



Annual Report 2020/21



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February 2021

The Hon. Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
Level 16, 8 Nicholson Street
East Melbourne, VIC, 3002

Dear Minister D'Ambrosio,

Re: Falls Creek Alpine Resort Management Board Annual Report 2020

We have pleasure in submitting to you for presentation to Parliament, the Annual Report of the Falls Creek Alpine Resort Management Board, covering the period, 1st January 2020 to 31st December 2020.

In accordance with the *Financial Management Act 1994*, the Annual Report contains the Report of Operations and Statutory Financial Statements for the Board for the reporting period.

We extend our appreciation for the support provided by the Victorian Government and the assistance provided by the Department of Environment, Land, Water and Planning throughout the year.

We look forward to welcoming you to Falls Creek in the near future to share our vision for the resort and our continued evolution into an all seasons alpine experience.

Yours sincerely,



Jo Shannon
Chair



Stuart Smythe
CEO



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Year in Review

Resilience, Agility, Commitment and Collaboration have defined the last twelve months.

The Falls Creek Alpine Resort Management Board (FCARMB) and its stakeholders faced the most extraordinary set of circumstances ever experienced in the resort's 73-year history.

Falls Creek Resort Management Board entwines its role as land manager with tourism. We recognise the vital role visitation by patrons to this award-winning tourism destination plays in the sustainability of on-mountain businesses. Circumstances throughout this year however required an elevated degree of resilience to bear the brunt of bushfires and the global pandemic, where the resort had to close to the public, not once, but twice, creating unprecedented disruption.

The year began under heavy smoke haze and a complete evacuation of over 2,000 people, as bushfires engulfed the North East of Victoria. The scale of the fires scorched the valley and plains surrounding the resort, cutting off safe passage through Gippsland and required visitors, residents, and business operators to evacuate the village on January 3rd. Most were not able to return at all during summer.

Then, as the recovery was underway from these events, the onset of the global coronavirus pandemic, lockdowns and border closures saw the resort mandated to close to the public, for an unprecedented second time, and with it, the snow season ended, just a few days after lifts began turning.

In a year of firsts, FCARMB activated its Emergency Management Plan (EMP) twice in 2020.

During these extraordinary times, our staff and the community rallied and played an essential role in the resort EMP activation. FCARMB established a Community Recovery Committee (FCCRC) to provide the Falls Creek community with the formal mechanism to guide recovery efforts and programs. The FCCRC comprised a cross-section of community members following a call for expressions of interest to be involved.

Throughout 2020, the FCCRC met on a 4-week cycle to develop and facilitate recovery programs and initiatives on two of the four recovery pillars, Economic Recovery and Social Recovery.

The FCCRC implemented community wellbeing programs during the winter months that included: psychological first aid training, environmental engagement programs, social gatherings and connectivity, counselling, and interaction through dedicated social media groups. The programs delivered a marked improvement in the wellbeing of the community that was significantly fatigued, both mentally and financially following the commercial and social disruptions in 2020.

Collaboration was a hallmark of 2020.

In early 2020, as the pandemic was evolving and looked to threaten the ski season, the alpine resort industry rallied. A range of stakeholders tackled the obstacles that were increasingly evident in ensuring there could even be the opening of the season. This work culminated in the development of a COVIDsafe plan which was prepared and presented, with the help of our colleagues in the Department of Environment, Land, Water and Planning (DELWP) to State and Federal Government, as a blueprint of the industry's efforts to ensure the safety of our communities, the public and industry.

The tremendous support of the Victorian Government and the exceptional work of our colleagues in the public sector was instrumental in helping our community and our organisation through the substantial health and financial challenges of this unprecedented year.

The resort management boards, along with DELWP and the Department of Jobs, Precincts and Regions (DJPR)

worked extensively on lobbying for financial assistance to the many hundreds of alpine business operators impacted throughout 2020. This culminated in the Alpine Support Package being announced, with \$10.4m allocated for business funding support across the Victorian Alpine Resorts.

Furthermore, throughout this disruption, FCARMB staff adapted, not just to the rapid transition in new ways of working, as office-based staff moved to working remotely, but also in the way they focused on uncompromising assistance and support to the community. They are to be commended for their exemplary contribution and commitment in the face of extreme challenges.

FCARMB funds much of its annual operation through its enterprises and recognises that tourism spend is central to its own and to its stakeholders' viability. At the outset of the pandemic, it became quickly apparent that the risk to cash reserves would be extreme if the ski season were not to proceed.

Irrespective, FCARMB must still deliver essential services and assistance for our people and community. To this end, on April 24, the Victorian State Government committed to support our core operational requirements through the crisis, by financially underwriting the organisation.

Whilst crises dominated our landscape in 2020, there have been key achievements worthy of recognition:

- FCARMB was successful in its application for funding to expand the mountain bike trail network, with a grant of \$500,000 from the Regional Infrastructure Fund.
- Working with our colleagues at the Northern Resorts, progress has been made on the adoption of common systems in areas like asset management and human resources, with FCARMB championing the two software as a service (SaaS) platforms to be used across these organisations. Additional works are continuing on further enhancements in line with Ministerial Directions.
- The Falls to Hotham Alpine Crossing was awarded \$15m in State budget funding to commence work on this iconic alpine walk.
- The resort's environmental achievements saw:
 - » over 1000 native plants added across the resort;
 - » the waste and resource use taskforce diverted 9 tonnes of organic waste from landfill;
 - » 57% of total waste was recovered to be recycled;
 - » over a dozen research projects were undertaken across threatened species, climate change, alpine ecology, and monitoring of animal populations;
 - » webinars by the Falls Creek Environmental Interest Group, along with online presentations to school students created a new vehicle for engagement and education on and about the alpine environment;
 - » an authoritative report utilising Phoenix Rapidfire Bushfire modelling was completed and presented to stakeholders and will furthermore help to inform vegetation management and risk reduction planning across the resort.

We thank the Falls Creek Alpine Resort Management Board members for the dedication through this tumultuous year, along with our resilient stakeholders and lastly, our committed and agile staff for their extraordinary contribution not only for the organisation, but also for our community.

JO SHANNON
Board Chair

STUART SMYTHE
CEO



Resort Profile

Falls Creek is a major tourist destination in North East Victoria. The resort is set at altitude ranging from 1,210 to 1,850 metres and is surrounded by the Alpine National Park.

Falls Creek uniquely benefits from its hydroelectric heritage. In particular, the Rocky Valley Lake and 65km of aqueduct trails supports the resort's water supply, snow making capabilities and activity base.

Falls Creek contributes significantly to the economy of the region. The resort generates significant seasonal employment, particularly in the nearby towns, and provides recreational opportunities and environmental values to both the local and wider community. At the same time, the resort proudly maintains a vibrant but small permanent community that uniquely maintains a year round primary school and a fully accredited child care centre.

The Falls Creek Alpine Resort Management Board was established under the *Alpine Resorts (Management) Act 1997* (Vic). The Board operates under its registered business trading name of Falls Creek Resort Management (FCRM). The responsible Minister during the 2020 reporting year was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

While responsibilities include elements similar to a local government authority such as planning and the provision of infrastructure services, FCRM also has a responsibility for Crown Land management, destination marketing of the resort, and resort promotion. It is expected to commercially manage the leases of public land in the best interests of the people of Victoria.

FCRM is an organisation with assets comprising Crown Land, public utilities, and infrastructure assets. Annual Revenues in a normal operating year are approximately \$12 million, but were constrained by bushfires and the pandemic in 2020. Expenditure is primarily directed to visitor services, infrastructure services including roads, water, sewerage, waste management, winter operations (ski patrol, cross country skiing and snow clearing), and resort promotion. Expenditure was also reduced in 2020 to essential services only.

ALPINE RESORTS STRATEGIC PLAN

In December 2012, the Victorian Government released its framework for the development, promotion, management and use of Victorian alpine resorts. The vision for the alpine resorts is:

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

The plan outlines six strategic objectives and also provides specific actions to be undertaken to deliver on the strategic objectives.

Following an independent review of the 2012 Alpine Resorts Strategic Plan (ARSP), a new ARSP was developed by the Alpine Resorts Co-ordinating Council (ARCC) in collaboration with all the Victorian alpine resort management boards and a broad range of stakeholders. The Minister endorsed the new Alpine Resorts Strategic Plan 2020–2025 on 16 March 2020.

DELIVERY OF GOVERNMENT STRATEGIC OBJECTIVES

FCRM's Strategic Management Plan ("A Pathway to the Future"), outlines the strategic vision for Falls Creek supported by the overarching Alpine Resorts Strategic Plan 2012. It also details initiatives to be implemented to deliver on the Government's vision and strategic objectives.

Development of a new FCRM Strategic Management Plan – informed by the new ARSP 2020–2025 – was postponed in 2020 while the organisation dealt with the impacts of COVID-19; facilitated strategy sessions re-commenced in February 2021. Following the corporate structure changes announced by the Minister in March 2021, further strategic and transition plan development will be determined in consultation with DELWP.

The Board's annual Corporate Plan details three years of key initiatives and actions flowing from both the Alpine Resorts Strategic Plan 2012 and the Strategic Management Plan, and the resources required to deliver thereon. The strategic objectives within these plans are outlined below.

The Falls Creek Master Plan is supported by this Strategic Management Plan. It includes a ten year vision and associated asset management/renewal plan.

STRATEGIC OBJECTIVE 1

Enhancing the visitor experience and developing resorts

STRATEGIC OBJECTIVE 2

Delivering resort services and infrastructure efficiently and accountably

STRATEGIC OBJECTIVE 3

Building partnerships

STRATEGIC OBJECTIVE 4

Respecting the alpine environment

STRATEGIC OBJECTIVE 5

Broadening access opportunities

STRATEGIC OBJECTIVE 6

Regulatory reform





Vision, Mission and Principles

A vibrant and distinctive village offering
Australia's most memorable alpine experiences

STRATEGIC VISION

Within the context of the Alpine Resorts Strategic Plan 2012, the Board has defined the vision for Falls Creek as: A vibrant and distinctive village offering Australia's most memorable alpine experiences.

MISSION

The mission for all resort management staff is to see Falls Creek recognised as being "an unparalleled, unique and world class all seasons alpine resort, renowned for being Australia's premier leisure, lifestyle and adventure destination."

GUIDING PRINCIPLES

To achieve this mission, our guiding principles, formulated through collaboration across the workforce, and embedded into all facets of the organisation, are:

- Exceed Expectations: By using integrity, applying

commitment and engaging with our users, the community and our staff, we will endeavour to excel.

- Create Fun, Adventure and Lifelong Memories: By inspiring people to embrace an active outdoor lifestyle.
- Enacting Stewardship: Is about being accountable to our stakeholders, acting as custodians for our environment and planning for its sustainability, we are then able to facilitate and build prosperity for the local and regional community.
- Dedicated and Passionate: We live, breathe, use and thoroughly appreciate the responsibility entrusted to us in managing the unique assets of the resort and surrounding high plains.
- Strive for Value: Through ensuring operational efficiencies are optimised, infrastructure and services can be delivered that will enhance any activity, ultimately offering exceptional value and an outstanding mountain resort experience to all users.





Financial Summary

The 2020 financial year recorded a comprehensive loss of \$1,300,315 which is a change of \$1.4m from the previous year. The result shows the impact of the COVID-19 pandemic on the operations of the Board. The pandemic had significant impacts including resort closures throughout the declared winter season.

More information outlining the impacts of the pandemic can be found under Note 1.1 Impact of the COVID-19 pandemic of the Financial Statements.

FCARMB operated under a Letter of Comfort (LoC) for financial support from the State Government which outlined various conditions, including reducing operational spend to be essential only, which can be seen in the reduction of operating expenses. The operating surplus is \$0.8m unfavourable to the 2020 budget and \$1.2m unfavourable to the 2019 result. The comprehensive loss was \$1.8m unfavourable to the 2020 budget and \$2.3m unfavourable to the 2019 comprehensive surplus.

Operating revenue was impacted from the localised restrictions and interstate border closures, resulting in a reduction in total revenue of \$2.3m:

- visitor fee income (mainly resort entry fees) was reduced by \$4.5m to \$0.3m due to resort closures and travel restrictions;
- site rental revenue fell by \$1m due to the rent relief program offered to site holders (please see further information in Note 2.1 of the financial statements)
- service charge income rose by \$0.2m to \$4.6m, due to increased unit of measurement pricing;
- government contributions rose by \$3.5m to \$3.9m and comprised mostly of COVID-19 cashflow funding assistance under the LoC from the Government;
- other income fell by \$0.5m to \$0.8m, due to the reduction

of income from items indirectly related to resort entry and visitor access of the resort.

Operating expenditure fell to \$9m, a \$1.2m (12%) decrease on 2019. Operational expenditure was reduced to pre-committed and contracted expenditure or essential spend under the LoC from Government. Note that many expenses incurred by FCARMB are fixed costs and are not directly related to consumption and visitation.

FCARMB was bound by the Industrial Relations Framework which kept staff employed and re-deployed either internally or across the public sector. Events were cancelled due to bushfires and the pandemic. Projects that had not begun were postponed and re-assessed for their essential capacity.

Depreciation and amortisation charges of \$2.4m comprised the bulk of the non-operating items and increased by \$140k over 2019 due to the impacts of AASB 16 leasing on the depreciation of items. Interest expense on the 10 year TCV loan decreased by \$7k to \$20k as the loan was paid down, while interest on leased assets increased by \$2k due to the addition of a leased truck prior to bushfires and the pandemic.

FCARMB's financial position and net assets remain healthy and provide a sound and solid platform for future operations for economic recovery out of the pandemic.

The table on the adjacent page illustrates the resort's financial performance and position for the past five years.

Table 1 – Financial Summary for the past 5 years

| FIVE YEAR FINANCIAL SUMMARY | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 [^] |
| Visitor fee income | 322,210 | 4,870,273 | 4,506,227 | 3,950,613 | 3,638,581 |
| Site rental | 644,310 | 1,591,697 | 1,607,920 | 1,666,650 | 1,860,978 |
| Service charges | 4,605,232 | 4,425,259 | 4,718,573 | 4,124,507 | 4,473,546 |
| Government contributions | 3,970,077 | 433,557 | 245,513 | 349,041 | 1,142,244 |
| Other income | 825,393 | 1,370,223 | 1,239,609 | 1,186,718 | 1,187,767 |
| Total revenue | 10,367,223 | 12,691,009 | 12,317,842 | 11,277,529 | 12,303,116 |
| Operating expenditure * | 9,112,870 | 10,280,691 | 9,999,552 | 9,669,774 | 10,910,232 |
| Operating surplus/(deficit) before depreciation and amortisation, interest expenses and other economic flows | 1,254,353 | 2,410,318 | 2,318,290 | 1,607,755 | 1,392,884 |
| Non-operating transactions | 2,554,668 | 2,315,708 | 2,141,855 | 2,457,581 | 5,867,192 |
| Total expenditure & other economic flows | 11,667,538 | 12,596,399 | 12,141,407 | 12,127,355 | 16,777,424 |
| Comprehensive result | -1,300,315 | 94,610 | 176,435 | -849,826 | -4,474,308 |
| Cash inflows from operating activities | 1,148,234 | 1,827,151 | 2,091,631 | 1,171,964 | 1,825,827 |
| Total assets | 92,647,653 | 93,449,128 | 91,316,488 | 91,263,346 | 92,463,394 |
| Liabilities | 5,175,947 | 4,677,107 | 2,639,078 | 2,762,371 | 3,212,593 |
| Net assets | 87,471,705 | 88,772,019 | 88,677,410 | 88,500,975 | 89,250,801 |

[^] 2016 figures are for 14 months due to the change of financial year end to 31 December, whereas the comparative years are 12 months.

* Operating expenditure excludes financing charges and depreciation / amortisation, and therefore differs from total expenses from transactions on page 48 of the financial statements.

Enhancing the Visitor Experience and Building Partnerships

Falls Creek visitation was severely impacted in 2020 across all seasons. Summer 2019–20 saw the resort evacuated during the peak visitation period in January due to bushfires. 3,000 bed nights were lost during this time.

The effects of the pandemic were detrimental to visitation numbers for the winter season as the government directive to close Alpine Resorts and issue 'stay at home' orders to help stop the spread of coronavirus.

KEY ACHIEVEMENTS



Quality Tourism – Continued accreditation as a Quality Tourism Business, meeting sustainable business practices



41% increase on mountain bike (MTB) shuttle riders in Dec 2020 vs Dec 2019



Despite a number of key event cancellations, summer events (Feb–March 2020) contributed an estimated **economic impact of \$600k**



15% increase of mountain (MTB) shuttle riders over the peak Christmas / New Year period vs last year (before evacuation)



Astra Lodge – **Australia's Best Ski Boutique Hotel 2020** for the 5th year



Media – strong media coverage on positive news stories:
o MTB Park grant funding
o MTB Park opening early

EVENTS

Due to the bushfires at the beginning of the year and pandemic throughout 2020, a number of events were cancelled.

Despite the cancellation of events in 2020 the resort is driven to expand its annual events calendar in collaboration with experienced event organisers.

November to April is the key green season visitation period and June to September for the white season. May and October are the lowest periods.

2020 event highlights included:



Key Hero Events:

- Peaks Challenge – **1,600** riders
- Jayco Herald Sun Tour – **500** riders



Medium Events:

- Victorian Enduro Tour – **220** riders
- Regional Longest Lunch – **200** diners

Cancelled events:

- Mile High Dragon Boats – Jan 26 – 250 entrants
- Audax Alpine Challenge – Jan 26 – 1,000 Riders
- Alpine Quest – Jan 26
- MTB de Femme – Feb 22-23 – 40 participants
- Easter April 12th – 1500+ guests in Village
- Ice Plunge – June 1st – 140 plungers
- McKayos – 3rd & 4th Oct – 350+ riders
- Oktoberfest – 4th Oct – 300+ participants
- Ignition – 20-22 Nov – 3,000 riders
- Grinduro – 5th Dec – 450 riders

DESTINATION MARKETING

FCARMB continue to drive all destination marketing for the resort on an all-season basis. The main objective is to support tourism and economic development for all resort stakeholders and improve the visitor experience.

As this year was very different to any other and the lift operations within the resort ceased at the beginning of July, the marketing focus for FCARMB had to swiftly adapt to continue to encourage visitation once lockdown restrictions were lifted in order to promote alternate activities within the resort and support the stakeholders that were still operating.

A responsive campaign to the lockdown environment was created and launched in September as Victoria began to open up again. **Falls Freedom** was developed as a campaign to drive summer destination visitation. A paid digital campaign **reached 94.4k** viewers and had **237.6k impressions**.

The Alpine Resorts Co-ordinating Council delivered the 2020-2025 Alpine Resorts Strategic Plan. FCARMB's marketing strategy will be updated to align with the strategic objectives of the plan and Falls Creek Resort Management's business goals. Consultation with stakeholders will be undertaken in this planning process.

DIGITAL

FCARMB social media accounts saw a **7.2%** audience increase across Instagram and **7.3%** rise across Facebook in 2020. During this same period, FCARMB Instagram account reached 134,000 people while the Facebook account saw a reach of 1 million.

www.falls creek.com.au recorded over **383k unique visitors** in the year, with 53% being new visitors to the website.

COMMUNICATION

FCARMB had an extremely high level of communication and crisis management throughout 2020.

The bushfire period saw numerous communications via text message, social media, email and website messaging to ensure visitors and residents were advised of updates and evacuation orders in a timely manner. Throughout the year, messaging regarding Victorian Government Health Directives including 'stay at home' orders, postcode lockdowns and resort closures were quickly shared with the Falls Creek community, stakeholders and guests.

PARTNERSHIPS

Partnerships and collaborations are a key element of the resort's development, year-round visitation increase and continued success:

- AGL
- Alpine Shire
- Ambassador Athletes
- Bicycle Network
- Birkebeiner Nordic Ski Club
- Blue Dirt

- BMW Australia
- **NEW – Bright Brewery**
- Dirt Diva's
- Disabled Winter Sports (DWA)
- Falls Creek Alpine Assoc.
- Falls Creek Chamber of Commerce & stakeholders
- Falls Creek Historical Society
- Falls Creek Ski Lifts (FCSL)
- Falls Cycling Club
- Kangaroo Hoppet Inc.
- Melbourne Track Club
- Mountain Bike Australia
- North East Victoria Cycling Optimisation Project (NEVCO)
- Parks Victoria
- **NEW – Peak Adventure**
- Protect our Winters
- Running Wild
- Snow Australia
- Tourism North East
- **NEW – Victorian Championship Management Committee**

PRODUCT DEVELOPMENT

Mountain Biking – The resort's unique offer is supported by 40km+ of well-maintained mountain bike trails built by world leader World Trail; shuttles by industry leader Blue Dirt; Bike Patrol; and ride in / ride out access suitable for all rider abilities. The network provides trails designed for all rider types – advanced, intermediate and beginner.

In order to continue the growth, stage 5 consisting of a further 10 km+ of single-track trails has been scoped and it was announced that the resort was successful in its application for the **Regional Infrastructure Fund** and is set to receive \$500,000 for the development of Stage 5 of the Falls Creek Mountain Bike Park.

Gravel riding – Resort Management is capitalising on the current trend of gravel riding and have taken the initiative to

promote the extensive network of fire trail in and surrounding the resort as a new product in 2020. This demographic are affluent ride cyclists searching for the next challenge. The introduction of an international gravel event, Grinduro, was set to launch the product to the market. This event was cancelled due to the Victorian Government declaring a state of emergency with restrictions implemented at the time to help stop the spread of coronavirus (COVID-19).

Altitude Training – Falls Creek is the ideal destination for altitude training programs due to its terrain, trails and gym facilities. The resort continues to be frequented by many high profile and developing track athletes. The Nordic Bowl development will assist in growing this product and attracting a wider target market.

Watersports – Due to the bushfires at the beginning of 2020, **Peak Adventure** did not get the opportunity to operate and offer the rental of water sports equipment to visitors for use on Rocky Valley Lake. As the resort moved into the warmer months at the end of the year, Peak Adventure were beginning to operate and offer lessons and guided kayak or stand-up paddleboard tours.

Hiking – Falls to Hotham Crossing. The finalisation of the Master Plan will see the enhancement of this offering from a facility and branding perspective. With the trail head proposed at Rocky Valley Lake, new activation opportunities will become available. FCARMB has also been able to leverage off the Walk High Country regional campaign.

ADAPTIVE

Front of mind for FCARMB is developing future trails, activities, services and products suitable for adaptive users. Adaptive users are people with a disability who require modifications to their equipment to undertake activities such as hiking, mountain biking and downhill skiing. Trailrider wheelchairs are an example of equipment that is operated by adaptive users so they can undertake these adventure activities. The fully accessible facility at Howmans Gap is a game changer in this space.







Developing the Resort and Broadening Access Opportunities

FCARMB has continued to work proactively to develop and refurbish the resort to ensure it remains a contemporary premier tourist destination.

Through the progression of new leases, lease renewals and strategic resort developments, FCARMB has implemented the Alpine Resorts Leasing Policy in accordance with the goals and objectives in the:

- Alpine Resorts Strategic Plan 2020–25;
- Falls Creek Strategic Plan 2013 – A Pathway to the Future; and,
- Falls Creek Master Plan 2016.

STRENGTHENING OUR SUMMER MARKET

There was a significant impact to the non-winter market with the evacuation and closure of the Falls Creek resort in early January due to bushfires. Limited access due to guest safety provided a difficult operating climate for commercial operators seeking to broaden the non-winter market.

On-going activation of mountain bike and walking trails provided key non-winter infrastructure assets which continued to drive non-winter tourism at Falls Creek. The Falls Creek Bike Hub continued to provide a social and programme centre for all cycling activities in Falls Creek. Combined with an events driven promotional strategy, the Falls Creek mountain bike market share has steadily increased. Significant planning for mountain bike touring and gravel event activation will promote a new market segment in 2021.

Commercial activation of the Rocky Valley foreshore provided the first genuine sailboat and equipment hire in alpine areas in Australia. While this activation was short-lived due to the bushfire event, it enabled FCARMB to establish the commercial operating business to grow a future market.

The Falls Creek Primary School, the only year-round alpine resort school in Australia, had 19 students enrolled year-round for 2020. This is a strong indicator that families are choosing Falls Creek as a viable professional and lifestyle community. A limit capacity of 40 students in winter highlighted a significant overflow of families seeking seasonal public education in the resort.

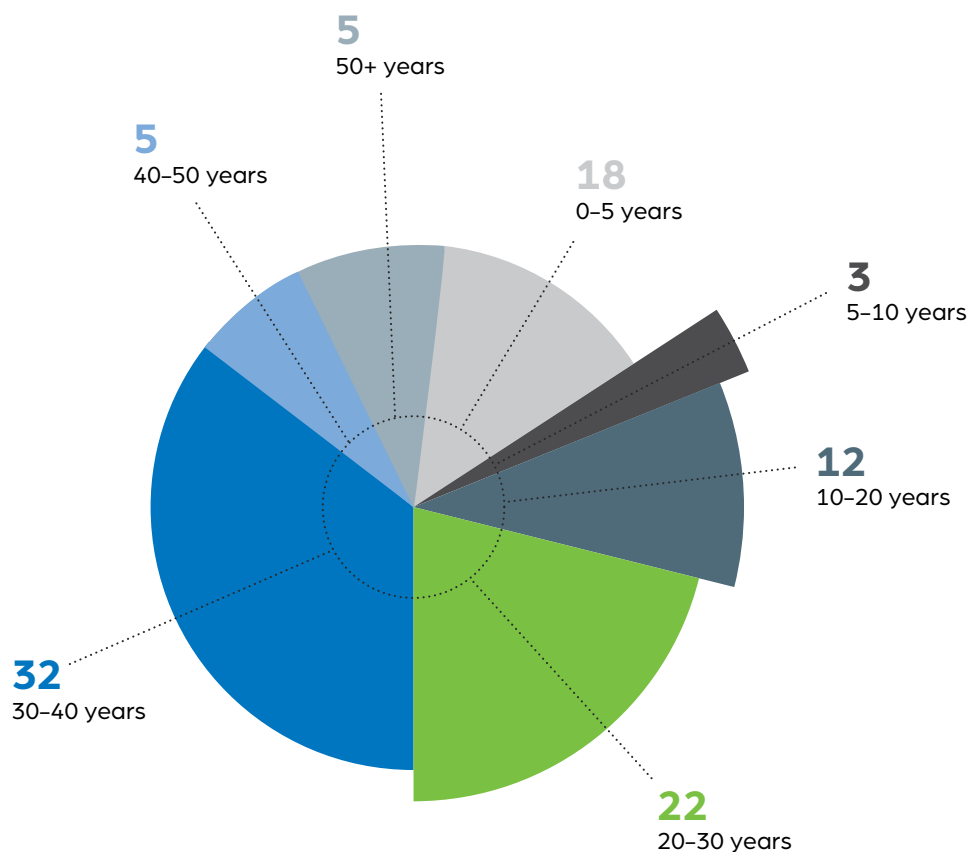
Falls Creek is the only alpine resort that can offer year-round education.

NEW LEASES AND PROPERTY TRANSACTIONS

A strong leasing framework remains a keystone for the progressive development of the village. Appropriate lease negotiation and subsequent development provides the foundation for the village to remain a contemporary guest experience at all times of the year. A continued strong emphasis on environmental performance and the Falls Creek Design and Siting Guidelines ensures all lease renewals are completed to contemporary standards.

Falls Creek has 64 leases with more than 20 years until expiry. Of the remaining 33 leases, 12 have over 10 years to run, 3 have between 5–10 years and 18 have less than 5 years remaining of which 12 are undertaking work in accordance with an Agreement to Lease. All new leases granted at Falls Creek in 2020 have been in accordance with the Alpine Resorts Leasing Policy, statutory planning provisions and Board policies and strategies.

Figure 1: Remaining Crown Lease Terms



Developments have continued on various sites throughout the village as lessees undertake refurbishment and upgrade requirements for leases or lease obligations that have been issued over the previous five years.

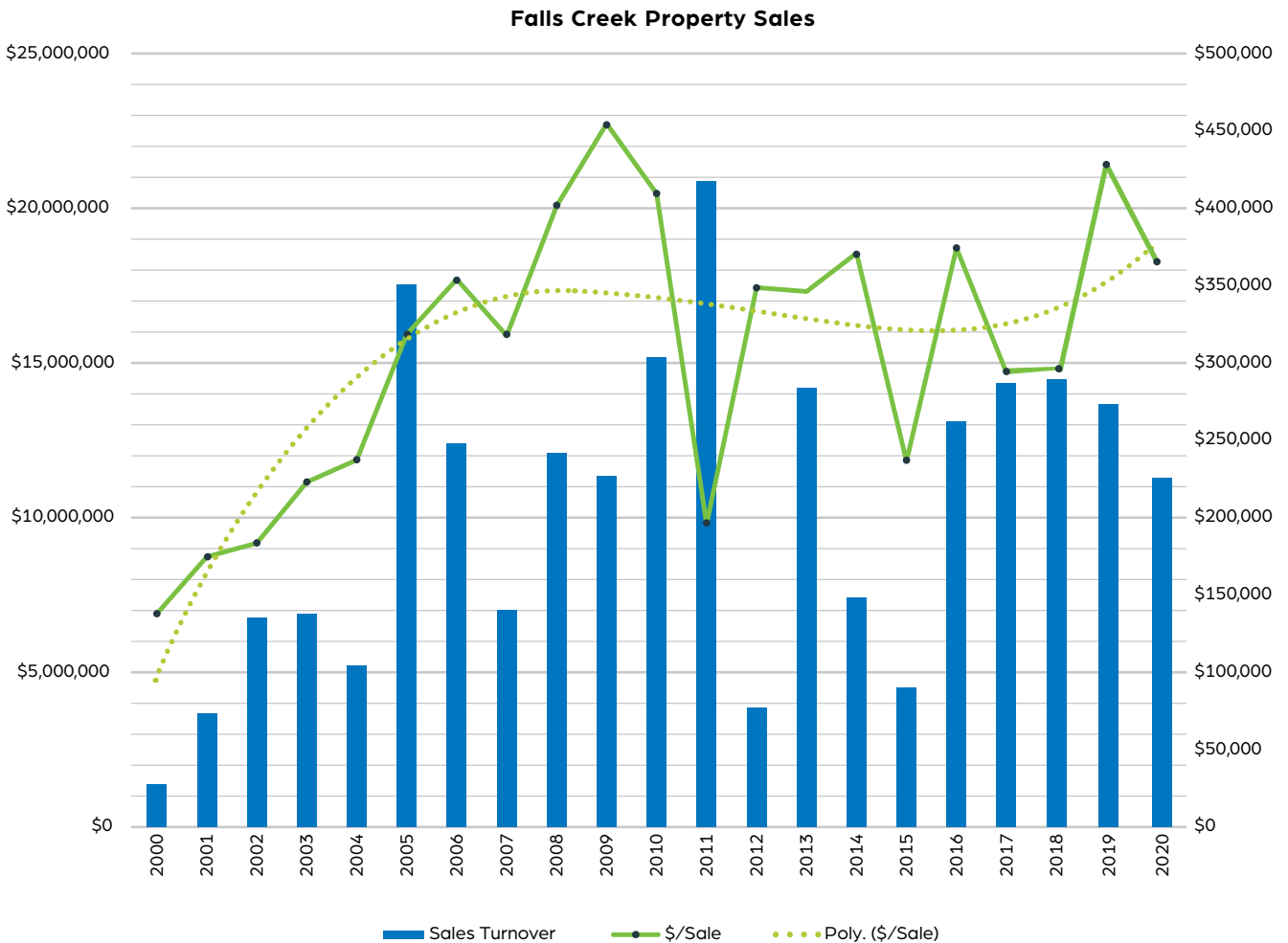
FCARMB has worked with lessees to ensure that all scheduled obligations are met in accordance with leases, the Building Code of Australia and planning permits issued under the Alpine Resorts Planning Scheme.

Steady property movement continued throughout 2020 in Falls

Creek. While property sales were stronger than anticipated, transactions were potentially impacted by limited visitation for extended periods due to COVID travel restrictions. There were 31 commercial transactions consented by the Board representing over \$11m of invested capital. The 31 property transactions comprised 2 head leases and 29 sub-leases.

An analysis of property sales in the resort since the year 2000 indicates a strong market recovery following two key macro-drivers: Global Financial Crisis (2008) and the Helmsman Sale (2011) that drove down industry real estate values.

Figure 2: Falls Creek Property Sales



In 2020, the assessment of fair value by the Office of the Victorian Surveyor General valued the village leasehold sites at \$27,572,857 with the balance of the resort valued at \$10,397,000. The improved value of the resort, excluding publically owned assets, was valued at \$246,140,000 in 2019, with the next valuation scheduled for 2024. Land valuations were undertaken on 22 leased sites as per lease requirements. The combined land value of these sites represented no alteration in overall land values in the resort.

STATUTORY COMPLIANCE

In accordance with Section 192 (1) of the Building Act 1993, FCARMB ensures compliance with all Building Code of Australia requirements at Falls Creek Alpine Resort. Annual

scheduled inspections are conducted throughout all buildings in the village to ensure compliance with all relevant standards. FCARMB worked closely with resort operators to comply with new pool and spa fencing regulations.

All environmental health requirements for the resort encompassed in the Food Act 1984 and the Public Health and Wellbeing Act 2008 are met by FCARMB through a services contract with the Indigo Shire. Inspections were disrupted due to the closing of the lifted operations that caused some food & beverage and accommodation providers to not open for business. Inspections of 32 of 45 premises were conducted during the disruption ski season, while the remaining 13 premises did not commercially operate. Educational components were included in these visits where needed in the

areas of tobacco reform and aquatic facility maintenance. Due to the seasonal changes in staff, environmental health efforts were focussed on an educational approach to inspections, ensuring new staff were aware of statutory responsibilities. All inspected sites complied with all statutory requirements.

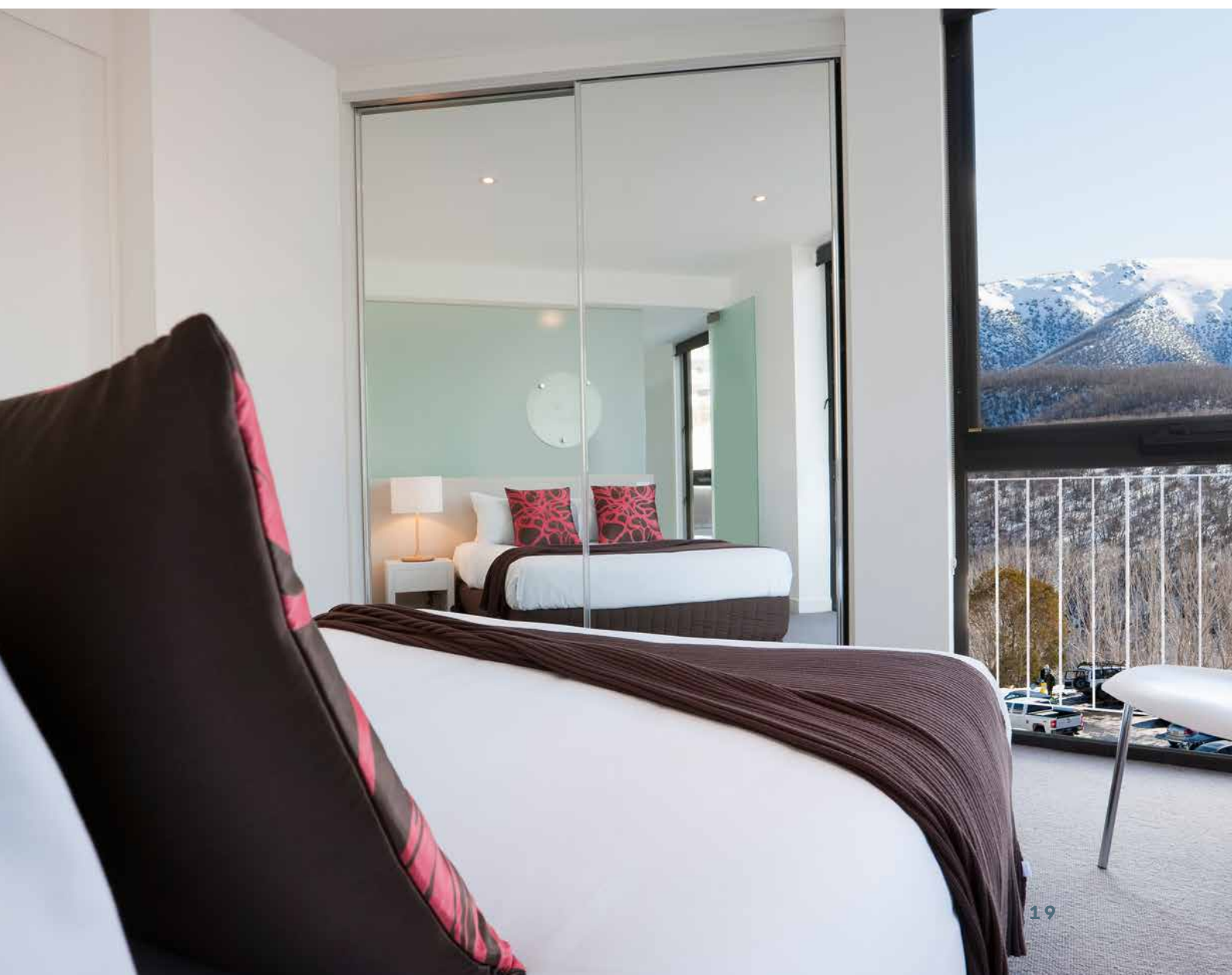
COMMERCIAL VIBRANCY

There was limited opportunity for short-term trading during the summer and winter trading periods. Falls Creek

retained three registered street trading licences that will expire at the conclusion of the 2021 declared snow season.

The summer bike trade was commercially serviced through a s39 permit for the provision of lifted passenger shuttles and café food sales.

Summer trading continued to be a strong point of industry difference for Falls Creek with a genuinely viable summer season that offers commercial opportunities for resort stakeholders. FCARMB will pursue further growth in the summer market to create greater commercial vibrancy.





Delivering Resort Services and Infrastructure

The Infrastructure and Mountain Response Group has the primary role within Falls Creek Alpine Resort for the provision of essential services, infrastructure and emergency management functions enabling the Falls Creek village and broader resort to operate in a safe, reliable and contemporary capacity.

Throughout the year, these services include the provision and management of potable water, waste water treatment, waste collection, roads and car parks, stormwater systems, public buildings, public spaces, emergency management and geotechnical risk mitigation. During the declared snow season, key services extend to include village transport, accommodation transfer services, freight services, car parking, snow clearing, village roads snow management, ski patrol and cross-country trail grooming.

Many responsibilities of the resort are similar to those of a municipality with the primary focus of work in the non-winter period being the maintenance of assets and delivery of the capital works program. Capital works efforts are concentrated during this period and are of critical importance to ensure priority asset renewal, replacement and investment programs are delivered for the resort.

2020 proved to be highly disruptive to all infrastructure services and works programs due to the impact of regional bushfires and the COVID-19 pandemic.

ASSET MANAGEMENT

Resort Management is focussed on the long-term improvement of the asset management program, including enhancement of the existing asset information database, development of detailed asset management plans and comprehensive roll out of preventative maintenance programs for the existing asset base. This project made significant progress in 2020 and will ensure compliance with the state government Asset Management Accountability Framework by the end of 2021.

CAPITAL WORKS PROGRAM

The capital investment program for 2020 once again focussed on addressing high priority asset renewal items. Key highlights of this program included:

- resurfacing of Gully and Windy Corner carparks;
- procurement of new oversnow and grooming machinery tracks;
- safety improvements for the water treatment shed;
- establishment of a new hard waste separation facility;
- treatment plant air blower replacement;
- drilling of back up water supply bore; and
- procurement of mini excavator plant.

WINTER OPERATIONS

The past winter was characterised by generally below average snow conditions for the majority of the 2020 season.

Natural snow accumulation began slowly on 23rd June, with the first real snow accumulation not occurring until 3rd July. This aligned well with the second week of school holidays, however ski lift operations were subsequently ceased on 9th July. Regardless, to ensure continuity of seasonal data, natural snow depth recordings were continued through the remainder of the season.

Other significant snowfall events occurred as follows:

- 23cm (8th August)
- 64cm (23rd August)
- 30cm (26th September)

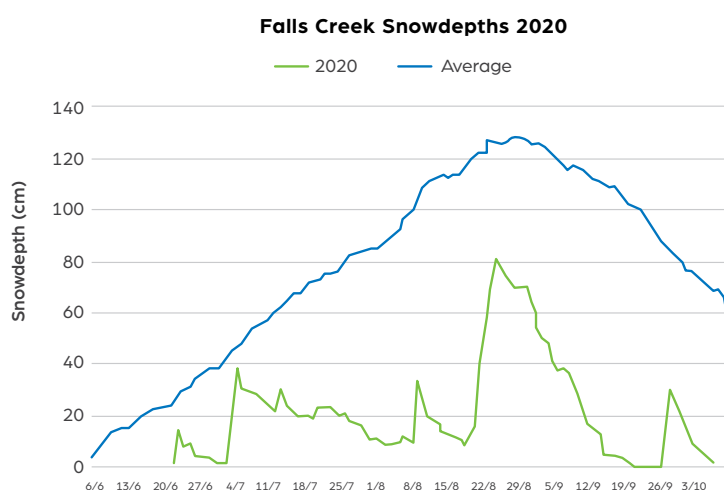
Due to the lack of snow through the early months of June and July, there was minimal base to the snowpack. The late season snow events quickly declined with the natural depth peak occurring on 24th August at 79cm, the third lowest total since records began in the early 1980s.

The pattern of snowfall in recent times at Falls Creek has moved towards larger storm-based accumulation, away from historical patterns which have been based on more frequent smaller snow events. This has implications for machinery and resourcing, given the scale of these storms.

The average snow depth across the season was only 21cm, the lowest figure since 2006 and the second lowest ever recorded. Given the shortened ski field activation during 2020, it is difficult to determine the impact the snow depth may have had on overall visitation, as Falls Creek has extensive snow making capability across the resort, none of which was activated after 9th July.

Due to COVID-19, cross country grooming was minimised to trails within the resort boundary, primarily for local use for exercise during the lockdown period. Unfortunately, the internationally recognised Hoppet XC ski race was cancelled this season.

Figure 3: Falls Creek Snow Depths 2020



ROAD ACCESS

Maintaining a safe and user-friendly village road network to ensure reliable commercial operation of the resort and critical emergency services access is one of FCARMB primary responsibilities.

As a ski-in/ski-out village, Falls Creek offers a unique experience for snow enthusiasts. Throughout 2020, this process continued to ensure safe local access, despite minimal guest visitation.

Due to the lack of natural snow during the 2020 winter season, the village roads were closed to wheeled vehicle access for a total of 30 days, well below the seasonal average of approximately 70 days.

Resort access via Bogong High Plains Road was maintained throughout the season with very few incidents due to the low traffic volumes.

The Bogong High Plains Road between Falls Creek and the Omeo Valley is not cleared of snow throughout the season, enabling its use as a key cross-country ski trail. In 2020, the road was closed to vehicles from 25th May until 22nd October due to substantial snow drifts and repair works being undertaken on the road post season.

During the season, FCARMB cleared numerous tree and rockfall events and actively managed the road to support chain fitting operations and critical gas tanker transit during storm events.

TRANSPORT AND CAR PARKING SERVICES

The resort transport and car parking operations were ceased after 12th July at the conclusion of the Victorian School Holidays. Freight delivery management remained operational throughout winter, supporting the local population. All freight services are delivered free of charge to all businesses and commercial lodges, removing many vehicles from the village roads and contributing to an improved village amenity.

Car parking services focussed on management of controlled resort access to ensure the COVID-19 safety requirements for external visitation were being followed correctly.

SKI PATROL

Falls Creek's Ski Patrol is responsible for safety on the ski slopes. Substantial additional training and preparation occurred for the 2020 season to ensure COVID-19 safety of patrollers and the general public.

After the closure of the ski field area, the ski patrol was reduced to a minimum resort support level for the remainder of the season.

Unfortunately, the international ski patroller exchange program with the United States was put on hold in 2020 and will likely not resume until 2022.

The patrol is responsible for attending to incidents, minor treatment/assessment in the field and transportation of patients to the medical centre or for handover to Ambulance Victoria. In 2020, the patrol responded to a total of 31 incidents compared to a normal season of >1,500 call outs.

Due to the early closure of the ski field, Falls Creek Ski Patrol

shifted its focus to backcountry / ski touring safety and improving the backcountry response of patrollers. The program included regular assessment of conditions on Mt McKay as well as popular in bounds areas such as the summit.

EMERGENCY MANAGEMENT

FCARMB is responsible for developing and maintaining a Municipal Emergency Management Plan (MEMP) that is compliant with the Emergency Management Act 2013. The Falls Creek MEMP Committee met twice during the 2020 period.

During 2020, there were two significant emergencies requiring activation of the MEMP:

1. Evacuation of the village on 3rd January due to bushfire threat.
2. COVID-19 pandemic.

Over January, the bushfire threat required the closure of the resort for an extended period, severely disrupting normal summer visitation and commercial activation.

The resort was also closed to general public access from 6 August to 17 September in alignment with state government directives for the COVID-19 pandemic.

FCARMB remains committed to responsible and compliant emergency management and works closely with all agencies to ensure this can be achieved.

WATER SUPPLY

Falls Creek enjoys a unique high quality water supply that is compliant with the water quality standards prescribed by the *Safe Drinking Water Act 2003 and Safe Drinking Water Regulations 2015*. During the year, the resort used a combination of groundwater from the new bore supply and surface water from Rocky Valley Reservoir. The treatment process includes pH buffering and final stage UV disinfection. The quality of supply was maintained at exceptional standards throughout the year.

Testing for water quality compliance is conducted weekly at a range of locations within the system. In 2020, test results were fully compliant with all legislative requirements.

The annual consumptive water usage in 2020 was 101 ML compared to 154 ML for the previous year.

WASTE WATER MANAGEMENT

Another key role for FCARMB is the safe, efficient and compliant treatment and discharge of waste water. The waste water treatment plant operates year-round under a biological nutrient removal aerobic process with treated effluent discharged into the Rocky Valley Creek catchment and activated sludge removed from resort during the summer months. The plant achieves high standards of nitrogen and phosphorus removal. Final deactivation treatment is achieved using high intensity UV light.

Effluent from the plant is subject to an EPA waste discharge licence that specifies limits for key parameters, tested monthly. Testing in 2020 indicated the effluent from the plant was fully compliant with the parameters specified in the discharge licence.

In 2020, the total annual discharge was 84 ML compared with 138 ML for the previous year.

GEOTECHNICAL RISK MITIGATION

FCARMB geotechnical program is an essential component of managing geotechnical risk in the resort. This program has enabled FCARMB to design and deliver an ongoing recurrent works program that includes the collection and analysis of groundwater data and early identification of emerging hazards.

In addition to recurrent works monitoring risk via a network of ground water drains, a range of capital works is undertaken each year. In 2020, these works included the upgrade of degraded stormwater infrastructure, rectification of failing retaining walls and improved access to existing groundwater monitoring bores.

A complete resort wide risk assessment process was also undertaken to re-baseline the geotechnical risk levels based on modern assessment techniques.

SUMMER OPERATIONS

Visitation to Falls Creek in summer 2019/20 was on track to remain strong. Prior to the bushfire evacuation notice, the Christmas/New Year period had an estimated peak attendance in the resort of 2,500 people. Careful planning was undertaken to ensure the capital and maintenance works program were completed with minimal disruption to visitors during this period.

Management of village access and resort parking during peak summer periods was again required in 2020 to maintain the amenity and safety of the village.

Falls Creek has a mountain bike trail network designed and built to international standards. This receives extensive use over summer and requires employment of dedicated resources to maintain these standards.

Additionally, over the summer months a select group of ski patrollers are tasked with providing Bike Patrol for the mountain bike park. This greatly enhances user safety and assists in first response to incidents in the park.





Respecting the Alpine Environment

Resort Management continued to prioritise the protection and enhancement of the alpine environment throughout 2020. Falls Creek Alpine Resort is an area of high biodiversity value with many species that are restricted to alpine and sub-alpine areas. This includes several rare and threatened species and communities listed under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) and *Flora and Fauna Guarantee Act 1988* (Vic).

ENVIRONMENTAL MANAGEMENT

Environmental management and resort operations in 2020 were carried out in accordance with the Falls Creek Environmental Management Plan (EMP 2017), which is due for review in 2021. Achievements for the year across each aspect of the plan included:

- **Biodiversity** – continuation of ongoing programs, including the weed control program removing environmental weeds from the resort and the pest animal program targeting feral cats and foxes. Revegetation of over 1,000 native plants occurred on exposed slopes, in areas where weeds had been removed and in community space gardens to add plant diversity.
- **Water and catchments** – full compliance with water use, extraction, quality, supply and discharge licences. Seasonal aquatic sampling was carried out in autumn and spring to monitor the water quality downstream of the Falls Creek village and the waste water treatment plant.
- **Waste and resource use** – measurable outcomes were influenced this year by the atypical winter season; however, 9 tonnes of organic waste was diverted from landfill during the winter period and 57% of waste (co-mingled, cardboard, organics and cooking oil waste) was recovered to be recycled. To reduce the quantity of reusable or recycled waste going to landfill, FCARMB introduced a community recycling station. This has been set up for special recycling items including eye care, oral care, writing instruments and small e-waste items. A community drop-off point for recycling disposable face masks was also made available and will be maintained for as long as required.
- **Land use and development** – the asset register was maintained and no significant environmental hazards requiring management occurred during the reporting period.
- **Energy and climate change** – Lower energy consumption occurred in the resort due to the reduced visitation resulting from COVID-19 restrictions. Energy efficiency was improved due to the installation of two new blowers at the waste water treatment plant. While compliance with COVID-19 restrictions increased vehicle use for some operations crew activities, the higher number of office staff working remotely offset these vehicle emissions and fuel use for the resort.

Management practices were undertaken with consideration of the principles and objectives of the Victorian Biodiversity Plan, *Protecting Victoria's Environment – Biodiversity 2037*. FCARMB was represented at the DELWP hosted regional Biodiversity Response Planning workshops with other key partners to collaborate on biodiversity values and priorities within the Hume region. Specific examples of actions in 2020 towards the Biodiversity Plan's goals included:

Goal: Victorians value nature

- the Falls Creek Environmental Interest Group supported a webinar series hosted by FCARMB that provided the Falls Creek community with the opportunity to hear from and talk to scientists currently engaging in environmental research around Falls Creek;
- environmental education opportunities were able to occur via online presentations to school students; and
- FCARMB was involved in the promotion of numerous online citizen science projects, including reporting sightings of Bogong moths and sightings of native and pest animals.

Goal: Victoria's natural environment is healthy

- ecological regimes were improved by the ongoing removal of the biodiversity threats of weeds and pest animals;

- important classes of species (such as apex predators) were considered in management planning and actions;
- monitoring programs of threatened species were supported and additional actions taken where required to inform management planning; and
- FCARMB supported and engaged in research that can contribute towards informing management actions in the future.

SPECIFIC BIODIVERSITY PROGRAMS

FCARMB received federal and state funding to support biodiversity projects during 2020. These grants enabled specific threats to biodiversity to be targeted:

- the resort continued involvement in activities as part of a cross-tenure project focussed on mountain pygmy-possum recovery in the Victorian Alps. In Falls Creek, this involved pest predator monitoring and control works in and around mountain pygmy-possum habitat which was carried out to give possums the best chance of survival. This project was supported by Falls Creek, through funding from the Australian Government's National Landcare Program.
- within the wider resort area, funded projects focussed on pest predator and weed control. This funding enabled an increased effort into the control of foxes and feral cats to protect threatened fauna. A focused weed control program targeted extensive patches of high priority weeds including willows, rowan trees, blackberry and pine trees. These projects have been funded by the Victorian Government's Biodiversity Response Planning program and is helping to ensure that Victoria's environment is healthy, valued and cared for.

Cross-tenure landscape scale programs that protect native ecosystems continued to be supported by FCARMB. This included the ongoing Hawkweed Eradication Program co-ordinated by Parks Victoria within the resort and surrounding Alpine National Park and the in-house surveillance for hawkweed along the mountain bike trail network. FCARMB continued to support the long-term monitoring program of mountain pygmy-possum populations within the resort and surrounding areas, with surveys showing healthy individuals in the population at Mt McKay. As a member of the mountain pygmy-possum state recovery team, FCARMB worked collaboratively with other organisations and scientists to implement the Mountain Pygmy-possum Operational Contingency Plan. A report detailing the research conducted by FCARMB into the monitoring of Bogong moths was completed after the summer of 2019-20 with the most successful methods further trialled in the spring and summer of 2020.

WASTE REDUCTION INITIATIVES

FCARMB continued active participation as part of the North East Waste & Resource Recovery Group (NEWRRG) to deliver best practice waste recovery and recycling through various partnerships and programs. Due to the reduced visitation this winter, the opportunity was taken to develop a support and training package for local businesses for implementation in 2021.

ENVIRONMENTAL RESEARCH

In 2020, FCARMB continued to collaborate with numerous organisations and tertiary institutions to undertake relevant alpine research to enhance understanding of the unique alpine biodiversity. Over a dozen research projects were undertaken in the resort this year including ongoing projects. The research addressed varied research topics including threatened species, climate change, alpine ecology and the monitoring of animal populations. It is hoped that the findings from this research will provide information that can inform land management decisions using the most current knowledge.



Climate Change Metrics



The summary table below provides some of the key climate change metrics being monitored by FCARMB, including measures of performance on environmental criteria and sustainability initiatives.

Table 2: Key climate change metrics

| | METRIC | UNIT | 2020 (i) | 2019 | 2018 | 2017 |
|------------------------------------|---|------------------|--------------|---------------|---------------|--------------|
| Tourism – Winter | Declared snow season | days | 121 | 121 | 121 | 127 |
| | Visitor days | days | 46,733 | 465,457 | 468,490 | 451,961 |
| | Visitors | persons | 14,150 | 171,533 | 179,131 | 193,936 |
| | Maximum natural snow depth and date | cm, date | 79cm; 24 Aug | 162cm; 11 Aug | 217cm; 22 Aug | 217cm; 8 Sep |
| | Total accumulated snowfall | cm | 187 | 272 | 391 | 473 |
| Tourism – Summer | Visitors | persons | 56,694 | 95,137 | 97,493 | 94,269 |
| Tourism – all season resort | Total annual visitors | persons | 70,844 | 266,670 | 276,624 | 288,205 |
| | All-season resort index (ratio of non-winter visitors to winter visitors) | number | 0.80 | 0.36 | 0.35 | 0.33 |
| Sustainability – Water | Potable water consumption: | | | | | |
| | a) Winter total potable water usage | ML | 42 | 101 | 99 | 96 |
| | b) Annual total potable water usage | ML | 101 | 154 | 174 | 177 |
| | c) Winter total potable water usage/visitor days | L / visitor days | 893 | 216 | 211 | 213 |
| | Recycled water produced | ML | 0 | 0 | 0 | 0 |
| Statutory Compliance | % | 100% | 100% | 100% | 100% | |
| Sustainability – Energy | Renewable energy consumption by Board (ii) | % | >5% | >5% | >5% | >5% |
| | Greenhouse Gas Emissions – by fuel type (carbon dioxide equivalence) | | | | | |
| | a) Electricity | CO2-e tonnes | 950 | 1,035 | 1,172 | 1,205 |
| | b) LPG | CO2-e tonnes | 222 | 158 | 223 | 217 |
| | c) Diesel | CO2-e tonnes | 114 | 286 | 313 | 309 |
| | d) Unleaded Petrol | CO2-e tonnes | 4 | 13 | 13 | 47 |
| TOTAL | CO2-e tonnes | 1,290 | 1,492 | 1,721 | 1,778 | |
| Sustainability – Waste | Total solid waste tonnage | tonnes | 336 | 797 | 774 | 681 |
| | Solid waste disposed to landfill | | | | | |
| | a) Annual tonnage | tonnes | 143 | 390 | 401 | 403 |
| | b) Winter tonnage | tonnes | 71 | 272 | 271 | 280 |
| | c) Winter kilograms/visitor days | tonnes | 1.52 | 0.58 | 0.58 | 0.62 |
| | Waste diverted from landfill % | | | | | |
| – Recyclables | % | 55% | 45% | 39% | 36% | |
| – Organics | % | 3% | 6% | 9% | 5% | |
| Sustainability – Paper | A4 equivalent copy paper used | reams | 122 | 156 | 164 | 185 |
| | A4 equivalent copy paper used per FTE | reams/FTE | 3.3 | 4.6 | 4.7 | 5.8 |
| | Percentage of recycled content | % | 100% | 100% | 30% | 20% |

Notes:

(i) 2020 metrics were heavily impacted by COVID-19 and bushfires and are therefore not directly comparable to previous years.

(ii) Electricity contracts include 5% renewable energy, but actual renewable proportion may be higher due to close proximity to hydro scheme. FCRM's electricity provider is unable to provide the exact renewable percentage.

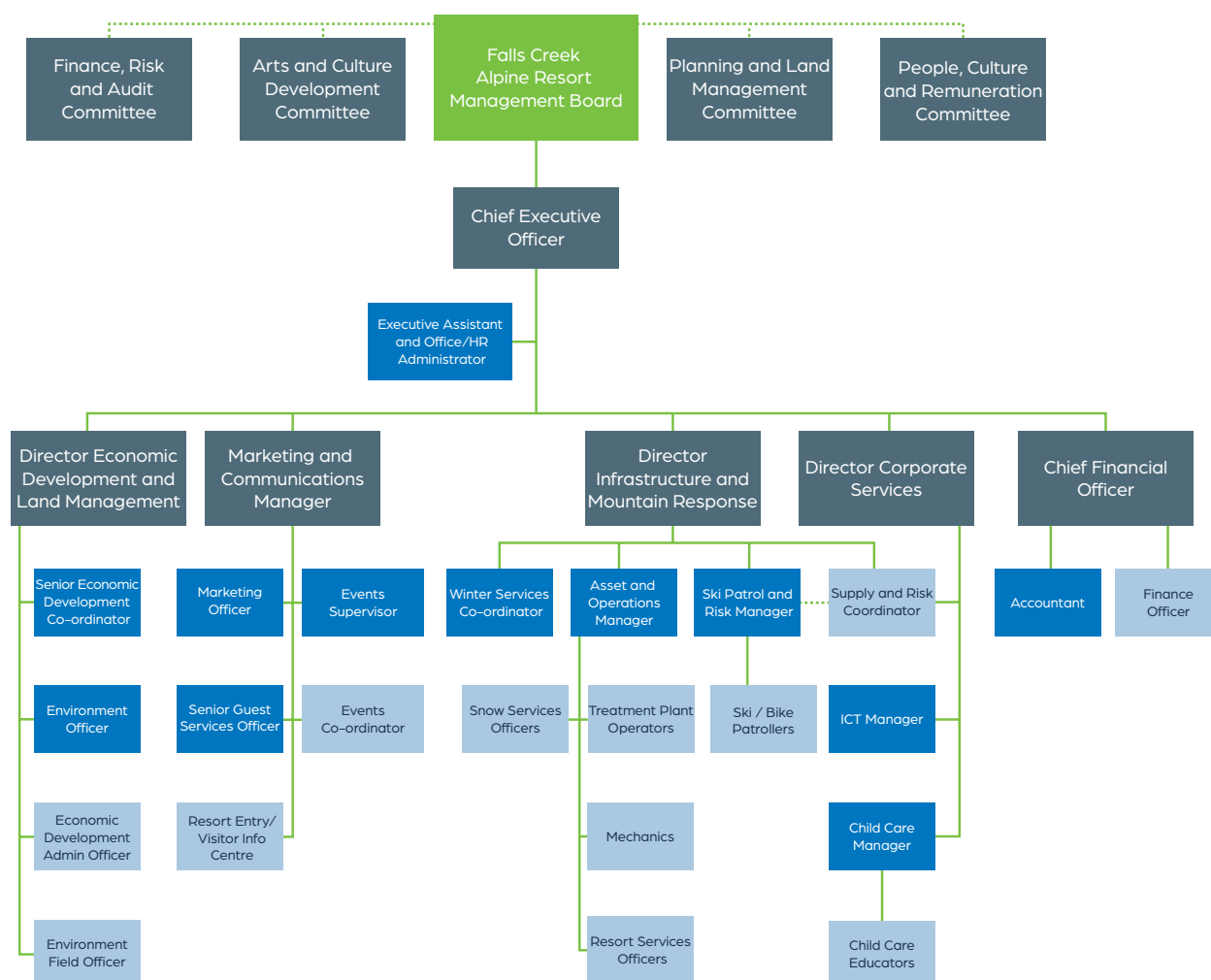


Organisational Structure

FCARMB functional structure includes the following defined areas:

- Economic Development and Land Management;
- Marketing and Communications;
- Finance
- Corporate Services; and
- Infrastructure and Mountain Response.

FCARMB organisational structure at 31 December 2020 is outlined in the following chart.



Board Profile

JO SHANNON

1 JANUARY TO 31 DECEMBER 2020

Chair Jo Shannon brings to the Board over 20 years' experience in financial management and corporate governance in local government, alpine resorts, hospitality and the health sector. She is currently the Director Corporate & Community Services with Federation Council and leads the Secretariat team for Rural Councils Victoria Inc. Prior to local government, Jo's management experience was gained in Melbourne media and technology companies and the alpine sector where she was employed by the Falls Creek Alpine Resort Management Board as the CFO and senior executive, leaving in 2013 to pursue other professional opportunities. More recently, Jo has served as a member of the Mount Hotham Alpine Resort Management Board and as Chair of its Audit Committee. As a keen skier and bushwalker, Jo has spent extensive time in the Victorian and NSW Alps and has travelled to many overseas ski resorts in North America, Europe and Japan. She is a full member of Albury Ski Club and an associate of Myrtleford Ski Club and has been part of the broader Falls Creek community for over 20 years. Now living in Albury, Jo considers herself very fortunate to have lived for 15 years in Mount Beauty, raising a young family and serving on a range of community boards, including the Alpine Health Board of Management, Alpine Shire Council Audit Committee and the local Bendigo Community Bank. Jo is committed to engaging communities to deliver a range of sustainable strategic outcomes as Falls Creek positions itself for the future.

LINDY ALLEN

1 JANUARY TO 31 DECEMBER 2020

Lindy is a highly-experienced senior executive currently operating Living-Proof Media, an independent consultancy to the arts offering services including documentation, evaluation, writing and editing for publication. Other current board roles include the Cultural Development Network and Winton Wetlands. Former board roles include Narrandera-based arts organisation, the Cad Factory, Lakes Entrance-based Aboriginal cultural organisation Wurrinbeena, Regional Arts Australia and the Australian Children's Theatre Foundation. Lindy is a judge/mentor for the Victorian Tourism Industry Commission RACV Tourism Awards and a grant assessor for Regional Arts Victoria's range of recovery programs. Organisation leadership roles include CEO of Regional Arts Australia (2013-2014) and CEO of Regional Arts Victoria (2004-2012). During 2012-2013, Lindy was Executive Producer for the Centenary of Canberra's largest national community engagement program, One River, spanning four states and a territory. Professional qualifications include Bachelor of Arts (University of Melbourne), Graduate Diploma Arts Management (University of South Australia), photojournalism major, Bachelor of Creative Arts (Latrobe University, Bendigo) and Graduate Australian Institute of Company Directors (GAICD).

SUE LEBISH**1 JANUARY TO 31 DECEMBER 2020**

Sue has over twenty years' professional and senior management experience in state government, university, defence and the banking sectors providing finance, governance, project and risk management roles in Queensland, Canberra and Victoria. Sue's current board roles include the Mt Hotham Alpine Resort Management Board, Mt Buller & Mt Stirling Alpine Resort Management Board, CEO of Winton Wetlands Committee of Management, Inc., Chair of the Audit Committee for the Alpine Shire and she has held various other board appointments in government owned and university research corporations. Sue's formal qualifications include a graduate of the Australian Institute of Company Directors, a Master of Business Administration, a Bachelor of Commerce and she is a Certified Practising Accountant. Sue is also a Fellow of the Governance Institute of Australia and a member of the Australian Risk Policy Institute. She lives locally and is a keen skier who has visited Falls Creek since the 1980's and has a strong belief in the commercial, ecological and social value of the alpine regions to the local and regional communities.

JASON ALEXANDRA**1 JANUARY TO 31 DECEMBER 2020**

Jason Alexandra has over 30 years' experience working on sustainability and Natural Resources Management (NRM) operating consulting, revegetation and farming businesses and working in senior roles in national and international organisations.

Jason has been a Director of Land & Water Australia and the Port Phillip CMA. As the Executive Director of the Earthwatch Institute, Jason initiated the successful citizen science program ClimateWatch. Between 2008 and 2013, Jason was a senior executive at the Murray Darling Basin Authority with responsibilities for NRM, water reform, climate science and ecosystem management.

As the managing director of Alexandra and Associates Pty Ltd, Jason has completed over 100 consulting projects on sustainability, natural resources management, environment and water policy.

Jason has a long term love affair with Victoria's alpine regions as a bushwalker and skier.

MICHELLE CROUGHAN**1 JANUARY TO 31 DECEMBER 2020**

Michelle has worked in local and state government as a planner for over 20 years, with a particular focus on the management of the planning system. Michelle was the Manager of Alpine Planning for the Victorian Government for a number of years and over the last 15 years has spent considerable periods of time in ski resorts in Australia and Japan with her family. She is currently working at the Department of Transport. Michelle is a Graduate Member of the Australian Institute of Company Directors, has an Honours Degree in Planning and Design at Melbourne University and a Diploma in Business Management at RMIT.

HELEN MORAN**1 JANUARY TO 31 DECEMBER 2020**

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

PETER VALERIO**1 JANUARY TO 31 DECEMBER 2020**

Peter has over 30 years' experience in commercial, public sector and business roles within the tourism sector and is widely respected for his destination marketing expertise. In his early career, he was general manager for one of Australia's largest ski tour operators and accommodation providers. He is a former senior executive of the Australian Tourist Commission (ATC), where he was responsible for evaluating the Commission's global marketing program, strategic analysis and resource allocation. He was part of the ATC team that developed 'destination branding' – an approach to destination marketing that has been adopted around the world. For the past 24 years, he has provided consulting services to a wide range of destinations in the form of tourism strategies, plans and related market analysis. Peter led the rebranding of Far North Queensland, guided the Hong Kong Tourism Board's strategy in the post-handover period and assisted in the development of three consecutive Tourism Master Plans for NSW. He has also advised a wide range of private sector tourism industry clients in most sectors of the tourism industry. More recently, he has assisted NSW National Parks & Wildlife Service in areas of asset management, consumer experience and product development, and prepared what is arguably the most comprehensive tourism forecasting exercise undertaken in regional Australia. He is a former faculty member of Hawaii's Executive Development Institute for Tourism where he delivered executive training modules in tourism marketing and market research. He is married with four children and lives in NE Victoria.

Board Committees

The Board meets regularly and operates with a Committee structure as detailed below to meet accepted principles of good governance and compliance requirements and to assist with the work of management and the Board.

FINANCE, RISK AND AUDIT COMMITTEE

The primary objective of the Finance, Risk and Audit Committee (FRAC) is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, risk management, internal control systems, external reporting and the internal and external audit functions.

All the Committee are independent, non-executive members. The FRAC has appropriate financial and industry expertise, and members are financially literate and have an appropriate understanding of the operation of the Resort Management Board.

Membership for the 2020 year included:

- Sue Lebish (Chair)
- Lindy Allen (Deputy Chair)
- Michelle Croughan
- Helen Moran

FRAC Duties and Responsibilities

The FRAC has a range of duties and responsibilities to fulfil as a Committee of the Board. In summary, these duties include:

a) reviewing the program and the audits conducted both by the organisation's internal and external auditors;

b) maintaining open lines of communication with the Board, the internal auditors and the external auditors;

c) reviewing the financial information to be presented by management to the Department of Environment, Land, Water and Planning (DELWP);

d) reviewing the adequacy of internal controls;

e) oversight of compliance and recommendations to the Board as to appropriate policies and governance; and

f) reviewing the Risk Management Framework and critical risks from the Risk Register.

Substantial work and effort was directed to standardise, streamline and improve reporting and processes; monitor and benchmark risk management performance; revise strategic documentation and policies; ensure procurement probity; and enhance governance and compliance.

PLANNING AND LAND MANAGEMENT COMMITTEE

This committee assists the Board in fulfilling its responsibilities relating to planning and land management within the resort.

Membership during 2020 included:

- Jason Alexandra (Chair)
- Sue Lebish
- Michelle Croughan
- Peter Valerio

ARTS AND CULTURAL DEVELOPMENT COMMITTEE

This committee was formed in 2016 to develop an arts and culture strategy to connect key points identified in the Falls Creek Master Plan. The committee oversees the implementation of this strategy which provides a clear framework for development of arts and culture in the resort.

Membership during 2020 included:

- Lindy Allen (Chair)
- Peter Valerio
- Debbie Howie (Falls Creek Chamber of Commerce representative)
- Karen Smythe (Falls Creek Historical Society representative)
- Shannon Exelby (from August 2020 – Falls Creek community representative)

PEOPLE, CULTURE AND REMUNERATION COMMITTEE

This Committee's charter was expanded in 2019 to

include a greater focus on people and culture across the organisation, in addition to responsibility for the appointment and performance monitoring of the CEO and executive remuneration policies, reporting and performance. Subsequently, the Committee's name was changed to the People, Culture and Remuneration Committee.

Membership during 2020 included:

- Helen Moran (Chair)
- Jason Alexandra
- Sue Lebish
- Jo Shannon

BOARD AND COMMITTEE ATTENDANCE

| NAME | BOARD | PLANNING AND LAND MANAGEMENT COMMITTEE | FINANCE, RISK AND AUDIT COMMITTEE | ARTS AND CULTURAL DEVELOPMENT COMMITTEE | PEOPLE, CULTURE AND REMUNERATION COMMITTEE |
|-----------------------------------|-------|--|-----------------------------------|---|--|
| Jo Shannon | 14/14 | | | | 2/2 |
| Lindy Allen | 14/14 | | 7/7 | 4/4 | |
| Jason Alexandra | 12/14 | 7/7 | | | 1/2 |
| Sue Lebish | 13/14 | 3/7 | 7/7 | | 2/2 |
| Michelle Croughan | 14/14 | 7/7 | 7/7 | | |
| Helen Moran | 14/14 | | 5/7 | | 2/2 |
| Peter Valerio | 14/14 | 7/7 | | 4/4 | |
| Debbie Howie | | | | 3/4 | |
| Karen Smythe | | | | 3/4 | |
| Shannon Exelby (from Aug 2020) | | | | 1/2 | |

Notes on attendance:

- includes interim and out-of-session Board meetings that were scheduled to deal with the impacts of the COVID-19 pandemic.
- excludes sub-committee meetings attended by Board members in an observational or invited capacity, when they're not members of that sub-committee.
- excludes management who attend by standing invitation but not in an official Committee membership capacity.



OH&S and Human Resources

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

FCARMB is committed to providing a safe and healthy workplace. The OH&S strategy is to ensure that employees, contractors, guests and visitors remain safe and healthy at work and while enjoying the alpine activities that Falls Creek has on offer. Some of the OH&S actions, initiatives and programs during the 2020 year that was heavily impacted by COVID-19 and bushfires included:

- developed comprehensive COVIDSafe Plans for all FCRM activities and COVIDSafe template for resort site-holders, operators and residents;
- developed an FCARMB Pandemic Influenza Action Plan;
- activated Emergency Management Plan in response to the bushfire and COVID-19 pandemic crises;
- implemented all recommendations from an OH&S internal audit;
- addressed items in the Health and Safety Action / Improvement Plans;
- upgraded safety / personal protective equipment;
- workplace safety discussions – daily “toolbox/morning briefing” meetings for all ski patrol and other outdoor crew;
- flu vaccination and expanded employee assistance program;
- conducted manual handling training for all permanent and year-round staff;
- ongoing revisions and updates to the suite of WHS / OH&S documentation across the organisation;
- continued development of Safe Work Method Statements (SWMS) covering high risk work activities;
- ongoing staff training to meet requirements in safety compliance, emergency management and personal development; and
- workplace inspection program, evacuation drills and other regular OH&S tasks to ensure resort safety and compliance.



| OH&S PERFORMANCE | | | | |
|--------------------------------|---|-----------|-----------|-----------|
| MEASURE | KPI | 2020 | 2019 | 2018 |
| Incidents | Number of Incidents | 30 | 53 | 83 |
| | Rate per 100 FTE | 81.1 | 155.9 | 237.1 |
| | No. of incidents requiring first aid and/or further medical treatment | 5 | 17 | 24 |
| Claims | Number of standard claims | 1 | 8 | 5 |
| | Rate per 100 FTE | 2.7 | 23.5 | 14.3 |
| | Number of lost time claims | 0 | 4 | 5 |
| | Rate per 100 FTE | 0.0 | 11.8 | 14.3 |
| | Number of claims exceeding 13 weeks | 0 | 2 | 0 |
| | Rate per 100 FTE | 0.0 | 5.9 | 0.0 |
| Fatalities | Fatality Claims | 0 | 0 | 0 |
| Claim costs | Average cost per claim | \$3,809 | \$27,307 | \$3,854 |
| Return to Work (RTW) | Percentage of claims with RTW plan < 30 days | 100% | 100% | 100% |
| Management commitment | OH&S policy statement, OH&S objectives, regular reporting to Board and senior management of OH&S, and OH&S plans | completed | completed | completed |
| | Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel) | completed | completed | completed |
| Consultation and participation | Evidence of agreed structure of designated work groups (DWGs), health & safety representatives (HSRs) and issue resolution procedures (IRPs). | completed | completed | completed |
| | Compliance with agreed structure on DWGs, HSRs and IRPs | completed | completed | completed |
| | Number of OH&S Committee meetings | 8 | 8 | 7 |
| Risk management | Percentage of internal audits/inspections conducted as planned: | 90% | 100% | 100% |
| | Percentage of reported incidents investigated | 40% | 45% | 19% |
| | No. of Improvement Notices issued by WorkSafe Inspector | 0 | 0 | 0 |
| | Percentage of issues identified actioned arising from: | | | |
| | - internal audits/Inspections | 100% | 100% | 100% |
| | - HSR provisional improvement notices | 0% | 0% | 0% |
| | - WorkSafe notices | 0% | 0% | 0% |
| Training | Percentage of managers and staff that have received OH&S training: | | | |
| | - Induction (including contractors and temps) | 100% | 100% | 100% |
| | - Management training | 100% | 100% | 73% |
| | Percentage of HSRs trained: | | | |
| | - Acceptance of role | 100% | 100% | 100% |
| | - Re-training (refresher) | 100% | 100% | 100% |
| | - Reporting of incidents and injuries | 100% | 100% | 100% |

The number of incidents decreased in 2020 by 40% to 30, of which only 5 required first aid and/or medical treatment. There was 1 new WorkCover claim in 2020, though no time was lost from this minor incident. The lower incident and WorkCover numbers are considered to be a result of a combination of lower activity from the closure of the resort to the public and a heightened emphasis on health and safety due to the COVID-19 pandemic. Treatment and rehabilitation continued for 2 longer-term WorkCover cases from earlier years. An OH&S internal audit was conducted during the year and all recommendations have been actioned and implemented. 90% of inspections were conducted as scheduled.

INDUSTRIAL RELATIONS

Preparation and review of revised Enterprise Agreement (EA) documentation and consultation meetings were held during 2020 on the extension of the current EA for 12 months due to its nominal expiration on 30 June 2020. The proposed extension provides for a wage increase and other minor adjustments for clarification and to ensure alignment with legislative requirements and government industrial relations policies. Delays have been encountered during the review process and the EA extension has yet to be ratified. There was no lost time during the year from industrial disputes.

| WORKFORCE DATA | | | | | | | | | | | | | | |
|----------------------------|---------------|-----------|---------------|---------------|-----------|-------------------|-----------|---------------|-----------|---------------|---------------|-----------|-------------------|-----------|
| | DECEMBER 2020 | | | | | | | DECEMBER 2019 | | | | | | |
| | ALL EMPLOYEES | | ONGOING | | | FIXED TERM/CASUAL | | ALL EMPLOYEES | | ONGOING | | | FIXED TERM/CASUAL | |
| | H/C | FTE | FULL-TIME H/C | PART-TIME H/C | FTE | H/C | FTE | H/C | FTE | FULL-TIME H/C | PART-TIME H/C | FTE | H/C | FTE |
| DEMOGRAPHIC DATA | | | | | | | | | | | | | | |
| Gender | | | | | | | | | | | | | | |
| Male | 27 | 23 | 13 | 2 | 14 | 12 | 9 | 29 | 23 | 13 | 2 | 14 | 14 | 9 |
| Female | 19 | 14 | 9 | 1 | 9 | 9 | 5 | 17 | 11 | 6 | 2 | 7 | 9 | 4 |
| Self-described | n | n | n | n | n | n | n | n | n | n | n | n | n | n |
| Age | | | | | | | | | | | | | | |
| 15-24 | 2 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25-34 | 8 | 7 | 4 | 0 | 4 | 4 | 3 | 9 | 5 | 3 | 0 | 3 | 6 | 2 |
| 35-44 | 14 | 11 | 9 | 0 | 9 | 5 | 2 | 16 | 12 | 9 | 2 | 10 | 5 | 2 |
| 45-54 | 13 | 11 | 4 | 2 | 5 | 7 | 6 | 12 | 10 | 4 | 1 | 5 | 7 | 5 |
| 55-64 | 8 | 7 | 4 | 0 | 4 | 4 | 3 | 8 | 6 | 3 | 1 | 3 | 4 | 3 |
| 65+ | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 0 | 0 | 0 | 1 | 1 |
| CLASSIFICATION DATA | | | | | | | | | | | | | | |
| Band 2 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Band 3 | 5 | 3 | 0 | 0 | 0 | 5 | 3 | 5 | 1 | 0 | 0 | 0 | 5 | 1 |
| Band 4 | 8 | 5 | 2 | 0 | 2 | 6 | 3 | 9 | 7 | 2 | 0 | 2 | 7 | 5 |
| Band 5 | 17 | 13 | 9 | 2 | 9 | 6 | 4 | 18 | 13 | 10 | 2 | 11 | 6 | 2 |
| Band 6 | 6 | 6 | 6 | 0 | 6 | 0 | 0 | 5 | 5 | 4 | 1 | 5 | 0 | 0 |
| Band 7 | 5 | 5 | 4 | 1 | 5 | 0 | 0 | 4 | 3 | 3 | 1 | 3 | 0 | 0 |
| Executives | 4 | 4 | 0 | 0 | 0 | 4 | 4 | 5 | 5 | 0 | 0 | 0 | 5 | 5 |
| Total employees | 46 | 37 | 22 | 3 | 23 | 21 | 14 | 46 | 34 | 19 | 4 | 21 | 23 | 13 |

Abbreviations: H/C = Headcount; FTE = Full-time Equivalent; n = no-one has identified in the category

Note: FTE figures in above table are rounded to the nearest whole number, so there may be rounding errors for some totals.



Compliance Items

STATUTORY UNDERTAKINGS

The statutory undertakings of the Board are:

- as a Board of Management under the *Alpine Resorts (Management) Act 1997* to manage the land at Falls Creek declared to be an alpine resort and to deliver the functions and services specified in the Act;
 - to act as a Committee of Management under the *Crown Land (Reserves) Act 1978*, and to exercise the powers conferred under that Act;
 - to provide the services of a municipal council for the purposes of the *Emergency Management Act 1986* and Division 2A of Part 9 of the *Environmental Protection Act 1970*;
 - to administer and enforce Parts 3, 4, 5, 7 and 8 of the *Building Act 1993* and the building regulations in the resort;
 - to regulate traffic and parking within the resort as a prescribed Public Authority under the *Road Safety Act 1986*;
 - to provide public health services within the resort under the provisions of the *Public Health and Wellbeing Act 2008* and *Food Act 1984*; and
 - to consider applications for planning permits in accordance with Sections 52 and 55 of the *Planning and Environment Act 1987*. The Minister with administrative responsibility for Alpine Resorts and responsible for the *Crown Land (Reserves) Act 1978* is the Minister for Energy, Environment and Climate Change.
- promotion by others of the use of the resort in accordance with the object of the Act;
- manage the resort in accordance with the object of the Act;
 - contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
 - undertake research into alpine resort issues;
 - contribute to and support the operation of the Alpine Resorts Co-ordinating Council;
 - prepare and implement a Strategic Management Plan for the resort;
 - expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(A) of the Act;
 - act as a committee of management of any Crown land deemed to be permanently reserved under the *Crown Land (Reserves) Act 1978* in the resort;
 - contribute, together with Tourism Victoria, established under the *Tourism Victoria Act 1992*, and the Council, to the overall promotion of alpine resorts; to develop a tourism and marketing strategy for and to promote the resort and to collect and expend voluntary contributions from commercial undertakings in the resort for this purpose;
 - provide services in the nature of:
 - » garbage disposal
 - » water supply
 - » gas
 - » drainage
 - » sewerage
 - » electricity
 - » roads
 - » fire protection
 - » transport for the resort

NATURE AND SCOPE OF ACTIVITIES

The Board provides a range of services to the community and resort visitors determined by clearly defined functions under the *Alpine Resorts (Management) Act 1997*, which require the Board to:

- plan for the development, promotion, management and use of the resort in accordance with the object of the Act;
- develop and promote, or facilitate the development or

- collect fees prescribed by the regulations for the resort;
- attract investment for the improvement of the resort in respect of which the Board is established; and
- carry out any other function conferred on the Board.

LEGISLATIVE AND REGULATORY COMPLIANCE

There is a wide range of legislative and regulatory requirements and deadlines that govern the Board's activities and behaviour. Those with a major influence on performance and success, together with brief details of our compliance outcomes are:

Alpine Resorts (Management) Act 1997

The object of this 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.

Compliance obligations under this Act were met through:

- preparation of a Corporate Plan in accordance with Section 53;
- fixing contributions for specified services in accordance with Section 13;
- notifying the Minister of significant affecting events in accordance with Section 55;
- the keeping of a General Account in accordance with Section 56;
- delivery of the functions prescribed in Section 38;
- exercise of powers in accordance with Section 39;
- employment of staff in accordance with Section 41;
- conduct of proceedings and disclosure of interest in accordance with Sections 51 and 52;
- granting of leases in accordance with Part 2; and
- preparation of a Strategic Management Plan in accordance with Section 56.

Alpine Resorts (Management) Regulations 2009 and 2020

Regulatory obligations have been met by:

- declaration of the Snow Season;
- setting aside areas where activities are prohibited or restricted;
- setting aside areas where entry is prohibited or restricted;
- setting aside areas to be used for certain purposes;
- granting of Authorities for certain purposes; and
- managing entry and permits for other uses in accordance with Parts 2 and 3.

Building Act 1993

FCRM is responsible for the application of this Act in much the same way as a municipal council and the nominated Municipal Building Surveyor for the resort is Phil Davern. Each building within the resort area has been scheduled for inspection to ensure that the regular maintenance of essential services installed has occurred to the required operational level at the required frequency. These inspections occur over a 3 year inspection cycle.

Catchment and Land Protection Act 1994

Falls Creek continued programs in accordance with the requirements of this Act.

Works included:

- control of noxious weeds;
- control of pest animals;
- control of State Prohibited Weeds; and
- ensured the health of land and waterways within the resort and their impacts within the catchment.

Crown Land (Reserves) Act 1978

- exercise of the powers of a committee of management; and
- granting of licences in accordance with Section 7.

Emergency Management Act 1986

FCARMB is deemed to be a municipal council for the purposes of this Act and has:

- prepared and maintained a Municipal Emergency Management Plan in accordance with Section 20; and
- complied with Section 2 in relation to coordination and planning and audit of the plan.

Environment Protection Act 1970

Participation in the regional waste management group North East Waste and Resource Recovery Group (NEWRRG) and the development of a regional waste management plan were central to meeting the obligations under this Act. Sewerage treatment operation was compliant with our EPA licence and an annual report was presented to the EPA by year end in accordance with the licence.

Financial Management Act 1994

Refer to Financial Statements.

Food Act 1984 and Public Health and Wellbeing Act 2008

Obligations and responsibilities under these Acts are met under Ministerial delegation to the Indigo Shire.

Freedom of Information Act 1982

This Act allows the public a right of access to documents held by the Board.

Freedom of Information (FOI) requests are made in writing describing the documents requested and including payment of the \$29.60 application fee. Further charges may be payable. FOI fees and charges are not subject to GST.

Requests should be sent to Freedom of Information Officer, Craig Thompson. The telephone contact number is (03) 5758-1200.

Enquiries can be emailed to fcrm@fallscreek.com.au

Requests for access to documents should be in writing and directed to:

Falls Creek Resort Management
PO Box 50, Falls Creek, Victoria 3699

In the reporting period, there were no FOI requests.

Local Jobs First Act 2003

Previously named the *Victorian Industry Participation Policy Act 2003*, this Act requires public bodies and Departments to report on the implementation of the Victorian Industry Participation Policy (VIPPP) for all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria. In 2020, there were no tenders above \$1 million.

Occupational Health & Safety Act 2004

Refer to OH&S on page 34-35.

Planning & Environment Act 1987

FCARMB is a referral authority for planning permit applications in the Erosion Management Overlay under section 55 of this Act and has the opportunity to comment on planning permit applications as the Land Manager.

Privacy and Data Protection Act 2014

This Act protects the privacy of personal information and data when it is handled by Victorian Public Sector (VPS) organisations, and by private or community sector organisations who are carrying out functions for or on behalf of VPS organisations. FCRM complies with the strict data and information obligations required under this Act.

Public Interest Disclosures Act 2012

This Act (formerly known as the Protected Disclosure Act 2012) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body. The Act aims to ensure openness and accountability by enabling people to make disclosures and protecting them when they do so. FCARMB is a public body for the purposes of the Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about FCARMB or its board members, officers or employees by contacting IBAC (details below). FCARMB is **not** able to receive public interest disclosures.

FCARMB has established procedures for the protection of persons from detrimental action in reprisal for making a

public interest disclosure about the organisation or its Board members, officers or employees. You can access FCARMB's procedures on its website.

IBAC contact details:

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

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

Mail: IBAC, GPO Box 24234, Melbourne, Vic, 3001.

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

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

Public Administration Act 2004

The purpose of this Act is to provide a framework for good governance in the Victorian public sector and to establish the Victorian Public Sector Commission (VPSC).

A number of divisions of the Act have applied to FCRM since the Act commenced. These include Board responsibilities to uphold and promote public sector values and employment principles.

Road Management Act 2004

Falls Creek maintains a roads register as required by this Act.

Road Safety Act 1986

Falls Creek exercised its role as a public authority for the purposes of this Act.

Safe Drinking Water Act 2003

The resort met its testing and monitoring obligations prescribed by this Act.

Falls Creek's annual report on its water supply responsibilities and testing was submitted to the Department of Health.

Competitive Neutrality Policy

Competitive neutrality is a guiding principle of the Competitive Neutrality Policy and requires that the Board should compete with private sector businesses on the same footing. The Board complies with the Victorian Government policies in regard to Competitive Neutrality Policy.

Women, Aged, Youth and Indigenous Affairs

The Board is committed to policies, programs and strategies aimed at delivering culturally appropriate services to all Victorians. In carrying out its business the Board ensures that there is female representation and equity and involves women in consultation, decision-making, leadership and equality of opportunity.

The Board abides by Aboriginal Affairs Victoria's reporting requirements.

Capital Projects

FCRM manages a number of capital projects, none of which exceeded the \$10m disclosure threshold. For information on recent capital projects managed by FCRM and the broader Victorian public sector, please refer to the most recent Budget

Paper No. 4 State Capital Program (BP4) available on the Department of Treasury and Finance's website at this link: <https://www.budget.vic.gov.au/budget-papers>

Contracts

The management of Board contracts is governed by its expenditure and contract approval policy and delegations register.

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

Public Administration Values and Employment Principles

FCARMB continued its commitment to the principles of merit and equity in human resource management. All appointments and promotions conducted during the reporting period were based on competitive selection processes. These selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

The organisation continues to implement the directions of the Victorian Public Sector Commission with respect to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit. Employees have been correctly classified in workforce data collections.

Factors Influencing Board's Performance

The COVID-19 pandemic and bushfire crisis as detailed in notes 1.1 and 1.2 of the Financial Statements were major factors affecting the Board's performance during the year.

Events Subsequent to Reporting Date

Subsequent events are detailed in note 8.8 on page 88 of the financial statements.

Overseas Travel

During 2020, there were no overseas visits made by FCARMB employees.

Government Advertising Expenditure

No Government Advertising Expenditure was incurred by FCARMB during the reporting period.

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, any data tables produced by FCARMB will be available at www.data.vic.gov.au in machine readable format.

Other Available Information

The following information is available on request, subject to the *Freedom of Information Act 1982*:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes; and
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.



Consultancy Expenditure

The selection and engagement of consultants is based on obtaining competitive public or restricted offers through open and effective competition, observing accountability requirements and achieving value for money.

Details of individual consultancies valued at greater than \$10,000

In 2020, there were three consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2020 in relation to these consultancies was \$191,768 (excluding GST). Details of these individual consultancies are outlined below.

| Consultant | Purpose of consultancy | Total approved project fee | Expenditure 2020 | Future Expenditure \$ excl. GST |
|--|---|----------------------------|------------------|------------------------------------|
| GHD Pty Ltd | Geotechnical risk mitigation, asset management and concept design | 90,000 | 87,006 | 192,500 |
| North East Waste and Resource Recovery Group | Kerbside reform transition planning | 10,000 | 10,000 | - |
| On Tap Consulting Pty Ltd | Technical and compliance advice | 100,000 | 94,762 | 100,000 |

Details of consultancies under \$10,000

In 2020, Falls Creek Resort Management engaged four consultancies where the total fees payable to the consultants were less than \$10,000, with a total expenditure in relation to these consultancies of \$12,808 (excluding GST).

Information and Communication Technology (ICT) expenditure

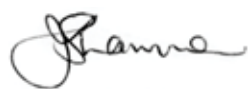
\$ excl. GST

| ICT expenditure type | 2020 | 2019 |
|--|----------------|----------------|
| ICT Business As Usual (BAU) expenditure | 508,093 | 454,606 |
| ICT Non-Business As Usual (non-BAU) expenditure: | | |
| Operational expenditure | - | - |
| Capital expenditure | 62,381 | 35,000 |
| Total ICT expenditure | 570,474 | 489,606 |

Attestation

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Jo Shannon, on behalf of the Responsible Body, certify that the Falls Creek Alpine Resort Management Board has no material compliance deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Jo Shannon
Board Chair
15 March 2021



How the 2020 Financial Statements are Structured

Falls Creek Alpine Resort Management Board (FCARMB) has presented its audited general-purpose financial statements for the financial year ended 31 December 2020 in the following structure to provide users with the information about FCARMB's stewardship of resources entrusted to it.

FINANCIAL STATEMENTS

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Declaration

Declaration by the Board Chair, Accountable Officer and Chief Financial Officer

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

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

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 27 April 2021.



JO SHANNON
Board Chair
Falls Creek
27 April 2021



STUART SMYTHE
Chief Executive Officer
Falls Creek
27 April 2021



SAMANTHA SALMON
Chief Financial Officer
Falls Creek
27 April 2021



Independent Auditor's Report

To the Board of the Falls Creek Alpine Resort Management Board

| | |
|--|--|
| Opinion | <p>I have audited the financial report of the Falls Creek Alpine Resort Management Board (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration by the Board Chair, Accountable Officer and Chief Finance Officer. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
5 May 2021



Paul Martin
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

| FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 | | | |
|--|-------|-------------------|-------------------|
| | Notes | 2020 | 2019 |
| | | \$ | \$ |
| Continuing operations | | | |
| Income from transactions | | | |
| Site rent and service charges | 2.1 | 5,249,542 | 6,016,956 |
| Visitor fees | 2.2 | 322,210 | 4,870,273 |
| Other income | 2.3 | 825,393 | 1,370,223 |
| Government contributions | 2.4 | 3,970,077 | 433,557 |
| Total income from transactions | | 10,367,223 | 12,691,009 |
| Expenses from transactions | | | |
| Employee benefits | 3.1 | 4,236,347 | 4,594,625 |
| Contract payments, materials, services | 3.2 | 2,777,254 | 3,459,519 |
| Utilities and telecommunications | 3.2 | 480,046 | 491,839 |
| Depreciation and amortisation | 4.2 | 2,380,864 | 2,242,222 |
| Interest expenses | 6.1.2 | 92,004 | 96,836 |
| Marketing and communications | 3.2 | 492,748 | 565,802 |
| Administration and compliance | 3.2 | 1,126,475 | 1,168,906 |
| Total expenses from transactions | | 11,585,738 | 12,619,749 |
| Net Result from continuing operations | | -1,218,515 | 71,260 |
| Other economic flows included in net result | | | |
| Net gain/(loss) on non-financial assets | 8.2 | -81,925 | 23,182 |
| Impairment of infrastructure, property, plant and equipment | | - | - |
| Other gain/(loss) from other economic activities | 3.1 | 125 | 168 |
| Total other economic flows included in net result | | -81,800 | 23,350 |
| Net result | | -1,300,315 | 94,610 |
| Other economic flows – other comprehensive income | | | |
| Changes in physical asset revaluation surplus | | - | - |
| Total other economic flows – other comprehensive income | | - | - |
| Comprehensive result | | -1,300,315 | 94,610 |

The accompanying notes form part of these financial statements.

Balance Sheet

| AS AT 31 DECEMBER 2020 | | | |
|---|-------|-------------------|-------------------|
| | Notes | 2020 | 2019 |
| | | \$ | \$ |
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | 6.3 | 1,197,818 | 1,803,496 |
| Receivables | 5.1 | 2,734,601 | 2,198,296 |
| Total financial assets | | 3,932,419 | 4,001,792 |
| Non-financial assets | | | |
| Inventories | 5.3 | 31,723 | 42,070 |
| Prepayments | 5.4 | 391,540 | 327,315 |
| Infrastructure, property, plant & equipment | 4.1 | 86,021,342 | 86,829,101 |
| Intangible assets | 4.4 | 4,000 | 69,980 |
| Right of Use Asset | 3.3 | 2,266,629 | 2,178,870 |
| Total non-financial assets | | 88,715,234 | 89,447,336 |
| Total assets | | 92,647,653 | 93,449,128 |
| Liabilities | | | |
| Payables | 5.2 | 743,937 | 816,116 |
| Unearned revenue | 5.5 | 812,199 | 202,517 |
| Borrowings | 6.1 | 431,651 | 618,979 |
| Provisions for employee benefits | 3.1.1 | 891,212 | 853,680 |
| Lease Liability | 3.3 | 2,296,949 | 2,185,816 |
| Total liabilities | | 5,175,947 | 4,677,107 |
| Net assets | | 87,471,705 | 88,772,019 |
| Equity | | | |
| Accumulated surplus | | 4,957,888 | 6,258,202 |
| Asset revaluation reserve | | 41,077,529 | 41,077,529 |
| Contributed capital | | 41,436,288 | 41,436,288 |
| Net worth | | 87,471,705 | 88,772,019 |

The accompanying notes form part of these financial statements.

Cash Flow Statement

| FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 | | | |
|--|--------------|-------------------|--------------------|
| | Notes | 2020 | 2019 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts in the course of operations | | 5,997,516 | 12,436,710 |
| Receipts from Government | | 4,557,623 | 433,557 |
| Receipts of insurance claims | | 134,191 | 122,363 |
| Interest received | | 1,474 | 6,190 |
| Total Receipts | | 10,690,805 | 12,998,821 |
| Payments | | | |
| Payments to suppliers for goods and services | | -5,585,446 | -6,398,622 |
| Payments to and on behalf of employees | | -4,266,422 | -4,518,706 |
| Interest paid | | -20,708 | -27,826 |
| Interest Paid – Lease Liability | | -66,867 | -69,010 |
| Goods and Services Tax received/(paid) to the ATO ⁽¹⁾ | | 396,872 | -157,505 |
| Total Payments | | -9,542,571 | -11,171,670 |
| Net cash flows from operating activities | 6.3.1 | 1,148,234 | 1,827,151 |
| Cash flows from investing activities | | | |
| Purchases of non-financial assets | | -1,424,514 | -1,440,841 |
| Receipts from insurance claims | | 1,571 | 14,272 |
| Sale of non-financial assets | | 21,636 | 25,500 |
| Net cash flows (used in) investing activities | | -1,401,307 | -1,401,069 |
| Cash flows from financing activities | | | |
| Owner contributions by State Government | | - | - |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | -187,328 | -180,210 |
| Payment of Lease Liabilities | | -165,276 | -123,571 |
| Net cash flows (used in) financing activities | | -352,604 | -303,781 |
| Net increase in cash and deposits | | -605,677 | 122,303 |
| Cash and deposits at beginning of period | | 1,803,496 | 1,681,193 |
| Cash and deposits at end of period | 6.3 | 1,197,818 | 1,803,496 |

The accompanying notes form part of these financial statements.

⁽¹⁾ Goods and Services Tax paid to the ATO is presented on a net basis.

Statement of Changes in Equity

| FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 | | | | |
|---|---------------------------------|------------------------|------------------------|-------------------|
| | ASSET REVALUATION RESERVE | ACCUMULATED SURPLUS | CONTRIBUTED CAPITAL | TOTAL |
| | | | | \$ |
| Opening Balance | 41,077,529 | 6,163,593 | 41,436,288 | 88,677,410 |
| Net result for the period | - | 94,610 | - | 94,610 |
| Balance as at 31 December 2019 | 41,077,529 | 6,258,202 | 41,436,288 | 88,772,019 |
| Net result for the period | - | -1,300,314 | - | -1,300,314 |
| Balance as at 31 December 2020 | 41,077,529 | 4,957,888 | 41,436,288 | 87,741,705 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. ABOUT THIS REPORT

The Falls Creek Alpine Resort Management Board (the Board) is a statutory authority of the State of Victoria, established under the *Alpine Resorts (Management) Act 1997*.

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.

The principal address is:

Falls Creek Alpine Resort Management Board
1 Slalom Street,
Falls Creek VIC 3699

Basis of preparation

These financial statements cover the Board as an individual reporting entity. These financial statements have been prepared on a going concern basis. During the 2018 Financial Year, the Board structure changed to consist of seven (7) members: three (3) unique Board members to Falls Creek Alpine Resort Management Board and four (4) Board members who are members of Falls Creek, Mt Hotham, Mt Buller & Mt Stirling Alpine Resort Management Boards. This structure continued through the 2020 Financial Year. This change in the Alpine Resort Management Board structure has not impacted the going concern of the organisation but has brought more collaboration between the Resorts involved.

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

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

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

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

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

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 (AASs) that have significant effects on the financial statements and estimates are to be disclosed in the notes under the heading: 'Significant judgement or estimates.'

All amounts in the financial statements have been rounded to the nearest \$1 unless otherwise stated.

Compliance information

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

Where appropriate, those AASs 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 are reported.

1.1 IMPACT OF THE COVID-19 PANDEMIC

On 16 March 2020 the State Government declared a State of Emergency as a result of COVID-19 global health pandemic. This has had a significant impact on the operating and economic environment for the Board which has led to a number of restrictions that have impacted the ability of FCARMB to trade.

The resort was closed to the public from the period of 30 March to 31 May 2020. This resulted in the loss of revenue from events, and resulted in an inability for stakeholders to enter the resort to prepare buildings for the upcoming Winter season. The resort re-opened with visitor caps from 1 June 2020 with the official 2020 Winter season beginning on 6 June 2020 without lift operations due to restrictions not allowing for lift operations to begin until after 22 June 2020. As a result of the second wave of COVID-19 the resort was again closed to the public from 6th August 2020 and reopened with visitor restrictions (regional Victorians) on 17 September 2020. This has stopped the majority of all revenue from resort entry for FCARMB and impacted the revenue generation for the Siteholders.

A State Government wide rent relief initiative was announced, with Terms & Conditions for the Crown land within the resort received on 8 May 2020. Siteholders could apply for rent relief up until 15 June 2020 with a second round of rent relief opened between 19 August 2020 and 15 September 2020. This rent relief provided a reduction in the amounts due of siteholders who met the criteria, impacting the revenue received by the Board. On 15 September 2020 an Alpine Support Grant was announced to support siteholders in paying their Service Charges, this did not impact the revenue received by FCARMB.

During this period FCARMB has also reduced its transactional expenditure, wherever possible to assist in offsetting the loss in revenue. As a State Government owned entity the Board is not eligible for JobKeeper but has kept full time, part time and designated casual staff employed as a result of the application of the Victoria Public Sector guidance note for COVID-19 and ongoing financial support from the State Government to maintain employment.

FCARMB has worked closely with the State Government through the responsible minister and the Department of Environment, Land, Water and Planning (DELWP) to maintain adequate financial support during these periods of closure to the public, including the provision of regular and detailed cash flow forecasts. As a result, DELWP provided an advance of \$3.5m funding throughout 2020 for COVID-19 funding support (see note 2.4). The responsible minister through DELWP has further committed to provide ongoing financial support for the resort to meet its financial responsibilities, including the provision of a letter of financial support for the period until 30 April 2022.

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

Note 2.1 Site Rent and Service Charges

Note 2.2 Visitor fees

Note 2.4 Government and other grants

Note 3.1 Employee Expenses

Note 3.1 Other Expenses

Note 4.1 Depreciation, amortisation and impairment of property, plant and equipment and vehicles

Note 5.1 Receivables

Note 7.3.2 Fair Value Determination

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

1.2 BUSHFIRE IMPACT

During December 2019 and January 2020 Victoria, New South Wales and South Australia were subject to extreme bushfires which led to wide scale devastation of animals and habitat. The resort was under mandatory evacuation for the periods of January 3 until January 13 2020. The resort was closed to guests over this period, with businesses, community and guests evacuating for the remainder of the peak summer season, thus resulting in the loss of income for events for the Board and impacted revenue generation for Siteholders.

Notes to the Financial Statements

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

The overall objective of the Board is to deliver, for our users and stakeholders, an unparalleled and unique world class all seasons Alpine resort, renowned for being Australia's premier leisure, lifestyle and adventure destination.

To enable the Board to fulfil its objective it receives contributions from site holders in accordance with its role as

managers of Crown Land. The Board also receives income of visitor fees from the public visiting during the declared Snow Season. The Board also receives Government funding due to its status as a statutory authority.

Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Income is recognised when or as the performance obligation has been completed and the customer has received the benefit of the goods or services being provided.

2.1 SITE RENT AND SERVICE CHARGES

| | 2020 | 2019 |
|-----------------|------------------|------------------|
| | \$ | \$ |
| Service charges | 4,605,232 | 4,425,259 |
| Site rental | 644,310 | 1,591,697 |
| Total | 5,249,542 | 6,016,956 |

Service charges are imposed on an annual basis, and revenue is recognised on an accrual basis. Service charges are calculated on a rate per bed and per square metre of commercial area held within each premise. A bed audit is conducted on a three-year cycle for each premise. Capital ingoings are charged when a site undertakes development that increases the site's capacity. These are once-off charges to cover the infrastructure costs needed to support the additional capacity and are included in the service charges line above. Capital ingoings are recognised when the development occurs. In September 2020 an Alpine Support Grant was announced that was distributed to eligible siteholders directly with the intent to assist them paying their Service Charges. This was administered by the Department of Jobs, Precincts and Regions (DJPR) and distributed directly to stakeholders; this did not impact the Board. This did not impact the revenue recognised by the Board for Service Charges.

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*. The general terms and conditions for site rental are based on a formal valuation undertaken on a three-year cycle for each site holder. During the years between valuations, site rental increases in line with the CPI released by the Australian Bureau of Statistics. During the 2020 Financial Year, the state government offered a rent relief for commercial tenants; this program was by application only with evidence of the Federal JobKeeper program included for applications received after 4th June 2020. The majority of sites held within Falls Creek applied and received a portion of relief for the 2020 calendar year under this program. The revenue recognised above is net of the rent relief applicable to sites, with total relief provided of approximately \$1m.

2.2 VISITOR FEES

| | 2020 | 2019 |
|--------------------|----------------|------------------|
| | \$ | \$ |
| Resort entry fees | 283,549 | 4,732,144 |
| Childcare services | 38,661 | 138,129 |
| Total | 322,210 | 4,870,273 |

Revenue 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 guests who do not pay their visitor fees under the *Road Safety Act 1986* and the *Road Safety (General) Regulations 2009*. Infringement income is located below in note 2.3 Other income. Other income is recognised on an accrual basis. For the 2020 declared snow season there were closures to the resort under state lockdowns as well as free childcare initiatives as a result of the Coronavirus pandemic that impacted the revenue from visitor fees in 2020.

2.3 OTHER INCOME

| | 2020 | 2019 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Ski patrol contributions | 336,515 | 453,423 |
| Co-operative marketing | 77,002 | 219,695 |
| Interest | 1,589 | 6,190 |
| Insurance recovery | 135,762 | 135,337 |
| Property and leasing fees | 108,530 | 205,405 |
| Sponsorships | 25,000 | 25,909 |
| Infringement income | 1,056 | 19,057 |
| Other income | 139,940 | 305,207 |
| Total | 825,393 | 1,370,223 |

2.4 GOVERNMENT AND OTHER GRANTS

| | 2020 | 2019 |
|---|------------------|----------------|
| | \$ | \$ |
| Victorian State Government | 3,594,399 | 108,996 |
| Commonwealth funding | 322,951 | 305,015 |
| Other funding (private or other government) | 52,727 | 19,546 |
| Total | 3,970,077 | 433,557 |

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations, then the revenue is recognised when each performance obligation is satisfied per AASB 15. The performance obligations are varied based on the agreements. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods, being either costs or time incurred, are deemed to be the most appropriate methods to reflect the transfer of benefit. Assets arising from grants in the scope of AASB 1058 are recognised at the asset's fair value when the asset is received. The Board considers whether there are any related liability or equity items associated with the assets which are recognised in accordance with the relevant accounting standard. Once the assets and liabilities have been recognised, then income is recognised for any remaining asset value at the time that the asset is received.

Income from grants is recognised in the comprehensive operating statement in line with the above unless there is a requirement to recognise a liability in accordance with any other Australian Accounting Standard or unless the consideration was received in order to construct a non-financial asset which will be controlled by the Board after construction. In the latter case, the income will be recognised in line with the construction of the asset. Where contributions are received within the same period of the construction of the asset, the cash will be recorded as revenue. Where the contribution is received as cash prior to commencement of construction, a liability to the value of the cash amount received will be included in the balance sheet which will effectively represent unearned income.

The above grants received have been assessed as meeting the criteria of AASB 15 as performance obligations are specific to the receipt of funds, under the letter of comfort. The Board has recognised income when it has satisfied its obligations under the transfer (i.e. on an accrual basis).

Any contributions received from the Victorian State Government that are deemed as being in the nature of owner's contributions (appropriations) are accounted for as Equity – Contributed Capital in accordance with Financial Reporting Direction (FRD) 119A Transfers through Contributed Capital. A letter of comfort has been received covering the COVID-19 pandemic where cashflow funding was received from the Victorian State Government to support the Board through this period as a result of lost income from Visitor fees and Site Rental income. These funds had obligations attached, under a letter of comfort and have been recognised under AASB 15.

Notes to the Financial Statements

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides information on the expenses incurred as part of the delivery of services. In note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are recorded. Like note 2, this section discusses a number of the items on the comprehensive operating statement under 'expenses from transactions' as well as employee benefits listed in the balance sheet under liabilities, as provisions. Depreciation and amortisation are discussed in note 4 while interest expenses are discussed in note 6.

3.1 EMPLOYEE BENEFITS

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Salaries and wages, annual leave and long service leave | 3,894,326 | 4,231,404 |
| Defined contribution superannuation expense | 335,288 | 357,102 |
| Defined benefit superannuation expense | 6,733 | 6,119 |
| Total | 4,236,347 | 4,594,625 |

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 employee contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The Department of Treasury and Finance (DTF) in their annual financial statements disclose on behalf of the State as the supporting employer, the net defined benefit cost related to the members of these plans as an administered liability. More detailed disclosures in relation to these plans can be obtained in DTF's Annual Financial Statements.

During the COVID-19 pandemic, the Board was bound by the Industrial Relations Framework which secured roles and salary maintenance for roles impacted by the pandemic. This allowed staff to remain working through internal redeployment or redeployment across the public sector.

3.1.1 EMPLOYEE BENEFITS IN THE BALANCE SHEET

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$ | \$ |
| Current provisions | | |
| Annual leave | | |
| Unconditional and expected to be settled within 12 months | 140,587 | 132,132 |
| Unconditional and expected to be settled after 12 months | 56,327 | 28,643 |
| Long service leave | | |
| Unconditional and expected to be settled within 12 months | 214,243 | 218,283 |
| Unconditional and expected to be settled after 12 months | 116,396 | 116,547 |
| Provisions for on-costs | | |
| Unconditional and expected to be settled within 12 months | 42,244 | 27,153 |
| Unconditional and expected to be settled after 12 months | 20,382 | 35,043 |
| Total current provisions for employee benefits | 590,179 | 557,801 |
| Non-current provisions | | |
| Employee benefits | 269,761 | 263,558 |
| Employee benefits on-costs | 31,272 | 32,321 |
| Total non-current provisions | 301,033 | 295,879 |
| Total provisions for employee benefits | 891,212 | 853,680 |

Employee benefits consist of salaries & wages, annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers' compensation insurance are not employee benefits and are reflected as a separate provision. All amounts are measured at present values.

No provision has been made for sick leave as all sick leave is non-vesting and 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.

Reconciliation of movement in on-cost provision

| | 2020 | 2019 |
|------------------------------------|---------------|---------------|
| | \$ | \$ |
| Opening balance | 94,517 | 80,687 |
| Additional provisions recognised | 27,779 | 45,643 |
| Reductions arising from payments | -28,523 | -31,981 |
| Effect of change in discount rates | 125 | 168 |
| Closing balance | 93,898 | 94,517 |
| Current | 62,626 | 62,196 |
| Non-current | 31,272 | 32,321 |
| Total | 93,898 | 94,517 |

Notes to the Financial Statements

3.1.2 SUPERANNUATION CONTRIBUTIONS

| | PAID CONTRIBUTION FOR THE YEAR | | CONTRIBUTION OUTSTANDING AT YEAR END | |
|------------------------------------|-----------------------------------|----------------|---|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ |
| Defined benefits plan (i): | | | | |
| ESS super | 10,247 | 9,198 | 570 | 794 |
| Defined contribution plans: | | | | |
| Vic super | 78,832 | 118,301 | 15,432 | 21,804 |
| Other | 285,923 | 261,313 | 75,741 | 65,628 |
| Total | 375,002 | 388,812 | 91,743 | 88,226 |

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 noted before, 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.

3.2 EXPENSES FROM TRANSACTIONS OTHER THAN EMPLOYEE BENEFITS

The Board incurs many transactions to deliver its services. Costs incurred are recognised when goods are received or when services are provided. From the Comprehensive Operating Statement, the main areas of transactions are further defined below.

Contract payments, materials and services costs relate to those costs incurred with maintaining the infrastructure of the resort, such as transport facilities for guests during the declared snow season, waste services, sewerage and water supply, snow clearing, public shelters, equipment, etc. Many of these costs are bound by contracts held within commitments payable (see Note 6.4).

Administration and compliance refer to the costs incurred by the Board for items that are covered by Ministerial Directions such as ARCC contributions; insurance; and other expenses relating to general office consumables.

Marketing and communications costs are those related to sustaining and growing visitation during the declared snow season and (as per Ministerial Direction) the promotion and growing visitation at other times of the year (green season). They also relate to collaboration and engagement with stakeholders to create a seamless visitor experience in a manner that is considerate of stakeholder business viability and sustainability. During 2020, many projects were paused due to the COVID-19 pandemic.

Utilities and telecommunications costs are those related to electricity and gas supply to assets owned by the Board and public buildings as well as the costs associated with all telecommunications required for the operation of services provided by the Board.

The letter of comfort specified that costs were to be reduced to essential spend only from April 2020. The below expenses are net of any contracts negotiations; events were cancelled and consumables were reduced. Many expenses incurred by the Board were pre-committed or continue to be provided as essential services under the pandemic.

3.2 EXPENSES FROM TRANSACTIONS OTHER THAN EMPLOYEE BENEFITS

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Contract payments, materials, services | | |
| Contractors (cleaning, transport and general) | 1,365,603 | 1,470,579 |
| Waste services | 531,013 | 560,224 |
| Consumables | 280,171 | 385,095 |
| Consultants | 137,110 | 201,408 |
| Other contract payments, materials, services | 463,358 | 842,213 |
| Total contract payments, materials, services | 2,777,254 | 3,459,519 |
| Administration and compliance | | |
| ARCC contributions | 315,304 | 300,400 |
| Insurance | 414,033 | 408,033 |
| Other administration and compliance | 397,138 | 460,473 |
| Total administration and compliance | 1,126,475 | 1,168,906 |
| Total marketing & communications costs | 492,748 | 565,802 |
| Total utilities & telecommunications costs | 480,046 | 491,839 |

Notes to the Financial Statements

3.3 LEASES

The Board has applied AASB 16 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.

Policy applicable after 1 January 2019

At inception of a contract, all entities would assess 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 identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- the contract involves the use of an identified asset;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset.

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

On transition to AASB 16, the Board elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases.

3.3.1 As a lessee

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-

of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV). Generally, the Board uses an appropriate incremental borrowing rate as the discount rate.

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

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Board is reasonably certain to exercise, lease payments in an optional renewal period if the Board is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Board is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Board's estimate of the amount expected to be payable under a residual value guarantee, or if the Board changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Peppercorn Leases

The Board has elected to apply the temporary option available under AASB 16 which allows statutory entities to not measure right of use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

3.3.2 RIGHT OF USE ASSETS

| | Property | Vehicles | Other, etc | Total |
|-----------------------------|-----------|----------|------------|-----------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 January 2019 | 1,804,596 | 281,800 | 46,065 | 2,132,461 |
| Additions | - | 176,925 | - | 176,925 |
| Amortisation Charge | -29,457 | -87,897 | -13,161 | -130,516 |
| Balance at 31 December 2019 | 1,775,139 | 370,828 | 32,903 | 2,178,870 |
| Balance at 1 January 2020 | 1,775,139 | 370,828 | 32,903 | 2,178,870 |
| Additions | - | 254,654 | - | 254,654 |
| Amortisation Charge | -29,457 | -124,276 | -13,161 | -166,894 |
| Balance at 31 December 2020 | 1,745,682 | 501,206 | 19,742 | 2,266,630 |

3.3.3 LEASE LIABILITIES⁽ⁱ⁾

| | 2020 |
|---|------------------|
| | \$ |
| Nominal value of total lease commitments | |
| Less than one year | 214,816 |
| One to five years | 759,280 |
| More than five years | 3,707,754 |
| Total undiscounted lease liabilities as at 31 December 2020 | 4,681,849 |
| Lease liabilities included in the Statement of Financial Position at 31 December 2020 | |
| Current | 68,405 |
| Non-current | 2,228,543 |
| Present value of minimum lease payments | 2,296,948 |
| | 2019 |
| | \$ |
| Nominal value of total lease commitments | |
| Less than one year | 176,185 |
| One to five years | 564,920 |
| More than five years | 3,885,145 |
| Total undiscounted lease liabilities as at 31 December 2019 | 4,626,250 |
| Lease liabilities included in the Statement of Financial Position at 31 December 2019 | |
| Current | 66,867 |
| Non-current | 2,118,949 |
| Present value of minimum lease payments | 2,185,816 |

Notes: (i) All lease liabilities relate to a Right of Use asset.

Please refer to note 3.3 for amounts recognised in the Comprehensive Operating Statement relating to leases.

Short-term and low value leases

The Board has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than \$10,000), including IT equipment. The Board recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Leases classified as operating leases under AASB 117

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Board's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment.

The Board applied this approach to all other leases.

The Board used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Financial Statements

4. KEY ASSETS AVAILABLE TO SUPPORT SERVICE DELIVERY

Introduction

The Board controls infrastructure and other assets 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.

Fair value measurement

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

| | GROSS CARRYING AMOUNT | | ACCUMULATED DEPRECIATION | | NET CARRYING AMOUNT | |
|---|-----------------------|-------------------|--------------------------|-------------------|---------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Land at fair value | 39,403,800 | 39,403,800 | - | - | 39,403,800 | 39,403,800 |
| Buildings at fair value | 12,586,247 | 12,465,349 | -1,749,346 | -1,358,760 | 10,836,901 | 11,106,589 |
| Infrastructure systems at fair value | 23,710,632 | 23,142,920 | -3,240,560 | -2,424,296 | 20,470,072 | 20,718,623 |
| Roads at fair value | 14,212,526 | 14,206,905 | -2,096,381 | -1,580,322 | 12,116,145 | 12,626,583 |
| Plant, equipment and vehicles at fair value | 5,880,320 | 5,519,614 | -4,250,722 | -3,774,353 | 1,629,598 | 1,745,261 |
| Capital works in progress | 1,564,826 | 1,228,246 | - | - | 1,564,826 | 1,228,246 |
| Total | 97,358,351 | 95,966,833 | -11,337,009 | -9,137,731 | 86,021,342 | 86,829,101 |

Initial recognition: Items of property, plant and equipment, are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The capitalisation threshold is \$1,000.

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 to their fair value.

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

Right-of-use asset acquired by lessees (Under AASB 16 Leases from 1 January 2019) – Initial measurement

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

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

Right-of-use asset – Subsequent measurement

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 right-of-use assets are also subject to revaluation. [AASB 16.32 and AASB 16.35]

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

4.2 DEPRECIATION AND AMORTISATION – CHARGE FOR THE PERIOD

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Buildings at fair value | 402,031 | 398,971 |
| Infrastructure systems at fair value | 816,264 | 789,546 |
| Roads at fair value | 516,059 | 515,682 |
| Plant, equipment and vehicles at fair value | 413,635 | 344,774 |
| Intangible assets | 65,980 | 62,733 |
| Depreciation on Right of Use Assets | 166,895 | 130,516 |
| Total depreciation and amortisation | 2,380,864 | 2,242,222 |

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 straightline basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

| ASSET | USEFUL LIFE: YEARS |
|---|--------------------|
| Buildings | 10 to 60 |
| Infrastructure | 10 to 150 |
| Plant, equipment and vehicles (incl. leased assets) | 3 to 10 |
| Roads | 10 to 150 |
| • Formation | 150 |
| • Pavement | 80 |
| • Seals | 10 to 40 |

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.

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.

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

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

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

Notes to the Financial Statements

COVID-19

Given the nature of the Board's land, property, plant and equipment and the purposes for which they are used, the Board does not consider that there is any impairment of the carrying value of these assets as a result of COVID-19. The indices provided for land indexation remained consistent to previous years, and buildings increased. No material change was recognised by the Board for building indices.

4.3 RECONCILIATION OF MOVEMENTS IN CARRYING AMOUNTS OF PROPERTY, PLANT AND EQUIPMENT

Movements in carrying amounts

| | LAND AT FAIR VALUE | BUILDINGS AT FAIR VALUE | INFRASTRUCTURE AT FAIR VALUE | PLANT, EQUIPMENT & VEHICLES AT FAIR VALUE | ROADS AT FAIR VALUE | CAPITAL WORKS IN PROGRESS AT FAIR VALUE | TOTAL |
|------------------------|--------------------------|-------------------------------|---------------------------------|---|---------------------------|---|-------------------|
| 2020 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 39,403,800 | 11,106,589 | 20,718,623 | 1,745,262 | 12,626,582 | 1,228,246 | 86,829,102 |
| Additions | - | - | - | - | - | 1,420,340 | 1,420,340 |
| Disposals | - | -80,110 | - | - | - | - | -80,110 |
| Impairment | - | - | - | - | - | - | - |
| Transfers | - | 212,453 | 567,715 | 297,971 | 5,622 | -1,083,761 | - |
| Revaluation of PPE | - | - | - | - | - | - | - |
| Depreciation | - | -402,030 | -816,264 | -413,635 | -516,059 | - | -2,147,988 |
| Closing balance | 39,403,800 | 10,836,902 | 20,470,074 | 1,629,598 | 12,116,145 | 1,564,825 | 86,021,344 |

| | LAND AT FAIR VALUE | BUILDINGS AT FAIR VALUE | INFRASTRUCTURE AT FAIR VALUE | PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE | ROADS AT FAIR VALUE | CAPITAL WORKS IN PROGRESS AT FAIR VALUE | TOTAL |
|------------------------|--------------------------|-------------------------------|---------------------------------|--|---------------------------|---|-------------------|
| 2019 | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 39,403,800 | 11,489,484 | 21,287,222 | 1,632,651 | 13,100,486 | 523,584 | 87,437,227 |
| Additions | - | - | - | 95,668 | 26,000 | 1,433,993 | 1,555,661 |
| Disposals | - | - | - | -79,813 | - | - | -79,813 |
| Impairment | - | - | - | - | - | - | - |
| Transfers | - | 16,076 | 220,948 | 441,530 | 15,778 | -729,332 | -35,000 |
| Revaluation of PPE | - | - | - | - | - | - | - |
| Depreciation | - | -398,971 | -789,546 | -344,774 | -515,681 | - | -2,048,973 |
| Closing balance | 39,403,800 | 11,106,589 | 20,718,623 | 1,745,262 | 12,626,583 | 1,228,246 | 86,829,101 |

4.4 INTANGIBLE ASSETS

| | 2020 | 2019 |
|-----------------------------------|--------------|---------------|
| | \$ | \$ |
| Gross carrying amount | | |
| Opening balance | 69,980 | 97,713 |
| Additions | - | 35,000 |
| Amortisation of intangible assets | -65,980 | -62,733 |
| Closing balance | 4,000 | 69,980 |

The consumption of intangible assets is included in the 'depreciation and amortisation' line item on the Comprehensive Operating Statement and in note 4.2.



Notes to the Financial Statements

5. OTHER ASSETS AND LIABILITIES

Introduction

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

5.1 RECEIVABLES

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Current receivables | | |
| Contractual | | |
| Sale of goods and services | 1,766,015 | 957,087 |
| Allowance for net credit losses | -109 | -109 |
| Accrued revenue | 880,235 | 1,085,203 |
| Statutory | | |
| GST input tax credit recoverable | 88,459 | 156,115 |
| Total receivables | 2,734,601 | 2,198,296 |
| Represented by: | | |
| Current receivables | 2,734,601 | 2,198,296 |
| Non-current receivables | - | - |
| Contractual receivables outstanding written off during the reporting period and still subject to enforceable activity | - | - |

Contractual receivables are classified as financial instruments and categorised as 'loans and receivables.' 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. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the Board's impairment policies, the Board's exposure to credit risk and the calculation of the loss allowance are set out in Note 8.1.3.

Movement in the provision for doubtful debts

| | 2020 | 2019 |
|--|-------------|----------------|
| | \$ | \$ |
| Balance at beginning of the year | -109 | -17,821 |
| Transfer in | - | 17,712 |
| Increase in provision recognised in the net result | - | - |
| Increase in provision recognised in net result – Contractual receivables | - | - |
| Balance at end of the year | -109 | -109 |

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 2020 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 adjustment has been made to increase the provision recognised in the net result for the 2020 year due to the mitigating factors in place. The debts are bound by lease agreements which include lease default mechanisms which are yet to be exercised due to the relief programs in place. The rent relief program (see note 2.1) and subsequent Alpine Support Grants administered by the Department of Jobs, Precincts and Regions (DJPR) have assisted siteholders in paying their debts. The DJPR funds were transferred to siteholders at the end of 2020, and into early 2021. The start of 2021 has seen the majority of these debts extinguished. The Board passed a Coronavirus Financial Hardship policy during 2020 that allows siteholders to enter into payment plans for site rent and service charges. Debts that were not extinguished with the payment of the DJPR grants have entered in these plans in early 2021. The impacts of COVID-19 throughout 2021 will be monitored and a provision modified if needed, after other options including default mechanisms under the lease are exercised.

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

5.1.1 AGEING ANALYSIS OF CONTRACTUAL RECEIVABLES

| | CARRYING AMOUNT | NOT PAST DUE AND NOT IMPAIRED | PAST DUE BUT NOT IMPAIRED | | | |
|----------------------------|------------------|-------------------------------|---------------------------|----------------|-------------------|---------------|
| | | | LESS THAN 1 MONTH | 1 – 3 MONTHS | 3 MONTHS – 1 YEAR | 1 – 5 YEARS |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | | |
| Sale of goods and services | 1,766,015 | 225,144 | 5,094 | 498,357 | 953,971 | 83,448 |
| Accrued revenue | 880,235 | 880,235 | - | - | - | - |
| Total | 2,646,250 | 1,105,380 | 5,094 | 498,357 | 953,971 | 83,448 |
| 2019 | | | | | | |
| Sale of goods and services | 956,755 | 178,268 | 528,828 | 54,473 | 182,558 | 12,628 |
| Accrued revenue | 1,085,203 | 1,085,203 | - | - | - | - |
| Total | 2,041,958 | 1,263,471 | 528,828 | 54,473 | 182,558 | 12,628 |

No interest is charged for the first 30 days from the invoice date. Under the *Penalty Interest Rate Act 1983*, interest can be charged at 10% on the outstanding balance for site rent and service charges. Any other kind of receivable does not incur interest, it incurs a late fee of \$15 per month after the first 30 days. Site rent and service charges have credit periods of 30 days, most other receivables sales of goods / services have a credit period of 14 days. There are no material financial assets that are individually determined to be impaired. During the COVID-19 pandemic, interest cannot be charged on late payments. The Board approved a Coronavirus Financial Hardship policy that sets out circumstances for payment plans for outstanding fees.

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.

Notes to the Financial Statements

5.2 PAYABLES

| | 2020 | 2019 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Current payables: | | |
| Contractual | | |
| Supplies and services | 307,613 | 249,700 |
| Superannuation payable | 91,743 | 88,226 |
| Other payables | 232,621 | 221,855 |
| Statutory | | |
| GST payable | 22,241 | 101,031 |
| Other taxes payable | 89,719 | 155,304 |
| Total payables | 743,937 | 816,116 |
| Represented by: | | |
| Current payables | 713,937 | 786,116 |
| Non-current payables | 30,000 | 30,000 |

Payables consist of:

- **contractual payables** classified as financial instruments and measured 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
- **statutory 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 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice. Thereafter, interest is calculated as 2% on the outstanding balance per annum.

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

5.2.1 MATURITY ANALYSIS OF CONTRACTUAL PAYABLES

| | CARRYING AMOUNT | NOMINAL AMOUNT | MATURITY DATES | | | | |
|-----------------------------|--------------------|-------------------|-------------------------|-----------------|-------------------------|----------------|-------------|
| | | | LESS THAN 1 MONTH | 1 – 3 MONTHS | 3 MONTHS – 1 YEAR | 1 – 5 YEARS | 5+ YEARS |
| | | | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | | | |
| Supplies and services | 307,613 | 307,584 | 277,584 | - | - | 30,000 (i) | - |
| Superannuation payable | 91,743 | 91,384 | 91,384 | - | - | - | - |
| Other payables and accruals | 232,621 | 227,737 | 55,967 | 171,770 | - | - | - |
| Total | 631,976 | 626,704 | 424,934 | 171,770 | - | 30,000 | - |
| 2019 | | | | | | | |
| Supplies and services | 249,700 | 249,700 | 219,700 | - | - | 30,000 (i) | - |
| Superannuation payable | 88,226 | 88,226 | 88,226 | - | - | - | - |
| Other payables and accruals | 221,855 | 221,855 | 50,335 | 171,520 | - | - | - |
| Total | 559,781 | 559,781 | 358,261 | 171,520 | - | 30,000 | - |

Notes: (i). This relates to an amount retained in case of early cancellation of a contract due to expire with the amount repaid in May 2022.

Maturity analysis is presented using the contractual undiscounted cash flows.

5.3 INVENTORIES

| | 2020 | 2019 |
|----------------------------|---------------|---------------|
| | \$ | \$ |
| Current inventories | | |
| Diesel at cost | 28,150 | 34,839 |
| Unleaded petrol at cost | 3,573 | 7,231 |
| Total inventories | 31,723 | 42,070 |

Inventories include goods held for distribution at nominal cost and are measured at the lower of cost and net realisable value, adjusted for any loss of service potential. While fuel is held primarily for the use of the Board, it can be distributed to stakeholders under agreement.

Notes to the Financial Statements

5.4 PREPAYMENTS

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Current other assets | | |
| Prepayments | 391,540 | 327,315 |
| Total other assets | 391,540 | 327,315 |

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 UNEARNED REVENUE

| | 2020 | 2019 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Current other liabilities | | |
| Unearned revenue | 812,199 | 202,517 |
| Total unearned revenue | 812,199 | 202,517 |

Unearned revenue includes funds received in advance of the Board delivering that service or that part of income received made in one accounting period covering a term extending beyond that period, and is recognised in line with AASB 15. This includes a portion of funding for January 2021 that was received during December 2020.

6. HOW WE FINANCED 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.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

6.1 BORROWINGS

| | 2020 | 2019 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current borrowings | | |
| Loan from TCV ⁽ⁱ⁾ | 194,727 | 187,328 |
| Total current borrowings | 194,727 | 187,328 |
| Non current borrowings | | |
| Loan from TCV ⁽ⁱ⁾ | 236,924 | 431,651 |
| Total non current borrowings | 236,924 | 431,651 |
| Total borrowings | 431,651 | 618,979 |

Note: (i) Unsecured credit foncier loan drawn down in February 2013 for a term of 10 years at a fixed interest rate of 3.9%.

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria (TCV).

Borrowings are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis after initial recognition depends on whether the Board has categorised its interest-bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest-bearing liabilities. The Board determines the classification of its interest-bearing liabilities at initial recognition.

Defaults and breaches: During the current and prior year, there were no defaults and breaches on the loan held. No relief or restructure was undertaken on this loan as a result of COVID-19.

6.1.1 MATURITY ANALYSIS OF BORROWINGS

| | CARRYING AMOUNT | NOMINAL AMOUNT | MATURITY DATES | | | |
|---------------|--------------------|-------------------|----------------------|-----------------|----------------------|----------------|
| | | | LESS THAN 1 MONTH | 1 – 3 MONTHS | 3 MONTHS – 1 YEAR | 1 – 5 YEARS |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2020 | | | | | | |
| Loan from TCV | 431,651 | 431,651 | 15,941 | 32,036 | 146,750 | 236,924 |
| Total | 431,651 | 431,651 | 15,941 | 32,036 | 146,750 | 236,924 |
| 2019 | | | | | | |
| Loan from TCV | 618,979 | 618,979 | 15,335 | 30,819 | 141,174 | 431,651 |
| Total | 618,979 | 618,979 | 15,335 | 30,819 | 141,174 | 431,651 |

Notes to the Financial Statements

6.1.2 INTEREST EXPENSE

| | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| | \$ | \$ |
| Interest on TCV Loan | 20,709 | 27,826 |
| Interest on Lease Liability | 71,295 | 69,010 |
| Total interest expense | 92,004 | 96,836 |

Interest expense includes costs incurred in connection with the borrowing of funds and includes interest on short-term and long-term borrowings. Interest expense is recognised in the period in which it is incurred. With the application of AASB 16 in 2019, interest on lease liabilities is also shown and recognised in the period it is incurred.

6.2 REVENUE COMMITMENTS

| | LESS THAN 1 YEAR | BETWEEN 1 AND 5 YEARS | OVER 5 YEARS | TOTAL |
|-------------------------------------|---------------------|-----------------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| 2020 | | | | |
| Non-cancellable revenue commitments | 1,354,822 | 4,833,435 | 26,626,821 | 32,815,078 |
| Total | 1,354,822 | 4,833,435 | 26,626,821 | 32,815,078 |
| 2019 | | | | |
| Non-cancellable revenue commitments | 1,364,000 | 4,636,523 | 25,667,817 | 31,668,340 |
| Total | 1,364,000 | 4,636,523 | 25,667,817 | 31,668,340 |

Crown land is recorded in the accounts of the Board. The Board has bought to account the rental revenue in relation to the leased sites and does not account for depreciation since the class of asset is defined as land. No adjustments have been made for CPI to these amounts. The Board, acting as a Committee of Management under section 38 of the *Alpine Resorts (Management) Act 1997*, manages 100 Crown lease arrangements with site holders. The lease arrangements cover a variety of lease periods.

6.3 CASH FLOW INFORMATION AND BALANCES

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash at bank | 1,192,092 | 798,315 |
| Cash on hand | 5,726 | 5,181 |
| Term deposit | - | 1,000,000 |
| Balance as per cash flow statement | 1,197,818 | 1,803,496 |

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

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

6.3.1 RECONCILIATION OF NET RESULT FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

| | 2020 | 2019 |
|---|-------------------|------------------|
| | \$ | \$ |
| Net result for the period | -1,304,615 | 94,610 |
| Non-cash movements: | | |
| Depreciation and amortisation of non-current assets | 2,380,863 | 2,107,788 |
| (Gain)/loss on disposal of non-current assets | 80,111 | - |
| Impairment of non-current assets | - | - |
| Movements in assets and liabilities: | | |
| (Increase)/decrease in receivables | -536,306 | -450,947 |
| (Increase)/decrease in inventories | 10,347 | -21,522 |
| (Increase)/decrease in prepayments | -64,225 | 5,143 |
| Increase/(decrease) in payables | -67,879 | 18,359 |
| Increase/(decrease) in unearned revenue | 609,682 | -84,321 |
| Increase/(decrease) in provisions | 37,532 | 98,386 |
| (Increase)/decrease in contract assets | -108,410 | -2,155,580 |
| Increase/(decrease) in contract liabilities | 111,134 | 2,185,816 |
| Net cash flows from/(used in) operating activities | 1,148,234 | 1,827,151 |

6.4 COMMITMENTS FOR EXPENDITURE

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Notes to the Financial Statements

6.4.1 TOTAL COMMITMENTS PAYABLE

NOMINAL AMOUNTS: 2020

| | LESS THAN 1 YEAR | BETWEEN 1 AND 5 YEARS | OVER 5 YEARS | TOTAL |
|---|---------------------|--------------------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Capital expenditure commitments payable | 101,800 | - | - | 101,800 |
| Operating lease commitments payable ⁽ⁱ⁾ | 6,756 | 6,756 | - | 13,512 |
| Other commitments payable ⁽ⁱⁱ⁾ | 1,538,173 | 237,433 | - | 1,775,606 |
| Total commitments (inclusive of GST) | 1,646,729 | 244,189 | - | 1,890,918 |
| Less GST recoverable from the Australian Tax Office | | | | -171,902 |
| Total commitments (exclusive of GST) | | | | 1,719,016 |

NOMINAL AMOUNTS: 2019

| | LESS THAN 1 YEAR | BETWEEN 1 AND 5 YEARS | OVER 5 YEARS | TOTAL |
|---|---------------------|--------------------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Capital expenditure commitments payable | 299,146 | - | - | 299,146 |
| Operating lease commitments payable ⁽ⁱ⁾ | 6,756 | 13,512 | - | 20,268 |
| Other commitments payable ⁽ⁱⁱ⁾ | 1,342,900 | 967,357 | - | 2,310,257 |
| Total commitments (inclusive of GST) | 1,648,802 | 980,869 | - | 2,629,671 |
| Less GST recoverable from the Australian Tax Office | | | | -239,061 |
| Total commitments (exclusive of GST) | | | | 2,390,609 |

Notes: (i) Subleases in relation to occupancy of the boardroom, childcare, gymnasium, public amenities and visitors' information hub within the St Falls development are now included within Note 3.3 Leases as these are covered under AASB 16.

(ii) Service contracts for Transport, Waste and Cleaning Services, event sponsorships, parking infringements processing, software licencing and land release and development expressions of interest.

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

From 1 January 2019, the Board applies AASB 9 Financial Instruments and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. AASB 9 replaced AASB 139 Financial Instruments: Recognition and Measurement.

Categories of financial asset 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 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 Board recognises the following assets in this category:

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

Categories of financial assets that existed previously under AASB 139

- Loan and receivables
- Held-to-maturity
- Held-for-trading
- Available-for-sale

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'

Financial liabilities at amortised cost are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference in initial recognition and redemption value being recognised in the net result over the period of the interest bearing liability using the effective interest rate method. The Board recognises the following liabilities in this category: and

- payables (excluding statutory payables)
- borrowings

Notes to the Financial Statements

7.1.1 FINANCIAL INSTRUMENTS: CATEGORISATION

| | FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH | CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST | TOTAL |
|--|---|---|------------------|
| | \$ | \$ | \$ |
| 2020 | | | |
| Financial assets at amortised cost | | | |
| Cash and deposits | 1,197,818 | - | 1,197,818 |
| Receivables ⁽ⁱ⁾ | | | |
| Sale of goods and services | 1,765,906 | - | 1,765,906 |
| Accrued revenue | 880,235 | - | 880,235 |
| Total financial assets at amortised cost | 3,843,960 | - | 3,843,960 |
| Financial liabilities at amortised cost | | | |
| Payables ⁽ⁱ⁾ | | | |
| Supplies and services | - | 307,584 | 307,584 |
| Superannuation payable | - | 91,384 | 91,384 |
| Other payables | - | 232,621 | 232,621 |
| Unearned revenue | - | 812,199 | 812,199 |
| Borrowings | | | |
| Loans from TCV | - | 431,651 | 431,651 |
| Total financial liabilities at amortised cost | - | 1,875,439 | 1,875,439 |

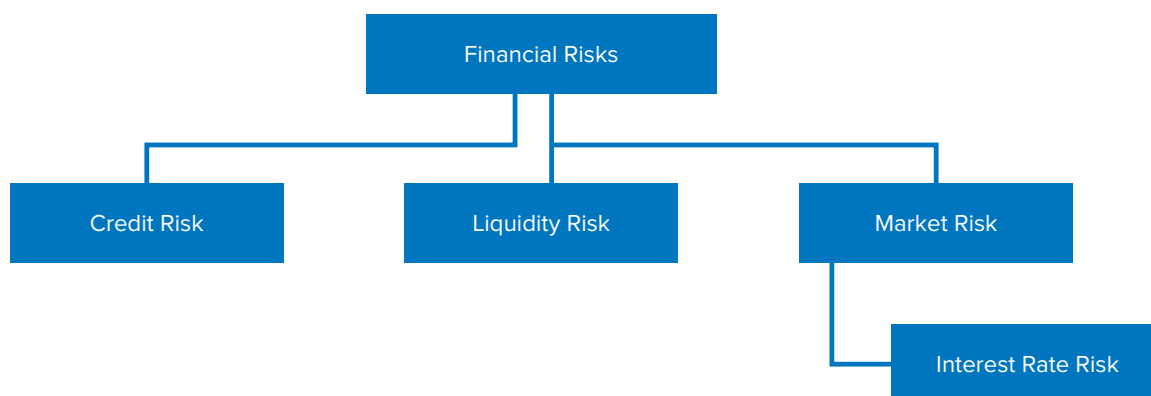
Notes: (i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable and taxes payable).

| | FINANCIAL ASSETS – LOANS AND RECEIVABLES AND CASH | CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST | TOTAL |
|--|---|---|------------------|
| | \$ | \$ | \$ |
| 2019 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 1,803,496 | - | 1,803,496 |
| Receivables ⁽ⁱ⁾ | | | |
| Sale of goods and services | 956,755 | - | 956,755 |
| Accrued revenue | 1,085,203 | - | 1,085,203 |
| Total contractual financial assets | 3,845,454 | - | 3,845,454 |
| Contractual financial liabilities | | | |
| Payables ⁽ⁱ⁾ | | | |
| Supplies and services | - | 249,700 | 249,700 |
| Superannuation payable | - | 88,226 | 88,226 |
| Other payables | - | 221,855 | 221,855 |
| Unearned revenue | - | 202,517 | 202,517 |
| Borrowings | | | |
| Loans from TCV | - | 618,979 | 618,979 |
| Total contractual financial liabilities | - | 1,381,277 | 1,381,277 |

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).

7.1.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board is exposed to many financial risks, including:



As a whole, the Board's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.2.

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 Finance, Risk and Audit Committee of the Board.

7.1.2.1 FINANCIAL INSTRUMENTS: CREDIT RISK

Credit risk refers to the possibility that a site holder 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. The Board makes every attempt to communicate with site holders regarding any overdue financial obligations. As discussed in note 5.1, interest is not charged on the first 30 days after the invoice date. 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. Any payment plans entered into are discussed with the Chief Financial Officer and Chief Executive Officer and placed in writing.

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. The Board's policy is to only deal with banks with high credit ratings.

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, and debts which are more than 90 days overdue. As at the end of December 2020, debtors were awaiting funds from the Alpine Support Grants administered by DJPR and subsequently settled most debts in early 2021. Other outstanding's debts in 2021 have entered into payment plans under the Coronavirus Financial Hardship policy. The Board has deemed that these measures do not declare the debts greater than 90 days as uncollectable. This will be monitored throughout 2021.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Board's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Notes to the Financial Statements

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

| | FINANCIAL INSTITUTIONS | GOVERNMENT AGENCIES | OTHER | TOTAL |
|---|---------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| 2020 | | | | |
| Cash and deposits | 1,192,042 | - | 5,776 | 1,197,818 |
| Receivables ⁽ⁱ⁾ | | 16,296 | 1,749,609 | 1,765,906 |
| Accrued revenue | | | 880,235 | 880,235 |
| Total contractual financial assets | 1,192,042 | 16,296 | 2,635,621 | 3,843,960 |
| 2019 | | | | |
| Cash and deposits | 795,551 | 1,000,000 | 7,946 | 1,803,496 |
| Receivables ⁽ⁱ⁾ | | 16,500 | 940,255 | 956,755 |
| Accrued revenue | | | 1,085,203 | 1,085,203 |
| Total contractual financial assets | 795,551 | 1,016,500 | 2,033,404 | 3,845,454 |

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

7.1.2.2 FINANCIAL INSTRUMENTS: 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 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. These obligations have not changed under the current Coronavirus environment.

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- 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.

The Board's exposure to liquidity risk has decreased from prior period's data and current assessment of risk. Rigid financial management systems including cashflow analysis and control have improved both cashflow and liquidity integrity of the Board. Under COVID-19, the Board received a letter of comfort to continue as a going concern from DELWP which included cashflow funding. The cashflow funding received in 2020 was subject to criteria, including reducing spend to essential spend. This has mitigated the Board's liquidity risk. Further information about this impact is detailed below in note 7.2 Contingent assets and contingent liabilities.

The carrying amount detailed in the table at 5.2.1 of contractual financial liabilities recorded in the financial statements represents the Board's maximum exposure to liquidity risk.

7.1.2.3 FINANCIAL INSTRUMENTS: MARKET RISK

The Board's exposures to market risk are primarily through

interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

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. The Board's fund managers cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 100 basis points up and down in market interest rates is 'reasonably possible' over the next 12 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.

Interest rate risk

The Board does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

The Board manages this risk by mainly undertaking fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rates. Management has concluded for cash at bank, as financial assets that can be left at floating rates without necessarily exposing the Board to significant bad risk, management monitors movement in interest rates daily.

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

Interest rate risk sensitivity is conducted on plus and minus 100 basis points and the impact of this on the net result. For the 2020 year, this would have a positive or negative impact on the net result of \$11,978 (2019: \$18,035)

7.1.2.3 FINANCIAL INSTRUMENTS: MARKET RISK (CONTINUED)

INTEREST RATE
EXPOSURE
OF FINANCIAL
INSTRUMENTS

| 2020 | WEIGHTED AVERAGE INTEREST RATE % | CARRYING AMOUNT | FIXED INTEREST RATE | VARIABLE INTEREST RATE | NON- INTEREST BEARING |
|------------------------------------|---|--------------------|---------------------------|------------------------------|-----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | 0.85% | 1,197,818 | - | - | 1,197,818 |
| Receivables (i) | | | | | |
| Sale of goods and services | | 1,765,906 | - | - | 1,765,906 |
| Accrued revenue | | 880,235 | - | - | 880,235 |
| Total financial assets | | 3,843,960 | - | - | 3,843,960 |
| Financial liabilities | | | | | |
| Payables (i) | | | | | |
| Supplies and services | | 307,584 | - | - | 307,584 |
| Superannuation payable | | 91,384 | - | - | 91,384 |
| Other payables | | 227,737 | - | - | 227,737 |
| Unearned revenue | | 812,199 | - | - | 812,199 |
| Borrowings | | | | | |
| Loan from TCV | 3.9% | 431,651 | 431,651 | - | - |
| Total financial liabilities | | 1,870,554 | 431,651 | - | 1,438,903 |

| 2019 | WEIGHTED AVERAGE INTEREST RATE % | CARRYING AMOUNT | FIXED INTEREST RATE | VARIABLE INTEREST RATE | NON- INTEREST BEARING |
|------------------------------------|---|--------------------|---------------------------|------------------------------|-----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | 1.09% | 1,803,496 | 1,000,000 | - | 803,496 |
| Receivables (i) | | | | | |
| Sale of goods and services | | 956,755 | - | - | 956,755 |
| Accrued revenue | | 1,085,203 | - | - | 1,085,203 |
| Total financial assets | | 3,845,454 | 1,000,000 | - | 2,845,454 |
| Financial liabilities | | | | | |
| Payables (i) | | | | | |
| Supplies and services | | 249,700 | - | - | 249,700 |
| Superannuation payable | | 88,226 | - | - | 88,226 |
| Other payables | | 221,855 | - | - | 221,855 |
| Unearned revenue | | 202,517 | - | - | 202,517 |
| Borrowings | | | | | |
| Loan from TCV | 3.90% | 618,979 | 618,979 | - | - |
| Total financial liabilities | | 1,381,277 | 618,979 | - | 762,298 |

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

Notes to the Financial Statements

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. The Board is not aware of any material threat or existing legal actions or other contingencies between Falls Creek Alpine Resort Management Board and third parties as at 31 December 2020. In 2020 there was one contingent assets and two non-quantifiable contingent liabilities. The Victorian Government has agreed policies to address the financial impacts of Coronavirus on some of the State controlled entities. These policies will ensure the entities' continued operation throughout the Coronavirus pandemic. The Board has assessed that the financial support to be provided are contingent assets, as the financial obligations are subject to the Board experiencing financial difficulties. The department has assessed that the contingent liability is unquantifiable. The contingent liabilities are outstanding insurance claims at balance date, which may result in legal proceedings to determine liability. At balance date, the Board is unable to reliably measure outstanding insurance claims.

7.3 FAIR VALUE DETERMINATION

Significant judgement: Fair value measurements of assets and liabilities

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

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?

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

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

This section is divided between disclosures in connection with fair value determination for financial instruments (refer 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 2020 reporting period.

These financial instruments include:

| FINANCIAL ASSETS | FINANCIAL LIABILITIES |
|--|---|
| <p><i>Cash and deposits</i></p> <p>Receivables:</p> <ul style="list-style-type: none"> • Sale of goods and services • Accrued investment income • Other receivables <p>Investments and other contractual financial assets</p> | <p>Payables:</p> <ul style="list-style-type: none"> • For supplies and services • Amounts payable to government and agencies • Other payables <p>Borrowings:</p> <ul style="list-style-type: none"> • Loan from TCV |

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.

Notes to the Financial Statements

7.3.2 FAIR VALUE DETERMINATION: NON-FINANCIAL PHYSICAL ASSETS

Fair value measurement hierarchy

| 2020 | CARRYING AMOUNT AS AT 31 DECEMBER 2020 | FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING: | | |
|--|--|---|------------------------|------------------------|
| | | LEVEL 1 | LEVEL 2 ⁽ⁱ⁾ | LEVEL 3 ⁽ⁱ⁾ |
| | \$ | \$ | \$ | \$ |
| Land at fair value: | | | | |
| Specialised land | 39,403,800 | - | - | 39,403,800 |
| Total land at fair value | 39,403,800 | - | - | 39,403,800 |
| Buildings at fair value: | | | | |
| Specialised buildings | 10,836,902 | - | - | 10,836,902 |
| Total buildings at fair value | 10,836,902 | - | - | 10,836,902 |
| Plant, equipment and vehicles at fair value: | | | | |
| Plant, equipment and vehicles | 1,629,598 | - | - | 1,629,598 |
| Total plant, equipment and vehicles at fair value | 1,629,598 | - | - | 1,629,598 |
| Infrastructure at fair value: | | | | |
| Infrastructure systems | 20,470,074 | - | - | 20,470,074 |
| Roads | 12,116,145 | - | - | 12,116,145 |
| Total infrastructure at fair value | 32,586,219 | - | - | 32,586,219 |

| 2019 | CARRYING AMOUNT AS AT 31 DECEMBER 2019 | FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING: | | |
|--|--|---|------------------------|------------------------|
| | | LEVEL 1 | LEVEL 2 ⁽ⁱ⁾ | LEVEL 3 ⁽ⁱ⁾ |
| | \$ | \$ | \$ | \$ |
| Land at fair value: | | | w | |
| Specialised land | 39,403,800 | - | - | 39,403,800 |
| Total land at fair value | 39,403,800 | - | - | 39,403,800 |
| Buildings at fair value: | | | | |
| Specialised buildings | 11,106,589 | - | - | 11,106,589 |
| Total buildings at fair value | 11,106,589 | - | - | 11,106,589 |
| Plant, equipment and vehicles at fair value: | | | | |
| Plant, equipment and vehicles | 1,745,261 | - | - | 1,745,261 |
| Total plant, equipment and vehicles at fair value | 1,745,261 | - | - | 1,745,261 |
| Infrastructure at fair value: | | | | |
| Infrastructure systems | 20,718,623 | - | - | 20,718,623 |
| Roads | 12,626,583 | - | - | 12,626,583 |
| Total infrastructure at fair value | 33,345,206 | - | - | 33,345,206 |

Notes: (i) Leased land assets to the value of \$38,691,800 have been reclassified from level 2 as disclosed in the 2017 financial statements, to level 3. This is based on updated information identifying that a discount factor is applied to the value of these assets, being a significant unobservable input.

Specialised Land and Buildings

Fair value for leased land classified as level 3 is determined by adopting the site value for each leased site then calculating the present value of the income combined with the reversion value of the site at the expiration of the current site lease term. A further discount is applied to this valuation to reflect the valuers best estimate for the current conditions, expectations of activity and risks in respect to these leased land 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. Given the nature of the Board's land, property, plant and equipment and the purposes for which they are used, the Board does not consider that there is any impairment of the carrying value of these assets as a result of COVID-19. The indices provided for land indexation remained consistent to previous years, and buildings increased. No material change was recognised by the Board for building indices.

Reconciliation of Level 3 fair value

| 2020 | SPECIALISED LAND | SPECIALISED BUILDINGS | PLANT, EQUIPMENT AND VEHICLES | INFRASTRUCTURE SYSTEMS | ROADS |
|-------------------------|-------------------|-----------------------|-------------------------------|------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 39,403,800 | 11,106,589 | 1,745,262 | 20,718,623 | 12,626,582 |
| Additions and transfers | - | 212,453 | 297,971 | 567,715 | 5,622 |
| Disposals | - | -80,110 | | | |
| Impairment | - | | | | |
| Depreciation | - | -402,030 | -413,635 | -816,264 | -516,059 |
| Closing balance | 39,403,800 | 10,836,902 | 1,629,598 | 20,470,074 | 12,116,145 |

| 2019 | SPECIALISED LAND | SPECIALISED BUILDINGS | PLANT, EQUIPMENT AND VEHICLES | INFRASTRUCTURE SYSTEMS | ROADS |
|------------------------|-------------------|-----------------------|-------------------------------|------------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 39,403,800 | 11,489,484 | 1,632,651 | 21,287,222 | 13,100,486 |
| Additions | - | 16,076 | 537,198 | 220,948 | 41,778 |
| Disposals | - | - | -79,813 | - | - |
| Impairment | - | - | - | - | - |
| Depreciation | - | -398,971 | -344,774 | -789,546 | -515,681 |
| Closing balance | 39,403,800 | 11,106,589 | 1,745,262 | 20,718,624 | 12,626,583 |

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 2020.

Plant and Equipment

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

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

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

Notes to the Financial Statements

Description of significant unobservable inputs to Level 3 valuations

| | VALUATION TECHNIQUE | SIGNIFICANT UNOBSERVABLE INPUTS |
|-----------------------|------------------------------|---|
| Specialised land | Income approach | Community Service Obligation Adjustment (CSO) |
| Specialised buildings | Depreciated replacement cost | Replacement cost per square metre Useful life of specialised buildings |
| Plant and equipment | Depreciated replacement cost | Cost per unit Useful life of plant and equipment |
| Infrastructure | Depreciated replacement cost | Cost per unit Useful life of plant and equipment |
| Roads | Depreciated replacement cost | Cost per metre Useful life of plant and 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 EX-GRATIA EXPENSES

There were no ex-gratia expenses paid during the financial year ended 31 December 2020 (2019: \$Nil).

8.2 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 and annual leave liability due to changes in the bond interest rates.

In 2020, the Board sold assets at market value that were no longer in use or were replaced, totalling -\$81,925 (2019: \$23,182).

8.3 NON-FINANCIAL ASSETS HELD FOR SALE

There were no assets held for sale as at 31 December 2020 (2019: \$Nil).

8.4 RESPONSIBLE PERSONS

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

Names

The person who held the position of Minister is as follows:

Minister for Energy, Environment and Climate Change
The Hon Lily D'Ambrosio MP (1 January 2020 to 31 December 2020)

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

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

| NAME | POSITION | PERIOD |
|-------------------|---------------------------|--------------------------------------|
| Jo Shannon | Board Chair | (1 January 2020 to 31 December 2020) |
| Lindy Allen | Deputy Chair | (1 January 2020 to 31 December 2020) |
| Sue Lebish | Board Member | (1 January 2020 to 31 December 2020) |
| Jason Alexandra | Board Member | (1 January 2020 to 31 December 2020) |
| Michelle Croughan | Board Member | (1 January 2020 to 31 December 2020) |
| Helen Moran | Board Member | (1 January 2020 to 31 December 2020) |
| Peter Valerio | Board Member | (1 January 2020 to 31 December 2020) |
| Stuart Smythe | CEO & Accountable Officer | (1 January 2020 to 31 December 2020) |

Remuneration received or receivable by the responsible persons in connection with the management of the Board during the reporting period was \$349,324 (2019: \$346,770).

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 | |
|--|--------------------|------------------|
| | 2020 | 2019 |
| | No. | No. |
| \$0-\$9,999 | 2 | 2 |
| \$10,000-\$19,999 | 5 | 5 |
| \$260,000-\$269,999 | 1 | 1 |
| Total number of responsible persons | 8 | 8 |
| Total remuneration | \$349,324 | \$346,770 |

Notes to the Financial Statements

8.5 REMUNERATION OF EXECUTIVES

The remuneration of the executive officers including superannuation shows the total annualised employee equivalents providing a measure of full time equivalent executive officers over the reporting period.

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

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually

paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

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

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

No termination benefits or shared-based payments were paid to executive officers throughout the 2020 Financial Year.

| REMUNERATION | TOTAL REMUNERATION | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| | \$ | \$ |
| Short-term employee benefits | 690,702 | 588,953 |
| Post-employment benefits | 65,617 | 55,951 |
| Other long-term benefits | 16,905 | 14,698 |
| Total remuneration | 773,224 | 659,602 |
| Total number of executives | 6 | 5 |
| Total annualised employee equivalents ⁽ⁱ⁾ | 4.9 | 4.19 |

Notes: (i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period

8.6 RELATED PARTIES

AASB 124 – *Related Party Disclosures* requires specific disclosures around related party transactions for the 2020 financial year. The following disclosures are in line with the AASB requirements.

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;
- 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.

Significant transactions with government-related entities

The Board paid to the Department of Environment, Land, Water & Planning (DELWP) \$9,276 for site valuations, planning permits and aerial photography. Under a letter of comfort during the COVID-19 pandemic, the Board received cash support of \$3.5m from DELWP, with

further information on this available in notes 1.1 and 2.4. The Board has a 10-year fixed rate loan with TCV, with repayments of \$208,036 during the year; further information on this loan can be found in note 6.1. The Board also utilised TCV for term deposits during 2020, with interest received of \$1,474.

The Board were invoiced an amount from Alpine Resorts Co-ordinating Council (ARCC) of \$318,901 for operational and marketing contributions (2019: \$278,920).

During the year, the Board had government-related entity transactions related to the reimbursement of shared costs for legal advice and joint biodiversity funding projects with Mt Buller & Mt Stirling (ARMB) and Mt Hotham (ARMB). The Board also shared employee benefits expenses for the common Board Members under the new Board Structure with Mt Hotham (ARMB). Grant income was also received for joint grant applications with Mt Hotham (ARMB).

Key management personnel of the Board include the Portfolio Minister, Board members and the Accountable Officer. 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.

| | 2020 | 2019 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| COMPENSATION OF KMPs | | |
| Short-term benefits | 313,474 | 311,557 |
| Post-employment benefits | 29,780 | 29,598 |
| Other long-term benefits | 6,069 | 5,615 |
| Total | 349,324 | 346,770 |

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.

Outside of normal citizen type transactions with the Board, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Notes to the Financial Statements

8.7 REMUNERATION OF AUDITORS

| | 2020 | 2019 |
|---|---------------|---------------|
| | \$ | \$ |
| Victorian Auditor-General's Office | | |
| Audit or review of the financial statements | 47,000 | 51,300 |
| Crowe | | |
| Internal Audit | 33,623 | 33,675 |
| Total remuneration of auditors | 80,623 | 84,975 |

8.8 SUBSEQUENT EVENTS

Coronavirus restrictions in Victoria

The State of Victoria continues to have restrictions post balancing date in response to the COVID-19 pandemic. The measures implemented included stricter limitations on the operation of businesses in Victoria. The Board has assessed that these restrictions are likely to have a financial impact on the resort. The tighter restrictions have resulted in the closure of businesses and further reductions in commercial activities, which directly or indirectly affect various siteholders. The adverse financial impacts on these siteholders are likely to result in requests for financial support.

Corporate Structure change

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

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

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

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

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

8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

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

Certain new Australian Accounting Standards (AAS) have been

published that are not mandatory for the 31 December 2020 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable.

The Board is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

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.

The Board is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current – Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. The Department will not early adopt the Standard.

The Board is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

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

AASB 17 Insurance Contracts.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

8.10 GLOSSARY OF TECHNICAL TERMS

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

| | |
|--|--|
| Amortisation | is the expense that results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'. |
| Borrowings | refers to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, 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) cash; (b) an equity instrument of another entity; (c) a contractual right: –to receive cash or another financial asset from another entity; or –to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or (d) a contract that will or may be settled in the entity's own equity instruments and is: –a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or –a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. |
| Financial instrument | is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. |
| 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. |
| Infrastructure systems | provide essential services used in the delivery of final services or products. They are generally a complex interconnected network of individual assets and mainly include sewerage systems, water storage and supply systems, and public transport assets owned by the State. |
| Interest expense | represents costs incurred in connection with borrowings. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings. |
| Leases | Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration. |
| Net operating balance or net result from transactions | is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies. |

| | |
|--|--|
| Net result | is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'. |
| Net worth | is calculated as assets less liabilities, which is an economic measure of wealth. |
| Non-financial assets | are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests. |
| Operating result | is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also to 'net result'. |
| Other economic flows included in net result | are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. |
| Payables | include 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. |
| 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 Department. |
| 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. |

8.11 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

201x 1x year period

The financial statements and notes are presented based on the illustration for a government department in the 2019-20 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.

Disclosure Index

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

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