime expected loss allowance. The allowance for expected credit losses assessment made for trade debtors and infringement debtors requires a degree of estimation and judgement. Trade debtors are based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. Infringement debtors are based on the lifetime expected credit loss, grouped based on expected percentage of infringements expected to be withdrawn, percentage of infringements expected to be paid and the collectability of the infringements expected to be paid. The expected credit loss model makes assumptions to allocate an overall expected credit loss rate for each group. Other receivables and statutory receivables are recognised at amortised costs less any allowance for expected credit loss.

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

Movement in Allowance for expected credit losses

	2018	2017
	\$	\$
Balance at the beginning of the year	(108,827)	(170,883)
New provisions recognised	(159,142)	(152,231)
Amounts written off as uncollectible	18,399	214,287
Balance at the end of the year	(249,569)	(108,827)

All debtors have been reviewed by management at year end and a provision for doubtful debts has been raised to reflect collectability of infringement debtors of \$249,569 (2017 \$108,827).

Receivables are written off when there is not reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and no active enforcement activity.

Note 6.2 Payables

	2018	2017
	\$	\$
Current		
Trade creditors	226,155	134,567
Statutory payable	194,979	181,845
Accrued expenses	329,689	307,241
Other payables	681,642	712,661
Total current payables	1,432,466	1,336,314

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

Payables consist of:

- Contractual payables, such as accounts payable and unearned income including deferred income from concession arrangements. Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Accounts payable represent liabilities for goods and services provided to the MHARMB prior to the end of the financial year that are unpaid, and arise when the RMB becomes obliged to make future payments in respect of the purchase of those goods and services; and

- Statutory payables, such as goods and services tax and fringe benefits tax payables. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Maturity analysis of contractual payables ^(a)

	2018		2017		
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	
				year	
				1-5 years	
				5 + years	
Trade creditors	226,155	226,155	226,155	-	-
Accrued expenses	329,689	329,689	329,689	-	-
Other payables	681,642	681,642	681,642	-	-
Total	1,237,487	1,237,487	1,237,487	-	-
Trade creditors	134,567	134,567	122,132	12,435	-
Accrued expenses	307,241	307,241	307,241	-	-
Other payables	712,661	712,661	712,661	-	-
Total	1,154,469	1,154,469	1,142,034	12,435	-

Note:

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

Note 6.3 Inventories

	2018	2017
	\$	\$
Current inventories		
Supplies and consumables:		
Fuel at cost	33,026	42,563
Plant and equipment spare parts at cost	-	13,508
	33,026	56,071
Inventories held for sale:		
Gas at cost	78,333	54,137
Horticultural Plants at cost	35,149	37,051
	113,482	91,188
Total inventories	146,508	147,259

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

Note 6.4 Other non-financial assets

Prepayments	2018	2017
	\$	\$
	189,608	171,476
Total current other non-financial assets	189,608	171,476

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

Note 6.5 Other Provisions

Provisions	2018	2017
Non-current provisions	\$	\$
	5,000	5,000
Total other provisions	5,000	5,000

Other provisions are recognised when MHARMB has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

SECTION 7: HOW WE FINANCED OUR OPERATIONS

Introduction

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

Structure

- 7.1 Borrowings
- 7.2 Cash flow information and balances
- 7.3 Commitments for expenditure

Note 7.1 Borrowings

Current					
Fixed interest loan from TCV				84,752	104,667
Non-Current					
Fixed interest loan from TCV				1,143,497	1,228,249
Total fixed interest loan from TCV				1,228,249	1,332,916

Maturity analysis of borrowings

	Carrying amount	Nominal amount	1-3 months	3 months - 1 year	1-5 years	5 + years
2018						
Loans from TCV	1,228,249	1,228,249	27,251	57,501	382,427	761,070
Total	1,228,249	1,228,249	27,251	57,501	382,427	761,070
2017						
Loans from TCV	1,332,916	1,332,916	25,530	79,137	529,527	698,722
Total	1,332,916	1,332,916	25,530	79,137	529,527	698,722

Borrowings: All interest-bearing liabilities are initially measured at fair value of the consideration received, being the cost of the borrowings, net of directly attributable transaction costs. The measurement basis, subsequent to, initial recognition depends on whether MHARMB has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised costs.

Subsequent to, initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

Interest expense		
Interest on government loans	84,752	91,928
Total interest expense	84,752	91,928

Interest expense includes costs incurred in connection with the borrowing of funds. It is recognised in the period in which it is incurred.

Note 7.2 Cashflow information and balances

	2018	2017
	\$	\$
Current		
Cash and cash equivalents	4,456,375	1,501,372
Balance as per cash flow statement	4,456,375	1,501,372

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

Note 7.2.1 Reconciliation of net results for the period to cash flow from operating activities

	2018	2017
	\$	\$
Net Result for the reporting period	607,565	(172,691)
Non-Cash Movements		
Depreciation	1,582,922	1,546,664
Fair Value of assets and services received free of charge or for nominal consideration	-	(64,990)
(Gain)/loss on sale of disposal of non-current assets	(10,589)	21,170
Change in operating assets and liabilities :		
Decrease/(increase) in receivables	(171,028)	41,329
Decrease/(increase) in inventories	751	94
Decrease/(increase) in prepayments	(18,132)	(4,192)
Increase/(decrease) in payables	73,704	73,283
Increase/(decrease) in accrued expenditure	22,448	178,353
Increase/(decrease) in employee entitlements	117,946	29,648
Net Cash Inflow from operating activities	2,205,588	1,648,667

Note 7.3 Commitments for expenditure- total commitments payable ^(e)

2018
 Expenditure commitments payable
 Operating and lease commitments payable ^(b)
 Walking trails and geo-technical works
Total commitments (inclusive of GST)
 Less GST recoverable
Total commitments (exclusive of GST)

	Less than 1 year	1 - 5 years	5+ years	Total
	\$	\$	\$	\$
	1,115,929	940,263	101,822	2,158,014
	111,678	-	-	111,678
	1,227,607	940,263	101,822	2,269,692
				2,269,692

2017
 Expenditure commitments payable
 Operating and lease commitments payable ^(b)
 Walking trails and geo-technical works
Total commitments (inclusive of GST)
 Less GST recoverable
Total commitments (exclusive of GST)

	Less than 1 year	1 - 5 years	5+ years	Total
	\$	\$	\$	\$
	877,887	1,748,431	-	2,626,318
	50,000	65,000	-	115,000
	927,887	1,813,431	-	2,741,318
				2,741,318

Notes:

(a) Future finance lease and non-cancellable operating lease payments are recognised on the balance sheet.

(b) Operating lease commitments relate to office equipment with lease terms between three and seven years. These contracts do not allow MHARMB to purchase the facilities after the lease ends, but the lease can be renewed.

The Board have awarded a Bus Tender with ongoing commitments of \$1,748,431. Other lease agreements are minor commitments such as the photocopier lease balance of \$50,039 and \$51,671 for right of use of Apartments 14 and 15 at Moritz Apartment Block, Davenport Drive Mt Hotham. The Board has signed agreements for the construction and replacement of walking trails and geo-technical work. The estimated forward commitments to complete the 2018 works totals \$111,678.

The Mt Hotham Alpine Resort Management Board and the Bright Medical Centre have an ongoing relationship to provide essential medical services in Mt Hotham. To aid this service the MHARMB provide adequate consulting rooms and the provision of essential assets to ensure Mt Hotham can provide an adequate medical service to its guests and residence.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

MHARMB has a continuing obligation to provide ski patrol services as part of the MHSC head lease.

SECTION 8: RISK, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

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

- cash assets;
- term deposits;
- receivables;
- payables; and
- borrowings.

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 and financial liability above are disclosed in Note 8.3 to the financial statements.

The main purpose for holding financial instruments is to prudentially manage the Board's financial risks within the government policy parameters. The Board's main financial risks include credit risk, liquidity risk and interest rate risk which are managed in accordance with the financial risk management policy. The Board uses different methods to measure and manage the different risks to which it is exposed.

Interest rate risk exposure is insignificant and might arise primarily through the Board's interest bearing liabilities. Minimisation of risk is achieved by using fixed rate or non-interest bearing financial instruments. The Board mainly incurs financial liabilities with relatively even maturity profiles. There has been no change to MHARMB's credit risk profile in the 2018 financial year. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired.

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

8.1 Financial instruments specific disclosures

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

Where relevant, and for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

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

The MHARMB makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The MHARMB would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

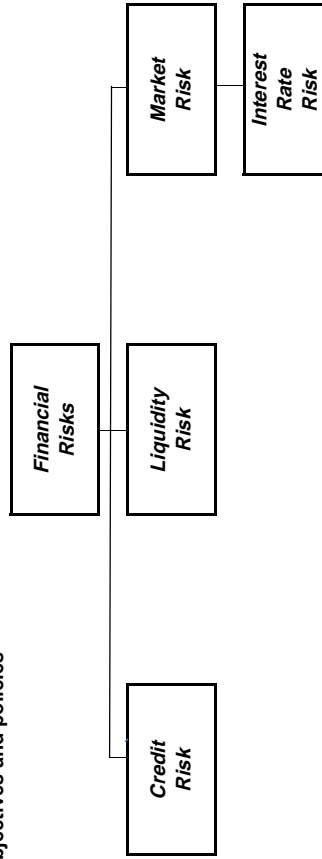
Note 8.1.1 Financial instruments: Categorisation

	2018	2017
	Contractual financial assets - loans and receivables	Contractual financial assets - loans and receivables
	Contractual liabilities at amortised cost	Contractual liabilities at amortised cost
	Total	Total
	\$	\$
Contractual financial assets		
Cash and deposits	4,456,375	4,456,375
⁽ⁱ⁾ Receivables	251,524	251,524
Other receivables	681,642	681,642
Term Deposits	1,000,000	1,000,000
Total contractual financial assets	6,389,542	6,389,542
Contractual financial liabilities		
⁽ⁱ⁾ Accounts Payable	1,237,487	1,237,487
Fixed Rate Borrowings - TCV	1,228,249	1,228,249
Total contractual financial liabilities	2,465,736	2,465,736
	Contractual financial assets - loans and receivables	Contractual financial assets - loans and receivables
	Contractual liabilities at amortised cost	Contractual liabilities at amortised cost
	Total	Total
	\$	\$
Contractual financial assets		
Cash and deposits	1,501,372	1,501,372
⁽ⁱ⁾ Receivables	828,360	828,360
Other receivables	25,808	25,808
Term Deposits	2,800,000	2,800,000
Total contractual financial assets	5,155,540	5,155,540
Contractual financial liabilities		
⁽ⁱ⁾ Accounts Payable	1,154,469	1,154,469
Fixed Rate Borrowings - TCV	1,332,916	1,332,916
Total contractual financial liabilities	2,487,385	2,487,385

Note:

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

Note 8.1.2 Financial risk management objectives and policies



Interest rate exposure of financial instruments

	Weighted Average Interest Rate	Carrying amount	Fixed Interest	Variable Interest	Non-Interest Bearing
2018					
Financial Assets		\$	\$	\$	\$
Cash and deposits	1.67%	4,456,375	3,400,000	1,026,002	30,372
⁽¹⁾ Receivables and other receivables		933,166	-	-	933,166
Other financial assets	1.70%	1,000,000	1,000,000	-	-
		6,389,542	4,400,000	1,026,002	963,539
Financial Liabilities					
⁽¹⁾ Accounts Payable		1,237,487	-	-	1,237,487
Fixed Rate Borrowings - TCV	6.58%	1,228,249	1,228,249	-	-
		2,465,736	1,228,249	-	1,237,487
2017					
Financial Assets		\$	\$	\$	\$
Cash and deposits	0.86%	1,501,372	300,000	1,179,156	22,216
⁽¹⁾ Receivables and other receivables		854,168	-	-	854,168
Other financial assets	2.20%	2,800,000	2,800,000	-	-
		5,155,540	3,100,000	1,179,156	876,385
Financial Liabilities					
⁽¹⁾ Accounts Payable		1,154,469	-	-	1,154,469
Variable Rate Borrowings - TCV	6.58%	1,332,916	1,332,916	-	-
		2,487,385	1,332,916	-	1,154,469

Note:

⁽¹⁾ The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Infringements, Victorian government and GST input tax credit recoverable, and taxes payable)

2018	Weighted Average Interest Rate	Nominal Amount	Ageing					> 5 years
			and not impaired	Less than 1 month	1-3 months	More than 3 months - 1 year	1-5 years	
		\$	\$	\$	\$	\$	\$	
Financial Assets								
Cash and deposits	1.67%	4,456,375	4,456,375	-	-	-	-	
⁽ⁱ⁾ Receivables and other receivables		933,166	569,633	126,952	-	-	-	
Other financial assets	1.70%	1,000,000	-	236,581	-	-	-	
		6,389,542	5,026,008	126,952	236,581	1,000,000	-	
Financial Liabilities								
⁽ⁱ⁾ Accounts Payable		1,237,487	1,237,487	1,237,487	-	-	-	
Fixed Rate Borrowings - TCV	6.58%	1,228,249	1,228,249	-	20,197	66,292	520,960	
		2,465,736	2,465,736	1,237,487	20,197	66,292	620,800	
2017								
Financial Assets								
Cash and deposits	0.86%	1,501,372	1,201,372	300,000	-	-	-	
⁽ⁱ⁾ Receivables and other receivables		854,168	730,790	81,444	-	-	-	
Other financial assets	2.20%	2,800,000	-	-	2,300,000	500,000	-	
		5,155,540	1,932,162	381,444	41,934	2,300,000	500,000	
Financial Liabilities								
⁽ⁱ⁾ Accounts Payable		1,154,469	1,154,469	1,154,469	-	-	-	
Fixed Rate Borrowings - TCV	6.58%	1,332,916	-	-	79,137	529,527	698,722	
		2,487,385	1,154,469	1,154,469	79,137	529,527	698,722	

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

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

Interest rate risk sensitivity

Financial Assets	Carrying Amount	-1.0% Surplus	-1.0% Equity	1.0% Surplus	1.0% Equity
2018					
Cash exposed to variable interest rates and short term deposits	\$ 1,026,002	(10,260)	(10,260)	10,260	10,260
2017					
Cash exposed to variable interest rates and short term deposits	1,179,156	(11,792)	(11,792)	11,792	11,792

Interest rate risk sensitivity: Taking into account past performance and future expectations, a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$42,100 (2017: \$25,789).

Credit risk exposures: The credit risk on financial assets of the Board which have been recognised on the balance sheet is the carrying amount, net of any provision for doubtful debts. The Board's maximum exposure to credit risk at reporting date in respect to financial assets is limited to the carrying amount in the balance sheet.

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

Note 8.2 Contingent assets and contingent liabilities

There are no unquantifiable contingent liabilities.

There are no contingent assets (2017 Nil).

Note 8.3 Fair value determination

Net fair values of financial assets and liabilities

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

- (i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- (ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Note 8.3.1 Fair value determination of financial assets and liabilities

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

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

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

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

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

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

A fair value assessment is conducted annually to ensure that property, plant and equipment reflects the fair value at the end of the year. The assessment considers all fair value indicators, including land and building indices, the highest and best use indicators and other relevant indicators.

In the event that the assessment triggers a change in value, adjustments are made to reflect the fair value of the asset.

Note 8.3.2 Fair value determination: non-financial physical assets

Fair value measurement hierarchy	Carrying amount as at 31 December 2018		
	\$	Level 2(i) \$	Level 3(i) \$
Land at fair value	-	-	-
Non-specialised land	30,863,208	-	30,863,208
Specialised land	30,863,208	-	30,863,208
Total of Land at fair value	6,908,789	-	6,908,789
Non-specialised buildings	6,908,789	-	6,908,789
Total of Buildings at fair value	4,645,889	-	4,645,889
Village & Community Infrastructure at fair value	4,645,889	-	4,645,889
Total of Village & Community Infrastructure at fair value	7,214,182	-	7,214,182
Roads & carparks at fair value	7,214,182	-	7,214,182
Total of Roads & Carparks at fair value	14,990,939	-	14,990,939
Water Assets at fair value	3,024,000	-	3,024,000
Headworks	1,149,109	-	1,149,109
Distribution works	133,886	-	133,886
Treatment	2,957,476	-	2,957,476
Water Storage	1,601,683	-	1,601,683
Water Reticulation	6,124,784	-	6,124,784
Drains	14,990,939	-	14,990,939
Total of Water Assets at fair value	3,595,071	-	3,595,071
Sewerage Assets at fair value	562,711	-	562,711
WWTP	1,977,896	-	1,977,896
Sewer Pump wells	2,197,301	-	2,197,301
Sewer Reticulation	8,332,978	-	8,332,978
Ultrafiltration	720,259	-	720,259
Total of Sewerage Assets at fair value	1,248,194	-	1,248,194
Gas Assets at fair value	39,375	-	39,375
Gas Storage	2,007,828	-	2,007,828
Gas Reticulation	352,053	-	352,053
Customer Supply	891,940	-	891,940
Total of Gas Assets at fair value	1,243,993	-	1,243,993
Plant, Equipment & Vehicles at fair value			
Vehicles			
Plant & equipment			
Total of Plant, Equipment & Vehicles at fair value			

Notes:

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

	Carrying amount as at 31 December 2017		
	\$	Level 2(i) \$	Level 3(i) \$
Land at fair value	-	-	-
Non-specialised land	30,863,208	-	30,863,208
Specialised land	30,863,208	-	30,863,208
Total of Land at fair value	7,055,796	-	7,055,796
Non-specialised buildings ^(v)	7,055,796	-	7,055,796
Specialised buildings ^(v)	7,055,796	-	7,055,796
Total of Buildings at fair value	4,497,876	-	4,497,876
Village & Community Infrastructure at fair value	4,497,876	-	4,497,876
Village & Community Infrastructure at fair value	4,497,876	-	4,497,876
Total of Village & Community Infrastructure at fair value	7,239,039	-	7,239,039
Roads & carparks at fair value	7,239,039	-	7,239,039
Roads & carparks at fair value	7,239,039	-	7,239,039
Total of Roads & Carparks at fair value	3,087,000	-	3,087,000
Water Assets at fair value	1,183,507	-	1,183,507
Headworks	146,243	-	146,243
Distribution works	3,047,011	-	3,047,011
Treatment	1,697,001	-	1,697,001
Water Storage	6,044,944	-	6,044,944
Water Reticulation	15,205,708	-	15,205,708
Drains	3,689,329	-	3,689,329
Total of Water Assets at fair value	582,370	-	582,370
Sewerage Assets at fair value	2,030,455	-	2,030,455
WWTP	2,316,196	-	2,316,196
Sewer Pump wells	8,618,349	-	8,618,349
Sewer Reticulation	743,516	-	743,516
Ultrafiltration	1,298,121	-	1,298,121
Total of Sewerage Assets at fair value	40,500	-	40,500
Gas Assets at fair value	2,082,137	-	2,082,137
Gas Storage	457,504	-	457,504
Gas Reticulation	1,003,802	-	1,003,802
Customer Supply	1,461,306	-	1,461,306
Total of Gas Assets at fair value	457,504	-	457,504
Plant, Equipment & Vehicles at fair value	457,504	-	457,504
Plant & equipment	1,003,802	-	1,003,802
Total of Plant, Equipment & Vehicles at fair value	1,461,306	-	1,461,306

Notes:

(i) Classified in accordance with the fair value hierarchy, see note 8.3.1.

Assets under construction are excluded from the table above as they are measured at cost.

(ii) The 2017 comparative for Specialised buildings has changed from the audited accounts which previously included the investment property value of \$70,000.

Upon first time receipt of the Victorian Valuer Generals land indices specific for Alpine Resorts it is confirmed there is significant unobservable inputs into land lease valuations, the land has been reclassified as Level 3 on the Fair Value Hierarchy in total and is to be classified as Level 3 as if it has always been a Level 3, therefore 2017 comparatives have been updated to reflect this new direction.

Specialised land and specialised buildings

The market approach is used for owner occupied land and the present value (PV) of future cash flows is used for leased land. Specialised land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued as at 31 December 2016. Prior to this there was no information available regarding the exact amount attributable to Level 1.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered significant unobservable inputs in nature, specialised land are classified as Level 3 fair value measurements.

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

An independent valuation of the Board's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO for specialised land and the depreciated replacement cost for specialised buildings. The effective date of the valuation is 31 December 2016.

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

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

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

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

Vehicles

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 31 December 2018.

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

Plant, Equipment & Vehicles

Reconciliation of Level 3 fair value movements

2018	Opening balance \$	Purchases (sales) \$	Transfers in (out) of Level 3 \$	Gains or losses recognised in net result \$	Depreciation \$	Subtotal \$	recognised in other economic flows - other comprehensive income \$	Subtotal \$	Closing balance \$
Specialised land	30,863,208	-	-	-	-	30,863,208	-	30,863,208	30,863,208
Specialised buildings	7,055,796	-	115,273	(20,800)	(241,480)	6,908,789	-	6,908,789	6,908,789
Village and Community Infrastructure	4,497,876	-	351,982	-	(203,971)	4,645,887	-	4,645,887	4,645,889
Roads and car parks	7,239,039	-	58,043	-	(82,899)	7,214,183	-	7,214,183	7,214,182
Headworks	3,087,000	-	-	-	(63,001)	3,023,999	-	3,023,999	3,024,000
Distribution works	1,183,507	-	-	-	(34,400)	1,149,107	-	1,149,107	1,149,109
Treatment	146,243	-	-	-	(12,359)	133,885	-	133,885	133,886
Water Storage	3,047,011	-	-	-	(89,534)	2,957,477	-	2,957,477	2,957,476
Water Reticulation	1,697,001	-	-	-	(95,315)	1,601,686	-	1,601,686	1,601,683
Drains	6,044,944	-	153,188	-	(73,348)	6,124,784	-	6,124,784	6,124,784
WWTP	3,689,329	-	-	-	(94,258)	3,595,071	-	3,595,071	3,595,071
Sewer Pump wells	582,370	-	-	-	(19,658)	562,711	-	562,711	562,711
Sewer Reticulation	2,030,455	-	-	-	(52,559)	1,977,896	-	1,977,896	1,977,896
Ultrafiltration	2,316,196	-	-	-	(18,895)	2,197,301	-	2,197,301	2,197,301
Gas Storage	743,516	-	-	-	(23,257)	720,259	-	720,259	720,259
Gas Reticulation	1,298,121	-	-	-	(49,927)	1,248,194	-	1,248,194	1,248,194
Customer Supply	40,500	-	-	-	(1,125)	39,375	-	39,375	39,375
Plant, Equipment & Vehicles	1,461,306	-	109,622	-	(326,936)	1,243,992	-	1,243,992	1,243,993

Reconciliation of Level 3 fair value movements

2017	Opening balance \$	Purchases (sales) \$	Transfers in (out) of Level 3 \$	Gains or losses recognised in net result \$	Depreciation \$	Subtotal \$	recognised in other economic flows - other comprehensive income \$	Subtotal \$	Closing balance \$
Specialised land	30,863,208	-	-	-	-	30,863,208	-	30,863,208	30,863,208
Specialised buildings ^(a)	7,145,761	188,809	-	-	(237,263)	7,097,307	(41,511)	(41,511)	7,055,796
Village and Community Infrastructure	4,322,128	371,743	-	-	(195,993)	4,497,878	-	4,497,878	4,497,876
Roads and car parks	7,239,322	86,141	-	-	(86,425)	7,239,038	-	7,239,038	7,239,039
Headworks	3,150,000	-	-	-	(63,000)	3,087,000	-	3,087,000	3,087,000
Distribution works	1,219,814	-	-	-	(36,307)	1,183,507	-	1,183,507	1,183,507
Treatment	158,602	-	-	-	(12,359)	146,243	-	146,243	146,243
Water Storage	3,136,544	-	-	-	(89,534)	3,047,011	-	3,047,011	3,047,011
Water Reticulation	1,790,224	-	-	-	(93,223)	1,697,001	-	1,697,001	1,697,001
Drains	5,891,557	223,319	-	-	(69,932)	6,044,944	-	6,044,944	6,044,944
WWTP	3,783,587	-	-	-	(94,258)	3,689,329	-	3,689,329	3,689,329
Sewer Pump wells	602,030	-	-	-	(19,659)	582,371	-	582,371	582,370
Sewer Reticulation	1,789,472	299,129	-	-	(58,145)	2,030,456	-	2,030,456	2,030,455
Ultrafiltration	2,435,090	-	-	-	(118,895)	2,316,195	-	2,316,195	2,316,196
Gas Storage	766,776	-	-	-	(23,257)	743,518	-	743,518	743,516
Gas Reticulation	1,348,046	-	-	-	(49,927)	1,298,119	-	1,298,119	1,298,121
Customer Supply	41,625	-	-	-	(1,125)	40,500	-	40,500	40,500
Plant, Equipment & Vehicles	1,338,124	420,545	-	-	(297,362)	1,461,307	-	1,461,307	1,461,306

Note: (a) The 2017 comparative for Specialised buildings has changed from the audited accounts which previously included the investment property value of \$70,000.

	2018	2017
Investment properties		
Balance at beginning of financial year	\$ 70,000	\$ 70,000
	<u>70,000</u>	<u>70,000</u>

Fair value measurement hierarchy for assets as at 31 December 2018	Carrying amount as at 31 December 2018	Level 2(i)	Level 3(i)
Investment Property ⁽ⁱ⁾	\$ 70,000	\$ -	\$ 70,000

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

SECTION 9: OTHER DISCLOSURES

Introduction

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

Structure

- 9.1 Other economic flows included in net result
- 9.2 Reserves
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related Parties
- 9.6 Remuneration of auditors
- 9.7 Subsequent events
- 9.8 Other accounting policies
- 9.9 Australian Accounting Standards issued that are not yet effective
- 9.10 Glossary of technical terms

Note 9.1 Other economic flows included in net result

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

	2018	2017
	\$	\$
	10,589	21,170
	<u>10,589</u>	<u>21,170</u>
	(170)	(41,395)
	<u>10,419</u>	<u>(20,225)</u>

Net gain/(loss) on non-financial assets

Net gain on disposal of property plant and equipment

Total net gain/(loss) on non-financial assets

Other gains/(losses) from other economic flows

Net gain/(loss) arising from revaluation of long service liability ^(a)

Total other gains/(losses) from other economic flows

Note:

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

Note 9.2 Reserves

Physical Asset Revaluation Surplus:

Balance at beginning of financial year

Revaluation increments/(decrements) ^(a)

Balance at end of financial year

Net Changes in reserve

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

	2018	2017
	\$	\$
	30,700,816	30,742,327
	(20,800)	(41,511)
	<u>30,680,016</u>	<u>30,700,816</u>
	<u>(20,800)</u>	<u>(41,511)</u>

Note 9.3 Responsible persons

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

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

Responsible Persons

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

Responsible Minister

Hon Liliana (Lily) D'Ambrosio, MP Minister for Energy, Environment and Climate Change from May 2016 to 31 Dec 2018

Board (Key Management Personnel)

David Anstee, Board Member from 1 November 2015 to 29 March 2018.

Michelle Croughan, Board Member from 30 March 2018 to 31 December 2018.

Nicole Feeney, Board Member from 1 November 2015 to 30 March 2018. Chairman of the Board from 1 January 2016 to 30 March 2018.

Julia Hunter, Board Member from 1 January 2016 to 29 March 2018.

Susan Lebish, Board Member from 30 March 2018 to 31 December 2018.

Helen Moran, Board Member from 30 March 2018 to 31 Dec 2018.

Maxine Morand, Board Member. Deputy Chairman of the Board from 1 Jan 2016 to 31 Dec 2018. Chairman of the Board from 30 March 2018 to 31 December 2018.

Anthea Packer, Board Member from 30 March 2018 to 31 December 2018.

Jo Shannon, Board Member from 1 January 2016 to 29 March 2018.

Andrew Skewes, Board Member from 1 January 2016 to 31 December 2018. Deputy Chairman of Board from 30 March 2018 to 31 December 2018.

Peter Valerio, Board Member from 30 March 2018 to 31 December 2018.

Accountable Officer

Jon Hutchins, Chief Executive Officer and Accountable Officer from 1 Nov 2015 to 31 Dec 2018.

Remuneration of Responsible Persons

Remuneration received, or due and receivable by Responsible Persons in connection with the management of the Board for the financial period ended 31 December 2018 was \$339,714.

	2018		2017	
	\$	No.	\$	No.
Remuneration Bands				
\$ 0 - \$ 9,999	6	6	6	6
\$ 10,000 - \$ 19,999	5	5	1	1
\$ 250,000 - \$259,999	1	1	1	1
Total Responsible persons ^(a)	12	12	8	8
Total Remuneration	\$ 339,714	\$	\$ 291,576	\$

Note:

(a) 2018 includes four outgoing Board members.

Note 9.4 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories;

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

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

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

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

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 9.3)

The Senior Management Team of Mt Hotham Alpine Resort Management Board includes:

- Chief Executive Officer, Jon Hutchins
- General Manager, Jenny Molloy
- Manager of Environmental & Technical Services, Tom Pelly
- Manager of Innovation & Guest Services, Kevin Raymond
- Chief Financial Officer & Property Development, Fiona Hammond

	2018	2017
	\$	\$
Short-term employee benefits	832,064	761,732
Post-employment benefits	69,498	70,561
Other long-term benefits	1,530	24,845
Termination benefits		
Total remuneration^(a)	903,092	857,138
Total number of executives	16	12
Total annualised employee equivalents^(b)	6	5.7

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.3) and includes four outgoing Board Members.

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

Note 9.5 Related parties

Key management personnel of Mt Hotham Alpine Resort Management Board include the Honorable Liliana D'Ambrosio, MP Minister for Energy, Environment and Climate Change, the Board and the Accountable Officer.

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

Remuneration of key management personnel

	2018	2017
Short-term employee benefits	\$ 312,916	\$ 268,159
Post-employment benefits	20,322	23,417
Other long-term benefits	6,476	-
Termination benefits	-	-
Total remuneration	339,714	291,576

Loans: At 31 December 2018 there were no loans in existence that have been made, guaranteed or secured by the Board to a Responsible Person of the Board or a related party of a Responsible Person (2017 – nil).

Commercial and Property Interests:

Michelle Croughan is a Director of Jacodia Pty Ltd and Rising Sun Investments Pty Ltd.
Nicole Feeney has property interests at Chalet Hotham and is a member of Anton Huette (Hotham Heights) Inc. Nicole was also a board member for the Alpine Resorts Co-ordinating Council (ARCC).
Andrew Skewes is a member of the Anton Huette (Hotham Heights) Inc.
Maxine Morand confirmed her husband was the CEO of Vic Roads.
Maxine Morand, Julia Hunter, Jo Shannon, David Anstee, Anthea Packer, Susan Lebish, Helen Moran, Peter Valerio and Michelle Croughan held no interest in property at Mt Hotham.
Jonathan Hutchins (CEO) has interests in property at Moritz, Mt Hotham.

Related party transactions:

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

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

	Revenue	Expenditure	Outstanding Debtors at 31/12/2018	Outstanding Creditors at 31/12/2018
Alpine Resort Coordinating Council	\$ -	\$ 233,164	-	-
Alpine Shire	204,650	4,421	58,843	-
Department of Environment, Land, Water and Planning	240,112	53,974	-	4,500
Falls Creek Alpine Resort Management Board	11,183	-	-	-
Mt Buller & Mt Stirling Alpine Resort Management Board	16,160	-	-	-
Southern Alpine Resorts Management Board	-	-	-	-
Anton Huette (Hotham Heights) Inc.	48,499	-	11,007	6,857
Chalet Hotham Body Corporate	90,303	-	-	-
Chalet Hotham # 22	348	-	-	-
Moritz Mt Hotham Pty Ltd	91,265	24,760	31,235	-
Vic Roads	1,045	44,836	-	3,244
Total	703,565	361,155	101,085	14,601

Note 9.6 Remuneration of auditors

VAGO Audit of the financial statements
Internal Auditors
Total remuneration of auditors

	2018	2017
	\$	\$
	28,750	35,750
	22,842	13,810
	51,592	49,560

Note 9.7 Subsequent Events

The Mt Hotham Alpine Resort Management Board was not aware of any subsequent events.

Note 9.8 Other accounting policies

Consistent with the requirements of AASB 1004 Contributions to the MHARMB are recognised as contributed capital with the approval of the Minister for Finance and when the transfer satisfies the definition of contribution by owners as per FRD119A Transfers through Contributed Capital. Contributed capital is disclosed in the Statement of Changes in Equity.

Note 9.9 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but not effective for 2018, which may result in potential impacts on public sector reporting for future reporting periods.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
Issued but not yet effective Australian accounting and reporting pronouncements Particular new AAS have been published that are not mandatory for the 31 December 2018 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable. The table below lists AAS that become effective for reporting periods commencing after the operative dates stated.			
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. An assessment of the impact of AASB 15 indicates that there will be no material changes in the way that revenue is recognised going forward.
AASB 2016-7 Amendments to AAS - Deferral of AASB 15 Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019	JohnsonsMME were engaged to undertake a review of the application of AASB 16 - Leases, on Mt Hotham Alpine Resort Management Board's existing sub-lease arrangements of two apartments from Moritz Mount Hotham. The review indicated that the estimated impacts of the sub-lease arrangements are unlikely to have a material impact on the financial statements of MHARMB. There would be a recognition of a Right of use asset to the amount of \$51,671 and a lease liability of \$51,671.

<p>AASB 1058 Income of Not-for-Profit Entities</p>	<p>This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.</p>	<p>1 January 2019</p>	<p>The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.</p>
<p>AASB 1059 Service Concession Arrangements: Grantor</p>	<p>This Standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor known as Service Concession Arrangements (SCA). Arrangements within the scope of AASB 1059 involve an operator constructing assets used to provide a public service or upgrading assets or operating and maintaining assets for a specified time. These are known as public-private partnerships (PPPs).</p>	<p>1 January 2019</p>	<p>This Standard prescribes the accounting for SCAs. The Standard is applicable to MHARMB and requires the Board to identify all service concession assets, reclassify them as such in the books and measure them at current replacement cost. The Grantor must then depreciate the asset according to AASB 116 or AASB 138. In addition, any related service concession liabilities such as a financial liability or an accrued revenue liability or combination of both that arise from the arrangement must be recognised. At the end of an SCA term the Grantor must then reclassify the asset based on its nature or function. Impact will be: Social infrastructure projects will be recorded progressively as the projects are being constructed; and economic PPPs will need to be recorded on the balance sheet at transition. As an initial step MHARMB will determine whether any SCAs exist and identify the associated assets.</p>

Note 9.10 Future Site Rent Lease Revenue

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

	2018	2017
Non-cancellable operating lease receivables	\$	\$
Not longer than 1 year	1,220,484	1,212,600
Longer than 1 year and not longer than 5 years	5,156,415	5,123,107
Longer than 5 years	27,762,645	17,403,057
	<u>34,139,544</u>	<u>23,738,764</u>

Chairman's, Accountable Officer's and Chief Financial and Accounting Officer's declaration.

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 31 December 2018 and financial position of the Mount Hotham Alpine Resort Management Board at 31 December 2018.

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

We authorise the attached financial statements for issue on 4 March 2019.



Maxine Morand
CHAIRPERSON



Jonathan Hutchins
CHIEF EXECUTIVE OFFICER



Fiona Hammond
CHIEF FINANCIAL OFFICER

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<i>Freedom of Information Act 1982</i>	IFC – Inside Front Cover
<i>Protected Disclosure Act 2012</i>	IFC - Inside Front Cover
<i>Building Act 1993</i>	FC - Inside front cover
	MRO – Model Report of Operations
	PC – Premier's Circular



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