

ANNUAL REPORT 2019

Southern Alpine Resort Management Board
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Acknowledgement of Country

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

CONTENTS

Introduction – About us	3
Chair’s Foreword	5
Chief Executive Officer’s Report	7
Governance	9
Year in Review	21
Compliance Information	34
Financial Statements	42



INTRODUCTION – ABOUT US

Our Business – a snap shot

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

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

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

We acknowledge that the Crown Land managed by the Board forms a part of the traditional lands of the Gunaikurnai, Taungurung and Wurundjeri people.

The Board uses revenue generated through the operation of the resorts to manage and maintain the assets, trails, roads, ski lifts, and ski runs and manage conservation activities including the support of Zoos Victoria in researching and understanding the Baw Baw Frog, the care of two indigenous alpine dingoes participating in the endangered species breeding program, and care and management of Alpine peatlands and their associated flora and fauna. New for 2019, the Board supported a bioacoustics study of Lake Mountain's fauna in partnership with Museums Victoria. This research will study the impact of human noise and the change in fauna seasonally. A longitudinal study, this will provide valuable data in protecting Victorian endangered species.

Both Lake Mountain and Mount Baw Baw are known as places to have fun in the white season when snow is present, which is why the Board has continued to increase at both resort the capacity for man-made snow production. Both resorts guarantee a teaching area and a tobogganing area. Natural snow falls continue to drive peak visitation

turning the resorts into stereotypical winter wonderlands, whilst the snow guarantees provide for certainty to schools and families making bookings.

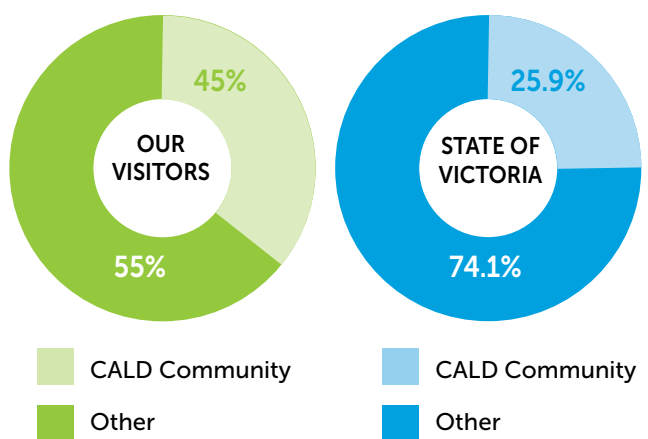
This combined with the pursuit of excellent customer service, and an increasing array of activities for people to enjoy year-round has led to improved visitor experiences, which should in turn lead to an increase in base line visitation and move us towards financial sustainability. Until financial independence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

In 2019, the resorts achieved a total of 250,829 white season visitor days. Almost 55% of our Lake Mountain visitors and 35% of our Mount Baw Baw visitors were from the culturally and linguistically Diverse (CALD) community. 45% of our visitors are first- or second-time snow visitors. Significantly, almost 88% of our visitors come to us with family and friends.

We are proud to be a significant employer in our regions. We generated \$157.5M in the Victorian visitor economy in 2019 to the region's economy, along with 1466 jobs for the Victorian regional community. We employ a diverse year-round team and significantly increase our employee base during the white season, helping to offset other regional hospitality and tourism employers' quieter winter period.

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

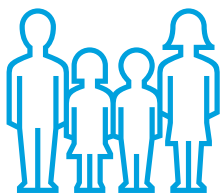
Graph 1: Visitor comparison of diversity and inclusion



*(2016 ABS)

INTRODUCTION – ABOUT US

Our locations



Southern Alpine
Resort Management
Board 2019

323,319

**TOTAL VISITORS
TO RESORTS**



White Season
Visitation

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

121,125	129,704
----------------	----------------

**VISITOR DAYS TO
RESORTS**



Green Season
Visitation

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

45,256	27,234
---------------	---------------

**OUTDOOR NATURE-BASED
ACTIVITIES**

CHAIR'S FOREWORD

Southern Alpine Resort Management Board Annual Report 2019

In accordance with the Financial Management Act 1994, I am pleased to present the annual report of the Southern Alpine Resort Management Board for the period 1 January 2019 to 31 December 2019.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board
7 May 2020

Board members

The Board is comprised of seven Board members, who were appointed from 1st January 2017 for a three year term;

Allan Bawden, Chair

Kerry Irwin, Deputy Chair

Tony Thompson

Kerren Clark

Randall Cohen

Svetla Petkova

Joanna Walker

In November 2019, Minister for Energy, Environment and Climate Change reappointed all members for a further term on the Board concluding 29 March 2021

Strategic Direction

The Board's strategic direction is driven by the Lake Mountain and Mt Baw Baw 2030 report. This report sets out a plan for our resorts to adapt to climate change and become more financially viable. The report proposes to build on the strengths of the white season using snow making technology and develop the green season as to ensure year round activity to enhance the viability of the resorts and the well-being of the regional communities in which they are located. The Board has continued to explore opportunities to implement the ideas in the report as opportunity and funds permit.

Visitation

The Board has continued to promote year round visitation to Lake Mountain and Mt. Baw Baw Resorts. Key investments in snow making technology have enabled the resorts to offer a snow guarantee ensuring a positive visitor experience from beginning to the end of the white season. The resorts have also continued to develop green season products to add to the activities and attractions offered in each resort. Visitation at both resorts has increased significantly in recent years. White season visitation for 2019 at Mt Baw Baw achieved a 10 year high at 81,223 visitors. Lake Mountain had 120,206 visitors which exceeded the 10 year average. The combined attendance at both resorts represented over 20% of total visitation to the six alpine resorts. Green season visitation has also improved in response to new product offering and the initiatives identified in our 2030 report.

Environment

The Board is the appointed land manager for the Crown Land comprising Lake Mountain and Mt Baw Baw Alpine Resorts and is committed to the conservation and protection of the resort's natural values. The Board works closely with DELWP and Parks Victoria in a range of environmental initiatives and continues to enjoy an association with Zoos Victoria who undertake research and provide advice to the resorts. A junior rangers program was established at Lake Mountain during the year. Lake Mountain Resort has also partnered with Deakin University to establish a bio acoustics monitoring program across the resort.

Stakeholders

The Board and its staff has actively engaged its stakeholders throughout the year. Regular meetings have been held with leaseholders at Mt Baw Baw, business and tourism operators in both resorts and regional communities, Murrindindi Shire Council, Baw Baw Shire Council, Latrobe City Council and the many government departments we work with. The Board participated in the development of a new stakeholder engagement policy for the alpine sector prepared by the Alpine Resorts Coordinating Council during the year aimed at enhancing stakeholder relationships across the sector.

I wish to thank the DELWP staff that support the alpine sector for their support and interest in the work of the Board.

CHAIR'S FOREWORD

Board and Committees

I wish to thank all Board members for their support and contribution over the year. The Board maintains various committees to support its activities. The Audit and Risk Committee chaired by Randall Cohen and the Workplace Arrangements and Executive Remuneration Committee chaired by Tony Thompson met regularly and provided valuable advice to the Board.

I acknowledge the support and advice provided to the Board by our CEO, Gail Conman and her senior executive team. I also wish to recognise the ongoing passion and commitment of our staff and volunteers who continue to provide a positive visitor experience in our resorts.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board



CHIEF EXECUTIVE OFFICER'S REPORT

2019 has been a widely varied year. From fire threats early in the year to blizzards in winter to late snows in November, the weather has been unreliable. Visitor numbers were adversely affected by the news of fires in the region though both resorts thankfully remained safe throughout. A white season with natural snowfall early before the season, two extreme snow weather events, giving excellent snow coverage across both Lake Mountain and Mount Baw Baw, whilst closing access roads from treefalls due to the weight of the snow, with intervening periods supplemented by manufactured snow. These resulting weekend long resort closures were costly to visitation and therefore impactful on revenue. Mount Baw Baw managed to grow visitation again this year in spite of the two closures, strengthening the growing reputation for visitor experience and snow guarantees. Significant effort went into maintaining the operations of the wastewater treatment facility at Mount Baw Baw increasing our expenses in this area significantly. With the growth the resort is experiencing a complete overhaul of the treatment facility is needed. These issues impacted on our capacity to remain financially liquid, and so we were forced to increase our reliance on the State for operational support this year.

Our overall market share of visitor days was maintained at around 15% (14.86%). Based on this market share and the economic modelling for the industry, we generated approximately 758 and 708 jobs directly and indirectly for the regions of Mount Baw Baw and Lake Mountain respectively. The economic benefit to the regions can also be extrapolated, with around \$81.5M and \$76M being generated by Mount Baw Baw and Lake Mountain respectively.

The Board and the DELWP supported a number of actions to better maintain and improve the operations at the resorts. A large snow factory was installed at Lake Mountain and together with a revamped pumping station the snow making is now fully automated. The increased snow production has enabled a guarantee for at least a 700m cross country trail along with the toboggan park and teaching areas. A new snow clearance vehicle for Mount Baw Baw enabled the roads to be 'back to black' efficiently creating a safer driving experience for visitors on what is the steepest road in the southern hemisphere.

All accommodation performed well at Mount Baw Baw during the season and a curated sequence of events and activities during the green season have yielded some growth in the green season visitation.

The opening of the long awaited Cascades Trail, a mountain bike trail from Lake Mountain summit to Marysville has been very popular with the MTB community. The summit to our ticket booth was completed almost 20 years ago and since then the second half had been mired in complications associated with route, and cost to deliver. In partnership with Murrindindi Shire Council, Parks Victoria and DELWP Forests, Fire and Regions, we were able complete construction with the expert assistance of Dirt Art on some complex level change areas (a little over 4.5km). Since its launch in October, our shuttle services, bringing the mountain bikers back up the mountain after their descent, has performed very well financially, and the community actively promote the trail through social media.

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

At Lake Mountain we have been able to secure a TechnoAlpin 220 SF snow factory for the ongoing capacity to guarantee a snow experience. The ability to guarantee snow, strengthened public confidence. To improve the Mount Baw Baw outcome further, we moved an older small snow factory from Lake Mountain (producing around 40 cubic metres of snow per day) to the toboggan park area at Mount Baw Baw, separating snow play and skiing for the 2019 season, improving safety for the skiers and tobogganers and to secure school visits and lessons.

CHIEF EXECUTIVE OFFICER'S REPORT

The Visitor Satisfaction survey indicated that visitor satisfaction remains solid at both resorts. It also re-affirmed that a diverse community continues to access both resorts. Our internationally themed weekends at Mount Baw Baw helping to bolster these positive results.

With cost of power being a limiting factor for business investment and our own operation at Mount Baw Baw the Board and I have continued to progress towards a partner for power generation. I anticipate a smooth transition to a new operator by May 2020 when our existing contract expires.

This year's outstanding achievements would not have been possible without the passion, dedication and support of the Board, the management team, our staff, volunteers, leaseholders, community, sponsors, providers, contractors, and key stakeholders.

I pass on my personal thanks to them all for striving towards a future where the Southern Alpine Resorts and their pristine and unique natural Alpine environments are accessible and protected for the future.



Gail Conman

Chief Executive Officer

Southern Alpine Resort Management Board



GOVERNANCE

Manner of establishment and the relevant Ministers

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

The responsible Minister for the alpine resorts during the 2019 reporting period was:

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

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

Purpose, Functions, Powers and Duties

The object of the AR(M) Act is to make provision in respect of alpine resorts:

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

Section 38 of the *Alpine Resorts (Management) Act 1997* specifies the functions of the Board:

- To plan for the development, promotion, management, and use of the alpine resort in accordance with the object of the AR(M) Act;
- To develop and promote or facilitate the development or promotion by others of the use of the alpine resort in accordance with the object of the AR(M) Act;
- To manage the alpine resort in accordance with the object of the AR(M) Act;
- To contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- To undertake research into alpine resort issues;
- To contribute to and support the operation of the Alpine Resorts Co-ordinating Council;
- To prepare and implement a Strategic Management Plan for the resorts;
- To expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(1A) of the AR(M) Act;
- To manage the Crown land in Lake Mountain and Mount Baw Baw by acting as a Committee of Management under the *Crown Land (Reserves) Act 1978*;
- To contribute, together with Tourism Victoria and the Alpine Resorts Co-ordinating Council, to the overall promotion of alpine resorts;
- To develop a tourism and marketing strategy and to promote the resort;
- To collect fees prescribed by the regulations for the resort;
- To attract investment for the improvement of the resorts;
- To carry out any other function conferred on the Board by this or any other Act; and
- To perform its functions in an environmentally sound way.

GOVERNANCE

Governing Body

Members of the Southern Alpine Resort Management Board at 31 December 2019, appointed from 1 January 2017, were:

Allan Bawden (Chair)

Kerry Irwin (Deputy Chair)

Tony Thompson

Kerren Clark

Randall Cohen

Svetla Petkova

Joanna Walker

Allan Bawden - Chair

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

Kerry Irwin - Deputy Chair

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

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

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

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

Tony Thompson

Tony Thompson OAM has run his own businesses for over thirty years, mainly in hospitality. For the past eighteen years, Tony and his wife Penni have owned and run Maryton Park B & B Country Cottages. Tony was also a director of the Dandenong Ranges Banking Group (Bendigo Community Bank) for eighteen years. Other Board memberships include Chair of the Marysville & Triangle Community Foundation, Regional Development Australia and as a Board member of Lake Mountain Alpine Resort Management Board was Chairperson for 3 years. Since the 2009 Black Saturday fires, Tony has chaired the Community Recovery Committee, dealing with all matters regarding the region, tourism, economics, mental health and the overall recovery of the Marysville and Triangle area. Tony was awarded the Order of Australia Medal in 2020 for service to the community of Marysville and is now consulting for Emergency Management Victoria.

GOVERNANCE

Kerren Clark

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

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

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

Randall Cohen

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

Svetla Petkova

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

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

Joanna Walker

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

GOVERNANCE

Board committees

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

Membership and Roles

Audit and Risk Committee	Workplace Arrangements and Executive Remuneration Committee
<ul style="list-style-type: none"> • Randall Cohen, Chair (independent) • Kerren Clark (independent) • Svetla Petkova (independent) • Joanna Walker (independent) 	<ul style="list-style-type: none"> • Tony Thompson (Chair) • Allan Bawden (Board Chair) • Kerry Irwin • Svetla Petkova
To oversee and advise the Board on matters of accountability, internal control and financial management which affect the operation of the organisation and the resorts.	To assist the Board to develop and implement employment policies and monitor the performance of the executive team and ensure compliance to government public sector employment policy.

Meeting Attendance

1 January to 31 December 2019

Total meetings	Board	Audit & Risk	Workplace Arrangements & Executive Remuneration
	10	4	5
Allan Bawden (Chair)	10		5
Kerry Irwin	10		5
Tony Thompson	10		5
Kerren Clark *	6	3	
Randall Cohen	10	4	
Svetla Petkova	10	4	5
Joanna Walker	10	4	

*60% of meetings were attended due to a leave of absence approved by the Chair

GOVERNANCE

Charter and purpose

The Government's vision for alpine resorts in Victoria, as outlined in the Alpine Resorts Strategic Plan 2012, is:

Victoria's alpine resorts will be vibrant, growing and sustainable places, delivering alpine recreational and tourism experiences that are available to all.

Vision for the resorts

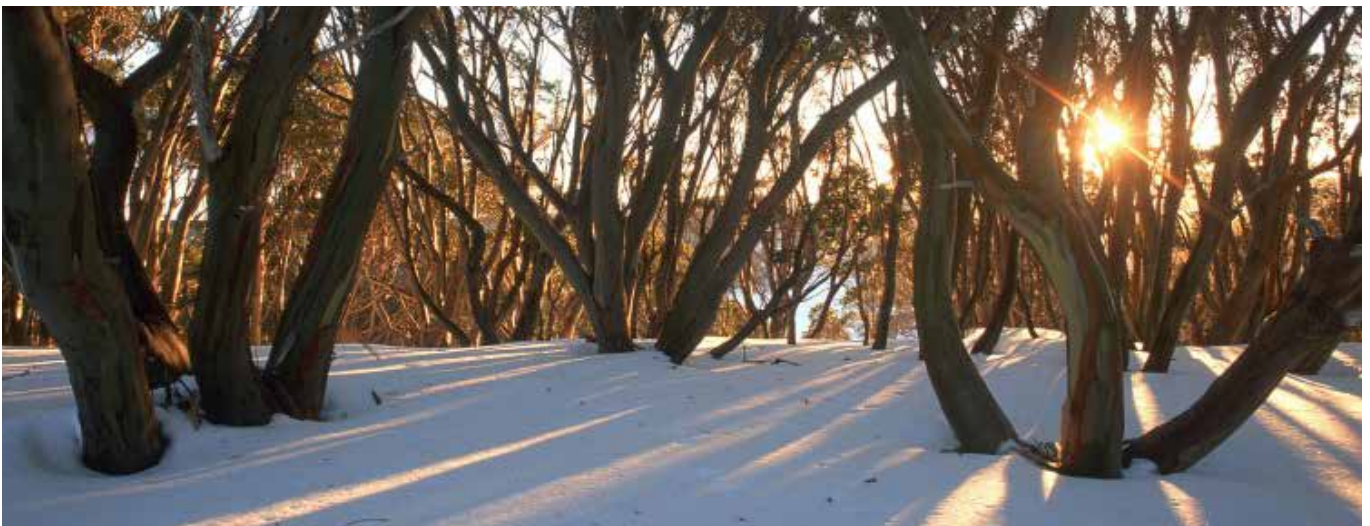
Recognised as providing memorable, accessible, all-seasons alpine adventures.

Mission for management of the resorts

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

Our values

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



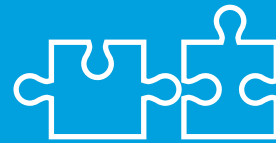
GOVERNANCE

Principles to guide behaviours

The Board and its management team will ensure that Board members and employees:



Commit to safety



Work as team



Create positive customer experience



Conserve our natural environment



Respect each other



Foster innovation



GOVERNANCE

Strategic objectives and goals

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

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

Strategic goals

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

To deliver on factors such as:

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

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

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

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

3. Create financially and environmentally sustainable resorts

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

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

GOVERNANCE

Nature and range of services provided

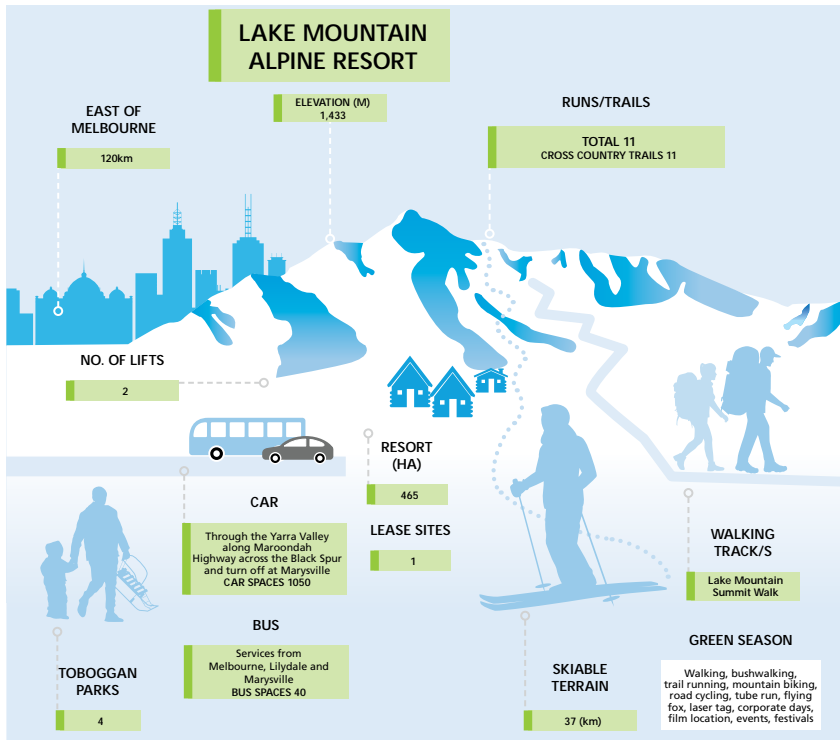
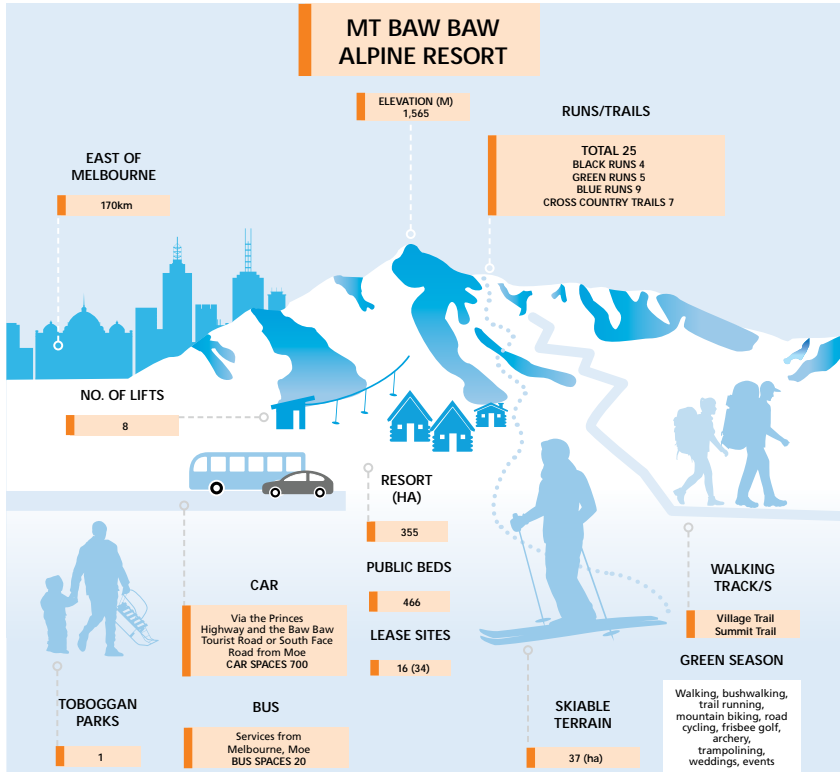
In order to fulfil its functions prescribed by the AR(M) Act, the Southern Alpine Resort Management Board ensures that a number of services are provided at the resort including:

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



GOVERNANCE

Our services



GOVERNANCE

Organisational Structure

The management model

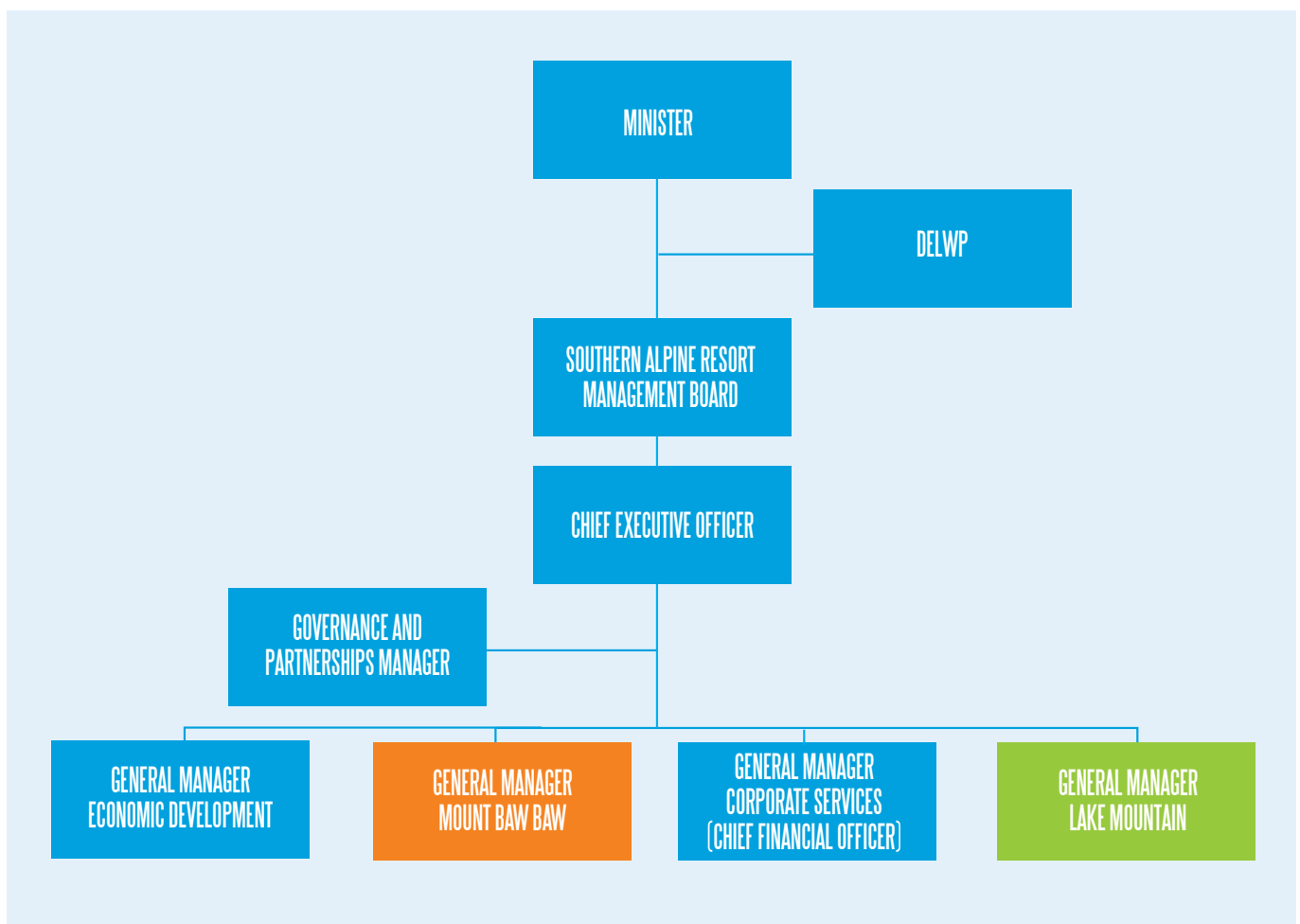
Resort employees at Lake Mountain and Mount Baw Baw operated under the day to day direction of General Manager, Lake Mountain and General Manager, Mount Baw Baw respectively. To take advantage of efficiencies of economies of scale of the management of the two resorts, several functions are managed centrally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

Staffing

The 2019 year saw the appointment of a new General Manager at Mount Baw Baw, as we continue to progress towards a high performing culture. The team was involved with considerable year long planning initiatives including sourcing a snow factory, and operations understanding to underpin Corporate Planning objectives. We continue to review staffing structures.

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

Table 1: Board Organisational Chart



GOVERNANCE

Workforce data

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

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

Table 2: Workforce Data

	2019							2018						
	All Employees		Ongoing			Fixed Term and Casual		All Employees		Ongoing			Fixed Term and Casual	
	Number (Head-count)	FTE	F/T (Head-count)	P/T (Head-count)	FTE	Number (Head-count)	FTE	Number (Head-count)	FTE	F/T (Head-count)	P/T (Head-count)	FTE	Number (Head-count)	FTE
Gender														
Man	34	28.2	21	2	22.2	11	6	32	28.22	23	6	26.22	3	2
Woman	24	20.4	18	1	17.7	5	2.7	15	12.84	10	3	11.84	2	1
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Age														
15-24	7	5.7	5	0	5	2	0.7	5	5	5	0	5	0	0
25-34	17	14.9	11	0	11	6	3.9	18	12.98	7	6	9.98	5	3
35-44	10	8.9	8	0	8	2	0.9	7	6.84	6	1	6.84	0	0
45-54	13	10.4	7	1	7.7	5	2.7	6	0	6	0	6	0	0
55-64	10	8.1	8	1	7.6	1	0.5	8	0	8	0	8	0	0
65+	1	0.6	0	1	0.6	0	0	3	2.23	1	2	2.23	0	0
Classification														
Band 1	16	9.9	6	1	5.7	9	4.2	14	10.56	6	3	7.56	5	3
Band 2	11	8.9	5	2	6.2	4	2.7	7	5.84	4	3	5.84	0	0
Band 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band S	16	14.8	13	0	13	3	1.8	16	14.66	13	3	14.66	0	0
Managers	10	10	10	0	10	0	0	6	6	6	0	6	0	0
Executive Managers	5	5	5	0	5	0	0	4	4	4	0	4	0	0
Total	58	48.6	39	3	39.9	16	8.7	47	41.06	33	9	38.06	5	3

FTE - full-time equivalent

F/T - full time

P/T - part-time

GOVERNANCE

Workplace health and safety

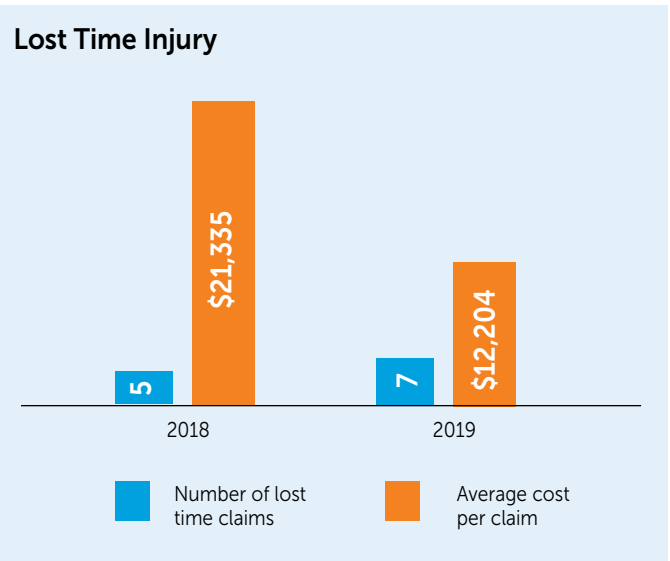
The Board is responsible for providing a safe working and recreational environment, free from accidents and injuries, for all employees, contractors and visitors to the resorts. The Board is committed to ensuring that all people affected by its activities are protected from loss and from risks to safety,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

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

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

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

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



YEAR IN REVIEW

Financial summary

Summary of performance against budgetary objectives

The Board was dependent in 2019 on the financial commitment of DELWP to provide funds for its essential operational expenditures. This arrangement is formalised through its corporate planning process where the Board's corporate plan, which includes the level of funding required is approved by DELWP. The level of operational funding provided to the Board by DELWP in the period ending 31 December 2019 was \$6.87m compared to the budget request of \$5.8m. The increased funding was required due to the loss of revenue when extreme weather events caused the closure of our resorts over two weekends in the snow season and the unbudgeted expense of taking corrective action to prevent the non-compliance of the EPA licence requirements of our the wastewater treatment at MBB.

The net assets of the Board decreased during the reporting period by \$1.8m which is reflective of the operating deficit after depreciation and amortisation for 2019. Depreciation and amortisation expenses in the reporting year increase by \$0.6m from the previous year to \$2.5m. This increase was due to the right-of-use cost of leased assets now being recognised in the balance sheet.

Overall income from visitors, i.e. from gate entry fees and the sale of goods and services was \$7.5m, only slightly down from \$7.6m in the previous year, although visitor numbers were considerably lower due the resort closures over two weekends. This is due to an increase in the income from the sale of goods and services although visitor numbers were down.

The major expenses for the year were employee costs (\$7.3m), depreciation (\$2.5m), supplies and services related to operating the resort (\$2.3m) and utilities (\$2.4m).

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



YEAR IN REVIEW

Summary of financial results

Table 3 Summary of the Board's Financial Results

COMPREHENSIVE INCOME STATEMENT	2017	2018	2019
	\$	\$	\$
Income			
Operating	6,336,068	7,981,701	8,063,366
Government funding	6,760,000	6,230,000	6,979,500
Other income	429,122	635,212	496,947
Total Income	13,525,190	14,846,913	15,539,813
Expenses			
Operating	11,541,791	14,378,999	14,820,810
Depreciation	1,875,338	1,947,149	2,531,914
Total Expenses	13,417,129	16,326,148	17,352,724
Net result from transactions	108,061	(1,479,235)	(1,812,913)
Other economic flows	(3,497)	0	22,305
Net result	104,563	(1,479,235)	(1,790,606)
Net result excl government transactions and asset revaluation	(6,655,437)	(7,709,235)	(8,770,108)
Balance Sheet			
Financial Assets	1,935,366	699,373	2,394,113
Non-Financial Assets	36,032,288	35,963,838	36,564,941
Total Assets	37,967,654	36,663,211	38,959,054
Liabilities	1,293,426	1,468,218	5,554,667
Total Liabilities	1,293,426	1,468,218	5,554,667
Equity	36,674,228	35,194,993	33,404,387

Major contracts

There were no contracts greater than \$10 million entered into by the Board during 2019.

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

In 2019, there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019 in relation to these consultancies was \$187k (excl. GST).

Details of individual consultancies are outlined on Southern Alpine Resort Management Board's website, at southernalpine.vic.gov.au.

YEAR IN REVIEW

Table 4 Consultancies \$10,000 or greater

CONSULTANT	SERVICES PROVIDED	EXPENDITURE IN REPORTING PERIOD	FUTURE COMMITMENT
Castran Pty Ltd	Commercial advice	\$31k	No future commitment
GHD Pty Ltd	Commercial advice	\$18k	No future commitment
Hassell Ltd	Commercial advice	\$13k	No future commitment
Jacobs Group (Australia) Pty Ltd	Commercial advice	\$80k	No future commitment
Maurice Copsey	Commercial advice	\$45k	No future commitment

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

In 2019, there were two consultancies engaged during the year, where the total fees payable to the consultants was less than \$10 000. The total expenditure incurred during 2019 in relation to these consultancies was \$18k (excl. GST).

Government advertising expenditure

Government policy requires disclosure of all Government Advertising Expenditure with a total media buy of \$100,000 or greater (exclusive of GST). No "qualifying" Government Advertising Expenditure was incurred by Southern Alpine Resort Management Board during the 2019 reporting period.

For the 2019 reporting period, Southern Alpine Resort Management Board had a total ICT expenditure of 250k, with the details shown below.

ICT expenditure**Table 5 ICT expenditure**

ALL OPERATIONAL ICT EXPENDITURE	ICT EXPENDITURE RELATING TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES		
Business as usual (BAU) ICT expenditure	Non-Business as usual (nonBAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
(Total)	(Total = Operational expenditure and Capital expenditure)		
\$250k	\$78k	\$30k	\$48k

Note:

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

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

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

YEAR IN REVIEW

Key initiatives and projects

Enhance the resorts year round activation adapting to climate change

ITEM	FOCUS AREA	OUTCOMES ACHIEVED	RESULT
1.1	Visitor and staff diversity.	<ul style="list-style-type: none"> Attracting above Victoria's CALD population with 45% CALD visitation during the 2019 snow season. 	Complete ○ ○ ●
1.2	Green season activation through events and development of activities.	<ul style="list-style-type: none"> Mountain bike trail completed and opened between Lake Mountain and Marysville. 	Complete ○ ○ ●
1.3	Increased white season activation through improved visitor experiences.	<ul style="list-style-type: none"> Snow guarantee with snow factory installations to improve and increase snow making capacity at Lake Mountain and Mt Baw Baw for snow play and ski schools. 	Complete ○ ○ ●
1.4	Promotion of the resorts family focus.	<ul style="list-style-type: none"> 88% of visitors in 2019 came with family and friends. 	Complete ○ ○ ●
1.5	Supporting visitation and employment for culturally and linguistically diverse (CALD) people, including indigenous peoples (ATSI).	<ul style="list-style-type: none"> Continue to increase employment as a diverse year-round workplace, along with generating 1466 jobs for the Victorian regional community. 	In progress ○ ● ○
1.6	Demonstrating value for the visitor economy spend.	<ul style="list-style-type: none"> Generated \$157.5M in the regions economy during 2019. 	Complete ○ ○ ●
1.7	Physically and financially accessible resorts that encourage repeat visitation.	<ul style="list-style-type: none"> 45% of our visitors in 2019 were first or second-time snow visitors at both resorts and over 20% of total visitation to the six alpine resorts. 	Complete ○ ○ ●

YEAR IN REVIEW

Green season

Lake Mountain

An estimated 27,234 visited Lake Mountain Alpine Resort during the green season (January to May and October to December).

Contributing to the green season calendar, marketing and promotion of Lake Mountain were the ongoing partnerships with event promoters of music festivals, road and mountain bike events, motor sports and motor vehicle and product launches. Road cycling continues to be popular in the warmer months especially with the Seven Peaks Challenge riders. Lake Mountain also continues to prove itself a popular destination for those road cyclists out for a leisurely ride, to the more serious cyclist out to challenge themselves and increase fitness, immerse in the natural beauty of a sub alpine environment.

The Cascade to Marysville Mountain Bike Trail works continued through the year and completed approximately 29 km of Cascade trail. The shuttle service for mountain bike riders was introduced with a significant uptake that increased visitation.

The Summer Adventure Activities program offered a range of fun, family orientated activities, that included the dual flying fox, tube run and laser skirmish and an exciting education program of junior ranger activities provided by National Parks Rangers. The popularity of the adventure activities is continuing to gain momentum and will be further expanded next year. Guided wildflower walks and environmental walks were once again offered and proved popular amongst schools, walking groups, locals and environmentalists.

Mount Baw Baw

In 2019, Mount Baw Baw attracted 45,256 green season visitors and offered group activities for laser tag, archery attack and bubble soccer in addition to continuing to build further visitor product options including the fly fishing tours and introduction of electronic bikes. Resort driven weekend activities focused on mountain biking, walks and group activities.

The wildflower walks continued with resident indigenous alpine dingoes in the Walkaway Extinction and held a Baw Baw Frog Day in partnership with Zoos Victoria.

The participant numbers across the Victorian Down Hill Series, Trail Run festival and Baw Baw Sprint and Baw Baw Classic were consistent with 2018 numbers. A stage of the Tour of Gippsland was also run in 2019.



YEAR IN REVIEW

Ski patrol

Lake Mountain is very fortunate to receive the quality service from the team of volunteer ski patrollers who dedicate their weekends to assisting visitors and staff with a variety of incidents in a professional manner. Their volunteer hours equated to 2,104 hours collectively, which is a remarkable effort. In 2019, 182 incidents were reported by ski patrol.

Visitors were able to ski and enjoy snow play by late May, however patrolling of the mountain did not commence until Saturday 8 June. For the first time, volunteer and employed patrollers collaborated on the training weekend. This provided a more consolidated front, in shared understandings of patient care, response and practices.

The increased snowmaking capacity with the snow factory led to more snow being pushed out by groomers onto the runs, thereby reducing risks often associated with marginal snow cover. The investment of new fencing enabled better safety overall of the toboggan runs, as well as effective separation for the newly purchased snow factory. It continues to be a consideration to protect the artificial snow piles, as well as protect visitors' eyes from exposure to the pipes.

Overall, the occurrence of incidents is slightly down over previous years with an incident rate of 1.5 per 1000 visitors. This could be attributed to less icy and high wind days, as well as increased closure days of Koala Creek and

Leadbeaters toboggan runs. It could also be due to the few times that the toboggan run/s were closed temporarily during the day to regroom the moguls from the runs and smooth the snow cover.

Over 200 trees were reported as falling over the ski and walking trails during the white season, so it continues to be a concern that requires constant monitoring throughout the day and night.

As per previous years, ski patrol are involved with search and rescue on the mountain locating all people. The process appeared more efficient in 2019, due to the mountain having an earlier daily closure time than previous years. Visitors were denied entry at the gate from 4.30pm, enabling a more efficiently closure at 5.30pm. There were a few occasions when occupants of vehicles were unable to be located after closure and an extensive search would be conducted, and a notice placed on the car, signalling that they had been reported a missing to Victoria Police. With the assistance of Victoria Police, all occupants were eventually located after tracking registration details of the vehicle. The ski patrol worked collaboratively with SES Marysville one morning during winter, to assess the suitability of a Ferno Mule in snowy conditions. As a result, the patrol has applied for a grant through Emergency Management Victoria, the outcome of which has been successful.



YEAR IN REVIEW

White season

Lake Mountain

The 2019 white season was plagued by unseasonal and severe weather events impacting what was expected to be a successful season. The positive start with natural snow was offset in weeks three and four, during the school holidays, with unseasonal heat combined with rain that reduced the snow cover. The new snow factory enabled the resort to remain open and provide good snow experience during conditions which would have meant no snow availability with previously old snow making equipment.

With the launch of the new website and brand - Little Mountain Big Day and good preseason snow falls, weeks one and two visitation up (66%) and revenues (up 79%) reported significant improvement on 2018 results.

July continued the unseasonal heat and rain into the final week of school holidays and was further impacted with Black Spur closures and Marysville Woodspoint road closure due to tree falls followed by extreme weather events and seven (7) chain days. These weather events and the corresponding road closures impacted visitation with a downturn of 27.15% and the loss in revenues of \$398K over the weekend of 13th July 2019. Anecdotally the vehicle numbers held at Marysville due to road closures would have equalled if not exceeded previous year.

August continued the roller coaster of weather events with the Black Spur closed due to a major accident resulting in Vic Roads and Victoria Police recommending early closure to allow extremely dangerous road conditions on Marysville Woodspoint Road to be managed before darkness. The 10/08 and 11/08 saw part and full closure of the Resort due to severe weather conditions and Marysville Woodspoint Road closure. In spite these conditions' visitation fell only 7% and revenues only 1% behind previous year.

Severe weather warning across alpine areas combined with Black Spur and Narbethong road closures again impacted figures for September visitation down 25% and revenues down 14%.

With the installation of the new snow factory SF210 and new PS100 pump system PS100 in April the resort snow making capacity was significantly enhanced. Enabling the resort to guarantee snow play, and lessons combined with a section of trail varying from 500 to 700 mts during the unseasonal heat wave. This would have been impossible in the previous year resulting in over three weeks of "no snow" conditions on the resort and a significantly poorer result that reported to date. This was further confirmed through stakeholders' feedback for the investment in new snow making equipment as they identified that would have meant no business for them as the resort would not have had capacity to hold snow cover.

An extraordinary number of extreme weather and snow days were managed well by staff on ground with little improvement in response systems required. Victoria Police at the stakeholder debrief qualified that this season was the best management of closures and extreme events they have been experienced to date. Noting that communications were excellent, clear and concise making their job easier.

Anecdotally we saw increased numbers of vehicles in Marysville on closed road days and were able to hold results outside of extreme conditions ensuring lost revenues did not degrade greatly behind the losses experienced in the initial extreme event in June to mid-July.

YEAR IN REVIEW

Mt Baw Baw

The 2019 white season will be remembered as a season of extremes, but overall a very successful season from the visitor perspective. 81,223 visitors and 129,704 visitor days were recorded during the season, increases of 6.5% and 10.8% respectively on 2018. Revenue (excluding accommodation) of \$3.818M was up \$185k (+5.3%) on 2018 which was a pleasing result given the financial impact of the July and August snow storm road closures.

The season got off to a very positive start. Pre-season snowfalls before opening weekend resulting in 10cm of natural cover and 50cm in snowmaking areas on opening weekend and three (3) lifts operating. 7,739 visitors were recorded on opening weekend, including 3,698 on 9 June the highest daily visitation for the entire season. There was very limited natural snow fall during the month. Limited terrain for both snow sports and snow play was open in snowmaking areas only. 22k visitors were recorded for the month, predominantly day visitors for snow play and tobogganing. Failure of the water treatment facility to handle peak volumes (weekends) at the end of the month required the pumping and removal of untreated water waste off the resort at significant cost.

Fine clear and at times windy conditions prevailed in early July with natural snow depths reducing to zero. The snow factory continued to produce snow and allowed limited terrain to open (Hut to tower 2 and Tank Hill only). Visitation during the school holidays remained strong, despite the limited natural snow. 11-15 July saw the first major snow storm of the season with 25cm over 48 hours. The delayed arrival of the new MAN Truck snow clearing vehicle, resulted in reduced capability to clear the roads. The severe weather that impacted access over the middle weekend of the month, resulted in temporary overnight road closures, extended delays due to vehicle incidents and some revenue loss due to reduced access. Natural snowfalls in the middle of the month saw a renewed enthusiasm around the resort, increased snow sports visitation and return to peak weekend capacities. Although warm conditions returned late in July to reduce natural snow cover and limited terrain.

July events, including Christmas in July, contributed to driving strong weekend visitation and contribute to the amenity of the resort. 26,287 visitors and 39,300 visitor days were recorded for the month. Food & Beverage revenue (\$303k) improved better during the month as a result of changes offerings, reduced wait times and improved margins. \$1.27million revenue was recorded for the month (\$125k less than 2018) due to the mid July storm impact.

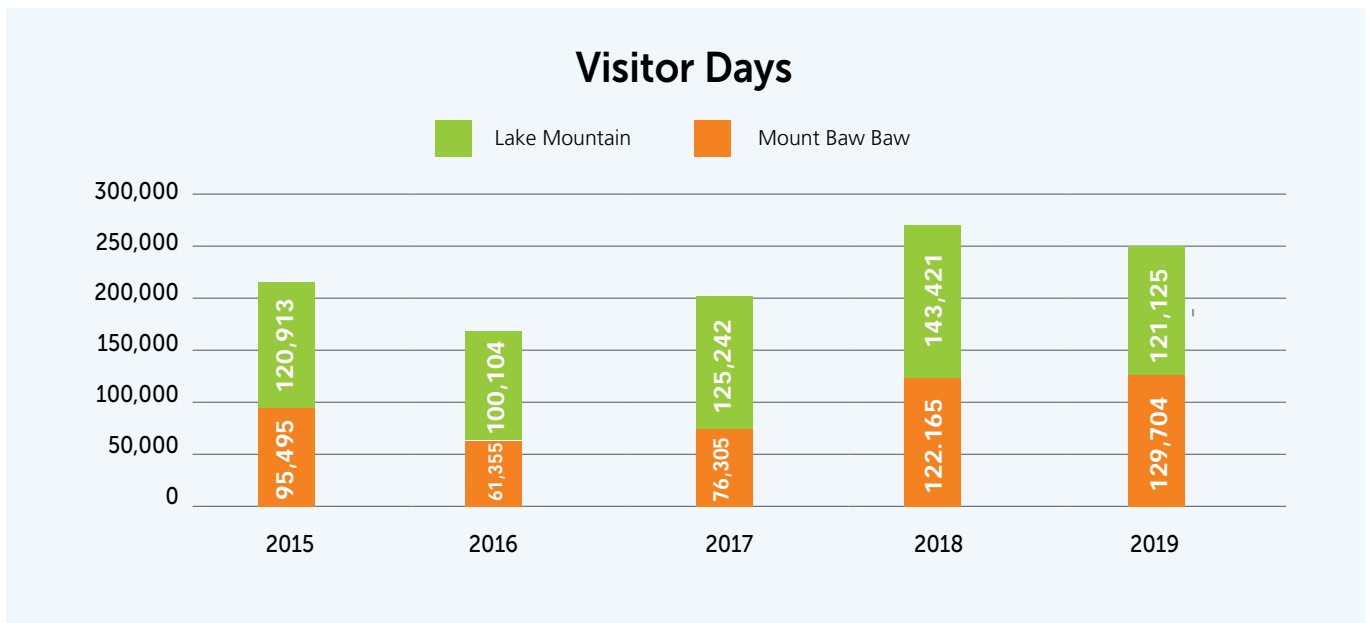
August commenced with limited natural snow and limited terrain. Severe weather - high winds, heavy snow to low levels (500m) - arrived in the second week of August. 95cm of fresh snow fell across 4 days, with the majority of this (45cm) falling in the 24hrs to 6am on Sunday 11 August. This 1 in 25 year storm, resulting in excellent snow conditions across the resort and the opening of all terrain and reverting to full lift pricing. However over 100 snow laden trees fell on the resort road and local authorities had closed regional access roads due to snow and fallen trees. The resort road was closed for just over 24 hrs and regional roads for the weekend. Approx. 150 patrons were isolated at the resort during the road closures and the resort lost in excess of \$200k of usual peak season revenue. With over a metre of natural snow (and drifts in excess of 2m) skiers and boarders flocked to the resort for the remainder of the month to make the most of excellent snow conditions and all trails open. Bolstered by weekly snow top ups of around 10cm per week in the second half of the month and season maximum snow depths of 99cm (natural) and 138cm (snow making). August events - Bollywood, Rail Jam, Dog Sled Dash - continue to contribute to weekend visitation. 30,964 visitors and 44,928 visitor days were recorded for the month. Snow sports revenue (\$557k) jumped significantly in the second half of the month as a result of excellent snow conditions. \$1.44million revenue was recorded for the month (\$106k more than 2018) and a great result taking in to account the lost revenue during the major storm. Snow factory snow production concluded late in August with the failure of the aged McFarlane generator. One on snow incident resulted in a helicopter evacuation from the resort.

YEAR IN REVIEW

September commenced with fine weather and very good conditions across the resort. Another significant snowfall (29cm) across 2 days in the second week of the month returned the resort to excellent snow sports conditions. The Big Air Charity event was cancelled due to strong winds. Pride Week was scheduled in early September and contributed strongly to increased visitation and revenue early in the month. Snow levels reduced steadily during the month as spring weather conditions prevailed leading into the school holidays. The snow groomers continued to do an outstanding job keeping terrain open during the month and the school holidays by moving stockpiles of natural and produced snow. 10,717 visitors and 20,476 visitor days

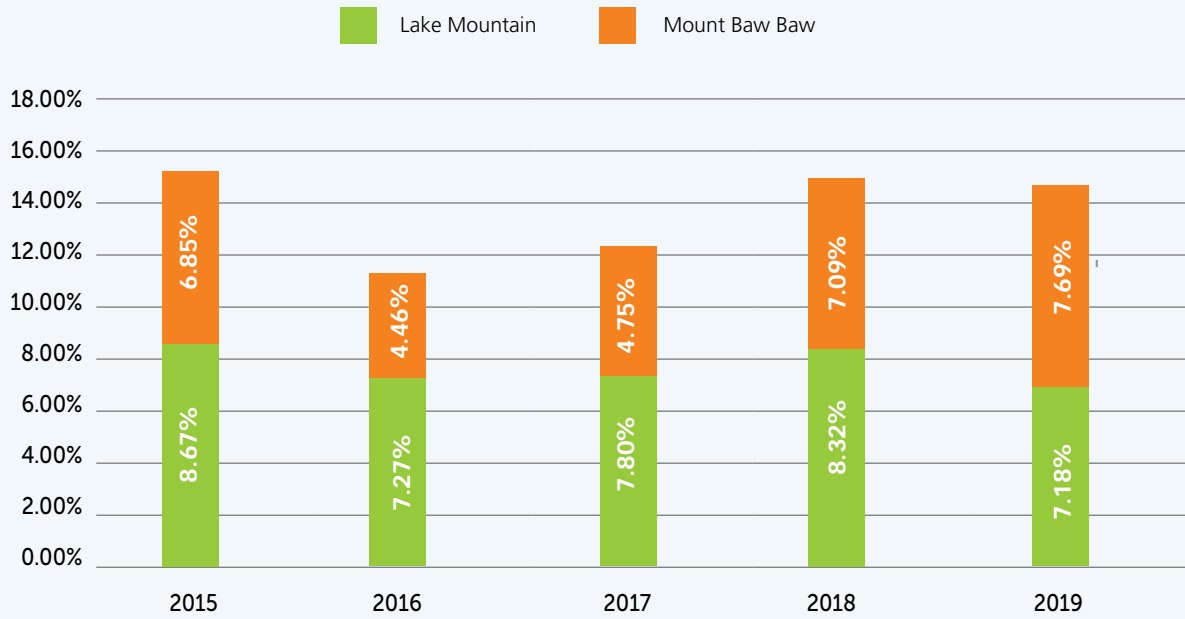
were recorded for the month. \$547k revenue was recorded for the month (\$115k more than 2018). Tobogganing ceased on Frosti at the end of the month due to poor snow production in the warm conditions. Issues with wastewater treatment were resolved by the end of September and discharges recommenced.

The first week of October, second week of the school holidays and the last week of the declared season continued with warm spring weather. The Hut Poma remained up to the top until the final day of the season on Sunday 6 October. 664 visitors and 1,660 visitor days were recorded for the month. \$26k revenue was recorded for the month (\$4k more than 2018).

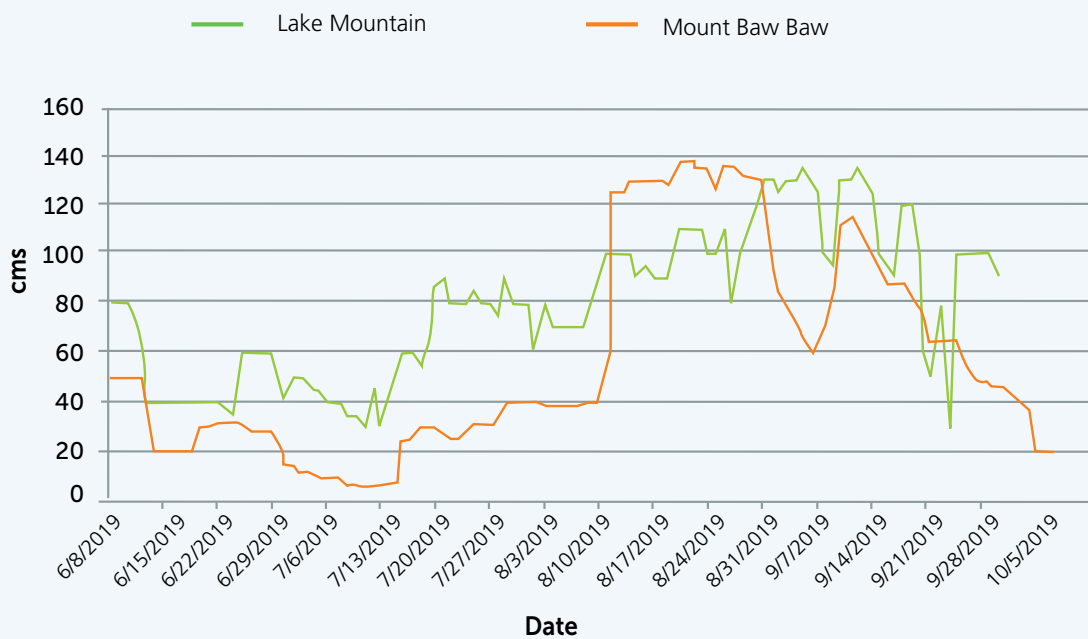


YEAR IN REVIEW

Market Share of Visitor Days



Average Snow Depth 2019



YEAR IN REVIEW

Generate a positive impact for the region and regional economy

ITEM	FOCUS AREA	OUTCOMES ACHIEVED	RESULT
2.1	Partnership with the region's businesses and authorities directly measured by the Gross Regional Product and the annual Alpine Resorts Coordinating Council economic analysis.	<ul style="list-style-type: none"> Participated in annual Woolcott Visitor Survey with alpine resorts. 	In Progress ○ ● ○
2.2	Partnership with the region's businesses and authorities indirectly measured through co-supported events and activities, cross promotion, partnerships development.	<ul style="list-style-type: none"> Capital projects developments with Latrobe Valley, Baw Baw, and Murrundindi Shire Councils. Building relationships with other nature-based visitor attractions for eco-tourism products and research. 	In Progress ○ ● ○

Engagement

Stakeholder engagement was enhanced with the implementation of a stakeholder engagement framework and activity from the Board to meet with stakeholders more frequently throughout the year. Meetings with the Mount Baw Baw leaseholders initially focussed on the Service Fee methodology and now have matured into open discussion about the activity around the resort, projects underway and potential futures for the resort. At Lake Mountain, the Board strengthened its community connections and with all tiers of government in the region. The Board participated in the development of a new alpine resorts stakeholder engagement policy for the alpine sector prepared by the Alpine Resorts Coordinating Council during the year aimed at enhancing stakeholder relationships across the sector.

Projects

Site works at Lake Mountain were completed, creating an entry way to the bistro building away from snow laden eaves, mitigating a serious public risk. A new snow factory (SF220) was delivered to Lake Mountain before the 2019 snow season enabling guarantee of around 1.5km of cross-country snow trails and snow play areas that gave the resort capacity to hold snow cover for a number of weeks during significantly poorer weather conditions.

The Wyss snow factory was moved from Lake Mountain to Mount Baw Baw to guarantee snow on the Frosti Frog Hollow toboggan park. Projects to improve and maintain the lift infrastructure continue at Mount Baw Baw.

The Mountain Bike trail from summit to Marysville was completed for Lake Mountain at the end of year.

Economic Development

Key achievements for 2019 included our partnership with DELWP's regional offices in successfully achieving funding of \$600,000 to upgrade the Mount Baw Baw to Walhalla leg of the Australian Alpine Walking Trail Experience, work to commence in the 2020/21 green season. The Board and management team increased the frequency and depth of engagement with our key external stakeholder. We will continue to work closely with DELWP in developing capital projects that contribute significant economic benefits in the Latrobe Valley, Gippsland and Murrindindi.

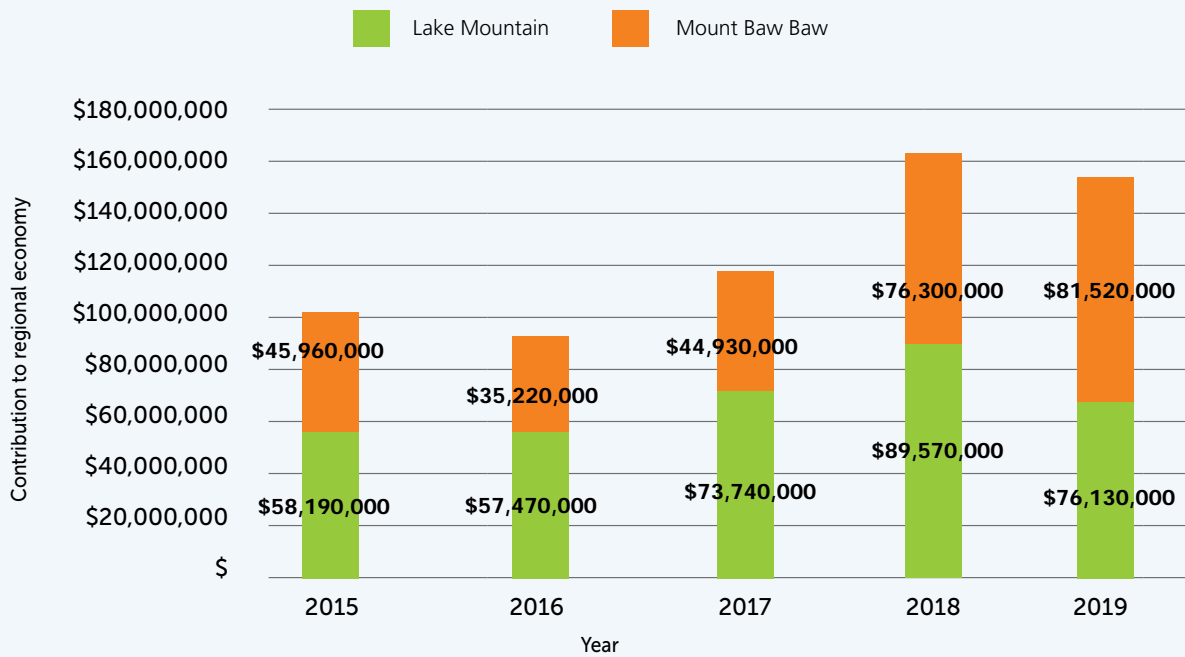
Emergency Management

The Board has a responsibility to plan, respond and assist with recovery in the event of an emergency affecting its community. A Municipal Emergency Management Planning Committee has been established and produced a Municipal Emergency Management Plan in conjunction with the Victoria State Emergency Service and pursuant to the Emergency Management Act 1986 and Emergency Management Act 2013.

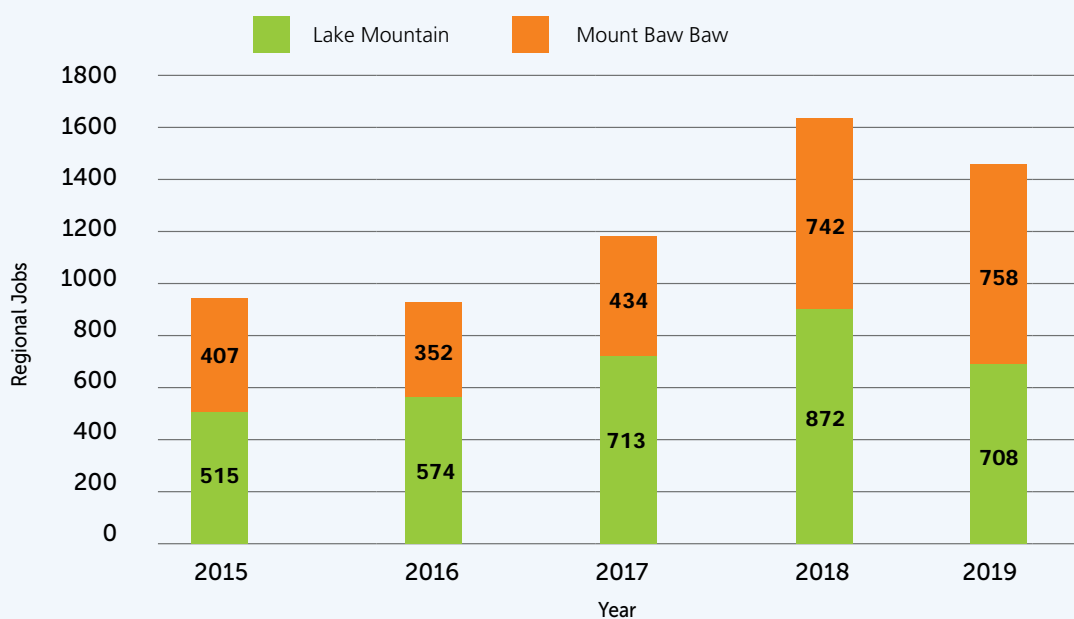
The Municipal Emergency Management Plan has been developed for Lake Mountain and Mt Baw Baw Alpine resorts to meet the legislative requirements.

YEAR IN REVIEW

Regional Economic Impact



Regional Jobs



YEAR IN REVIEW

Create financially and environmentally sustainable resorts

ITEM	FOCUS AREA	OUTCOMES ACHIEVED	RESULT
3.1	Promote the awareness of the resorts by moving towards financial sustainability, measured through: <ul style="list-style-type: none"> • annual accounts reporting; and • environmental sustainability. 	<ul style="list-style-type: none"> • Public tender for expression of interest for Site 11 at Mt Baw Baw. • Request for tender for power supply at Mt Baw Baw. 	In Progress ○ ● ○
		<ul style="list-style-type: none"> • 2018-19 Water Supply Annual Report. • Quarterly meetings held with DELWP. 	Complete ○ ○ ●

Board commercial activities

The Board is the sole commercial operator on Lake Mountain. The commercial operations include, a bistro, cafe, retail & rental outlets, snow sports centre incorporating ski school and boarding instruction. There is also an adventure activities program that includes mountain bike hire, tube slope rides, ziplines and laser skirmish.

At Mount Baw Baw, the Board operated one seasonal bistro, one all year-round restaurant café and one seasonal fast food outlet during 2019. The Board also continued to operate all surface ski lift infrastructure, ski school, some accommodation and the centralised accommodation booking and information service, introducing chain fitting and chain hire; a retail outlet; and an equipment rental operation to their existing commercial activities.

The Board is seeking a new energy solution for Mount Baw Baw and has undertaken a public tender process for future supply of an off grid system and will continue to seek an energy efficient and effective solution that adapts to new technologies.

Leases

A review of alpine leases at Mount Baw Baw has been finalised to ensure that they are all current. Two leases were renewed with a further two receiving Approval in Principle towards renewal. During 2019 an Expression of Interest by public tender was undertaken for Site 11 and included commercial activities at the Alpine Hotel.

Environmental

To build resilience in the flora and fauna for climate change adaptation, partnerships with research organisations have been initiated at both resorts to consider alpine environments with less snow and will further strengthen programs being offered such as the bioacoustics program.

Post the 2009 Murrindindi bushfire, tree risk continues to escalate and is being managed through daily risk assessments and major risk mitigation works of tree removals over the green season.

To improve environmental outcomes, annual weed management programs were undertaken along roadside and village areas at both resorts. Drainage improvement works continue at Mount Baw to help retain snow in the winter months and ease the boggy areas during much of the year. Works on the wastewater treatment system at Mount Baw Baw were completed, which included wastewater ponds redevelopment, upgrades to aerating equipment and dosing the wastewater.

The Board fulfilled its obligations of the Department of Health & Human Services under the, Safe Drinking Water Act 2003 (the Act) as a regulated water supply for Lake Mountain Alpine Resort and a water supplier for Mount Baw Baw Alpine Resort, and submitted its audited annual report in October which indicated its compliance with its plan for providing potable water to resort users.

COMPLIANCE INFORMATION

Financial Management Compliance Attestation

I, Allan Bawden, on behalf of the Southern Alpine Resort Management Board, certify that the Southern Alpine Resort Management Board has complied with the applicable Standing Directions 2018 of the Minister for Finance under the Financial Management Act 1994 and Instructions



Allan Bawden PSM
Chair

Southern Alpine Resort Management Board

7 May 2020

Public Administration Act 2004

Victorian Public Service merit and equity principles are applied in the appointment and management of staff. Southern Alpine Resort Management Board follows the employment and conduct principles set out in the Public Administration Act 2004. Most employees are employed under the terms of the Mount Baw Baw Alpine Resort Enterprise Agreement or the Lake Mountain Alpine Resort Enterprise Agreement. The applicable union is the Australian Workers Union.

Southern Alpine Resort Management Board employees work in accordance with the Board's Code of Conduct and employment policies.

The recruitment and advancement of employees is based upon merit and equity.

There were no industrial claims made during the reporting period.

Disclosure index

Freedom of Information Act 1982

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

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

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

From 1 September 2017, the Act was amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

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

COMPLIANCE INFORMATION

Making a request

Access to documents can also be obtained through a written request to Southern Alpine Resort Management Board's

Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act 1982*.

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

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

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

- Access charges may also apply once documents have been processed and a decision on access is made, for example photocopying and search and retrieval charges.
- Further information regarding the operation and scope of Freedom of Information can be obtained from the Act; regulations made under the Act; and foi.vic.gov.au.
- FoI requests can be lodged online at www.foi.vic.gov.au. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Statistics

- In the year ended 31 December 2019 there was one freedom of information requests, and there were no outstanding items from previous years.

Victorian information privacy policy

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

Human rights

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

Declaration of pecuniary interests

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

Fraud and corruption policy

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

COMPLIANCE INFORMATION

Compliance with *Public Interest Disclosure Act 2012*

Application and operation of the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosure Act 2012* ("PID Act") enables people to make disclosures without fear of reprisal. The PID Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'public interest disclosure'?

A public interest disclosure is a complaint or allegation made about corrupt conduct or improper conduct or detrimental action.

Southern Alpine Resort Management Board is a "public body" for the purposes of the PID Act.

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'public interest disclosure'?

You can make a public interest disclosure about Southern Alpine Resort Management Board or its Board members, officers or employees by contacting Independent Broad-Based Anti-Corruption Commission on the contact details provided below.

Please note that Southern Alpine Resort Management Board is not able to receive protected disclosures.

How can I access Southern Alpine Resort Management Board's procedures for the protection of persons from detrimental action?

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

Contacts

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

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

Telephone: 1300 735 135

Local Jobs First - Victorian Industry Participation Policy Act 2003

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public bodies are required to apply Local Jobs First policy in all project valued at \$3 million or more in metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria.

In 2019 there were no tenders to disclose based on these expenditures.

COMPLIANCE INFORMATION

Compliance with Disability Act 2006

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

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

Statement on National Competition Policy

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

Southern Alpine Resort Management Board is working to ensure Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

Details of shares held in statutory authority or subsidiary

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

Subsequent events

On 3 January 2020, a State of Disaster was declared for parts of the Victoria for seven days. The declaration applied to local government area of East Gippsland Shire for the bushfires that reduced travel and tourism.

On 16 March 2020, a State of Emergency was declared in Victoria to deal with the spread of coronavirus. The State Government has implemented a number of measures to reduce the spread of the virus. These measures include bans on public gatherings, rules on social distancing and unnecessary personal travel. It is uncertain when the state of emergency and these community related restrictions will be lifted. As this situation unfolds, the impacts of this on the revenue of the Board is being assessed. At this time, the Board has determined that no conclusive information is currently available to evaluate what the financial impact may be.

DELWP has committed to continued support of the Board and will reassess the need to offer additional financial support during 2020. With that in mind, it has been concluded that the going concern assumption continues to be appropriate for at least the next 12 months.

The Board has met to deliberate the response to potential negative impacts of COVID-19 and the initiatives to mitigate the risk to the Board. The Board continues to work with DELWP through this event.

The Board has received \$4.0 million from DELWP which represents the balance of the operational subsidy expected for 2020.

Capital projects

There were no capital projects for the Southern Alpine Resort Management Board with a total investment exceeding \$10m completed or undertaken during the reporting period.

COMPLIANCE INFORMATION

Compliance with *Building Act 1993*

There are sixteen buildings owned by the Board, all conforming to building standards as at 31 December 2019.

Building standards

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

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

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

Summary of environmental performance

There were no office-based environmental impacts in 2019.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Board intends that data tables that it may produce in the future will be available at <http://www.data.vic.gov.au> in machine-readable format.

Statement of availability of other information

Information relevant to the Financial Reporting Direction 22D, details in respect of the items listed below have been retained by Southern Alpine Resort Management Board and are available on request, subject to the provisions of the Freedom of Information Act 1982:

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

General information requirements

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

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

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



DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for Southern Alpine Resort Management Board have been prepared in accordance with Standing Direction 5.2 of 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 statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and accompanying notes, presents fairly the financial transactions during the twelve month period ended 31 December 2019 and financial position of the Board at 31 December 2019.

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

We authorise the attached financial statements for issue on 7 May 2020.



Allan Bawden PSM

Chair
Southern Alpine Resort
Management Board

Melbourne
7 May 2020



Gail Conman

Chief Executive Officer
(Accountable Officer)
Southern Alpine Resort
Management Board

Melbourne
7 May 2020



Neil D'Vauz

Chief Financial Officer
Southern Alpine Resort
Management Board

Melbourne
7 May 2020

AUDITOR'S OPINION



Independent Auditor's Report

To the Board of the Southern Alpine Resort Management Board

Opinion	<p>I have audited the financial report of the Southern Alpine Resort Management Board (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2019 • comprehensive operating income 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 • declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Emphasis of Matter - COVID-19 Pandemic Subsequent Event	<p>I draw attention to Note 1.1 in the financial report, which describes the impact of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter</p>
Board's responsibilities for the financial report	<p>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 <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the 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.</p>

AUDITOR'S OPINION

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.



FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2019



HOW THE 2019 FINANCIAL STATEMENTS ARE STRUCTURED

The Southern Alpine Resort Management Board has presented its audited general purpose financial statements for the financial year ended 31 December 2019 in the following structure to provide users with the information about the Board's stewardship of resources entrusted to it.

Comprehensive Operating Statement	45
Balance Sheet	46
Statement of Changes in Equity	47
Cash Flow Statement	48
1. About this report	49
1.1 Subsequent events	50
2. Funding delivery of our service	50
2.1 Income from transactions	51
2.2 Visitor fees	51
2.3 Government funding	52
2.4 Site and service fees	52
2.5 Other income	52
3. The cost of delivering our services	53
3.1 Expenses incurred in delivery of services	53
3.2 Employee benefits in the comprehensive income statement	53
3.2.1 Employee benefits in the balance sheet	54
3.2.2 Superannuation contributions	55
3.3 Operating expenses	55
3.4 Supplies and services	56
3.5 Repairs and maintenance	56
3.6 Other operating expenses	57
4. Key assets available to support service delivery	57
4.1 Total infrastructure, property, plant and equipment	58
4.1.1 Depreciation and amortisation – charge for the period	59
4.1.2 Reconciliation of movements in carrying amounts of property, plant and equipment	61
4.2 Intangible assets	62
4.3 Other economic flows included in the net result	62
5. Other assets and liabilities	62
5.1 Receivables	62
5.1.1 Impairment of contractual receivables	63
5.1.2 Ageing analysis of contractual receivables	64
5.2 Payables	64
5.2.1 Maturity analysis of contractual payables	65
5.3 Inventories	65
5.4 Prepayments	65
5.5 Income in advance	66

HOW THE 2019 FINANCIAL STATEMENTS ARE STRUCTURED

6.	Financing our operations	66
6.1	Leases	66
6.1.1	Minimum lease payments due	67
6.1.2	Interest expense	67
6.2	Operating lease receivables	68
6.3	Cash flow information and balances	68
6.3.1	Reconciliation of net result for the period to cash flow from operating activities	68
7.	Risks, contingencies and valuation judgements	69
7.1	Financial instruments specific disclosures	69
7.1.1	Financial instrument categorisation	70
7.1.2	Financial risk management objectives and policies	
7.2	Contingent assets and contingent liabilities	74
7.3	Fair value determination	74
7.3.1	Fair value determination of financial assets and liabilities	75
7.3.2	Fair value determination: non-financial physical assets	76
8.	Other disclosures	79
8.1	Economic dependency	79
8.2	Ex-gratia expenses	79
8.3	Other economic flows included in net result	79
8.4	Responsible persons	79
8.5	Related parties	80
8.6	Remuneration of executives	81
8.7	Remuneration of auditors	82
8.8	New accounting standards applied	82
8.9	Reconciliations and impact of new accounting standards applied	83
8.10	Australian accounting standards issued that are not yet effective	83
8.11	Glossary of technical terms	85
8.12	Style conventions	86

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
Continuing Operations			
Income from transactions			
Visitor fees	2.2	7,498,970	7,614,246
Government funding	2.3	6,979,500	6,230,000
Site & service fees	2.4	564,396	367,455
Other income	2.5	496,947	635,212
Total income from transactions		15,539,813	14,846,913
Expenses from transactions			
Employee benefits	3.2	7,256,864	6,934,834
Depreciation & amortisation expense	4.1.1	2,531,914	1,947,149
Interest expense		34,615	184
Supplies and services	3.4	2,070,506	2,572,559
Marketing expenses		353,720	360,490
Repairs & maintenance	3.5	962,069	924,775
Utilities expenses		2,359,261	1,525,934
Insurance		350,878	372,980
Administration expense		417,096	385,525
Other operating expenses	3.6	1,015,800	1,301,718
Total expenses from transactions		17,352,724	16,326,148
Net result from transactions (net operating balance)		(1,812,911)	(1,479,235)
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.3	4,096	-
Other gain/(loss) from other economic flows	4.3	18,209	-
Total other economic flows included in net result		22,305	-
Net result from continuing operations		(1,790,606)	(1,479,235)
Comprehensive result		(1,790,606)	(1,479,235)

The above comprehensive operating statement should be read in conjunction with the notes to the financial statements.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019	2018
Financial assets		\$	\$
Cash and deposits	6.3	2,272,682	626,617
Receivables	5.1	121,431	72,756
Total financial assets		2,394,113	699,373
Non-financial assets			
Inventories	5.3	219,870	126,559
Prepayments	5.4	209,714	573,579
Property, infrastructure, plant and equipment	4.1/7.3	36,067,480	35,175,333
Intangible assets	4.2	67,877	88,367
Total non-financial assets		36,564,941	35,963,838
Total assets		38,959,054	36,663,211
Liabilities			
Payables	5.2	1,077,094	855,571
Borrowings	6.1	1,816,062	-
Employee related provisions	3.2.1	621,373	575,638
Income in advance	5.5	2,040,138	37,009
Total liabilities		5,554,667	1,468,218
Net assets		33,404,387	35,194,993
Equity			
Accumulated surplus/(deficit)		(3,165,278)	(1,374,672)
Contributed capital		36,569,665	36,569,665
Net worth		33,404,387	35,194,993

The above balance sheet should be read in conjunction with the notes to the financial statements.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	Accumulated surplus / (deficit) \$	Contributed capital \$	TOTAL \$
Balance at 1 January 2018	104,563	36,569,665	36,674,228
Net result for the year	(1,479,235)	-	(1,479,235)
Capital contributions during the year	-	-	-
Balance at 31 December 2018	(1,374,672)	36,569,665	35,194,993
Impact of changes in accounting policy	-	-	-
Restated balance at 1 January 2019	-	-	-
Net result for the year	(1,790,606)	-	(1,790,606)
Capital contributions during the year	-	-	-
Balance at 31 December 2019	(3,165,278)	36,569,665	33,404,387

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from operating activities		9,292,497	9,314,534
Receipts from Government		8,982,629	6,230,000
Interest received		11,484	15,334
Net GST received		32,432	95,090
Total receipts		18,319,042	15,654,958
<i>Payments</i>			
Payments to suppliers and contractors		(7,862,028)	(8,261,207)
Payments to and on behalf of employees		(7,211,129)	(6,935,153)
Interest paid		(34,615)	-
Total payments		(15,107,772)	(15,196,360)
Net cash flows from operating activities	6.3.1	3,211,270	458,598
Cash flows from investing activities			
Sale of non-financial assets		5,455	-
Purchase of non-financial assets		(1,354,523)	(1,538,209)
Net cash flows from/(used in) investing activities		(1,349,068)	(1,538,209)
Cash flows from financing activities			
Repayment of borrowings		(391,860)	(12,335)
Proceeds of borrowings		175,723	-
Net cash flows from/(used in) financing activities		(216,137)	(12,335)
Net increase in cash and cash equivalents		1,646,065	(1,091,946)
Cash and cash equivalents at beginning of financial year		626,617	1,718,563
Cash and cash equivalents at end of financial year	6.3	2,272,682	626,617

The above statement of cash flows should be read in conjunction with the notes to the financial statement.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. About this report

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

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

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

Its principal address is:

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

Basis of preparation

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

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

The Board adopted the following new accounting standards AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-For-Profit Entities*. AASB 15 & 1058 have no material impact on the financial statements. AASB 16 now recognises on the Balance Sheet right-of-use assets and corresponding lease liabilities for operating leases that were previously expensed through the Comprehensive Income Statement, the impact of the new accounting policies is covered in more detail in note 8.8.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid. Consistent with the requirement of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Board.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners. Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to the fair value of land, buildings, infrastructure, plant and equipment (refer to note 7.3).

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 Australian Accounting Standards Board (AASB). They also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Assistant Treasurer. In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These financial statements have been prepared on a going concern basis.

These annual financial statements were authorised for issue by the Board on 7 May 2020.

1.1 Subsequent events

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

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

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

On 16 March 2020, a state of emergency was declared in Victoria to deal with the spread of coronavirus. The State Government has implemented a number of measures to reduce the spread of the virus. These measures include bans on public gatherings, rules on social distancing and unnecessary personal travel. It is uncertain when the state of emergency and these community related restrictions will be lifted. As this situation unfolds, the impacts of this on the revenue of the Board is being assessed. At this time, the Board has determined that no conclusive information is currently available to evaluate what the financial impact may be.

DELWP has committed to continued support of the Board and will reassess the need to offer additional financial support during 2020. With that in mind, it has been concluded that the going concern assumption continues to be appropriate for at least the next 12 months.

The Responsible Body of the Board has met to deliberate the response to potential negative impacts of the coronavirus (COVID-19) and the initiatives to mitigate the risk to the Board. The Board continues to work with DELWP through this event.

The Board has received \$4.0 million from DELWP which represents the balance of the operational subsidy expected for 2020.

2. Funding delivery of our service

Introduction

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

To enable the Board to fulfil its objective it receives income from visitor fees which is derived from a range of services provided by the Board including a resort entry fee from the public visiting during the declared Snow Season. The Board

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The Board has applied the following new accounting standards, AASB 15 *Revenue from Contracts with Customers* and 1058 *Income for Not-For-Profit Entities*.

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

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

AASB 1058 *Income of Not-for-Profit Entities* supplements AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 *Contributions*.

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

The Board has assessed that the application of AASB 15 and 1058 will have no material impact on the organisation.

2.1 Income from Transactions

	Notes	2019	2018
Visitor fees	2.2	7,498,970	7,614,246
Government funding	2.3	6,979,500	6,230,000
Site & service fees	2.4	564,396	367,455
Other income	2.5	496,947	635,212
Total income from transactions		15,539,813	14,846,913

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

2.2 Visitor Fees

	2019	2018
Resort entry fees	2,644,319	2,900,287
Bistro and functions	1,751,594	1,705,946
Ski hire and ski school	2,032,596	2,152,462
Accommodation/guest services	439,175	358,498
Merchandise	462,705	379,628
Adventure activities	168,581	117,425
Total visitor fees	7,498,970	7,614,246

Resort Entry Fees

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

Sale of Goods and Services

Income from the sale of goods is recognised when:

- the Board no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

- the Board no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of income, and the costs incurred or to be incurred in respect of the transactions, can be reliably measured; and
- it is probable that the economic benefit associated with the transaction will flow to the Board.

Sale of goods and services includes Bistro and function income, Ski hire and Ski School income, merchandise and adventure activities income and other miscellaneous income.

2.3 Government Funding

	2019	2018
Department of Environment, Land, Water and Planning support payments	6,870,000	5,900,000
Other Government project funding	109,500	330,000
Total Government funding	6,979,500	6,230,000

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

Government funding received was not subject to any conditions and has therefore been recognised upon receipt, with the exception of funding received prior to the end of the year in relation to the following year, this funding has been treated as income in advance, see note 5.5

For reciprocal grants (i.e. equal value is given back by the Board to the provider), the Board is deemed to have assumed control when the Board has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, the Board is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Grants and contributions for capital works from all sources are recognised as operating income when an entitlement is established and disclosed in the comprehensive operating statement as government grants. However, grants and contributions received from the Victorian State Government that are deemed as being owner's contributions, in accordance with FRD 119A *Transfers through Contributed Capital* are accounted for as Equity - Contributed Capital.

2.4 Site and service fees

	2019	2018
Site rental	142,871	65,741
Service fees	421,525	301,714
Total site & service fees	564,396	367,455

Site rental is recognised under the terms and conditions of each lease and in accordance with the Board's role as a Committee of Management of any Crown land deemed to be permanently reserved under the *Crown Lands Reserve Act 1978*. Service charges are imposed on an annual basis.

2.5 Other income

	2019	2018
Marketing & events	123,136	119,599
Staff accommodation	105,543	65,576
Fuel tax credit rebate	156,524	116,157
Interest	11,484	15,334
Commission	83,180	86,659
Other income	17,080	231,887
Total other income	496,947	635,212

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**Fuel tax credit rebate**

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

Commission

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

Interest

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

3. The cost of delivering our services**Introduction**

This section provides an account of the expenses incurred by the Board in delivering services. These expenses are recognised as they are incurred and reported in the financial year to which they relate.

3.1 Expenses incurred in delivery of services

	Notes	2019	2018
Depreciation	4.1.1	2,531,914	1,947,149
Employee benefits	3.2	7,256,864	6,934,834
Operating expense	3.3	7,563,945	7,444,165
Total expenses incurred in delivery of services		17,352,724	16,326,148

3.2 Employee benefits in the comprehensive income statement

	2019	2018
Salaries, wages, annual leave and long service leave	6,512,274	6,273,743
Post employment benefits		
Defined contributions superannuation expense	547,394	495,338
Defined benefits superannuation expense	11,403	19,241
FBT and payroll tax	185,793	146,512
Total employee benefits	7,256,864	6,934,834

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

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

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Board is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3.2.1 Employee benefits in the balance sheet

	2019	2018
Current provisions		
Annual leave		
Unconditional and expected to be wholly settled within 12 months	226,540	192,045
Unconditional and expected to be wholly settled after 12 months	53,772	44,841
Long service leave		
Unconditional and expected to be settled after 12 months	190,521	165,937
Provisions related to employee benefits on-costs		
Unconditional and expected to be wholly settled within 12 months	61,367	72,017
Unconditional and expected to be wholly settled after 12 months	15,067	12,406
Total current provisions	547,267	487,246
Non-current provisions		
Employee benefits	65,290	78,088
Provisions related to employee benefit on-costs	8,816	10,304
Total non-current provisions	74,106	88,392
Total employee entitlement provisions	621,373	575,638

Reconciliation of movements in on-cost provision

	2019	2018
Opening balance	94,728	77,527
Additional provisions recognised	52,130	17,201
Reductions arising from payments/other sacrifices of future economic benefits	(61,608)	-
Closing balance	85,250	94,728
Current	76,434	84,424
Non-current	8,816	10,304
Closing balance	85,250	94,728

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

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

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

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**Long Service Leave (LSL)**

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability; even where the Board does not expect to settle the liability within twelve months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within twelve months.

The components of this current LSL liability are measured at:

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

Conditional LSL (representing less than seven years of continuous service) is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

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

3.2.2 Superannuation contributions

	Paid contributions for the year		Contributions outstanding at year end	
	2019	2018	2019	2018
Defined benefits plan (i)				
ESS Super	8,644	13,097	2,759	6,144
Defined contributions plans				
Vic Super	136,646	169,336	36,079	-
Other	288,532	308,043	83,668	17,959
Total	433,822	490,476	122,506	24,103

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

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

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

3.3 Operating Expenses

	Notes	2019	2018
Interest expense		34,615	184
Supplies and services	3.4	2,070,506	2,572,559
Marketing expenses		353,720	360,490
Repairs & maintenance	3.5	962,069	924,775
Utilities expenses		2,359,261	1,525,934
Insurance		350,878	372,980
Administration expenses		417,096	385,525
Other operating expenses	3.6	1,015,800	1,301,718
Total other operating expenses		7,563,945	7,444,165

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**Interest expense**

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

Marketing expenses

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

Utilities expenses

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

Administration expenses

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

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations and further detail is provided in Note 3.6.

3.4 Supplies and services

	2019	2018
Food and beverage purchases	1,191,201	648,062
Guest services	94,136	274,199
ICT costs	336,308	344,326
Motor vehicle costs	19,375	127,195
Other supplies and services	35,075	192,497
Printing and stationery	60,562	159,933
Purchases of minor equipment	53,764	123,098
Rental of equipment	103,925	8,789
Services and contracts	147,562	643,122
Training and conferences	28,600	51,338
Total supplies and services	2,070,506	2,572,559

Supplies and services

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

3.5 Repairs and maintenance

	2019	2018
Repairs to:		
Buildings	408,736	442,487
Plant, equipment and vehicles	426,702	432,854
Roads, carparks and infrastructure assets	126,631	49,434
Total repairs and maintenance	962,069	924,775

Repairs and maintenance

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**3.6 Other operating expenses**

	Notes	2019	2018
Audit Fees	8.7	120,647	134,270
Lease & Other Financial Arrangements		10,992	-
Motor vehicle lease		-	280,643
Other operational & administrative support		165,724	175,753
Resort operations		374,084	711,052
Snow making expenses		344,353	
Total other operating expenses		1,015,800	1,301,718

Resort operations expenses

Resort operations expenses generally represent the day to day running costs incurred in normal operations of the resorts and includes snowmaking expenses, uniforms and protective clothing, labour hire and communications - radio and internet.

4. Key assets available to support service delivery**Introduction**

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

Leased assets

AASB 16 *Leases* became effective for the current reporting period, as such leases that were previous directly expensed are now recognised as Right-of-use Assets and corresponding minimum lease repayment liabilities on the balance sheet. These assets are then depreciated over their effective life and interest expense is recognised.

The Board as a lessee

For any new contracts entered into on or after 1 January 2019, the Board considers whether a contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition the Board assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Board
- the Board has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Board has the right to direct the use of the identified asset throughout the period of use

The Board assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

At lease commencement date, the Board recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Board, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received)

The Board depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Board also assesses the right-of-use asset for impairment when such indicators exist.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

For operating lease liabilities reclassified at transition date, the Board measured the lease liabilities at the present value of the lease payments unpaid at that date, discounted using the Board's incremental borrowing rate and recognised a right-of-use asset equal to the amount of the lease liability adjusted for any prepaid or accrued lease payments recognised in the balance sheet immediately before the date of initial application.

The Board has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in Property, infrastructure, plant and equipment, and lease liabilities have been reported as borrowings.

Fair value measurements

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Total infrastructure, property, plant and equipment

Fair value	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019	2018	2019	2018	2019	2018
Land	3,899,000	3,899,000	-	-	3,899,000	3,899,000
Buildings	20,315,880	20,162,367	1,817,556	1,163,013	18,498,324	18,999,354
Plant & equipment	5,406,847	2,192,414	1,735,424	798,429	3,671,422	1,393,985
Water & sewerage infrastructure	2,775,264	2,775,264	237,350	159,670	2,537,914	2,615,594
Land management assets	334,856	316,056	67,645	33,900	267,211	282,156
Roads & car parks infrastructure	4,850,774	4,471,135	1,575,738	1,039,156	3,275,037	3,431,979
Trails	1,796,146	1,746,822	129,229	77,537	1,666,918	1,669,285
Ski lift infrastructure	2,620,368	2,620,367	466,443	307,677	2,153,925	2,312,690
Office equipment	175,208	175,208	136,816	99,932	38,392	75,276
Rental equipment & clothing	187,745	165,164	128,407	105,228	59,337	59,936
Capital works in progress		436,077		-	-	436,077
Total	42,362,089	38,959,875	6,294,608	3,784,542	36,067,480	35,175,333

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

Subsequent measurement: Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined regarding the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category. During the 2016 Financial Year, all asset categories besides plant, equipment and vehicles were revalued by the Valuer-General Victoria and written back to their fair value.

Note 7.3 includes additional information in connection with fair value determination of infrastructure, property, plant and equipment

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4.1.1 Depreciation and amortisation – charge for the period

	2019	2018
Buildings & improvements at fair value	654,543	607,012
Plant & equipment at fair value	938,352	400,420
Water & sewerage infrastructure	79,121	80,555
Land management assets at fair value	33,744	22,750
Roads & car parks infrastructure at fair value	536,581	519,578
Trails at fair value	51,691	38,903
Ski lift infrastructure at fair value	157,326	154,736
Office equipment at fair value	36,884	54,422
Rental equipment and clothing at fair value	23,180	41,255
Intangible assets	20,490	27,518
Total depreciation	2,531,914	1,947,149

Included in the above depreciation charges are the following charges that relate to right-of-use assets

Depreciation of right-of-use assets	2019
Buildings & improvements at fair value	6,877
Plant & equipment at fair value	728,931
Total depreciation of right-of-use assets	735,809

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

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Buildings and improvements	10 - 60 years
Plant and equipment	3 - 35 years
Water and sewerage	5 - 100 years
Land management	5 - 40 years
Roads and car parks	5 - 25 years
Trails	10 - 300 years
Ski lift infrastructure	5 - 30 years
Office equipment	2 - 5 years
Rental equipment	3 years
Intangible asset	3 - 5 years

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

Impairment: Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4.1.2 Reconciliation of movements in carrying amounts of property, plant and equipment

	Land at fair value	Buildings at fair value	Plant & Equipment at fair value	Water & sewerage Infrastructure	Land Management at fair value	Roads & Car Park Infrastructure at fair value	Trails Infrastructure at fair value	Ski Lift Infrastructure at fair value	Office Equipment at fair value	Rental Equipment & Clothing at fair value	Assets Under Construction	Total
2019												
Fixed Assets												
Opening balance	3,899,000	18,999,354	1,393,984	2,615,594	282,156	3,431,979	1,669,285	2,312,691	75,277	59,936	436,077	35,175,333
Additions	-	144,343	1,022,845	1,440	18,800	96,629	49,324	-	-	22,581	-	1,355,962
Additions on ROU Asset adoption	-	9,170	2,039,879	-	-	-	-	1,440	-	-	-	2,049,049
Disposals	-	-	1,358	-	-	-	-	-	-	-	-	2,798
Accum Depn on disposal	-	-	1,358	-	-	-	-	-	-	-	-	1,358
Transfers	-	-	153,068	-	-	283,009	-	-	-	-	(436,077)	0
Depreciation	-	(654,543)	(938,353)	(79,121)	(33,744)	(536,581)	(51,691)	(157,326)	(36,884)	(23,180)	-	(2,511,424)
Closing balance	3,899,000	18,498,324	3,671,423	2,537,913	267,212	3,275,036	1,666,918	2,153,925	38,393	59,337	0	36,067,480
2018												
Opening balance	3,899,000	18,933,834	1,464,233	2,696,149	168,000	3,951,557	1,626,538	2,431,984	108,005	60,449	41,689	35,381,438
Additions	-	442,531	289,841	-	136,906	-	81,650	35,443	21,694	40,742	434,718	1,483,526
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Additions *	-	230,001	40,331	-	-	-	-	-	-	-	-	230,001
Transfers	-	-	(400,420)	-	(22,750)	(519,578)	(38,903)	(154,736)	(54,422)	(41,255)	(40,331)	-
Depreciation	-	(607,012)	(400,420)	(80,555)	-	-	-	-	-	-	-	-
Closing balance	3,899,000	18,999,354	1,393,984	2,615,594	282,156	3,431,979	1,669,285	2,312,691	75,277	59,936	436,077	35,175,333

*Relates to the Board obtaining buildings at fair value upon surrender of lease

Included in the above line items are the following right-of-use assets first recognised.

	Buildings at fair value	Plant & Equipment at fair value
2019		
Right-of-use assets		
Opening balance	-	-
Additions from adoption of AASB 16	9,170	2,039,878
Additions	-	154,556
Depreciation	(6,877)	(728,931)
Closing balance	2,293	1,465,503

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**4.2 Intangible Assets**

	2019	2018
Gross carrying amount		
Opening balance	88,367	61,015
Additions	-	96,450
Under construction	-	(41,580)
Amortisation	(20,490)	(27,518)
Closing balance	67,877	88,367

The consumption of intangible assets is included in the 'depreciation and amortisation' line item on the Comprehensive Operating Statement.

4.3 Other economic flows included in the net result

	2019	2018
Net gain/(loss) on disposal of infrastructure, property, plant & equipment	4,096	-
Other gain/(loss) from other economic activities	18,209	-
Total other economic flows included in the net result	22,305	-

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on disposal of non-financial assets

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.

Other gains/(losses) from other economic flows

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.

5. Other assets and liabilities**Introduction**

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

5.1 Receivables

	2019	2018
Current receivables		
<i>Contractual</i>		
Debtors	50,985	32,249
Less allowance for expected credit losses	-	(3,175)
Sundry debtors	7,319	3,938
<i>Statutory</i>		
GST receivable	63,127	39,744
Total receivables	121,431	72,756

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Receivables consists of:

- Contractual receivables, such as debtors in relation to goods and services; and
- Statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as receivables at amortised cost. They are initially recognised at fair value plus any directly attributable transaction costs. After initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

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

5.1.1 Impairment of contractual receivables

The Board applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables. This is the first year that this standard has been applied, due to the immaterial effect, prior period figures have not been reinstated. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 19 and the corresponding historical credit losses experienced within this period excluding extraordinary items. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

No loss allowance is recognised for statutory receivables because there is minimal risk of default

2019

Contractual receivables	Current	Less than 1 month	1-3 months	3 months - 1 year	Total
Expected loss rate	1%	2%	5%	10%	
Gross carrying amount	25,636	3,815	1,653	19,881	50,985
Loss allowance	256	76	83	1,988	2,403

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on receivables are presented in other expenses within the comprehensive operating statement.

Movement in losses allowance

	2019	2018
Opening loss allowance	3,175	3,175
Transfers in	-	-
Decrease in provision recognised in the net result	(3,175)	-
Increases in provision recognised in net result - Contractual receivables	2,403	-
Total other economic flows included in the net result	2,403	3,175

Loss allowance on trade receivables are presented under other economic flows in the net result in the Statement of Comprehensive Income. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. Indicators that there is no reasonable expectation of recovery include, but not limited to, the failure of a debtor to engage in a repayment plan with the Board and a failure to make contractual payments for a period great than 120 days past due. There are no material financial assets that are individually determined to be impaired

5.1.2 Ageing analysis of contractual receivables

2019	Carrying amount	Not past due & not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
Receivables:						
Debtors	50,985	25,636	3,815	1,653	19,881	
Sundry debtors	7,319		7,319			
Total	58,304	25,636	11,134	1,653	19,881	-

2018	Carrying amount	Not past due & not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
Receivables:						
Debtors	29,074	8,464	10,255	6,521		3,834
Sundry debtors	3,938	3,938	-	-	-	-
Total	33,012	12,402	10,255	6,521	-	3,834

No interest is charged for invoices, the average credit period for sales of goods/services and for other receivables is fourteen days. There are no material financial assets that are individually determined to be impaired.

Currently the Board does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 Payables

	2019	2018
Current payables		
Contractual		
Supplies and services	749,460	610,670
Superannuation payable	127,032	24,103
Other payables	206,191	220,798
Statutory		
Other taxes payable	(5,590)	-
Total payables	1,077,094	855,571

Payables consist of:

- **Contractual payables**, such as accounts 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 Board prior to the end of the financial year that are unpaid and arise when the Board becomes obliged to make future payments in respect of the purchase of those goods and services; and

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

5.2.1 Maturity analysis of contractual payables

2019	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
Payables:						
Supplies and services	749,460	749,460	407,621	337,009	4,830	
Income in advance	2,040,138	2,040,138	2,040,138			
Superannuation payable	127,032	127,032	127,032			
Other payables and accruals	206,191	206,191	206,191			
Total	3,122,822	3,122,821	2,780,982	337,009	4,830	-

2018	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
Payables:						
Supplies and services	610,670	610,670	315,890	294,780	-	-
Income in advance	37,009	37,009	37,009	-	-	-
Superannuation payable	24,103	24,103	24,103	-	-	-
Other payables and accruals	220,798	220,798	220,798	-	-	-
Total	892,580	892,580	597,800	294,780	-	-

Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 Inventories

	2019	2018
Inventories		
Supplies & consumables - fuel (at cost)	72,225	30,405
Inventories held for sale (at cost)	147,645	96,154
Total inventories	219,870	126,559

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

5.4 Prepayments

	2019	2018
Other current assets		
Prepaid insurance	198,181	192,938
Prepaid expenses	11,533	380,641
Total prepayments	209,714	573,579

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Prepayments 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.

5.5 Income in advance

	2019	2018
Other current liabilities		
Revenue in advance	40,138	37,009
DELWP 2020 funding in Advance	2,000,000	
Total revenue in advance	2,040,138	37,009

Income in advance includes funds received in advance of the Board delivering that service or that part of income received in one accounting period covering a term extending beyond that period. The Board received \$2 million from DELWP as a part of the operational subsidy intended for 2020. AASB 15 and 1058 were applied in determining the recognition of DELWP funding income.

6. Financing our operations**Introduction**

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

6.1 Leases

The Board has leases over a range of assets including snow making infrastructure and other plant and equipment, IT software and hardware, corporate office space and the organisations motor vehicle fleet. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

The Board classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 4). Leases of vehicles, plant and equipment and IT equipment are generally limited to a lease term of 3 to 5 years. Leases of property generally have a lease term ranging from 1 years to 2 years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Board to sublet the asset to another party, the right-of-use asset can only be used by the Board. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Board is prohibited from selling or pledging the underlying leased assets as security. For the lease over office space the Board must keep those properties in a good state of repair and return the property in their original condition at the end of the lease. Further, the Board must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Board's leasing activities by type of right-of-use asset recognised on balance sheet:

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Right of use asset	No of ROU Assets leased	Range of remaining terms	No with extension clause	No with purchase option
Vehicles	14	1-4 years	-	-
Snow making infrastructure	1	2	-	1
Plant and Equipment	5	1-4 years	-	-
Buildings	1	1	1	-
	21		1	1

The Board now recognises in the balance sheet the below liabilities due to the adoption of AASB 16

	2019	Opening Balance 1 January 2019
Current borrowings		
Lease liabilities arising from adoption of AASB 16	1,035,992	668,037
Total current borrowings	1,035,992	668,037
Non current borrowings		
Lease liabilities arising from adoption of AASB 16	780,070	1,381,011
Total non current borrowings	780,070	1,381,011
Total borrowings	1,816,062	2,049,048

A reconciliation of the closing balance of operation leases commitments as at 31 December 2019 and total lease liabilities as at 1 January 2019 is contained in Note 8.9

6.1.1 Minimum lease payments due

Nominal amounts : 2019	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	Lease payments	1,077,894	877,746	-
- Including finance charges	22,787	13,745		
Total commitments inclusive of GST	1,077,894	877,746	-	1,955,639
Less GST recoverable from Australian Tax Office			-	177,785
Total commitments exclusive of GST				1,777,854

Nominal amounts : 2018	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
	Operating lease commitments	1,009,133	1,326,506	-
Total commitments inclusive of GST	1,009,133	1,326,506	-	2,335,639
Less GST recoverable from Australian Tax Office				(212,331)
Total commitments exclusive of GST				2,123,308

6.1.2 Interest expense

	2019	2018
Interest expense	-	184
Finance charges on right-of-use assets	34,615	
Total interest expense	34,615	184

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

6.2 Operating lease receivables

	2019	2018
Non-cancellable operating leases receivable	\$	\$
Operating leases – Crown Land		
Not later than one year	65,212	17,962
Later than one year but not later than five years	138,570	52,566
Later than five years	333,412	120,175
Total lease receivables	537,194	190,703

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

6.3 Cash flow information and balances

	2019	2018
Cash and deposits disclosed in the balance sheet	2,272,682	626,617
Total revenue in advance	2,272,682	626,617

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

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

	Notes	2019	2018
Net result		(1,790,606)	(1,479,235)
Non-cash movements			
Depreciation		2,531,914	1,947,149
Loss/(gain) on disposal of non-financial physical assets		(4,096)	-
Other Loss/(gain) from other economic activity		(18,209)	-
Other loss/(gain) included in other income	2.5	-	(230,001)
Movements in assets and liabilities			
Decrease/(increase) in receivables		(48,675)	144,046
Decrease/(increase) in inventories		(93,311)	(40,943)
Decrease/(increase) in prepayments		363,865	(69,360)
Increase/(decrease) in payables		222,618	169,702
Increase/(decrease) in provisions		45,735	(319)
Increase/(decrease) in income in advance		2,003,129	17,559
Net cash flows from/(used in) operating activities		3,212,364	458,598

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Risks, contingencies and valuation judgements

Introduction

The Board is exposed to risk from its activities and outside factors. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Board related mainly to fair value determination.

7.1 Financial instruments specific disclosures

Introduction

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

Categories of financial assets under AASB 9

- Financial assets at amortised cost
- Financial assets at fair value.

The Board has classified all financial assets as 'Financial assets at amortised cost' under AASB 9.

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

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

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

The Council recognises the following assets in this category:

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

Categories of financial liabilities under AASB 9

- Financial liabilities at amortised cost
- Financial liabilities at fair value.

The Board has classified all financial liabilities as 'Financial liabilities at amortised cost' under AASB 9.

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

The Board recognises the following liabilities in this category:

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2019

7.1.1 Financial instrument categorisation

	Financial Assets at amortised cost	Financial liabilities at amortised cost	Total
2019			
Contractual financial assets			
Cash and deposits	2,272,682	-	2,272,682
Receivables (i)			-
Sales of goods and services	50,985	-	50,985
Other receivables	7,319	-	7,319
Total contractual financial assets	2,330,986	-	2,330,986
Contractual financial liabilities			
Payables (i)			
Supplies and services	-	749,460	749,460
Superannuation payable	-	127,032	127,032
Other payables	-	206,192	206,192
Interest bearing liabilities			
Finance lease liabilities	-	1,816,062	1,816,062
Total contractual financial liabilities	-	2,898,746	2,898,746
2018			
Contractual financial assets			
Cash and deposits	626,617	-	626,617
Receivables (i)			
Sales of goods and services	29,074	-	29,074
Other receivables	3,938	-	3,938
Total contractual financial assets	659,629	-	659,629
Contractual financial liabilities			
Payables (i)			
Supplies and services	-	610,670	610,670
Superannuation payable	-	24,103	24,103
Other payables	-	220,798	220,798
Interest bearing liabilities			
Finance lease liabilities	-	-	-
Total contractual financial assets	-	855,571	855,571

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

- Payables (excluding statutory receivables).

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

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

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

Financial instruments: Credit Risk

Credit risk refers to the possibility that a counterparty will default on its financial obligations as and when they fall due. The Board's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Board. Credit risk is measured at fair value and is monitored on a regular basis. Board policies are in place to ensure that sufficient communication is undertaken with Site Holders via various methods and communicated back to management in a timely manner and any payment plans entered are discussed with the General Manager Corporate Services and Chief Executive Officer and placed in writing. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

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

Provision of doubtful debts for contractual financial assets is recognised when there is objective evidence that the Board will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue.

The following table provides the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses and represents the Board's maximum exposure to credit risk.

There has been no material change to the Board's credit risk profile in 2019.

Credit quality of contractual financial assets that are neither past due nor impaired (i)

	Financial Institutions	Government Agencies	Other	Total
2019				
Cash and deposits	2,264,506	-	8,176	2,272,682
Receivables (i)	-	-	50,985	50,985
Sundry debtors	-	-	7,319	7,319
Total contractual financial assets	2,264,506	-	66,480	2,330,986
2018				
Cash and deposits	616,733	-	9,884	626,617
Receivables (i)	-	-	8,464	8,464
Sundry debtors	-	-	3,938	3,938
Total contractual financial assets	616,733	-	22,286	639,019

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Financial instrument: Liquidity Risk

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

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

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

As indicated in Note 8.1, the Board is dependent on the Victorian State Government to ensure it can meet its obligations as and when they fall due. In this respect, the Board works closely with the Department of Environment, Land, Water and Planning to ensure support payments are received in a timely manner for it to meet its financial obligations.

Financial instrument: Market Risk

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

Interest rate risk

Exposure to interest rate risk is insignificant and might arise primarily through the Board's cash and deposits. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. Financial liabilities comprise of leases at fixed interest rates.

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2019	Weighted average interest rate	Carrying amount	Interest rate exposure		
			Fixed interest	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.40%	2,272,682	-	2,264,506	8,176
Receivables (i)		50,985	-	-	50,985
Sundry debtors		7,319	-	-	7,319
Total financial assets		2,330,986	-	2,264,506	66,480
Financial liabilities					
Payables (i)					
Supplies and services		749,460	-	-	749,460
Superannuation payable		127,032	-	-	127,032
Other payables		206,192	-	-	206,192
Borrowings					
Finance lease liabilities	3.16%	1,816,062	1,816,062	-	-
Total financial liabilities		2,898,746	1,816,062	-	1,082,684

2018	Weighted average interest rate	Carrying amount	Interest rate exposure		
			Fixed interest	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.67%	626,617	-	619,304	7,313
Receivables (i)		29,074	-	-	29,074
Sundry debtors		3,938	-	-	3,938
Total financial assets		659,629	-	619,304	40,325
Financial liabilities					
Payables (i)					
Supplies and services		610,670	-	-	610,670
Superannuation payable		24,103	-	-	24,103
Other payables		220,798	-	-	220,798
Borrowings					
Finance lease liabilities		-	-	-	-
Total financial liabilities		855,571	-	-	855,571

Notes: (i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

Sensitivity disclosure analysis and assumptions

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. Sensitivity analyses shown are for illustrative purposes only. A movement of 50 basis points up and down in market interest rates (AUD) is 'reasonably possible' over the next twelve months. The following table shows the impact on the Board's net result and equity for each category of financial instrument held by the Board at the end of the reporting period as presented to key management personnel, if the above movement were to occur.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**Interest rate risk sensitivity**

2019	Carrying Amount	-50 basis points		+50 basis points	
		Net Result	Equity	Net Result	Equity
Financial Assets					
Cash and deposits	2,264,506	(11,323)	(11,323)	11,323	11,323
Total	2,264,506	(11,323)	(11,323)	11,323	11,323
2018					
		-50 basis points		+50 basis points	
Financial Assets					
Cash and deposits	619,304	(3,097)	(3,097)	3,097	3,097
Total	619,304	(3,097)	(3,097)	3,097	3,097

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. The Board is exposed to foreign currency risk mainly through its payables relating to purchases of supplies and consumables from overseas. It has a limited amount of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement, therefore risk is minimal.

Based on past and current assessment of economic outlook and by ensuring availability of funds through rigorous cash flow planning and monitoring, it is deemed unnecessary for the Department to enter into any hedging arrangements to manage the risk.

7.2 Contingent Assets and contingent liabilities

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

Contingent Assets

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

The Board has no contingent assets (2018: \$Nil).

Contingent Liabilities

Contingent liabilities are:

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

Non-quantifiable contingent liabilities

As at the reporting date, the Board has no contingent liabilities (2018: \$Nil).

7.3 Fair value determination

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through operating result; and
- Land, buildings, infrastructure, plant and equipment.

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

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

Fair value hierarchy

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

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

The Board determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

How this section is structured

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

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

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

7.3.1 Fair value determination of financial assets and liabilities

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

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

The Board currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019 reporting period. These financial instruments include:

Financial assets

Cash and deposits

Receivables:

Sale of goods and services

Accrued investment income

Financial liabilities

Payables:

For supplies and services

Other payables

Borrowings:

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Other receivables

Lease liabilities

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference. For financial assets and liabilities, the carrying amount is the same as fair value.

7.3.2 Fair value determination: non-financial physical assets

2019	Carrying amount	Fair value measurement at end of year using:		
		Level 1	Level 2	Level 3
Land at fair value				
Specialised land	980,000	-	-	980,000
Non-specialised land	2,919,000	-	-	2,919,000
Total of land at fair value	3,899,000	-	-	3,899,000
Buildings at fair value				
Specialised buildings	18,498,324	-	-	18,498,324
Total of buildings at fair value	18,498,324	-	-	18,498,324
Plant and equipment at fair value	3,671,423	-	-	3,671,423
Water & sewerage infrastructure	2,537,913	-	-	2,537,913
Land management assets at fair value	267,212	-	-	267,212
Roads & car parks infrastructure at fair value	3,275,036	-	-	3,275,036
Trails at fair value	1,666,918	-	-	1,666,918
Ski lift infrastructure at fair value	2,153,925	-	-	2,153,925
Office equipment at fair value	38,393	-	-	38,393
Rental equipment at fair value	59,337	-	-	59,337
Total Assets	36,067,480	-	-	36,067,480

2018	Carrying amount	Fair value measurement at end of year using:		
		Level 1	Level 2	Level 3 (i)
Land at fair value				
Specialised land	980,000	-	-	980,000
Non-specialised land	2,919,000	-	-	2,919,000
Total of land at fair value	3,899,000	-	-	3,899,000
Buildings at fair value				
Specialised buildings	18,999,354	-	-	18,999,354
Total of buildings at fair value	18,999,354	-	-	18,999,354
Plant and equipment at fair value	1,393,984	-	-	1,393,984
Water & sewerage infrastructure	2,615,594	-	-	2,615,594
Land management assets at fair value	282,156	-	-	282,156
Roads & car parks infrastructure at fair value	3,431,979	-	-	3,431,979
Trails at fair value	1,669,285	-	-	1,669,285
Ski lift infrastructure at fair value	2,312,691	-	-	2,312,691
Office equipment at fair value	75,277	-	-	75,277
Rental equipment at fair value	59,936	-	-	59,936
Total Assets	34,739,256	-	-	34,739,256

There have been no transfers between levels during the period.

Specialised land and specialised buildings

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that it is also equally attributable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. Specialised land that is valued on lease rent with no CSO applied is categorised as level 2 land. Specialised land and buildings with adjustments of CSO that are considered as significant unobservable inputs, would be classified as level 3 assets.

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

An independent valuation of specialised land and buildings was performed by the Valuer- General Victoria (VGV). The effective date of the valuation is 31 December 2016. There were no changes to the valuation during 2019.

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

Infrastructure

Infrastructure assets, including road infrastructure, are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis.

Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

An independent valuation of the Board's infrastructure assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2016. There were no changes to the valuation during 2019.

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 depreciated cost method.

There were no changes in valuation techniques throughout the period to 31 December 2019.

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Reconciliation of level 3 fair value

	Land at fair value	Buildings at fair value	Plant & Equipment at fair value	Water & sewerage Infrastructure	Land Management at fair value	Roads & Car Park Infrastructure at fair value	Trails Infrastructure at fair value	Ski Lift Infrastructure at fair value	Office Equipment at fair value	Rental Equipment & Clothing at fair value	Assets Under Construction	Total
2019												
Opening balance	3,899,000	18,999,354	1,393,984	2,615,594	282,156	3,431,979	1,669,285	2,312,691	75,277	59,936	436,077	35,175,333
Additions	-	144,343	1,022,845	1,440	18,800	96,629	49,324	-	-	22,581	-	1,355,962
Additions on ROU Asset adoption	-	9,170	2,039,879	-	-	-	-	-	-	-	-	2,049,049
Disposals	-	-	1,358	-	-	-	-	1,440	-	-	-	2,798
Accum Depn on disposal	-	-	1,358	-	-	-	-	-	-	-	-	1,358
Transfers	-	-	153,068	-	-	283,009	-	-	-	-	(436,077)	0
Depreciation	-	(654,543)	(938,353)	(79,121)	(33,744)	(536,581)	(51,691)	(157,326)	(36,894)	(23,180)	-	(2,511,424)
Closing balance	3,899,000	18,498,324	3,674,423	2,537,913	267,212	3,275,036	1,666,918	2,153,925	38,393	59,337	0	36,067,480
2018												
Opening balance	3,899,000	18,933,834	1,464,233	2,696,149	168,000	3,951,557	1,626,538	2,431,984	108,005	60,449	41,689	35,381,438
Additions	-	442,531	289,841	-	136,906	-	81,650	35,443	21,694	40,742	434,718	1,483,526
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Additions *	-	230,001	-	-	-	-	-	-	-	-	-	230,001
Transfers	-	-	40,331	-	-	-	-	-	-	-	(40,331)	-
Depreciation	-	(607,012)	(400,420)	(80,555)	(22,750)	(519,578)	(38,903)	(154,736)	(54,422)	(41,255)	-	(1,919,632)
Closing balance	3,899,000	18,999,354	1,393,984	2,615,594	282,156	3,431,979	1,669,285	2,312,691	75,277	59,936	436,077	35,175,333

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Description of significant unobservable inputs to level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Replacement cost per square metre Useful life of specialised buildings
Plant & equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Infrastructure – Water	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure – Sewerage	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure – Land management	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure – Roads & car parks	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure – Ski lift	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Infrastructure – Trails	Depreciated replacement cost	Cost per unit Useful life of the infrastructure
Office equipment	Depreciated replacement cost	Cost per unit Useful life of the equipment
Rental equipment	Depreciated replacement cost	Cost per unit Useful life of the equipment

8. Other disclosures

Introduction

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

8.1 Economic dependency

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

8.2 Ex-gratia expenses

There were no ex-gratia expenses paid during the financial year ended 31 December 2019 (2018: nil).

8.3 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include 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.

8.4 Responsible persons

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Names

The persons who held the positions of Responsible Officers in the Board are as follows:

Responsible Minister

The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change
from 1 January 2019 to 31 December 2019

The Minister's remuneration and allowances are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Board Members

	Period
Mr A Bawden (Chairperson)	1 Jan 19 to 31 Dec 19
Mr A Thompson	1 Jan 19 to 31 Dec 19
Mr R Cohen	1 Jan 19 to 31 Dec 19
Mrs J Walker	1 Jan 19 to 31 Dec 19
Mrs S Petkova	1 Jan 19 to 31 Dec 19
Ms K Clark	1 Jan 19 to 31 Dec 19
Ms K Irwin (Deputy Chair)	1 Jan 19 to 31 Dec 19

Accountable Officer

Ms G Conman (Chief Executive and Accountable Officer)	1 Jan 19 to 31 Dec 19
Mr P Nunn (Acting Chief Executive and Accountable Officer)	27 May 19 to 21 Jun 19

The number of responsible persons and their total remuneration during the reporting period are shown in the table below in their relevant income bands.

Income bands

	Total remuneration	
	2019	2018
	<i>No.</i>	<i>No.</i>
\$10,000 - \$19,999	6	6
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	-
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	-	1
Total numbers	9	8
Total amount	409,203	373,942

8.5 Related parties

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

Related parties of the Board include:

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**Significant transactions with Government related entities**

Southern Alpine Resort Management Board received funding from DELWP of \$6,870,000.

Key management personnel for Southern Alpine Resort Management Board includes the Portfolio Minister for Energy, Environment and Climate Change, the Hon. Lily D'Ambrosio MP, members of the Board and the Chief Executive Officer, which includes:

- Board Chair, Mr A Bawden
- Board Member, Mr A Thompson
- Board Member, Mr R Cohen
- Board Member, Mrs J Walker
- Board Member, Mrs S Petkova
- Board Member, Ms K Clark
- Board Deputy Chair, Ms K Irwin
- Chief Executive Officer, Ms G Conman
- Acting Chief Executive Officer, Mr P Nunn

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

Compensation of KMPs

	2019	2018
Short-term benefits	370,099	338,294
Post-employment benefits	33,536	30,539
Other long-term benefits	5,568	5,109
Total remuneration	409,203	373,942
Total number of executives	9	8

Transactions with key management personnel and other related parties

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

SARMB has a related party relationship with Alpine Resorts Co-ordinating Council (ARCC) due to the Board Chair's Ministerial appointment as an ex officio Board member with the ARCC. During 2019, SARMB paid \$33,284 to the ARCC for support services.

8.6 Remuneration of executives

	<i>Total remuneration</i>	
	2019	2018
Short-term benefits	490,678	501,285
Post-employment benefits	46,264	39,144
Other long-term benefits	12,462	3,006
Total remuneration	549,404	543,435
Total number of executives	5	7
Total annualised employee equivalents (iii)	4	3

The remuneration of the executive officers including superannuation shows:

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(i) the total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

(ii) 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 nonmonetary 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.

8.7 Remuneration of auditors

	2019	2018
Internal audit fees paid to RSM	21,690	37,185
External audit fees paid to VAGO	98,957	97,085
Total	120,647	134,270

8.8 New Accounting Standards applied

The Board has applied the following new accounting standards, AASB 15 *Revenue from Contracts with Customers*, 16 *Leases* and 1058 *Income for NFP entities*.

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

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

AASB 1058 *Income of Not-for-Profit Entities* supplements AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 *Contributions*.

The Board has assessed that the application of AASB 15 and 1058 will have no material impact on the organisation and as such prior year figures have not been reinstated.

The Board has applied AASB 16 *Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information.

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

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

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

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

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

8.9 Reconciliations and impact of new accounting standards applied

Reconciliation of financial statement line items effected by transition to AASB 16 *Leases*

	Carrying amount 31 Dec 2018	Reclassification	Carrying amount 1 Jan 2019
Property, infrastructure, plant and equipment	35,175,333	2,049,048	37,224,381
Borrowings	-	(2,049,048)	(2,049,048)
Total	35,175,333	-	35,175,333

The following table is a reconciliation of total operating lease commitments as at 31 December 18 to total lease liabilities recognised as at 1 January 2019

Total operating lease commitments as at 31 December 2018 ex GST	6.4.1		2,123,308
Recognition exemptions			
Lease with remaining term of less than 12 months		(378,691)	
Additional lease liabilities identified at transition		292,476	
Other minor adjustments on transition		11,955	
Total			2,049,048
Discounted using incremental borrowing rate			2,049,048
Total lease liabilities recognised under AASB 16 at 1 January 2019			2,049,048

8.10 Australian accounting standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 31 December 2019 reporting period. Department of Treasury and Finance assesses the impact of these new standards and advises of their applicability and early adoption where applicable.

As at 31 December 2019, all new accounting standards and interpretations that had been issued but classified as not mandatory for the financial year ended 31 December 2019 had been considered, and while the impact of some standards was still to be assessed, the likely impact is not considered to be significant.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 Insurance Contracts	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities	1 January 2021	An assessment of the impact has indicated that this is not applicable to the Board.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 Jan 2020	An assessment of the impact has indicated that this is not applicable to the Board.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**8.11 Glossary of technical terms**

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

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

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

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

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

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

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

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

Financial asset is any asset that is:

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

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

Financial liability is any liability that is:

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

Financial statements in this this comprises:

- (a) a balance sheet as at the end of the period;
- (b) a comprehensive operating statement for the period;
- (c) a statement of changes in equity for the period;
- (d) a cash flow statement for the period;
- (e) notes, comprising a summary of significant accounting policies and other explanatory information;

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

Leases are rights to use an asset for an agreed period in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

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

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

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

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

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

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

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

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

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

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

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

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

8.12 Style conventions

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

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx) negative numbers
- 201x year period
- 202x year period

The financial statements and notes are presented based on the illustration for a government department in the 2018-19 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Board's annual report.

APPENDIX 1 - COMPLIANCE INDEX

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

COMPLIANCE INDEX		
LEGISLATION	REQUIREMENT	PAGE NO.
Standing Directions and Financial Reporting Directions		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	9
FRD 22H	Purpose, functions, powers and duties	9
FRD 22H	Key initiatives and projects	24
FRD 22H	Nature and range of services provided	16
Management and structure		
FRD 22H	Organisational structure	18
Financial and other information		
FRD 8D	Performance against output performance measures	21
FRD 10A	Disclosure index	87
FRD 12B	Disclosure of major contracts	22
FRD 22H	Employment and conduct principles	34
FRD 22H	Occupational health and safety policy	20
FRD 22H	Summary of the financial results for the year	22
FRD 22H	Significant changes in financial position during the year	21
FRD 22H	Major changes or factors affecting performance	37
FRD 22H	Subsequent events	37
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	34
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	38
FRD 22H	Statement on National Competition Policy	37
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	36
FRD 22H	Details of consultancies over \$10 000	23
FRD 22H	Details of consultancies under \$10 000	23
FRD 22H	Disclosure of government advertising expenditure	23
FRD 22H	Disclosure of ICT expenditure	23
FRD 22H	Statement of availability of other information	38
FRD 24D	Reporting of office based environmental impacts	38
FRD 25D	Local Jobs First	36
FRD 29C	Workforce Data disclosures	19
SD 5.2	Specific requirements under Standing Direction 5.2	39
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	34
SD 5.2.3	Declaration in report of operations	39
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	39
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	50
SD 5.2.1(a)	Compliance with Standing Directions	50
SD 5.2.1(b)	Compliance with Model Financial Report	86
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD 9B	Departmental Disclosure of Administered Assets and Liabilities by Activity	62
FRD 11A	Disclosure of Ex gratia Expenses	79
FRD 13	Disclosure of Parliamentary Appropriations	81
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	79
FRD 103H	Non Financial Physical Assets	79
FRD 110A	Cash Flow Statements	48
FRD 112D	Defined Benefit Superannuation Obligations	55
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	69
Note: (a) References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.		
Legislation		
	<i>Freedom of Information Act 1982</i>	34
	<i>Building Act 1993</i>	38
	<i>Public Interest Disclosures Act 2012</i>	36
	<i>Disability Act 2006</i>	37
	<i>Local Jobs Act 2003</i>	36
	<i>Financial Management Act 199</i>	50
	<i>Alpine Resorts (Management) Act 1997</i>	9



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