



# ANNUAL REPORT

## 2022

1 January - 30 September

### **Acknowledgement of Country**

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

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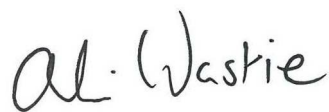
## Chairperson's Foreword

Following is the final Annual Report for the former Southern Alpine Resort Management Board (SARMB) for the year ending 30 September 2022, ahead of the dissolution of SARMB and the transition to the new entity, Alpine Resorts Victoria.

In a year that saw record visitation across the resorts, SARMB and staff delivered a number of projects for Lake Mountain and Mount Baw Baw, including upgrading and integrating sustainable power solutions at both resorts, hosting summer and winter events that drove visitation, and enhancing the visitor experience with the provision of potable water at Mount Baw Baw.

I would like to acknowledge the support of the Victorian Government in financially underwriting essential services delivery for SARMB core operational requirements, as it did throughout the period of COVIDSafe Settings, and thank the Victorian Government for the guidance provided through transition to ARV.

As Chair of Alpine Resorts Victoria, I look forward to a positive future for the resorts under the new entity.



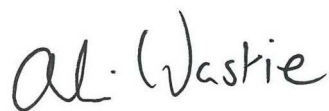
**ALI WASTIE**

*Chair*

Alpine Resorts Victoria

## Responsible Body declaration

In accordance with the Financial Management Act 1994, the Southern Alpine Resort Management Board presents its Annual Report for the year ending 30 September 2022.



**ALI WASTIE**

*Chair*

Alpine Resorts Victoria

## Year in review

### Vision, mission, values

#### Charter and purpose

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

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

#### Vision for the resorts

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

#### Mission for management of the resorts

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

#### Our values

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



Commit to  
safety



Conserve  
our natural  
environment



Create positive  
customer  
experience



Respect each  
other



Foster  
innovation



Work as a  
team

## Our Strategic Goals and Key Objectives

In collaboration with key stakeholders, the Board has developed strategic objectives that will enable the resorts to transition towards 2030 and beyond.

These objectives are:

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

## Manner of establishment and the relevant Minister

The Southern Alpine Resort Management Board (SARMB) was established by the *Alpine Resorts (Management) Act 1997* (the Act). SARMB was deemed to be the committee of management of all the Crown land within the Lake Mountain Alpine Resort and Mount Baw Baw Alpine Resort which are deemed to be permanently reserved under the *Crown Land (Reserves) Act 1978*.

The responsible Minister for the alpine resorts during the 2022 reporting period from 1 January 2022 to 27 June 2022 was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change and for the period 27 June 2022 to 30 September 2022 was the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action, Minister for Energy.

## About Us

SARMB managed two of Victoria's alpine resorts:

- Mount Baw Baw: marketed as a family-friendly, first-timer resort that offers downhill skiing via lift tows (no chair lifts) and 10km of cross-country ski trails. It also has a range of snow experiences that include snow play and tobogganing supported by snow making and magic carpets. Downhill skiers/snowboarders account for approximately 20% of visitors, while snow players/tobogganers account for 80%.
- Lake Mountain also markets to those new to snow, offering tobogganing and tubing, beginner snowboarding & cross-country lessons (supported by magic carpet only) and 37km of cross-country ski trails. There is no accommodation on Lake Mountain, so it is a day-trip destination only.
- Both resorts have extended their offering into summer with a series of mountain bike trails and walking trails, complemented by a series of events particularly in the cycling, biking and motor rally space.
- They are the closest alpine resorts to Melbourne and are increasingly becoming popular destinations for visitors of all kinds. SARMB managed these resorts as important natural assets for Victoria and Australia.

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

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

Both Lake Mountain and Mount Baw Baw are known as places to have fun in the winter season snow, which is why SARMB continued to increase the capacity for manufactured snow production. Both resorts guarantee a teaching area and a tobogganing area for guests.

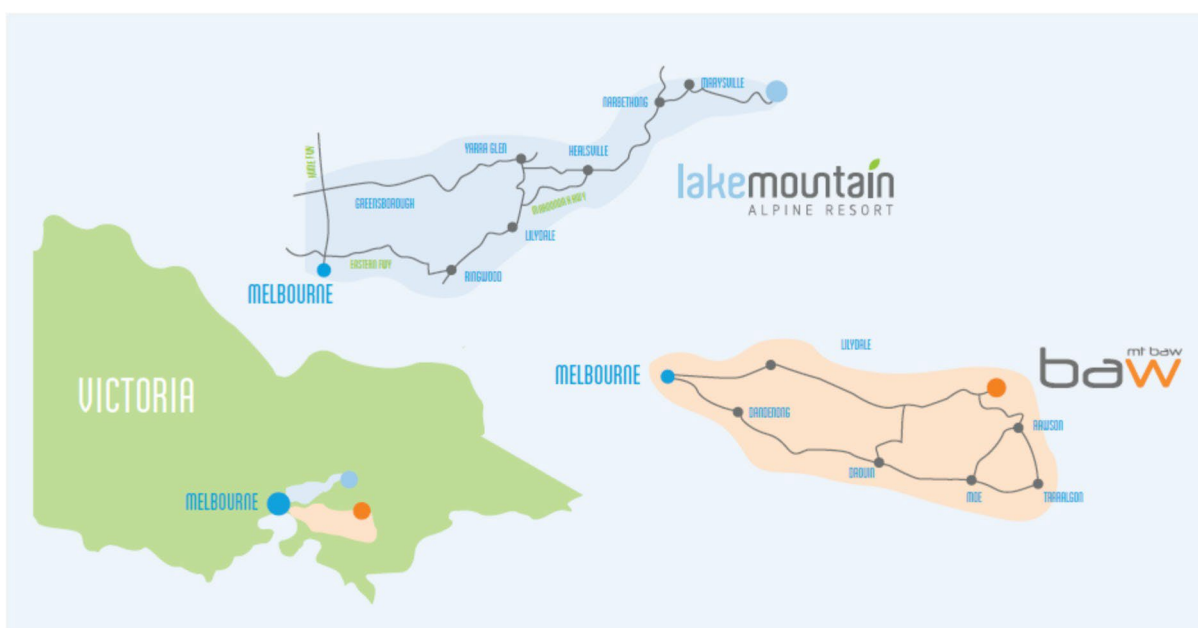
This, combined with the pursuit of excellent customer service, and an increasing array of activities for people to enjoy year-round has led to improved visitor experiences, which turn leads to an increase in visitation and move the resorts towards financial sustainability. Until financial

independence is reached, there has been a reliance on government funding to cover shortfalls in essential operating expenditures.

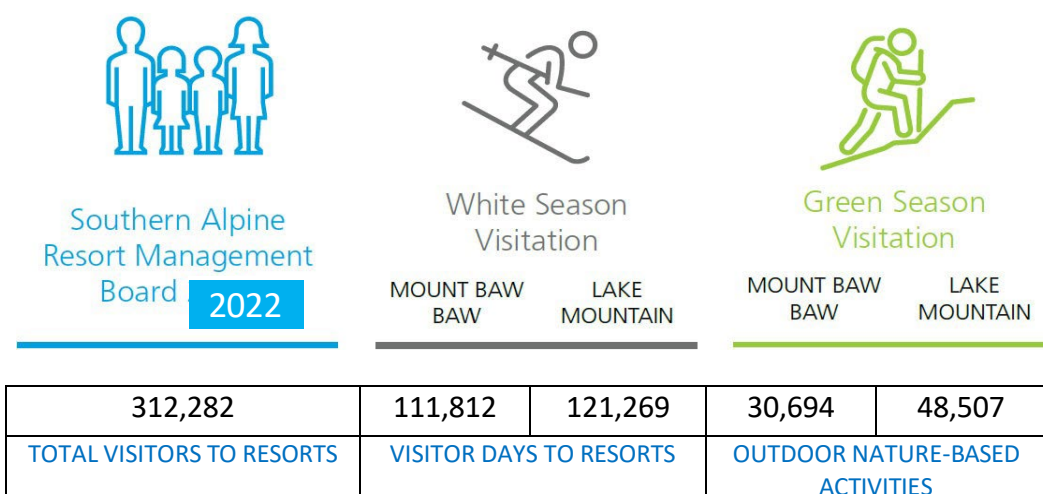
The resorts employ a diverse team all year-round and significantly increase the employee base during the winter season, helping to offset other regional hospitality and tourism employers' quieter winter period.

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

## Our locations



## Our visitors – 2022

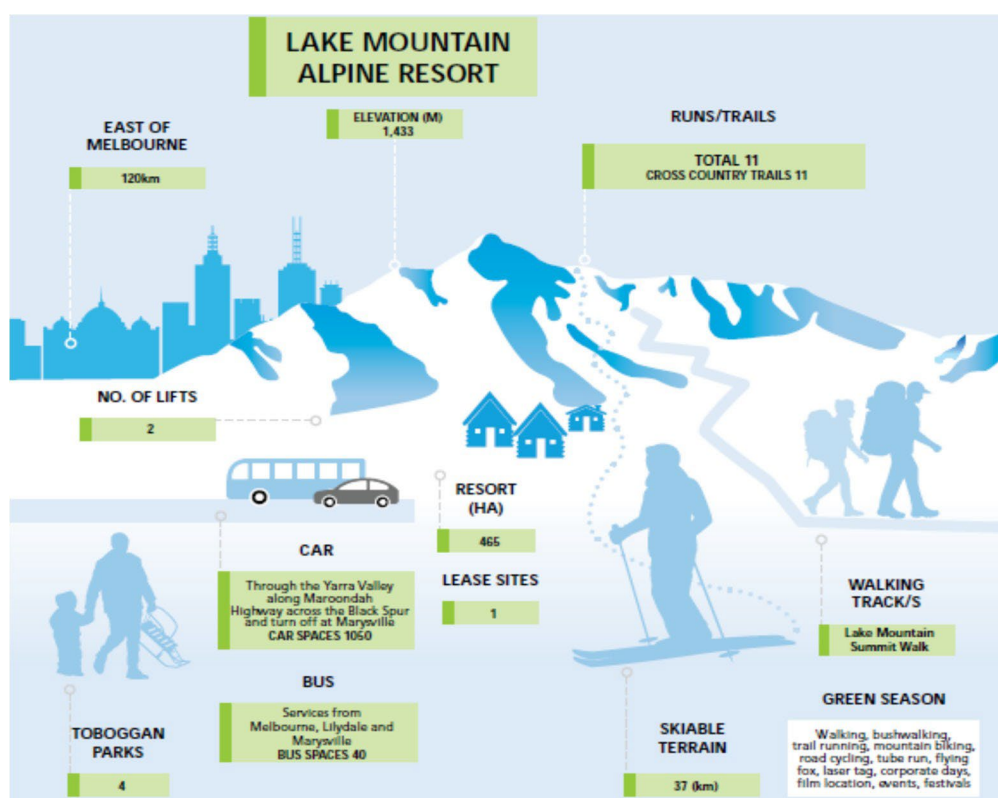
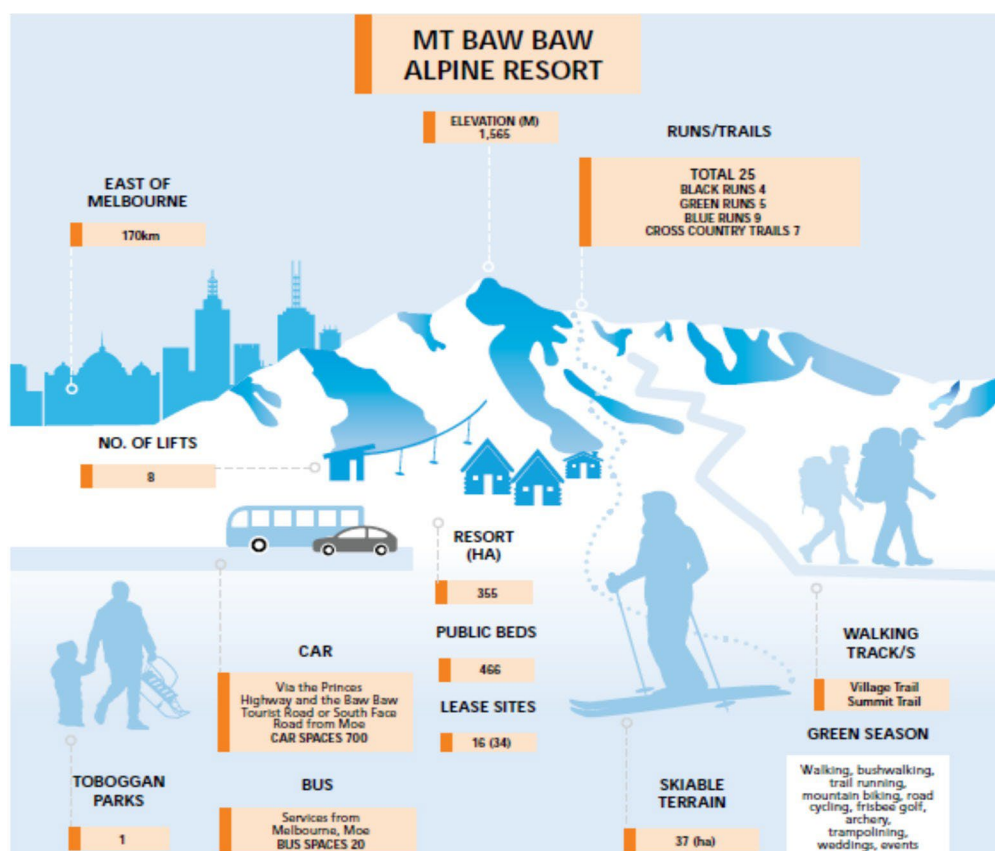


## Nature and range of services

In order to fulfil its functions prescribed by the Act, the SARMB ensured a number of services were provided at the resort including:

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

## Our services



## Objectives, functions, powers and duties

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

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

Section 38 of the Act specifies the functions of SARMB:

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

## Achieving Our Strategic Goals

SARMB identified the following goals to meet its strategic objectives:

### **1. Enhance the resorts year-round activation adapting to climate change:**

To deliver on factors such as:

- visitor and staff diversity;
- green season activation through events and development of activities;
- increased white season activation through improved visitor experiences;
- promotion of the resorts' family focus;
- supporting visitation and employment for culturally and linguistically diverse people, including Indigenous peoples;

- demonstrating value for the visitor economy spend; and
- physically and financially accessible resorts that encourage repeat visitation.

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

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

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

## **3. Create financially and environmentally sustainable resorts:**

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

- annual reporting; and
- environmental sustainability,
  - reduction in waste per visitor levels;
  - success with habitat protection; and
  - support from Zoos Victoria, Parks Victoria and Vic Forests.
- Cooperative partnership with Museums Victoria, Parks Victoria, DELWP, Zoo Victoria for implementation of monitoring and research programs across reserve lands.

## **Performance reporting (non-financial)**

### **1. Enhance the resorts year-round activation adapting to climate change:**

- Secured funding from the Victorian Government under the LaTrobe Valley Energy and Growth Program of \$230,000 (SARMB contribution \$25,000) to undertake a project to for solar power and storage at the snowsports building at Mount Baw Baw. This project will provide some data that can be used as a feasibility study/test case for further solar and power projects at MBB to attract further investment for the conversion to sustainable energy.
- Commenced the integrated power solution project at Lake Mountain that included the replacement of aged generators with new synchronised system of generators and an introduction and installation of solar panels to reduce the carbon footprint and demonstrate our commitment to climate change adaptation.
- After the initial analysis and preparatory work on the integrated power solution at Lake Mountain was completed in 2021, tenders were sought for the purchase of new generators and possible solar solutions in June 2022. After the evaluation of the tenders and awarding of contracts, the new generators are expected to be installed and commissioned in early 2023 and the solar panel installations prior to the 2023 snow season.

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

- Generation of significant visitation to the resorts and surrounding towns, with 312,282

people recorded in 2022.

- The 'Break the Boundary Hub' launched at Lake Mountain in March 2022 after the expansion of its adaptive friendly offerings on the resort. Break the Boundary is a not for profit that advocates for adaptive mountain bikers.
- Lake Mountain hosted a five-day Outdoor Education Camp with over 200 year seven students taking part in overnight camping, laser tag, summit walk, and a nature play session on resort. The SARMB team facilitated the laser tag and nature play session. This camp was delivered by The Outdoor Education Group.
- The Victorian Downhill Mountain Bike Series was held at Mount Baw Baw in February 2022. Mt Baw Baw, as event organiser and host venue, delivered the event for the first time with 314 participants registered for the two-day event, including around fifty 14- to 17-year-old girls, a large jump in female participation on previous years. Trial vehicle camping option in carpark three was well received, with 15 sites sold and a total of 399 and 425 visitor vehicles were recorded respectively on the Saturday and Sunday, delivering approximately 3300 visitors for the weekend.
- The Victorian Government supported SARMB with \$1.6m from the Alpine Support Package announced in late 2021. The projects covered in this funding include:
  - business support funding for on-mountain businesses to support lost opportunities of past seasons (short term impact);
  - marketing elements to increase visitation in green season and optimise visitation for events and activities on mountain (short term impact);
  - mountain biking enhancements, providing additional services that value add to the mountain bike community by encouraging repeat visitation (short- and long-term impact);
  - dingo enclosure adjustments to allow participation in the endangered species breeding program, attracting more visitors and developing educational materials (long term impact);
  - Traditional Owner partnership initiatives to enable day activities on resort that connect and educate visitors with Traditional Owners (short- and long-term impact);
  - eco-accommodation introduction on Lake Mountain extending visitor stay, connecting visitors with nature and providing improved visitor experience (long term impact);
  - resort amenity improvements to improve the quality of the visitor experience and satisfaction in the resort (short- and long-term impact);
  - accessible sports hub creating equitable access for all abilities (long term impact);
  - gym equipment upgrades to encourage visitor utilisation and create revenue (short- and long-term impact);
  - building improvements to increase quality of accommodation and conference facilities and grow event potential (long term impact); and
  - education resources to improve the educational program for visiting schools (short- and long-term impact)
- SARMB continued with the delivery of the mountain bike upgrades, supported by the Victorian Government via a grant of \$1.77 million across the two resorts. Tenders were sought for the design and construction of pump tracks at both resorts and an upgrade of the mountain bike trail at Mount Baw Baw. The requests for tender included design components that will be required prior to environmental and cultural planning approvals being obtained.

## 2. Create financially and environmentally sustainable resorts

- Secured support from the Victorian Government of \$100,000 under the Enhancing Urban Water Security, Iconic Urban Waterways and Recreational Values initiative to develop an integrated water management plan for Lake Mountain.
- A long-term solution for potable water at Mount Baw Baw was implemented with the construction and commissioning of the new facility in April 2022. The equipment has been built into a shipping container with a transparent section to demonstrate the workings to create an education opportunity.
- Requests for tender were sought for the upgrade of the wastewater facility at Mount Baw Baw in April 2022. This project is supported by the Victorian Government via a \$4 million grant and had two significant elements; civil works to remove the septic systems and replacement and repair of the pipe network, and the redesign and replacement of the wastewater treatment facility. Once the tenders were received and evaluated a third component was included for the upgrade of the electrical connection of the new wastewater treatment facility to the existing village power network.

## Performance reporting (financial)

### Five-year financial summary

**Table 1: Summary of the SARMB Financial Results**

| Comprehensive Income Statement               | 2018<br>\$         | 2019<br>\$         | 2020<br>\$        | 2021<br>\$         | 2022<br>\$        |
|----------------------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|
| <b>Income</b>                                |                    |                    |                   |                    |                   |
| Operating                                    | 7,981,701          | 8,063,366          | 1,361,382         | 3,345,983          | 9,051,643         |
| Government contributions                     | 6,230,000          | 6,979,500          | 10,348,650        | 9,274,237          | 6,211,217         |
| Non-operating revenue                        | 635,212            | 496,947            | 199,648           | 539,765            | 545,537           |
| <b>Total Income</b>                          | <b>14,846,913</b>  | <b>15,539,813</b>  | <b>11,909,680</b> | <b>13,159,985</b>  | <b>15,808,396</b> |
| <b>Expenses</b>                              |                    |                    |                   |                    |                   |
| Operating                                    | 14,378,999         | 14,820,810         | 9,114,927         | 11,922,311         | 13,136,701        |
| Depreciation                                 | 1,947,149          | 2,531,914          | 2,608,012         | 2,772,346          | 2,106,039         |
| <b>Total Expenses</b>                        | <b>16,326,148</b>  | <b>17,352,724</b>  | <b>11,722,939</b> | <b>14,694,677</b>  | <b>15,242,740</b> |
| Net result from transactions                 | (1,479,235)        | (1,812,913)        | 186,741           | (1,534,692)        | 565,656           |
| Other economic flows                         | 0                  | 22,305             | 89,000            | (813)              | -                 |
| <b>Net result from continuing operations</b> | <b>(1,479,235)</b> | <b>(1,790,606)</b> | <b>275,741</b>    | <b>(1,535,505)</b> | <b>565,656</b>    |
| <b>Balance Sheet</b>                         |                    |                    |                   |                    |                   |
| <b>Financial Assets</b>                      | <b>699,373</b>     | <b>2,399,703</b>   | <b>1,134,243</b>  | <b>4,333,750</b>   | <b>5,861,573</b>  |
| <b>Non-Financial Assets</b>                  | <b>35,963,838</b>  | <b>36,564,941</b>  | <b>34,636,474</b> | <b>37,285,393</b>  | <b>38,519,898</b> |
| <b>Total Assets</b>                          | <b>36,663,211</b>  | <b>38,964,644</b>  | <b>35,770,717</b> | <b>41,619,144</b>  | <b>44,381,472</b> |
| <b>Total Liabilities</b>                     | <b>1,468,218</b>   | <b>5,560,257</b>   | <b>2,090,590</b>  | <b>5,088,689</b>   | <b>7,285,361</b>  |
| <b>Equity</b>                                | <b>35,194,993</b>  | <b>33,404,387</b>  | <b>33,680,127</b> | <b>36,530,455</b>  | <b>37,096,111</b> |

## Current year financial review

In 2022, SARMB relied on a letter of support issued by the Victorian Government that provided financial support to meet the expenses critical to its business and the ongoing operation of the resorts. The amount of operational funding provided to SARMB by Government in the period ending 30 September 2022 was \$5.05 million compared to the amount of \$9.19 million received in 2021.

The net results from continuing operation for 2022 was a surplus of \$0.56 million after depreciation and amortisation, compared to a deficit of \$1.53 million in 2021. This was due mainly to the increase in income from visitors, i.e., from resort entry fees, income from snow activities and sale of food and beverages from \$2.61 million in 2021 to \$8.48 million in 2022, which is reflective of the recovery after the easing, and eventually the removal of the COVIDSafe principles in place over the previous two years.

However, as the resorts had less closure due to the easing of the COVIDSafe principles and were open for business for most of the snow season in 2022, this led to increased operating expenses compared to the previous two years.

It should be noted when comparing the financial results between this current reporting period and previous years is that this current reporting period is for only nine months in 2022.

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

## Capital projects

SARMB managed one capital project that was not completed during the reporting period.

For information on recent capital projects managed by SARMB and the broader Victorian public sector, please refer to the most recent Budget Paper No. 4 State Capital Program available on the Department of Treasury and Finance's website at this link: <https://www.budget.vic.gov.au/budget-papers>

## Subsequent events

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

### **The COVID-19 pandemic in 2023**

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 SARMB. However, it is expected to have some impact on the operating and economic environment for in 2023 which may impact on visitor numbers and the ability of SARMB to trade.

### **Alpine sector reform**

The *Alpine Resorts Legislation Amendment Act 2022*, (the Act) passed in the Victorian Parliament in March 2022, abolished the four Alpine Resort Management Boards (ARMBs) including SARMB on 1 October 2022. The Act established Alpine Resorts Victoria (ARV), a single entity, which commenced as successor in law to the ARMBs on 1 October 2022. ARV will be responsible for the managing

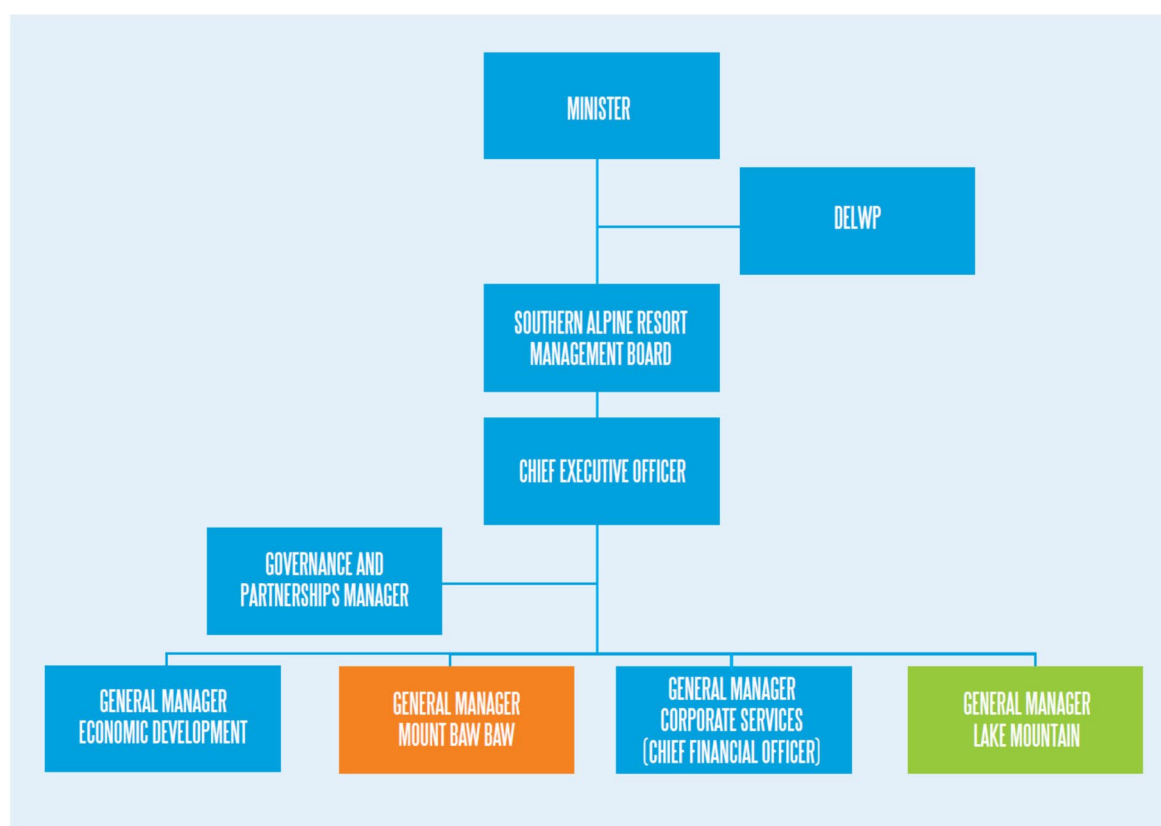
Mount Baw Baw, Lake Mountain, Falls Creek, Mount Buller, Mount Stirling and Mount Hotham.

See Note 8.10 to the Financial Statements for details.

## Governance and organisational structure

### Organisational structure

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



### Governing board

Members of the SARMB at 30 September 2022, appointed from 1 January 2017, were:

#### Allan Bawden PSM – Chair

Allan has extensive experience in the local government and not for profit sectors. His local government career spanned four decades including senior executive appointments in some of Victoria's most dynamic regions, including inner metropolitan Melbourne, the Latrobe Valley and the Bass Coast. He was the inaugural Chief Executive Officer of Bass Coast Shire Council following the state-wide restructuring of local government in 1995 and held this position until 2014.

Allan was a board member of the Alpine Resorts Coordinating Council and sits on the Gunaikurnai Traditional Owners Land Management Board. He holds an MBA (Melbourne University) and is a graduate of the Australian Institute of Company Directors. He was awarded the Public Service Medal in 2014 for outstanding public service to the Bass Coast and the Gippsland regions. He has been an active bushwalker, skier and snowboarder in the Victorian alps for many years.

### **Kerry Wilson - Deputy Chair**

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

For more than 20 years Kerry has been involved in creating environments that foster access, inclusion and participation and loves all things about community and our great outdoors. She is an avid traveller which has helped shape her appreciation of the impact the physical environment and public places have on our wellbeing which is central to her approach. Trekking to Mount Everest base camp, presenting at the Walk 21 conference in Toronto and her three adult children are life highlights.

### **Tony Thompson OAM**

Tony Thompson has run his own businesses for over thirty years, mainly in hospitality. For the past 21 years, Tony has owned and operated Maryton Park Country Cottages. Tony was also a director of the Dandenong Ranges Banking Group (Bendigo Community Bank) for eighteen years.

Other Board memberships include Chair of the Marysville & Triangle Community Foundation, Regional Development Australia and as a Board member of Lake Mountain Alpine Resort Management Board was Chairperson for three years. Since the 2009 Black Saturday fires, Tony has chaired the Community Recovery Committee, dealing with all matters regarding the region, tourism, economics, mental health and the overall recovery of the Marysville and Triangle area and was awarded the Order of Australia Medal in 2020 for service to the community of Marysville and is now consulting for Emergency Management Victoria.

### **Kerren Clark**

Kerren is a principal of Numbat Consulting with a strong background in public relations, policy, strategy and specialises in government and stakeholder relations, particularly for complex project requiring regulatory approvals. She holds a Bachelor of Science and a graduate diploma of health and medical law and is a graduate of the Australian Institute of Company Directors.

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

### **Randall Cohen**

Randall has a wealth of professional experience in commercial and legal project work for the public

sector, the private sector and at the interface between the public and private sectors. Over the past 15 years, Randall has assisted a broad array of Victorian Government departments in delivery of major projects with emphasis on industry reform, infrastructure, energy and resources, dispute management and resolution, risk management and governance.

Prior to that Randall worked as General Counsel and Regulatory Manager for APA GASNet Pty Ltd, as Corporate Solicitor for Alcoa of Australia Ltd, and as a solicitor with major law firm, Mallesons Stephen Jacques.

### **Svetla Petkova**

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

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

### **Joanna Walker**

Joanna is a chartered accountant, and experienced CFO with executive finance experience across retail, professional services and distribution enterprises. She is passionate about skiing and making a difference to the future of both Lake Mountain and Mount Baw Baw Alpine Resorts and associated communities.

Joanna has a strong commercial focus with a drive for financial and operational excellence. Her governance and change management experience together with driving a high-performance team and culture within organisations undertaking transformation have been instrumental to her past achievements. Prior Board appointments include non-executive director of the Eastern Health Board, Amcor Superannuation Fund and member of the investment committee.

## **SARMB committees**

SARMB created the following committees which provided advice to SARMB and had some delegated authorities.

Meetings were held as scheduled on the SARMB calendar or at any other time on request of a committee member, or SARMB. Attendance of committee members is detailed in the meetings attendance tables.

## Membership and roles

| Audit and Risk Committee                                                                                                                                                                                                       | Workplace Arrangements and Executive Remuneration Committee                                                                                                                         | Strategic and Environment Committee                                                                                                                                                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Joanna Walker (Chair)</li> <li>Kerren Clark</li> <li>Svetla Petkova</li> <li>Tony Thompson</li> </ul>                                                                                   | <ul style="list-style-type: none"> <li>Svetla Petkova (Chair)</li> <li>Allan Bawden</li> <li>Kerry Wilson</li> <li>Kerren Clark</li> </ul>                                          | <ul style="list-style-type: none"> <li>Kerry Wilson (Chair)</li> <li>Allan Bawden</li> <li>Randall Cohen</li> <li>Tony Thompson</li> </ul>                                                       |
| Responsibilities are set out in Standing Direction 3.2.1.1 to oversee and advise SARMB on matters of accountability, internal control and financial management which affect the operation of the organisation and the resorts. | To assist SARMB to develop and implement employment policies and monitor the performance of the executive team and ensure compliance to government public sector employment policy. | To assist SARMB in development of the Master Plan and plans to implement the 2030 report and responding to climate change consistent with obligations under the <i>Climate Change Act 2017</i> . |

## Meeting Attendance

1 January to 30 September 2022

|                      | Board | Audit and Risk | Workplace Arrangements and Executive Remuneration | Strategic and Environment |
|----------------------|-------|----------------|---------------------------------------------------|---------------------------|
| Meetings             | 7     | 3              | 2                                                 | 2                         |
| Allan Bawden (Chair) | 7/7   | -              | 2/2                                               | 2/2                       |
| Kerry Wilson         | 7/7   | -              | 2/2                                               | 2/2                       |
| Tony Thompson        | 6/7   | 3/3            | -                                                 | 1/2                       |
| Kerren Clark         | 6/7   | 3/3            | 2/2                                               | -                         |
| Randall Cohen        | 6/7   | -              | -                                                 | 2/2                       |
| Svetla Petkova       | 7/7   | 3/3            | 2/2                                               | -                         |
| Joanna Walker        | 6/7   | 3/3            | -                                                 | -                         |

## Workforce data

### Employment principles

SARMB followed the employment and conduct principles set out in the *Public Administration Act 2004* and Victorian Public Service merit and equity principles were applied in the appointment and management of staff. Most employees were employed under the terms of SARMB Enterprise Agreement. The applicable union was the Australian Workers Union.

Permanent full-time staff levels were increased to over 40 staff year-round with up to an additional 20 staff for green season casual support for events and 150 winter season staff employed to meet service requirements. An increase in all year-round staff is part of a planned growth program

expected in the green season offering and to improve the overall level of service with skilled employees.

## Workforce inclusion policy

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

Increased accessibility has been provided with the use of live captioning and visual alarms on resort to support equitable participation, in conjunction with workforce awareness programs.

The following table outlines SARMB's progress against this target in 2022.

| Workforce inclusion policy initiative                                                                                                                                 | Target                           | Actual progress in 2021         | Actual 2022                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|---------------------------------|
| Develop and implement an employment attraction strategy that recruits suitably skilled people from a CALD background, people with a disability and Aboriginal people. | Increased diversity in workforce | Diversity improved year on year | Diversity improved year on year |

## Workforce data

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

The workforce has been classified in accordance with the employment bands detailed in the SARMB 2021 Enterprise Agreement. Senior managers who are employed under a contract have been classified as Managers and Executive Managers and are employed under the Public Entity Executive Remuneration policy.

**Table 2: Workforce data**

|                    | June 2021           |             |                  |                  |           |                       |             | June 2022           |              |                  |                  |             |                       |              |
|--------------------|---------------------|-------------|------------------|------------------|-----------|-----------------------|-------------|---------------------|--------------|------------------|------------------|-------------|-----------------------|--------------|
|                    | All employees       |             | Ongoing          |                  |           | Fixed term and casual |             | All employees       |              | Ongoing          |                  |             | Fixed term and casual |              |
|                    | Number (head-count) | FTE         | F/T (head-count) | P/T (head-count) | FTE       | Number (head-count)   | FTE         | Number (head-count) | FTE          | F/T (head-count) | P/T (head-count) | FTE         | Number (head-count)   | FTE          |
| Gender             |                     |             |                  |                  |           |                       |             | Gender              |              |                  |                  |             |                       |              |
| Men                | 76                  | 53.5        | 12               | 3                | 14        | 61                    | 39.5        | 92                  | 78.1         | 26               | 1                | 26.6        | 65                    | 51.5         |
| Women              | 52                  | 38.7        | 10               | 2                | 11        | 40                    | 28          | 93                  | 76.7         | 17               | 1                | 17.8        | 75                    | 58.9         |
| Self-described     | 0                   | 0           | 0                | 0                | 0         | 0                     | 0           | 0                   | 0            | 0                | 0                | 0           | 0                     | 0            |
| Age                |                     |             |                  |                  |           |                       |             | Age                 |              |                  |                  |             |                       |              |
| 15-24              | 35                  | 22.5        | 2                | 2                | 3.5       | 31                    | 18.9        | 55                  | 39.8         | 11               | 0                | 11          | 44                    | 28.8         |
| 25-34              | 51                  | 35.6        | 10               | 1                | 10.8      | 40                    | 24.8        | 76                  | 65.21        | 16               | 0                | 16          | 61                    | 50.21        |
| 35-44              | 12                  | 11          | 3                | 1                | 3.8       | 8                     | 7.2         | 18                  | 16.7         | 7                | 0                | 7           | 11                    | 9.7          |
| 45-54              | 14                  | 11.3        | 2                | 1                | 2.7       | 11                    | 8.6         | 16                  | 15.49        | 4                | 1                | 4.8         | 11                    | 10.69        |
| 55-64              | 12                  | 9.7         | 3                | 1                | 3.3       | 8                     | 6.4         | 17                  | 16           | 6                | 0                | 6           | 11                    | 10           |
| 65+                | 4                   | 2.2         | 0                | 1                | 0.6       | 3                     | 1.6         | 3                   | 1.6          | 0                | 1                | 0.6         | 2                     | 1            |
| Classification     |                     |             |                  |                  |           |                       |             | Classification      |              |                  |                  |             |                       |              |
| Band 1             | 41                  | 28.10       | 6                | 3                | 8.1       | 32                    | 20          | 82                  | 65.74        | 16               | 1                | 16.8        | 65                    | 48.94        |
| Band 2             | 52                  | 31.90       | 4                | 2                | 5.20      | 46                    | 26.70       | 66                  | 53.3         | 18               | 1                | 18.6        | 47                    | 34.7         |
| Band 3             | 4                   | 3.6         | 0                | 0                | 0         | 4                     | 3.6         | 5                   | 4.9          | 2                | 0                | 2           | 3                     | 2.9          |
| Band S             | 9                   | 7.87        | 7                | 0                | 7         | 2                     | 0.87        | 11                  | 9.86         | 5                | 0                | 5           | 6                     | 4.86         |
| Managers           | 8                   | 8           | 8                | 0                | 8         | 0                     | 0           | 15                  | 15           | 2                | 0                | 2           | 13                    | 13           |
| Executive Managers | 6                   | 5.4         | 4                | 2                | 5.4       | 0                     | 0           | 6                   | 6            | 0                | 0                | 0           | 6                     | 6            |
| <b>Total</b>       | <b>128</b>          | <b>92.2</b> | <b>22</b>        | <b>5</b>         | <b>25</b> | <b>101</b>            | <b>67.5</b> | <b>185</b>          | <b>154.8</b> | <b>43</b>        | <b>2</b>         | <b>44.4</b> | <b>134</b>            | <b>110.4</b> |

FTE - full-time equivalent

F/T - full time

P/T - part-time

## Occupational health and safety

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

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

Whilst general training is provided on workplace health and safety, specific training is provided

where new equipment is provided for use by the resort operations staff.

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

**Table 3: Lost Time Injury**

|                                      | 2019  | 2020  | 2021  | 2022 |
|--------------------------------------|-------|-------|-------|------|
| Number of lost time claims           | 7     | 4     | 5     | 7    |
| Average cost per claim               | \$12k | \$14k | \$11k | \$9k |
| Number of reported hazards/incidents |       | 53    | 41    | 38   |

## Compliance information

### Local Jobs First

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

In 2022 there were no tenders to disclose based on these expenditures.

### Social procurement framework

The SARMB is fully committed to supporting the Victorian Government's directions under the Social Procurement Framework (SPF) and recognises that it plays a key role in advancing social and sustainable outcomes for Victorians.

In 2022, SARMB developed a Social Procurement Strategy (the Strategy) to enable a strategic approach to delivering social and sustainable outcomes through procurement in accordance with the SPF and beyond. In that Strategy, SARMB prioritised three SPF objectives – detailed in the table below, with associated reporting metrics. These SPF objectives were chosen based on their high degree of alignment with SARMB's strategic direction and values as well as being best positioned to advance identified social and sustainable procurement opportunities.

## Social Procurement reporting

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

## Government advertising expenditure

SARMB's expenditure in the 2022 reporting period on government campaign expenditure did not exceed \$100,000.

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

In 2022, there were seven consultancies where the total fees payable to the consultants were

\$10,000 or greater. The total expenditure incurred during 2022 in relation to these consultancies was \$279,000 (excl. GST).

Details of individual consultancies are outlined below.

**Table 4: Consultancies \$10,000 or greater**

| Consultant                    | Services provided | Total approved project costs (excl. GST) | Expenditure in 2022 (excl. GST) | Future commitment (excl. GST) |
|-------------------------------|-------------------|------------------------------------------|---------------------------------|-------------------------------|
| Hansen Partnership Pty Ltd    | Commercial advice | \$220,000                                | \$129,000                       | Nil                           |
| Fire Risk Consultants Pty Ltd | Technical advice  | \$136,000                                | \$78,000                        | \$58,000                      |
| Kennedys Australia            | Legal advice      | \$19,000                                 | \$19,000                        | \$12,000                      |
| Worklogic                     | Technical advice  | \$15,000                                 | \$15,000                        | Nil                           |
| Hade Consulting               | Technical advice  | \$14,000                                 | \$14,000                        | Nil                           |
| Latrobe Valley Drafting       | Technical Advice  | \$13,000                                 | \$13,000                        | Nil                           |
| Eventus Lawyers               | Legal advice      | \$11,000                                 | \$11,000                        | Nil                           |

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

In 2022, there were three consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2022 in relation to these consultancies was \$24,000 (excl. GST).

## Information and Communication Technologies (ICT) expenditure

For the 2022 reporting period, SARMB had a total ICT expenditure of \$276,000, with the details shown below.

**Table 5: ICT expenditure**

| All operational ICT expenditure         | ICT expenditure relating to projects to create or enhance ICT capabilities |                                |                             |
|-----------------------------------------|----------------------------------------------------------------------------|--------------------------------|-----------------------------|
| Business as usual (BAU) ICT expenditure | Non-business as usual (non BAU) ICT expenditure                            | Operational expenditure (OPEX) | Capital expenditure (CAPEX) |
| (Total)                                 | (Total = Operational expenditure and Capital expenditure)                  |                                |                             |
| \$184,000                               | \$92,000                                                                   | \$184,000                      | \$92,000                    |

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

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

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

## Major contracts

SARMB did not enter into any major contracts during 2022.

A "major contract" is a contract entered into during the reporting period valued at \$10 million or more.

## Freedom of Information

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

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

The Act allows SARMB to refuse access, either fully or partially, to certain documents or

information. Examples of documents that may not be accessed include; cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege such as legal advice, personal information about other people, and information provided to SARMB in-confidence.

The Act was amended on 1 September 2017 to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days.

Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for a deciding request.

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

### **Making a request**

FOI requests can be lodged online at <https://ovic.vic.gov.au> . An application fee of \$31.80 applies. Access charges may also be payable if the document pool is large, and the search for material time consuming.

Access to documents can also be obtained through a written request to SARMB's Freedom of Information Officer, as detailed in section 17 of the Act.

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

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

### **Principal Officer Colin Pollard**

Alpine Resorts Victoria  
19 Highett St  
Mansfield, Victoria, 3722

### **FOI statistics**

During 2022, SARMB had no freedom of information requests, and there were no outstanding items from previous years.

### **Further information**

Further information regarding the operation and scope of Freedom of Information can be obtained from the Act; regulations made under the Act; and [foi.vic.gov.au](https://foi.vic.gov.au).

## **Compliance with Building Act 1993**

SARMB owns or controls 16 government buildings located at Lake Mountain and Mount Baw and consequently is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* (the Act) in relation to that building.

SARMB requires that appropriately qualified consultants and contractors are engaged for all

proposed works on land controlled by the entity and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the Act, Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, SARMB's operations team was responsible for; mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventive maintenance routine of mechanical services and monthly and annual fire service audits. These inspections then inform the works program which is delivered annually through existing maintenance contracts.

In 2022:

|                                                                                                                        |                                                                          |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Number of major works projects undertaken (>\$50 000)                                                                  | 1                                                                        |
| number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned | 0 building permits<br>0 occupancy permits<br>0 certificates of occupancy |
| number of emergency orders and building orders issued in relation to buildings                                         | 0 emergency orders<br>0 building orders                                  |
| number of buildings that have been brought into conformity with building standards during the year                     | 1 building brought into conformity                                       |

## Competitive Neutrality Policy

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

SARMB continues to comply with the requirements of the Competitive Neutrality Policy.

## Compliance with Public Interest Disclosure Act 2012

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

Improper or corrupt conduct involves:

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

A public interest disclosure about SARMB or its members, officers or employees can be made by contacting IBAC (details below). SARMB is not able to receive protected disclosures.

Detrimental action is action taken against a person in reprisal for making a public interest disclosure. The Department of Environment, Land, Water and Planning (DELWP) has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about SARMB, its members, officers or its employees. DELWP's procedures can be accessed at <https://www2.delwp.vic.gov.au/our-department/public-interest-disclosures>

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au) Telephone: 1300 735 135

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

## Compliance with Disability Act 2006

The *Disability Act 2006* requires SARMB to prepare a disability action plan and report on its implementation in its annual report. SARMB's Employment Equity Policy has a five year Disability and Diversity action plan that ensures the focus for diversity and inclusion. In the reporting period the SARMB reviewed its emergency evacuation procedures to ensure that all existing and potential staff with a disability were considered in the policy application.

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

## Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect to the items listed below have been retained by SARMB and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*:

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

The information is available on request from:

Freedom of Information Officer

Colin Pollard

Alpine Resorts Victoria

19 Highett St

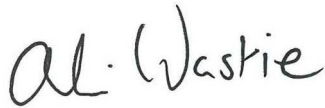
Mansfield, Victoria, 3722

Reports and plans can be obtained on the website that including:

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

## Financial Management Compliance Attestation Statement

I, Ali Wastie, on behalf of the Responsible Body certify that the Southern Alpine Resort Management Board has no Material Compliance Deficiencies with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink that reads "Ali Wastie". The signature is written in a cursive, flowing style.

**ALI WASTIE**

***Chair***

Alpine Resorts Victoria

# **Southern Alpine Resort Management Board**

## **Annual Financial Statements**

**For the year ended 30 September 2022**

# Financial Report

## How this report is structured

The Southern Alpine Resort Management Board (SARMB) has presented its audited general purpose financial statements for the financial year ended 30 September 2022 in the following structure to provide users with the information about the SARMB's stewardship of resources entrusted to it.

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows and accompanying notes, presents fairly the financial transactions during the nine month period ended 30 September 2022 and financial position of SARMB at 30 September 2022.

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

In accordance with the resolution of SARMB, we authorise the attached annual financial statements for issue on 31 August 2023



**Ali Wastie**  
Chair  
Alpine Resorts Victoria

Melbourne  
31 August 2023



**Amber Gardner**  
Chief Executive Officer  
Alpine Resorts Victoria

Melbourne  
31 August 2023



**Colin Pollard**  
Chief Financial Officer  
Alpine Resorts Victoria

Melbourne  
31 August 2023

# Independent Auditor's Report

## To the Board of the Southern Alpine Resort Management Board

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Opinion</b>                                           | <p>I have audited the financial report of the Southern Alpine Resort Management Board (the authority) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 September 2022</li><li>• comprehensive operating statement for the period then ended</li><li>• statement of changes in equity for the period then ended</li><li>• cash flow statement for the period then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Chair's, Accountable Officer's and Chief Financial Officer's declaration.</li></ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 September 2022 and its financial performance and cash flows for the period 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>     |
| <b>Basis for Opinion</b>                                 | <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>                                                                     |
| <b>Other Information</b>                                 | <p>The Board is responsible for the "Other Information" included in the authority's Annual Report for the period ended 30 September 2022. The Other Information in the Annual Report does not include the financial report and my auditor's reports thereon. My opinion on the financial report does not cover the Other Information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the Other Information when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.</p> |
| <b>Board's responsibilities for the financial report</b> | <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. 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  
27 September 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Comprehensive operating statement

For the financial year ended 30 September 2022

|                                                                | Notes | 2022              | 2021               |
|----------------------------------------------------------------|-------|-------------------|--------------------|
| <b>Continuing Operations</b>                                   |       | \$                | \$                 |
| <b>Revenue and income from transactions</b>                    |       |                   |                    |
| Visitor fees                                                   | 2.2   | 8,482,320         | 2,614,443          |
| Government funding                                             | 2.3   | 6,211,217         | 9,274,237          |
| Site & service fees                                            | 2.4   | 569,323           | 731,540            |
| Other income                                                   | 2.5   | 545,537           | 539,765            |
| <b>Total income from transactions</b>                          |       | <b>15,808,396</b> | <b>13,159,985</b>  |
| <b>Expenses from transactions</b>                              |       |                   |                    |
| Employee benefits                                              | 3.2   | 6,978,661         | 7,078,196          |
| Depreciation & amortisation expense                            | 4.1.2 | 2,106,039         | 2,772,346          |
| Interest expense                                               | 6.2.2 | 527               | 8,128              |
| Supplies and services                                          | 3.4   | 1,889,722         | 1,152,509          |
| Marketing expenses                                             |       | 277,694           | 228,603            |
| Repairs & maintenance                                          | 3.5   | 939,419           | 711,497            |
| Utilities expenses                                             |       | 1,971,063         | 1,749,611          |
| Insurance                                                      |       | 307,651           | 375,098            |
| Administration expense                                         |       | 515,998           | 417,204            |
| Other operating expenses                                       | 3.6   | 255,966           | 201,485            |
| <b>Total expenses from transactions</b>                        |       | <b>15,242,740</b> | <b>14,694,677</b>  |
| <b>Net result from transactions (net operating balance)</b>    |       | <b>565,656</b>    | <b>(1,534,692)</b> |
| <b>Other economic flows included in net result</b>             |       |                   |                    |
| Net gain/(loss) on non-financial assets                        | 8.3   | -                 | (813)              |
| <b>Total other economic flows included in net result</b>       |       | <b>-</b>          | <b>(813)</b>       |
| <b>Net result from continuing operations</b>                   |       | <b>565,656</b>    | <b>(1,535,505)</b> |
| <b>Other economic flows - other comprehensive income:</b>      |       |                   |                    |
| <b>Items that will not be reclassified to net result</b>       |       |                   |                    |
| Changes in asset revaluation surplus                           |       | -                 | 4,385,833          |
| <b>Total other economic flows - other comprehensive income</b> |       | <b>-</b>          | <b>4,385,833</b>   |
| <b>Comprehensive result</b>                                    |       | <b>565,656</b>    | <b>2,850,328</b>   |

The accompanying notes form part of these financial statements

# Balance sheet

As at 30 September 2022

|                                               | Notes | 2022              | 2021              |
|-----------------------------------------------|-------|-------------------|-------------------|
|                                               |       | \$                | \$                |
| <b>Financial assets</b>                       |       |                   |                   |
| Cash and deposits                             | 6.3   | 5,669,290         | 4,126,443         |
| Receivables                                   | 5.1   | 192,283           | 207,307           |
| <b>Total financial assets</b>                 |       | <b>5,861,573</b>  | <b>4,333,750</b>  |
| <b>Non-financial assets</b>                   |       |                   |                   |
| Inventories                                   | 5.3   | 219,404           | 222,600           |
| Prepayments                                   | 5.4   | 597,724           | 275,958           |
| Property, infrastructure, plant and equipment | 4.1   | 37,505,172        | 36,645,531        |
| Intangible assets                             | 4.2   | 197,598           | 141,304           |
| <b>Total non-financial assets</b>             |       | <b>38,519,898</b> | <b>37,285,393</b> |
| <b>Total assets</b>                           |       | <b>44,381,472</b> | <b>41,619,144</b> |
| <b>Liabilities</b>                            |       |                   |                   |
| Payables                                      | 5.2   | 1,138,327         | 940,914           |
| Deferred Capital Grant Revenue                | 5.6   | 5,036,935         | 2,513,225         |
| Leases                                        | 6.2   | 245,225           | 316,104           |
| Employee related provisions                   | 3.1.2 | 800,592           | 708,877           |
| Contract liabilities                          | 5.5   | 64,282            | 609,569           |
| <b>Total liabilities</b>                      |       | <b>7,285,361</b>  | <b>5,088,689</b>  |
| <b>Net assets</b>                             |       | <b>37,096,111</b> | <b>36,530,455</b> |
| <b>Equity</b>                                 |       |                   |                   |
| Accumulated surplus/(deficit)                 |       | (3,859,386)       | (4,425,043)       |
| Contributed capital                           |       | 36,569,664        | 36,569,664        |
| Asset revaluation reserve                     |       | 4,385,833         | 4,385,833         |
| <b>Net worth</b>                              |       | <b>37,096,111</b> | <b>36,530,455</b> |

*The accompanying notes form part of these financial statements*

# Statement of cash flows

For the financial year ended 30 September 2022

|                                                                   | Notes | 2022                | 2021                |
|-------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                       |       | \$                  | \$                  |
| <b>Receipts</b>                                                   |       |                     |                     |
| Receipts from operating activities                                |       | 11,763,349          | 4,555,538           |
| Receipts from government entities                                 |       | 7,036,156           | 12,331,080          |
| Interest received                                                 |       | 9,827               | 802                 |
| Net GST received                                                  |       | 0                   | 234,371             |
| <b>Total receipts</b>                                             |       | <b>18,809,332</b>   | <b>17,121,791</b>   |
| <b>Payments</b>                                                   |       |                     |                     |
| Payments to suppliers and contractors                             |       | (7,600,166)         | (5,418,150)         |
| Payments to and on behalf of employees                            |       | (6,459,997)         | (6,615,487)         |
| Interest paid                                                     |       | (527)               | (8,128)             |
| Net GST paid                                                      |       | (112,944)           | 0                   |
| <b>Total payments</b>                                             |       | <b>(14,173,634)</b> | <b>(12,041,765)</b> |
| <b>Net cash flows from operating activities</b>                   | 6.3.1 | <b>4,635,698</b>    | <b>5,080,026</b>    |
| <b>Cash flows from investing activities</b>                       |       |                     |                     |
| Purchase of non-financial assets                                  |       | (2,902,893)         | (942,863)           |
| <b>Net cash flows used in investing activities</b>                |       | <b>(2,902,893)</b>  | <b>(942,863)</b>    |
| <b>Cash flows from financing activities</b>                       |       |                     |                     |
| Repayment of borrowings                                           |       | (189,959)           | (639,927)           |
| <b>Net cash flows used in financing activities</b>                | 6.2.5 | <b>(189,959)</b>    | <b>(639,927)</b>    |
| <b>Net increase in cash and cash equivalents</b>                  |       | <b>1,542,847</b>    | <b>3,497,237</b>    |
| <b>Cash &amp; cash equivalents at beginning of financial year</b> |       | <b>4,126,443</b>    | <b>629,206</b>      |
| <b>Cash and cash equivalents at end of financial year</b>         | 6.3   | <b>5,669,290</b>    | <b>4,126,443</b>    |

*The accompanying notes form part of these financial statements*

# Statement of changes in equity

For the financial year ended 30 September 2022

|                                     | Accumulated<br>surplus /<br>(deficit)<br>\$ | Contributed<br>capital<br>\$ | Asset<br>revaluation<br>reserve<br>\$ | TOTAL<br>\$       |
|-------------------------------------|---------------------------------------------|------------------------------|---------------------------------------|-------------------|
| <b>Balance at 31 December 2020</b>  | <b>(2,889,538)</b>                          | <b>36,569,665</b>            | <b>0</b>                              | <b>33,680,127</b> |
| Net result for the year - 2021      | (1,535,505)                                 | -                            | -                                     | (1,535,505)       |
| Other comprehensive income          |                                             | -                            | 4,385,833                             | 4,385,833         |
| <b>Balance at 31 December 2021</b>  | <b>(4,425,043)</b>                          | <b>36,569,665</b>            | <b>4,385,833</b>                      | <b>36,530,455</b> |
| Net result for the year             | 565,656                                     |                              |                                       | 565,656           |
| <b>Balance at 30 September 2022</b> | <b>(3,859,387)</b>                          | <b>36,569,665</b>            | <b>4,385,833</b>                      | <b>37,096,111</b> |

*The accompanying notes form part of these financial statements*

# 1.0 About this report

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

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

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

Its principal address was:

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

## Basis of preparation

These financial statements have been prepared for the nine months of the 2022 Financial Year to 30th September 2022 when the entity transitioned to Alpine Reports Victoria. This transition to Alpine Resorts Victoria has not impacted the going concern of the organisation.

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

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

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

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

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

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

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

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

## Compliance information

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

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

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

## Alpine Resorts Victoria and abolishment of SARMB

The *Alpine Resorts Legislation Amendment Act 2022*, (the Act) passed by the Victorian Parliament in March 2022, abolished the four Alpine Resorts Management Boards (ARMB's), including SARMB on 1 October 2022.

The Act established Alpine Resorts Victoria (ARV), a single entity, which commenced as successor in law to the ARMB's on 1 October 2022. ARV will be responsible for managing Mount Baw Baw, Lake Mountain, Falls Creek, Mount Buller, Mount Hotham and Mount Stirling.

It will undertake strategic and sector-wide planning for the common challenges faced by the resorts, including those associated with climate change, and help the sector recover from the pandemic.

In accordance with *FRD119 Transfers Through Contributed Capital*, the transfer of all assets and liabilities by the ARMB's to the ARV is recognised as a direct adjustment to equity and designated as Distributions to Owners.

The Act transferred all ARMB's assets, powers, works, rights, liabilities and obligations, which also included financial and other reporting obligations to ARV. All employees of the ARMB's transferred to ARV on its commencement date.

ARV will account for the transfer in its financial report as a Contribution by Owners.

The transfer of assets and liabilities occurred on the first day of the financial year, 1 October 2022:

- There was no change in the carrying amounts, which are reported at fair value, of assets or liabilities between 30 September 2022 financial reporting date, and 1 October 2022 date of abolishment of the ARMB's.
- The carrying amounts of assets and liabilities transferred are disclosed in the SARMB Balance Sheet for the year ended 30 September 2022 included in this financial report.

The going concern basis was used to prepare the financial statements as the intent of the legislation is that the substantive functions, rights and obligations of ARMB's will continue under ARV.

The annual financial statements were authorised for issue by ARV – the successor in law to the ARMB's on 1 October 2022.

Future revenue generated by the resorts is contingent on the snowfall for the year and may be impacted by other factors outside the control of management such as COVID pandemic and subsequent restrictions.

The Victorian Government has committed to providing ongoing cash flow support to meet the new ARV Board's current and future obligations as and when they fall due.

Letters of support were previously in place for the ARMBs preceding their abolishment and incorporation into ARV. A new letter of support is on place for ARV (the new entity) covering the period up to 30 April 2024. The Victorian Government has confirmed with ARV management that a new letter will be issued upon expiry of the one currently in force.

It has been determined that the going concern assumption remains to be appropriate.

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

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

In 2022, Lake Mountain was able to open the resort a week earlier than the usual Queen's Birthday long weekend due to early snow fall. At various times during through-out the snow season, visitor numbers were capped due to staff shortages.

Similar to the 2020 and 2021 financial years, the Victorian Government announced various grant and relief programs. A rent relief program similar to 2020 was announced covering the period 28 July 2021 to 15 March 2022 with stakeholders applying for this relief directly to SARMB, reducing the revenue received by SARMB for site rent. No programs were available for reduction or relief in service charges, noting this revenue line was not impacted.

Also, similar to the 2020 and 2021 Financial Years, SARMB has reduced its transactional expenditure, wherever possible to assist in offsetting any loss in revenue. However with the success of the 2022 snow season visitor numbers were higher than anticipated.

SARMB has worked closely with the Victorian Government through the responsible Minister 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, the Government provided an advance of \$5,050,288 funding throughout 2022 for COVID-19 funding support (see note 2.3). The responsible Minister 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 2024.

SARMB has considered the impacts of COVID-19 on the judgements and assumptions applied to accounting policies and assumptions of all balance sheet and operating statement items in the preparation of these financial statements and has not made any adjustment to those balances or amounts as a result of COVID-19. The impacts and assessments have been considered on assets and liabilities which are detailed in Note 4.1.3 Reconciliation of movements in carrying amount of infrastructure, property, plant and equipment, Note 4.1.2 Depreciation, amortisation and impairment, Note 7.1 Financial instruments specific disclosures, Note 7.2 Contingent assets and liabilities and Note 7.3 Fair value determination.

## 2. Funding delivery of our services

### Introduction

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

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

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

### Structure

|     |                                                                       |    |
|-----|-----------------------------------------------------------------------|----|
| 2.1 | Summary of revenue and income that funds the delivery of our services | 38 |
| 2.2 | Visitor fees                                                          | 39 |
| 2.3 | Government funding                                                    | 40 |
| 2.4 | Site & service fees                                                   | 40 |
| 2.5 | Other Income                                                          | 41 |

### 2.1 Summary of revenue and income that funds the delivery of services

|                                                                                | Notes | 2022              | 2021              |
|--------------------------------------------------------------------------------|-------|-------------------|-------------------|
| Visitor fees                                                                   | 2.2   | 8,482,320         | 2,614,443         |
| Government funding                                                             | 2.3   | 6,211,217         | 9,274,237         |
| Site & service fees                                                            | 2.4   | 569,323           | 731,540           |
| Other income                                                                   | 2.5   | 545,537           | 539,765           |
| <b>Total Summary of revenue and income that funds the delivery of services</b> |       | <b>15,808,396</b> | <b>13,159,985</b> |

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

Grant consideration has been received from the Victorian Government to acquire and build assets at the resorts. Total funding received in 2022 was \$3,677,193.

Grant revenue is recognised progressively as the asset is constructed, since this is the time when SARMB satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are completed.

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

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

## 2.2 Visitor fees

|                                | 2022             | 2021             |
|--------------------------------|------------------|------------------|
| Resort entry fees              | 2,778,960        | 708,666          |
| Bistro & functions             | 1,782,749        | 590,600          |
| Ski hire and ski school        | 2,789,207        | 748,109          |
| Accommodation & guest services | 526,280          | 393,118          |
| Merchandise                    | 456,479          | 145,951          |
| Adventure activities           | 148,645          | 27,999           |
| <b>Total Visitor fees</b>      | <b>8,482,320</b> | <b>2,614,443</b> |

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

### Performance obligations and revenue recognition policies

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

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

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

### Resort Entry Fees

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

Visitation at both Mt Baw Baw Alpine Resort and Lake Mountain Alpine Resort was considerably higher in 2022 resulting in a major increase in income from visitor fees and in particular resort entry fees, income from bistro, functions, ski hire and ski school. However, staff absences due to COVID-19 resulted in lower caps of daily visitors that limited the potential for higher income from visitor fees.

## 2.3 Government funding

|                                                                      | 2022             | 2021             |
|----------------------------------------------------------------------|------------------|------------------|
| Department of Environment, Land, Water and Planning support payments | 5,050,288        | 9,192,528        |
| Revenue from Grant Funding                                           | 1,153,483        | 0                |
| Other government grants                                              | 7,446            | 81,709           |
| <b>Total Government funding</b>                                      | <b>6,211,217</b> | <b>9,274,237</b> |

### Significant Judgement: Government Funding

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

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

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

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

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

## 2.4 Site and service fees

|                                    | 2022           | 2021           |
|------------------------------------|----------------|----------------|
| Site rental fees                   | 94,388         | 112,695        |
| Service fees                       | 474,935        | 618,845        |
| <b>Total Site and service fees</b> | <b>569,323</b> | <b>731,541</b> |

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

Service Fees are recognised under the terms and conditions of each lease and charged in accordance with the Fully Enclosed Covered Area (FECA) guidelines. As the FECA rate for 2022 was very similar to the 2021 rate, service fees have remained fairly constant. Noting that the site and service fees for 2022 above are for only nine months whereas the 2021 totals are for twelve months.

The Victorian Government's rent relief initiative was extended to March 2022 for leaseholders and this impacted the site fees that were paid to SARMB. Refer to Note 1 for further details on the impact of the COVID-19 pandemic.

## 2.5 Other Income

|                           | 2022           | 2021           |
|---------------------------|----------------|----------------|
| Marketing & events        | 75,784         | 83,853         |
| Staff accommodation       | 150,279        | 87,766         |
| Fuel tax credit rebate    | 185,362        | 216,930        |
| Commission                | 73,908         | 35,679         |
| Interest                  | 9,827          | 802            |
| Other income              | 50,377         | 114,735        |
| <b>Total Other Income</b> | <b>545,537</b> | <b>539,765</b> |

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

### Performance obligations and revenue recognition policies

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

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

### Fuel tax credit rebate

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

### Commission

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

### Interest

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

## 3. The cost of delivering our services

### Introduction

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

### Structure

|     |                                                         |    |
|-----|---------------------------------------------------------|----|
| 3.1 | Expenses incurred in delivery of services               | 42 |
| 3.2 | Employee benefits in the comprehensive income statement | 42 |
| 3.3 | Operating expenses                                      | 45 |
| 3.4 | Supplies and services                                   | 46 |
| 3.5 | Repairs and maintenance                                 | 47 |
| 3.6 | Other operating expenses                                | 47 |

### 3.1 Expenses incurred in delivery of services

|                                                        | Notes | 2022              | 2021              |
|--------------------------------------------------------|-------|-------------------|-------------------|
| Depreciation                                           | 4.1.2 | 2,106,039         | 2,772,346         |
| Employee benefit expenses                              | 3.1.1 | 6,978,661         | 7,078,196         |
| Operating expenses                                     | 3.2   | 6,158,040         | 4,844,135         |
| <b>Total Expenses incurred in delivery of services</b> |       | <b>15,242,740</b> | <b>14,694,677</b> |

### 3.2 Employee benefits in the comprehensive operating statement

|                                                                         | 2022             | 2021             |
|-------------------------------------------------------------------------|------------------|------------------|
| Salaries and wages, annual leave and long service leave                 | 5,683,047        | 5,767,750        |
| Payroll tax and Fringe benefits tax                                     | 210,611          | 319,140          |
| Other employee associated costs                                         | 535,713          | 449,286          |
| <b>Post employment benefits</b>                                         |                  |                  |
| Defined contributions superannuation expense                            | 539,054          | 530,728          |
| Defined benefits superannuation expense                                 | 10,236           | 11,293           |
| <b>Total Employee benefits in the comprehensive operating statement</b> | <b>6,978,661</b> | <b>7,078,197</b> |

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

This year general ledger accounts and their usage have been further reviewed, leading to changes in classifications to more accurately reflect a common chart of accounts for the Victorian Alpine Resorts. Other employee associated costs have been disclosed at this Note in 2022 for the first time. In prior years these costs were classified as Administration and insurance expenses.

- This year other employee associated costs totalling \$15k are included as employee benefits. Last year they were disclosed as administration costs of \$11k and
- This year WorkCover Premiums of \$97k are disclosed as employee benefits. Last year these were disclosed as Insurance Expenses totalling \$72k.

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

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

### 3.2.1 Employee benefits in the balance sheet

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

|                                                           | 2022           | 2021           |
|-----------------------------------------------------------|----------------|----------------|
| <b>Current provisions:</b>                                |                |                |
| <b>Annual leave</b>                                       |                |                |
| Unconditional and expected to settle within 12 months     | 323,347        | 302,222        |
| Unconditional and expected to settle after 12 months      | 84,680         | 75,556         |
| <b>Long service leave</b>                                 |                |                |
| Unconditional and expected to settle within 12 months     | 23,487         | 57,350         |
| <b>Provisions for on-costs</b>                            |                |                |
| Unconditional and expected to settle within 12 months     | 116,840        | 108,979        |
| Unconditional and expected to settle after 12 months      | 24,867         | 27,222         |
| <b>Total current provisions for employee benefits</b>     | <b>573,221</b> | <b>571,329</b> |
| <b>Non-current provisions:</b>                            |                |                |
| Employee benefits                                         | 197,995        | 121,060        |
| On-costs                                                  | 29,377         | 16,488         |
| <b>Total non-current provisions for employee benefits</b> | <b>227,372</b> | <b>137,548</b> |
| <b>Total provisions for employee benefits</b>             | <b>800,592</b> | <b>708,877</b> |

## Reconciliation of movement in on-cost provision

|                                                                               | 2022           | 2021           |
|-------------------------------------------------------------------------------|----------------|----------------|
| <b>Opening balance</b>                                                        | <b>152,689</b> | <b>18,866</b>  |
| Additional provisions recognised                                              | 41,782         | 182,010        |
| Reductions arising from payments/other sacrifices of future economic benefits | (23,212)       | (48,187)       |
| <b>Closing balance</b>                                                        | <b>171,259</b> | <b>152,689</b> |
| Current                                                                       | 141,882        | 136,201        |
| Non-current                                                                   | 29,377         | 16,488         |

### Wages and salaries, annual leave and sick leave:

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

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

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

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

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

### Long Service Leave

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

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

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

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

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

SARMB uses the 2008 Long service leave model to calculate long service leave liability.

### 3.2.2 Superannuation contributions

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

|                                             | Paid contributions for the year |                | Contributions outstanding at year end |               |
|---------------------------------------------|---------------------------------|----------------|---------------------------------------|---------------|
|                                             | 2022                            | 2021           | 2022                                  | 2021          |
| <b>Defined benefits plan <sup>(a)</sup></b> |                                 |                |                                       |               |
| ESS Super                                   | 10,236                          | 16,645         | 1,119                                 | 1,085         |
| <b>Defined contributions plan</b>           |                                 |                |                                       |               |
| VicSuper                                    | 129,900                         | 172,349        | 16,976                                | 11,331        |
| Other                                       | 384,108                         | 421,176        | 56,473                                | 28,046        |
| <b>Total Superannuation contributions</b>   | <b>524,244</b>                  | <b>610,170</b> | <b>74,568</b>                         | <b>40,462</b> |

Note:

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

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

On 1 July 2022 the Superannuation Guarantee Charge (SGC) increased from 10.0% to 10.5%.

### 3.3 Operating expenses

|                                 | Notes | 2022             | 2021             |
|---------------------------------|-------|------------------|------------------|
| Interest expense                |       | 527              | 8,128            |
| Supplies and services           | 3.3   | 1,889,722        | 1,152,509        |
| Marketing expenses              |       | 277,694          | 228,603          |
| Repairs & maintenance           | 3.4   | 939,419          | 711,497          |
| Utilities expenses              |       | 1,971,063        | 1,749,611        |
| Insurance                       |       | 307,651          | 375,098          |
| Administration expenses         |       | 515,998          | 417,204          |
| Other operating expenses        | 3.5   | 255,966          | 201,485          |
| <b>Total Operating expenses</b> |       | <b>6,158,040</b> | <b>4,844,135</b> |

#### Interest expense

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

#### Supplies and services - Cost of sales

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

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

### Marketing expenses

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

### Utilities expenses

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

### Administration expenses

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

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

- This year costs formerly disclosed as Administration expenses were disclosed as Employee Benefits (\$11k 2022 vs \$14k in 2021.)
- This year costs formerly disclosed as Administration expenses were disclosed as Other Operating expense (nil effect in 2022, \$8k in 2021.)

### Other operating expenses

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

## 3.4 Supplies and services expense

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

|                                            | 2022             | 2021             |
|--------------------------------------------|------------------|------------------|
| Food and beverage purchases                | 900,310          | 362,630          |
| Guest services                             | 64,247           | 49,267           |
| ICT costs                                  | 264,308          | 198,818          |
| Motor vehicle costs                        | 9,286            | 12,104           |
| Other supplies and services                | 23,588           | 8,747            |
| Printing and stationery                    | 26,693           | 16,619           |
| Purchases of minor equipment               | 153,611          | 184,240          |
| Rental of equipment                        | 355,963          | 219,999          |
| Services and contracts                     | 25,177           | 70,836           |
| Resort Operations                          | 66,540           | 29,250           |
| <b>Total Supplies and services expense</b> | <b>1,889,722</b> | <b>1,152,509</b> |

### Reclassification of expenses

SARMB has reclassified costs to the value of \$169k as Supplies and Services expense at this note. These items were disclosed as Other Operating Expense at Note 5.5 in 2021 (\$92k) and Marketing expense (\$2k). This classification has been changed to reflect a common chart of accounts for the Victorian Alpine Resorts.

- This year Event expenses (\$21k) are disclosed as Other Supplies & Services. Last year they were disclosed as Other Operating expense at Note 3.2 (\$2k) and Marketing (\$1k.)
- This year Ski Patrol Materials (\$18k) are disclosed as Purchases of Minor Equipment. Last year they were disclosed as Resort Operations at Note 3.5 (\$16k.)
- This year Uniforms/Protective Clothing (\$70k) are disclosed as Purchases of Minor Equipment. Last year they were disclosed as Resort Operations at Note 3.5 (\$47k.)

### 3.5 Repairs and maintenance expense

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

|                                              | 2022           | 2021           |
|----------------------------------------------|----------------|----------------|
| <b>Repairs to:</b>                           |                |                |
| Buildings                                    | 339,472        | 256,485        |
| Plant, equipment and vehicles                | 536,504        | 387,805        |
| Roads, carparks and infrastructure assets    | 63,443         | 67,207         |
| <b>Total Repairs and maintenance expense</b> | <b>939,419</b> | <b>711,497</b> |

This year a minor reclassification of Repairs and Maintenance expenses occurred totalling \$19k. These were disclosed as Utilities at Note 3.2 last year, totalling \$3k.

### 3.6 Other operating expenses

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

|                                               | 2022           | 2021           |
|-----------------------------------------------|----------------|----------------|
| Audit Fees                                    | 76,000         | 105,875        |
| Lease payments & other financial arrangements | 0              | 6,977          |
| Short-term leases and low value assets        | 101,749        | 78,463         |
| Bad debts from transactions                   | 58,654         | 0              |
| Other operational & administrative support    | 19,563         | 10,170         |
| <b>Total Other operating expenses</b>         | <b>255,966</b> | <b>201,485</b> |

### **Lease payments**

The following lease payments are recognised on a straight-line basis:

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

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

### **Reclassification of expenses**

As noted at Notes 3.1.1 and 3.3, some accounts were re-classified in 2022 to reflect Alpine Resorts common chart of accounts. Costs totalling \$92k in 2021, this year are reflected at Supplies and Services expense, Note 3.3, totalling \$169k.

## 4. Key assets available to support output delivery

### Introduction

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

### Structure

|     |                                                     |    |
|-----|-----------------------------------------------------|----|
| 4.1 | Total infrastructure, property, plant and equipment | 49 |
| 4.2 | Intangible assets                                   | 54 |

### 4.1 Total infrastructure, property, plant and equipment

| Items are at fair value          | Gross carrying Amount |                   | Accumulated Depreciation |                  | Net carrying amount |                   |
|----------------------------------|-----------------------|-------------------|--------------------------|------------------|---------------------|-------------------|
|                                  | 2022                  | 2021              | 2022                     | 2021             | 2022                | 2021              |
| Land                             | 4,500,000             | 4,500,000         | 0                        | 0                | 4,500,000           | 4,500,000         |
| Buildings                        | 19,174,601            | 19,040,631        | 677,289                  | 158,328          | 18,497,313          | 18,882,303        |
| Plant and equipment and vehicles | 6,776,829             | 6,228,201         | 2,179,556                | 1,514,725        | 4,597,273           | 4,713,476         |
| <i>Infrastructure:</i>           |                       |                   |                          |                  |                     |                   |
| Water and sewerage               | 1,459,657             | 803,081           | 45,538                   | 0                | 1,414,119           | 803,080           |
| Road, trail & carpark            | 6,563,997             | 6,504,233         | 647,990                  | 0                | 5,916,008           | 6,504,233         |
| Ski lift                         | 816,050               | 811,650           | 75,555                   | 0                | 740,495             | 811,650           |
| Office equipment                 | 308,592               | 295,073           | 252,394                  | 229,524          | 56,197              | 65,550            |
| Rental equipment and clothing    | 195,964               | 195,015           | 177,311                  | 166,572          | 18,653              | 28,442            |
| Assets under construction        | 1,765,114             | 336,796           | 0                        | 0                | 1,765,114           | 336,796           |
| <b>Net carrying amount</b>       | <b>41,560,805</b>     | <b>38,714,680</b> | <b>4,055,633</b>         | <b>2,069,148</b> | <b>37,505,172</b>   | <b>36,645,531</b> |

The comparative amount of Asset under Construction for 2021 has been increased by the amount of \$39,450. The gross carrying amount is now reflected as \$336,796. In 2021 this was disclosed at Note 5.6 Deferred Capital Grant Revenue.

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

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

| <b>2022</b> | as at 30 September 2022       | Gross carrying Amount | Accumulated Depreciation | Net carrying amount |
|-------------|-------------------------------|-----------------------|--------------------------|---------------------|
|             | Plant, Equipment and vehicles | 802,620               | 582,268                  | 220,353             |
|             | Office Equipment              | 87,112                | 67,149                   | 19,964              |
|             | <b>Net carrying amount</b>    | <b>889,733</b>        | <b>649,416</b>           | <b>240,316</b>      |

| <b>2021</b> | as at 31 December 2021        | Gross carrying Amount | Accumulated Depreciation | Net carrying amount |
|-------------|-------------------------------|-----------------------|--------------------------|---------------------|
|             | Plant, Equipment and vehicles | 783,971               | 511,635                  | 272,336             |
|             | Office Equipment              | 87,112                | 50,816                   | 36,297              |
|             | <b>Net carrying amount</b>    | <b>871,083</b>        | <b>562,451</b>           | <b>308,633</b>      |

| <b>2022</b>                          |                          | Plant, Equipment & Vehicles | Office Equipment |
|--------------------------------------|--------------------------|-----------------------------|------------------|
| <b>Opening balance</b>               | <b>1 January 2022</b>    | <b>272,336</b>              | <b>36,297</b>    |
| Additions                            |                          | 119,079                     | 0                |
| Disposals/expired                    |                          | (100,430)                   | 0                |
| Accumulated depreciation on disposal |                          | 100,430                     | 0                |
| Depreciation                         |                          | (171,063)                   | (16,334)         |
| <b>Closing balance</b>               | <b>30 September 2022</b> | <b>220,352</b>              | <b>19,963</b>    |

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

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

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

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

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

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

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

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

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

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

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

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

### **Right-of-use asset – Subsequent measurement**

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

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

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

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

### **Impairment of property, plant and equipment**

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

## 4.1.2 Depreciation and amortisation

| Charge for the period <sup>(a)</sup>       | 2022             | 2021             |
|--------------------------------------------|------------------|------------------|
| Buildings                                  | 518,961          | 653,962          |
| Plant and equipment and vehicles           | 765,263          | 1,163,975        |
| <i>Infrastructure:</i>                     |                  |                  |
| Water and sewerage                         | 45,538           | 79,702           |
| Road, trail & carpark                      | 647,990          | 633,020          |
| Ski lift                                   | 75,555           | 160,771          |
| Office equipment                           | 22,867           | 39,108           |
| Rental equipment and clothing              | 10,739           | 18,328           |
| Intangible assets (amortisation)           | 19,127           | 23,481           |
| <b>Total Depreciation and amortisation</b> | <b>2,106,039</b> | <b>2,772,347</b> |

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

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

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

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

**Right-of-use assets** are generally depreciated over the shorter of the asset's useful life and the lease term. Where the 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.

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

| 2022 | Assets at fair value                 | Infrastructure |            |                                  |                    |                       |          |                  |                               |                           |             |
|------|--------------------------------------|----------------|------------|----------------------------------|--------------------|-----------------------|----------|------------------|-------------------------------|---------------------------|-------------|
|      |                                      | Land           | Buildings  | Plant and equipment and vehicles | Water and sewerage | Road, trail & carpark | Ski lift | Office equipment | Rental equipment and clothing | Assets under construction | Total       |
|      | Opening balance                      | 4,500,000      | 18,882,303 | 4,713,476                        | 803,081            | 6,504,233             | 811,650  | 65,550           | 28,442                        | 336,796                   | 36,645,531  |
|      | Additions                            | 0              | 40,400     | 589,852                          | 0                  | 18,189                | 4,400    | 13,519           | 949                           | 2,279,241                 | 2,946,550   |
|      | Transfers                            | 0              | 93,571     | 59,202                           | 656,577            | 41,575                | 0        | 0                | 0                             | (850,923)                 | 0           |
|      | Disposals                            | 0              | 0          | (100,430)                        | 0                  | 0                     | 0        | 0                | 0                             | 0                         | (100,430)   |
|      | Accumulated depreciation on disposal | 0              | 0          | 100,436                          | 0                  | 0                     | 0        | (4)              | 0                             | 0                         | 100,432     |
|      | Revaluation increase/(decrease)      | 0              | 0          | 0                                | 0                  | 0                     | 0        | 0                | 0                             | 0                         | 0           |
|      | Depreciation                         | 0              | (518,961)  | (765,263)                        | (45,538)           | (647,989)             | (75,555) | (22,867)         | (10,739)                      | 0                         | (2,086,912) |
|      | Closing balance                      | 4,500,000      | 18,497,313 | 4,597,273                        | 1,414,119          | 5,916,008             | 740,496  | 56,198           | 18,653                        | 1,765,114                 | 37,505,172  |

| 2021                                 | Assets at fair value | Infrastructure |            |                                  |                    |                       |             |                  | Total    |                               |                           |
|--------------------------------------|----------------------|----------------|------------|----------------------------------|--------------------|-----------------------|-------------|------------------|----------|-------------------------------|---------------------------|
|                                      |                      | Land           | Buildings  | Plant and equipment and vehicles | Water and sewerage | Road, trail & carpark | Ski lift    | Office equipment |          | Rental equipment and clothing | Assets under construction |
| Opening balance                      |                      | 3,899,000      | 17,866,649 | 3,201,055                        | 2,458,793          | 4,578,029             | 2,021,009   | 74,740           | 46,770   | 0                             | 34,146,045                |
| Additions                            |                      | 0              | 16,807     | 121,855                          | 11,833             | 19,773                | 8,000       | 29,917           | 0        | 655,146                       | 863,331                   |
| Transfers                            |                      | 0              | 318,350    | 0                                | 0                  | 0                     | 0           | 0                | 0        | (318,350)                     | 0                         |
| Disposals                            |                      | 0              | 0          | (1,353,897)                      | 0                  | 0                     | 0           | 0                | 0        | 0                             | (1,353,897)               |
| Revaluation increase/(decrease)      |                      | 0              | 0          | 1,353,084                        | 0                  | 0                     | 0           | 0                | 0        | 0                             | 1,353,084                 |
| Accumulated depreciation on disposal |                      | 601,000        | 1,334,459  | 2,555,354                        | (1,587,843)        | 2,539,451             | (1,056,588) | 0                | 0        | 0                             | 4,385,833                 |
| Depreciation                         |                      | 0              | (653,962)  | (1,163,975)                      | (79,702)           | (633,020)             | (160,770)   | (39,107)         | (18,328) | 0                             | (2,748,865)               |
| Closing balance                      |                      | 4,500,000      | 18,882,303 | 4,713,476                        | 803,081            | 6,504,233             | 811,651     | 65,550           | 28,442   | 336,796                       | 36,645,531                |

Note:

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

## 4.2 Intangible Assets

|                        |                          | Software      | Intangibles under construction | Total          |
|------------------------|--------------------------|---------------|--------------------------------|----------------|
| <b>2022</b>            |                          |               |                                |                |
| <b>Opening balance</b> | <b>1 January 2022</b>    | <b>84,675</b> | <b>56,629</b>                  | <b>141,304</b> |
| Additions              |                          | 0             | 75,421                         | 75,421         |
| Transfers              |                          | 20,400        | (20,400)                       | 0              |
| Amortisation expense   |                          | (19,127)      | 0                              | (19,127)       |
| <b>Carrying amount</b> | <b>30 September 2022</b> | <b>85,948</b> | <b>111,650</b>                 | <b>197,598</b> |
|                        |                          |               |                                |                |
|                        |                          | Software      | Intangible under construction  | Total          |
| <b>2021</b>            |                          |               |                                |                |
| <b>Opening balance</b> | <b>1 January 2021</b>    | <b>45,803</b> | <b>0</b>                       | <b>45,803</b>  |
| Additions              |                          | 62,353        | 56,629                         | 118,982        |
| Amortisation expense   |                          | (23,481)      | 0                              | (23,481)       |
| <b>Carrying amount</b> | <b>31 December 2021</b>  | <b>84,675</b> | <b>56,629</b>                  | <b>141,304</b> |

*Note:*

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

### Initial Recognition of intangible assets

Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### Subsequent measurement of intangible assets

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

### Impairment of intangible assets

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

## 5. Other assets and liabilities

### Introduction

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

### Structure

|     |                                |    |
|-----|--------------------------------|----|
| 5.1 | Receivables                    | 55 |
| 5.2 | Payables                       | 57 |
| 5.3 | Inventories                    | 58 |
| 5.4 | Prepayments                    | 58 |
| 5.5 | Contract liabilities           | 59 |
| 5.6 | Deferred capital grant revenue | 59 |

### 5.1 Receivables

|                                                     | 2022           | 2021           |
|-----------------------------------------------------|----------------|----------------|
| <b>Contractual</b>                                  |                |                |
| Sale of goods and services                          | 162,830        | 162,590        |
| Other receivables                                   | 1,140          | 1,140          |
| Allowance for impairment of contractual receivables | 0              | (25,908)       |
| <b>Statutory</b>                                    |                |                |
| GST input tax credit recoverable                    | 28,313         | 63,896         |
| Other tax receivable                                | 0              | 5,590          |
| <b>Total Receivables</b>                            | <b>192,283</b> | <b>207,307</b> |
| <i>Represented by:</i>                              |                |                |
| Current receivables                                 | 191,143        | 206,167        |
| Non-current receivables                             | 1,140          | 1,140          |

**Contractual receivables** include debtors in relation to goods and services.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. SARMB holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

#### Expected credit losses on contractual receivables at amortised cost

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

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

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

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

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

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

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

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

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

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

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

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. SARMB applies AASB 9 for initial measurement of the statutory receivables and, as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

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

### 5.1.1 Maturity analysis of contractual receivables <sup>(a)</sup>

|                          | Carrying Amount | Nominal Amount | Past due but not impaired |                   |               |                    |
|--------------------------|-----------------|----------------|---------------------------|-------------------|---------------|--------------------|
|                          |                 |                | Current                   | Less than 1 month | 1 to 3 months | 3 months to 1 year |
| <b>2022</b>              |                 |                |                           |                   |               |                    |
| Sale of goods & services | 162,830         | 162,830        | 160,252                   | 2,578             | 0             | 0                  |
| Other receivables        | 1,140           | 1,140          | 0                         | 0                 | 0             | 1,140              |
| <b>Total</b>             | <b>163,970</b>  | <b>163,970</b> | <b>160,252</b>            | <b>2,578</b>      | <b>0</b>      | <b>1,140</b>       |
| <b>2021</b>              |                 |                |                           |                   |               |                    |
| Sale of goods & services | 162,590         | 136,682        | 93,191                    | 889               | 68,510        | 0                  |
| Other receivables        | 1,140           | 1,140          | 0                         | 0                 | 0             | 1,140              |
| <b>Total</b>             | <b>163,730</b>  | <b>137,822</b> | <b>93,191</b>             | <b>889</b>        | <b>68,510</b> | <b>1,140</b>       |

Note:

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

### 5.1.2 Finance lease receivables (SARMB as a lessor)

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

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

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

| <b>Non-cancellable operating lease receivables</b>  | <b>2022</b>    | <b>2021</b>    |
|-----------------------------------------------------|----------------|----------------|
| <b>Operating leases - Crown Land</b>                |                |                |
| Less than one year                                  | 37,828         | 73,309         |
| One to two years                                    | 38,547         | 44,122         |
| Two to three years                                  | 38,029         | 44,949         |
| Three to four years                                 | 38,756         | 44,197         |
| Four to five years                                  | 30,783         | 45,031         |
| Longer than five years                              | 246,860        | 315,142        |
| <b>Total undiscounted lease payments receivable</b> | <b>430,803</b> | <b>566,750</b> |

During the 2022 financial year, SARMB recognised finance income on the finance lease receivable of \$44,217

### Leases as a lessor

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

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

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

## 5.2 Payables

|                                            | <b>2022</b>      | <b>2021</b>    |
|--------------------------------------------|------------------|----------------|
| <b>Contractual</b>                         |                  |                |
| Supplies and services                      | 322,716          | 545,595        |
| Amounts payable to government and agencies | 78,737           | 41,605         |
| Other payables                             | 736,873          | 353,714        |
| <b>Total Payables</b>                      | <b>1,138,327</b> | <b>940,914</b> |
| <i>Represented by:</i>                     |                  |                |
| Current payables                           | 1,138,327        | 940,914        |
| Non-current payables                       | 0                | 0              |

**Contractual payables** include accounts and other payables.

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

**Statutory payables** include GST and other taxes payable.

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

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

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

### 5.2.1 Maturity analysis of contractual payables <sup>(a)</sup>

|                                            | Carrying Amount  | Nominal Amount   | Maturity dates    |                |                    |              |
|--------------------------------------------|------------------|------------------|-------------------|----------------|--------------------|--------------|
|                                            |                  |                  | Less than 1 month | 1 to 3 months  | 3 months to 1 year | 1 to 5 years |
| <b>2022</b>                                |                  |                  |                   |                |                    |              |
| Supplies and services                      | 322,716          | 322,716          | 322,433           | 518            | (235)              | 0            |
| Amounts payable to government and agencies | 78,737           | 78,737           | 78,737            | 0              | 0                  | 0            |
| Other payables                             | 736,873          | 736,873          | 448,470           | 288,403        | 0                  | 0            |
| <b>Total</b>                               | <b>1,138,327</b> | <b>1,138,327</b> | <b>849,640</b>    | <b>288,921</b> | <b>(235)</b>       | <b>0</b>     |
| <b>2021</b>                                |                  |                  |                   |                |                    |              |
| Supplies and services                      | 545,595          | 545,595          | 529,702           | 585            | 15,308             | 0            |
| Amounts payable to government and agencies | 41,605           | 41,605           | 41,605            | 0              | 0                  | 0            |
| Other payables                             | 353,714          | 353,714          | 237,104           | 116,610        | 0                  | 0            |
| <b>Total</b>                               | <b>940,914</b>   | <b>940,914</b>   | <b>808,411</b>    | <b>117,195</b> | <b>15,308</b>      | <b>0</b>     |

Note:

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

## 5.3 Inventories

|                                         | 2022           | 2021           |
|-----------------------------------------|----------------|----------------|
| Supplies and consumables - fuel at cost | 92,034         | 55,955         |
| Inventories held for sale - at cost     | 127,371        | 166,645        |
| <b>Total Inventories</b>                | <b>219,404</b> | <b>222,600</b> |

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

## 5.4 Prepayments

|                          | 2022           | 2021           |
|--------------------------|----------------|----------------|
| Prepayments              | 597,724        | 275,958        |
| <b>Total Prepayments</b> | <b>597,724</b> | <b>275,958</b> |

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

## 5.5 Contract liabilities

|                                   | 2022          | 2021           |
|-----------------------------------|---------------|----------------|
| Contract Liabilities              | 64,282        | 609,569        |
| <b>Total Contract liabilities</b> | <b>64,282</b> | <b>609,569</b> |

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

## 5.6 Deferred capital grant revenue

|                                             | 2022             | 2021             |
|---------------------------------------------|------------------|------------------|
| Deferred capital grant revenue              | 5,036,935        | 2,513,225        |
| <b>Total Deferred capital grant revenue</b> | <b>5,036,935</b> | <b>2,513,225</b> |

### Deferred capital grant revenue

Further grant consideration was received in 2022 from the Department of Jobs, Precincts and Regions (DJPR) for the Mountain Bike Destination Renewal Project of \$177,193. It provides funding to update mountain bike trails primarily at Mt Baw Baw, and also provides some funding for Lake Mountain.

Further grant consideration was received in 2022 from the Department of Jobs, Precincts and Regions (DJPR) for the Business Activation Project of \$600,000. It provides funding to purchase and create various assets to assist the operations of the resorts.

Grant consideration was received from the Victorian Government for the construction of a waste water treatment plant at Mt Baw Baw of \$3,000,000. DJPR has provided funding to construct assets to assist the operations of the resorts.

Grant revenue is recognised progressively as the asset is constructed, since this is the time when SARMB satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) During 2021 minor expenses towards these projects have been incurred. As a result, SARMB has deferred recognition of the grant consideration received as a liability for the outstanding obligations.

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

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

The comparative amount of Deferred Capital Grant Revenue for 2021 has been increased by the amount of \$39,450. The gross carrying amount is now reflected as \$2,513,225. In 2021 this was disclosed at Note 4.1 Asset Under Construction.

### Reconciliation of movement in deferred capital grant revenue

|                                                                                                                                                                  | 2022             | 2021             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year | 2,513,225        | 0                |
| Grant consideration for capital works received during the year                                                                                                   | 3,677,193        | 2,513,225        |
| Grant revenue for capital works recognised consistent with the capital works undertaken during the year                                                          | (1,153,483)      | 0                |
| <b>Closing balance of deferred grant consideration received for capital works</b>                                                                                | <b>5,036,935</b> | <b>2,513,225</b> |

## 6. How we financed our operations

### Introduction

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

### Structure

|     |                                    |    |
|-----|------------------------------------|----|
| 6.1 | Borrowings                         | 60 |
| 6.2 | Leases                             | 60 |
| 6.3 | Cash flow information and balances | 63 |
| 6.4 | Commitments for expenditure        | 64 |

### 6.1 Borrowings

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

### 6.2 Leases

|                                          | 2022           | 2021           |
|------------------------------------------|----------------|----------------|
| <b>Current Leases</b>                    |                |                |
| Current Lease liabilities <sup>(a)</sup> | 185,722        | 209,147        |
| <b>Total current leases</b>              | <b>185,722</b> | <b>209,147</b> |
| <b>Non-current Leases</b>                |                |                |
| Non-current Lease liabilities            | 59,502         | 106,957        |
| <b>Total Leases</b>                      | <b>245,225</b> | <b>316,104</b> |

Notes:

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

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

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

#### 6.2.1 Maturity analysis of leases

|                   | Carrying Amount | Nominal Amount | Maturity dates    |               |                    |                |
|-------------------|-----------------|----------------|-------------------|---------------|--------------------|----------------|
|                   |                 |                | Less than 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years   |
| <b>2022</b>       |                 |                |                   |               |                    |                |
| Lease liabilities | 245,225         | 245,225        | 18,971            | 57,084        | 109,654            | 59,516         |
| <b>Total</b>      | <b>245,225</b>  | <b>245,225</b> | <b>18,971</b>     | <b>57,084</b> | <b>109,654</b>     | <b>59,516</b>  |
| <b>2021</b>       |                 |                |                   |               |                    |                |
| Lease liabilities | 316,104         | 316,104        | 18,247            | 37,913        | 155,435            | 104,509        |
| <b>Total</b>      | <b>316,104</b>  | <b>316,104</b> | <b>18,247</b>     | <b>37,913</b> | <b>155,435</b>     | <b>104,509</b> |

### 6.2.2 Interest expense

|                               | 2022       | 2021         |
|-------------------------------|------------|--------------|
| Interest on lease liabilities | 527        | 8,128        |
| <b>Total Interest expense</b> | <b>527</b> | <b>8,128</b> |

**Interest expense** includes costs incurred in the borrowing of funds on either a short term or long-term basis.

Interest expense is recognised in the period in which it is incurred.

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

### SARMB's leasing activities

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

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

At 30 September 2022, SARMB was committed to short term leases and the total commitment at that date was \$105,503.

### 6.2.3 Right-of-use assets

Right-of-use assets are presented in Note 4.1.1

### 6.2.4 Amounts recognised in the Comprehensive Operating Statement

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

|                                                                         | 2022           |
|-------------------------------------------------------------------------|----------------|
| Interest expense on lease liabilities                                   | 527            |
| Expenses relating to short term and low value leases                    | 101,749        |
| <b>Total amount recognised in the comprehensive operating statement</b> | <b>102,275</b> |

### 6.2.5 Amounts recognised in the Statement of Cashflows

|                                      | 2022             |
|--------------------------------------|------------------|
| <b>Total cash outflow for leases</b> | <b>(189,959)</b> |

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

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

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

### *Separation of lease and non-lease components*

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

### *Lease Liability – initial measurement*

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

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

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

### *Lease Liability – subsequent measurement*

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

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

### *Short-term leases and leases of low-value assets*

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

### *Presentation of right-of-use assets and lease liabilities*

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

## 6.3 Cash flow information and balances

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

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

|                                                  | 2022             | 2021             |
|--------------------------------------------------|------------------|------------------|
| Cash and deposits disclosed in the balance sheet | 5,669,290        | 4,126,443        |
| <b>Balance as per cash flow statement</b>        | <b>5,669,290</b> | <b>4,126,443</b> |

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

|                                                          | 2022             | 2021               |
|----------------------------------------------------------|------------------|--------------------|
| <b>Net result for the year</b>                           | <b>565,656</b>   | <b>(1,535,505)</b> |
| <b>Non-cash movements</b>                                |                  |                    |
| Depreciation                                             | 2,106,039        | 2,772,346          |
| Loss/(gain) on disposal of non-financial physical assets | 0                | 813                |
| <b>Movements in assets and liabilities</b>               |                  |                    |
| Decrease/(increase) in receivables                       | 15,024           | 297,730            |
| Decrease/(increase) in inventories                       | 3,195            | (7,196)            |
| Decrease/(increase) in prepayments                       | (321,766)        | (46,738)           |
| Increase/(decrease) in payables                          | 197,412          | 528,309            |
| Increase/(decrease) in deferred capital grants           | 2,523,710        | 2,473,775          |
| Increase/(decrease) in provisions                        | 91,716           | 13,423             |
| Increase/(decrease) in income in advance                 | (545,287)        | 583,069            |
| <b>Net cash flows from operating activities</b>          | <b>4,635,698</b> | <b>5,080,026</b>   |

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

### Commitments payable

|                                             | Nominal amounts             |                         |                              |                  |
|---------------------------------------------|-----------------------------|-------------------------|------------------------------|------------------|
|                                             | <i>Less than<br/>1 year</i> | <i>1 to 5<br/>years</i> | <i>More than<br/>5 years</i> | <i>Total</i>     |
| <b>2022</b>                                 |                             |                         |                              |                  |
| Capital expenditure commitments             | 967,574                     | 0                       | 0                            | 967,574          |
| Operating lease commitments                 | 105,503                     | 0                       | 0                            | 105,503          |
| Other payables                              | 153,188                     | 0                       | 0                            | 153,188          |
| <b>Total commitments (inclusive of GST)</b> | <b>1,226,265</b>            | <b>0</b>                | <b>0</b>                     | <b>1,226,265</b> |
| Less GST recoverable                        |                             |                         |                              | 111,479          |
| <b>Total commitments (exclusive of GST)</b> |                             |                         |                              | <b>1,114,787</b> |
| <b>2021</b>                                 |                             |                         |                              |                  |
| Operating lease commitments                 | 83,935                      | 7,280                   | 0                            | 91,215           |
| Other payables                              | 48,125                      | 30,250                  | 0                            | 78,375           |
| <b>Total commitments (inclusive of GST)</b> | <b>132,060</b>              | <b>37,530</b>           | <b>0</b>                     | <b>169,590</b>   |
| Less GST recoverable                        |                             |                         |                              | 15,417           |
| <b>Total commitments (exclusive of GST)</b> |                             |                         |                              | <b>154,173</b>   |

## 7. Risks, contingencies and valuation judgements

### Introduction

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

### Structure

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### 7.1 Financial instruments specific disclosures

#### Introduction

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

SARMB is dependent on the continued financial support of the Victorian Government which provided SARMB essential operational funding.

#### Categories of financial assets

##### Financial assets at amortised cost

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

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

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

SARMB recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

#### Categories of financial liabilities

##### Financial liabilities at amortised cost

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

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

### 7.1.1 Financial instruments: categorisation

|                                                | <i>Cash and deposits</i> | <i>Financial assets at amortised cost</i> | <i>Financial liabilities at amortised cost</i> | <i>Total</i>     |
|------------------------------------------------|--------------------------|-------------------------------------------|------------------------------------------------|------------------|
| <b>2022</b>                                    |                          |                                           |                                                |                  |
| <b>Contractual financial assets</b>            |                          |                                           |                                                |                  |
| Cash and deposits                              | 5,669,290                | 0                                         | 0                                              | 5,669,290        |
| <b>Receivables <sup>(a)</sup></b>              |                          |                                           |                                                |                  |
| Sale of goods and services                     | 0                        | 162,830                                   | 0                                              | 162,830          |
| Other receivables                              | 0                        | 1,140                                     | 0                                              | 1,140            |
| <b>Total Contractual financial assets</b>      | <b>5,669,290</b>         | <b>163,970</b>                            | <b>0</b>                                       | <b>5,833,260</b> |
| <b>Contractual financial liabilities</b>       |                          |                                           |                                                |                  |
| <b>Payables</b>                                |                          |                                           |                                                |                  |
| Supplies and services                          | 0                        | 0                                         | 322,716                                        | 322,716          |
| Amounts payable to government and agencies     | 0                        | 0                                         | 78,737                                         | 78,737           |
| Other payables                                 | 0                        | 0                                         | 736,873                                        | 736,873          |
| <b>Interest bearing liabilities</b>            |                          |                                           |                                                |                  |
| Finance lease liabilities                      | 0                        | 0                                         | 245,225                                        | 245,225          |
| <b>Total Contractual financial liabilities</b> | <b>0</b>                 | <b>0</b>                                  | <b>1,383,551</b>                               | <b>1,383,551</b> |
|                                                |                          |                                           |                                                |                  |
|                                                | <i>Cash and deposits</i> | <i>Financial assets at amortised cost</i> | <i>Financial liabilities at amortised cost</i> | <i>Total</i>     |
| <b>2021</b>                                    |                          |                                           |                                                |                  |
| <b>Contractual financial assets</b>            |                          |                                           |                                                |                  |
| Cash and deposits                              | 4,126,443                | 0                                         | 0                                              | 4,126,443        |
| <b>Receivables <sup>(a)</sup></b>              |                          |                                           |                                                |                  |
| Finance lease receivables                      | 0                        | 34,420                                    | 0                                              | 34,420           |
| Sale of goods and services                     | 0                        | 128,170                                   | 0                                              | 128,170          |
| Other receivables                              | 0                        | 1,140                                     | 0                                              | 1,140            |
| <b>Total contractual financial assets</b>      | <b>4,126,443</b>         | <b>163,730</b>                            | <b>0</b>                                       | <b>4,290,173</b> |
| <b>Contractual financial liabilities</b>       |                          |                                           |                                                |                  |
| <b>Payables</b>                                |                          |                                           |                                                |                  |
| Supplies and services                          | 0                        | 0                                         | 545,595                                        | 545,595          |
| Amounts payable to government and agencies     | 0                        | 0                                         | 41,605                                         | 41,605           |
| Other payables                                 | 0                        | 0                                         | 353,714                                        | 353,714          |
| <b>Interest bearing liabilities</b>            |                          |                                           |                                                |                  |
| Finance lease liabilities                      | 0                        | 0                                         | 316,104                                        | 316,104          |
| <b>Total contractual financial liabilities</b> | <b>0</b>                 | <b>0</b>                                  | <b>1,257,018</b>                               | <b>1,257,018</b> |

Note:

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

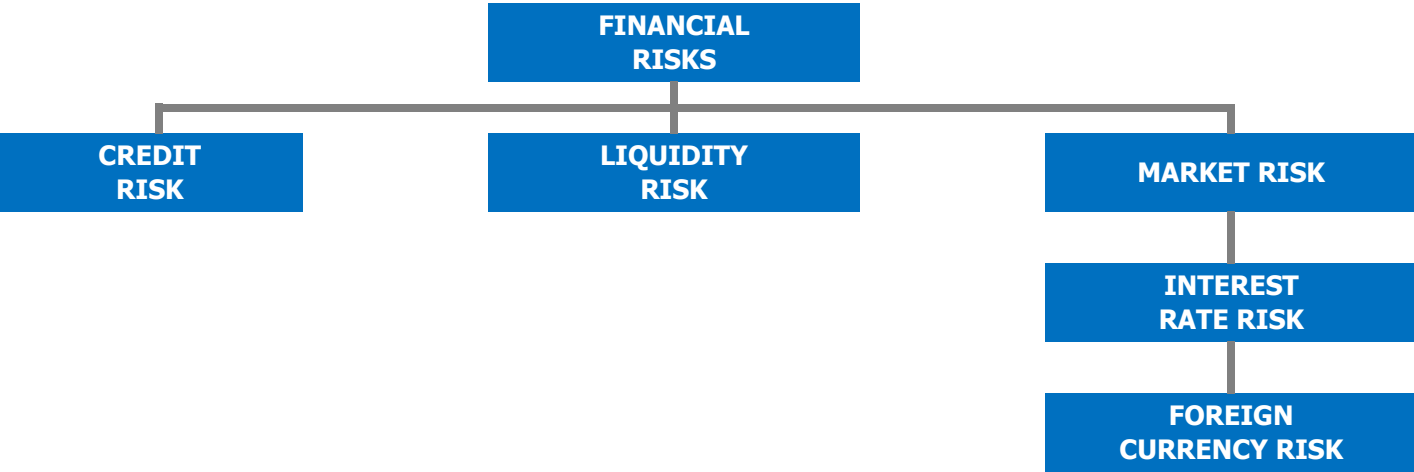
7.1.2 Financial risk management objectives and policies

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

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

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

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



Financial instruments: Credit risk

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

Board policies are in place to ensure that sufficient communication is undertaken with site holders via various methods and communicated back to management in a timely manner and any payment plans entered are discussed with the General Manager Corporate Services and Chief Executive Officer and recorded in writing. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

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

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

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

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

## Credit quality of contractual financial assets that are neither past due nor impaired <sup>(a)</sup>

| <b>2022</b>                                                             | <i>Financial Institutions</i> | <i>Government agencies</i> | <i>Other</i>   | <i>Total</i>     |
|-------------------------------------------------------------------------|-------------------------------|----------------------------|----------------|------------------|
| Cash and deposits                                                       | 5,669,290                     | 0                          | 0              | 5,669,290        |
| <b>Statutory receivables</b>                                            |                               |                            |                |                  |
| Other receivables                                                       | 0                             | 0                          | 1,140          | 1,140            |
| Contractual receivables applying the simplified approach for impairment | 0                             | 0                          | 162,830        | 162,830          |
| <b>Total financial assets</b>                                           | <b>5,669,290</b>              | <b>0</b>                   | <b>163,970</b> | <b>5,833,260</b> |

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

Notes:

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

## Impairment of financial assets under AASB 9

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

## Contractual receivables at amortised cost

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

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

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

This year SARMB has not provided for an Expected Credit Loss. (Last year \$25,908.) This is due to bad debts of \$84,562.49 being written down in 2022 for debts that were deemed as not recoverable. There is an expectation that current receivables will be recoverable.

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

| <b>1 January 2022</b>                            | <i>Current</i> | <i>less than<br/>1 month</i> | <i>1 to 3<br/>months</i> | <i>3 months<br/>to 1 year</i> | <i>Total</i>  |
|--------------------------------------------------|----------------|------------------------------|--------------------------|-------------------------------|---------------|
| <b>Expected Loss Rate %</b>                      | 1.0%           | 2.0%                         | 5.0%                     | 36.4%                         |               |
| Gross carrying amount of contractual receivables | 93,191         | 0                            | 889                      | 68,510                        | 162,590       |
| <b>Loss allowance</b>                            | <b>932</b>     | <b>0</b>                     | <b>44</b>                | <b>24,932</b>                 | <b>25,908</b> |

| <b>30 September 2022</b>                         | <i>Current</i> | <i>less than<br/>1 month</i> | <i>1 to 3<br/>months</i> | <i>3 months<br/>to 1 year</i> | <i>Total</i> |
|--------------------------------------------------|----------------|------------------------------|--------------------------|-------------------------------|--------------|
| <b>Expected Loss Rate %</b>                      | 0.0%           | 0.0%                         | 0.0%                     | 0.0%                          |              |
| Gross carrying amount of contractual receivables | 141,525        | 18,728                       | 2,578                    | 0                             | 162,830      |
| <b>Loss allowance</b>                            | <b>0</b>       | <b>0</b>                     | <b>0</b>                 | <b>0</b>                      | <b>0</b>     |

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

|                                                                                   | <b>2022</b>   | <b>2021</b>   |
|-----------------------------------------------------------------------------------|---------------|---------------|
| <b>Balance at beginning of year</b>                                               | <b>25,908</b> | <b>6,345</b>  |
| <b>Opening loss allowance</b>                                                     | <b>25,908</b> | <b>6,345</b>  |
| Transfers in                                                                      | 0             | 0             |
| Reversal of provision recognised in the net result                                | 0             | (1,112)       |
| Reversal of provision of receivables written off during the year as uncollectable | (25,908)      | (5,233)       |
| Increase in provision recognised in the net result                                | 0             | 25,908        |
| <b>Balance at end of the year</b>                                                 | <b>0</b>      | <b>25,908</b> |

### Financial instruments: Liquidity risk

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

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

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

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

### Financial instruments: Market risk

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

### Sensitivity disclosure analysis and assumptions

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

A movement of 300 basis points up and down in market interest rates is 'reasonably possible' over the next 12 months.

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

## Interest rate risk

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

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

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

## Interest rate exposure of financial instruments

|                                            |                                |                  | Interest rate exposure |                        |                      |
|--------------------------------------------|--------------------------------|------------------|------------------------|------------------------|----------------------|
|                                            | Weighted average interest rate | Carrying Amount  | Fixed interest rate    | Variable interest rate | Non-interest bearing |
| <b>2022</b>                                |                                |                  |                        |                        |                      |
| <b>Financial assets</b>                    |                                |                  |                        |                        |                      |
| Cash and deposits                          | 0.20%                          | 5,669,290        | 0                      | 5,645,689              | 23,601               |
| Receivables <sup>(a)</sup>                 |                                |                  |                        |                        |                      |
| Sale of goods and services                 |                                | 162,830          | 0                      | 0                      | 162,830              |
| Other receivables                          |                                | 1,140            | 0                      | 0                      | 1,140                |
| <b>Total financial assets</b>              |                                | <b>5,833,260</b> | <b>0</b>               | <b>5,645,689</b>       | <b>187,571</b>       |
| <b>Financial liabilities</b>               |                                |                  |                        |                        |                      |
| Payables <sup>(a)</sup>                    |                                |                  |                        |                        |                      |
| Supplies and services                      |                                | 322,716          | 0                      | 0                      | 322,716              |
| Amounts payable to government and agencies |                                | 78,737           | 0                      | 0                      | 78,737               |
| Other Payables                             |                                | 736,873          | 0                      | 0                      | 736,873              |
| Borrowings                                 |                                |                  |                        |                        |                      |
| Finance lease liabilities                  | 0.19%                          | 245,225          | 245,225                | 0                      | 0                    |
| <b>Total financial liabilities</b>         |                                | <b>1,383,551</b> | <b>245,225</b>         | <b>0</b>               | <b>1,138,327</b>     |

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

Notes:

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

## Interest rate risk sensitivity

|                                     | Carrying<br>Amount | -300 basis points |                    | +300 basis points |                    |
|-------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|                                     |                    | Net result        | Equity<br>movement | Net result        | Equity<br>movement |
| <b>2022</b>                         |                    |                   |                    |                   |                    |
| <b>Contractual financial assets</b> |                    |                   |                    |                   |                    |
| Cash and deposits <sup>(a)</sup>    | 5,645,689          | (169,371)         | (169,371)          | 169,371           | 169,371            |
| <b>Total impact</b>                 | <b>5,645,689</b>   | <b>(169,371)</b>  | <b>(169,371)</b>   | <b>169,371</b>    | <b>169,371</b>     |
|                                     |                    | -10 basis points  |                    | +10 basis points  |                    |
|                                     |                    | Net result        | Equity<br>movement | Net result        | Equity<br>movement |
| <b>2021</b>                         |                    |                   |                    |                   |                    |
| <b>Contractual financial assets</b> |                    |                   |                    |                   |                    |
| Cash and deposits <sup>(a)</sup>    | 4,117,302          | (4,117)           | (4,117)            | 4,117             | 4,117              |
| <b>Total impact</b>                 | <b>4,117,302</b>   | <b>(4,117)</b>    | <b>(4,117)</b>     | <b>4,117</b>      | <b>4,117</b>       |

Notes:

(a) Cash and deposits include nil deposits (2021: nil) that are exposed to floating rate movements.

## 7.2 Contingent assets and contingent liabilities

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

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

### Contingent assets

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

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

As at the reporting date, SARMB has no contingent assets (2021: \$Nil).

### Contingent liabilities

Contingent liabilities are:

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

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

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

If the strike out is not successful, then the likely future costs are about \$120k.

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

## 7.3 Fair Value determination

### *Significant judgement: Fair value measurements of assets and liabilities*

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

The following assets and liabilities are carried at fair value:

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

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

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

## 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.

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

## How this section is structured

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

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

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

### 7.3.1 Fair value determination of financial assets and liabilities

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

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

SARMB currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2022 reporting period.

These financial instruments include:

| Financial assets             | Financial liabilities                        |
|------------------------------|----------------------------------------------|
| Cash and deposits            | Payables:                                    |
| Receivables:                 | • for supplies and services                  |
| • finance lease receivables  | • amounts payable to government and agencies |
| • sale of goods and services | • other payables                             |
| • other receivables          | Borrowings:                                  |
|                              | • finance lease liabilities                  |

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

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

There have been no transfers between levels during the period.

### 7.3.2 Fair value determination: non-financial physical assets

#### Fair value measurement hierarchy

| 2022                                        | Carrying amount | Fair value measurement at end of reporting period using: |                        |                        |
|---------------------------------------------|-----------------|----------------------------------------------------------|------------------------|------------------------|
|                                             |                 | Level 1 <sup>(a)</sup>                                   | Level 2 <sup>(a)</sup> | Level 3 <sup>(a)</sup> |
| Land at fair value                          |                 |                                                          |                        |                        |
| Non-specialised land                        | 1,710,000       | 0                                                        | 1,710,000              | 0                      |
| Specialised land                            | 2,790,000       | 0                                                        | 0                      | 2,790,000              |
| Total of land at fair value                 | 4,500,000       | 0                                                        | 1,710,000              | 2,790,000              |
| Buildings at fair value                     |                 |                                                          |                        |                        |
| Specialised buildings                       | 18,497,313      | 0                                                        | 0                      | 18,497,313             |
| Total of buildings at fair value            | 18,497,313      | 0                                                        | 0                      | 18,497,313             |
| Plant, equipment and vehicles at fair value |                 |                                                          |                        |                        |
| Plant, equipment and vehicles               | 4,597,273       | 0                                                        | 0                      | 4,597,273              |
| Total of buildings at fair value            | 4,597,273       | 0                                                        | 0                      | 4,597,273              |
| Infrastructure at fair value                |                 |                                                          |                        |                        |
| Water and sewerage                          | 1,414,119       | 0                                                        | 0                      | 1,414,119              |
| Road, trail and carpark                     | 5,916,008       | 0                                                        | 0                      | 5,916,008              |
| Ski lift                                    | 740,495         | 0                                                        | 0                      | 740,495                |
| Total infrastructure at fair value          | 8,070,621       | 0                                                        | 0                      | 8,070,621              |
| Office equipment at fair value              |                 |                                                          |                        |                        |
| Office equipment                            | 56,197          | 0                                                        | 0                      | 56,197                 |
| Total of office equipment at fair value     | 56,197          | 0                                                        | 0                      | 56,197                 |
| Rental equipment at fair value              |                 |                                                          |                        |                        |
| Rental equipment                            | 18,653          | 0                                                        | 0                      | 18,653                 |
| Total of rental equipment at fair value     | 18,653          | 0                                                        | 0                      | 18,653                 |
| Total assets                                | 35,740,058      | 0                                                        | 1,710,000              | 34,030,058             |

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

Note:

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

## Specialised land

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

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

The CSO adjustment reflects the valuer's assessment of the impact of restrictions associated with an asset to the extent that it is also equally attributable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

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

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

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

The valuation cycle required by the Valuer-General Victoria is five years. During non valuation years, SARMB completes an annual assessment of fair value in accordance to Financial Reporting Direction *103I Non-financial physical assets for nonspecialised land and buildings*. As a result of this assessment, the movement in fair value based on Valuer-General Victoria land value indices was less than 10% and there was no requirement to adopt a managerial valuation for 2022.

## **Specialised buildings and structures**

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

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

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

## **Non-specialised land**

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

In 2021 independent valuations of the department's non specialised lands were performed by the Valuer-General Victoria and used the market approach and income approach for leased land. The effective date of the valuation is 31 December 2021.

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

As a result of this assessment, the movement in fair value based on Valuer-General Victoria land value indices was less than 10% and there was no requirement to adopt a managerial valuation for 2022.

## **Plant, equipment and vehicles**

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

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

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

## Infrastructure

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

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

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

SARMB completes an annual assessment of fair value in accordance to Financial Reporting Direction *103I Non-financial physical assets for specialised buildings and structures*.

As a result of the assessment in the current environment, the movement in fair value was less than 10% and there was no requirement to adopt a managerial valuation for 2022.

### Description of significant unobservable inputs to Level 3 valuations

| 2022                                   | Valuation technique          | Significant unobservable inputs                                           |
|----------------------------------------|------------------------------|---------------------------------------------------------------------------|
| Specialised land                       | Market approach              | Community Service Obligation (CSO) adjustment                             |
|                                        | Income approach              | Discount rate and future lease payable                                    |
| Specialised buildings                  | Depreciated replacement cost | Replacement cost per square metre<br>Useful life of specialised buildings |
| Plant & equipment                      | Depreciated replacement cost | Cost per unit<br>Useful life of plant and equipment                       |
| Infrastructure: Water and sewerage     | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure: Road, trail & car park | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure: Ski lift               | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Office equipment                       | Depreciated replacement cost | Cost per unit<br>Useful life of the equipment                             |
| Rental equipment                       | Depreciated replacement cost | Cost per unit<br>Useful life of the equipment                             |

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

### 7.3.2 Reconciliation of level 3 fair value movements

| 2022                                 | Assets at fair value | Infrastructure |            |                                  |                    |                       |          |                  |                               | Total     |                           |
|--------------------------------------|----------------------|----------------|------------|----------------------------------|--------------------|-----------------------|----------|------------------|-------------------------------|-----------|---------------------------|
|                                      |                      | Land           | Buildings  | Plant and equipment and vehicles | Water and sewerage | Road, trail & carpark | Ski lift | Office equipment | Rental equipment and clothing |           | Assets under construction |
| Opening balance                      |                      | 4,500,000      | 18,882,303 | 4,713,476                        | 803,081            | 6,504,233             | 811,650  | 65,550           | 28,442                        | 336,796   | 36,645,531                |
| Additions                            |                      | 0              | 40,400     | 589,852                          | 0                  | 18,189                | 4,400    | 13,519           | 949                           | 2,279,241 | 2,946,550                 |
| Transfers                            |                      | 0              | 93,571     | 59,202                           | 656,577            | 41,575                | 0        | 0                | 0                             | (850,923) | 0                         |
| Disposals                            |                      | 0              | 0          | (100,430)                        | 0                  | 0                     | 0        | 0                | 0                             | 0         | (100,430)                 |
| Accumulated depreciation on disposal |                      | 0              | 0          | 100,436                          | 0                  | 0                     | 0        | (4)              | 0                             | 0         | 100,432                   |
| Depreciation                         |                      | 0              | (518,961)  | (765,263)                        | (45,538)           | (647,989)             | (75,555) | (22,867)         | (10,739)                      | 0         | (2,086,912)               |
| Closing balance                      |                      | 4,500,000      | 18,497,313 | 4,597,273                        | 1,414,119          | 5,916,008             | 740,495  | 56,197           | 18,653                        | 1,765,114 | 37,505,172                |

| 2021                                 | Assets at fair value | Infrastructure |             |                                  |                    |                       |          |                  |                               | Total       |
|--------------------------------------|----------------------|----------------|-------------|----------------------------------|--------------------|-----------------------|----------|------------------|-------------------------------|-------------|
|                                      |                      | Land           | Buildings   | Plant and equipment and vehicles | Water and sewerage | Road, trail & carpark | Ski lift | Office equipment | Rental equipment and clothing |             |
| Opening balance                      | 3,899,000            | 17,866,649     | 3,201,055   | 2,458,793                        | 4,578,029          | 2,021,009             | 74,740   | 46,770           | 0                             | 34,146,045  |
| Additions                            | 0                    | 16,807         | 121,855     | 11,833                           | 19,773             | 8,000                 | 29,917   | 0                | 655,146                       | 863,331     |
| Transfers from Ausnet                | 0                    | 318,350        | 0           | 0                                | 0                  | 0                     | 0        | 0                | (318,350)                     | 0           |
| Disposals                            | 0                    | 0              | (1,353,897) | 0                                | 0                  | 0                     | 0        | 0                | 0                             | (1,353,897) |
| Accumulated depreciation on disposal | 0                    | 0              | 1,353,084   | 0                                | 0                  | 0                     | 0        | 0                | 0                             | 1,353,084   |
| Revaluation increase/(decrease)      | 601,000              | 1,334,459      | 2,555,354   | (1,587,843)                      | 2,539,451          | (1,056,588)           | 0        | 0                | 0                             | 4,385,833   |
| Depreciation                         | 0                    | (653,962)      | (1,163,975) | (79,702)                         | (633,020)          | (160,770)             | (39,107) | (18,328)         | 0                             | (2,748,865) |
| Closing balance                      | 4,500,000            | 18,882,303     | 4,713,476   | 803,081                          | 6,504,233          | 811,651               | 65,550   | 28,442           | 336,796                       | 36,645,531  |

Note:

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

## 8. Other disclosures

### Introduction

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

### Structure

|      |                                                                   |    |
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### 8.1 Economic dependency

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

### 8.2 Ex-gratia expenses

There were no ex-gratia expenses paid during the financial year ended 30 September 2022 (2021: nil).

### 8.3 Other economic flows included in net result

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

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

There are no other economic flows in 2022.

| <b>Other Economic Flows</b>                                                            | <b>2022</b> | <b>2021</b>  |
|----------------------------------------------------------------------------------------|-------------|--------------|
| Net gain/(loss) on disposal of infrastructure, property, plant, equipment and vehicles | 0           | (813)        |
| <b>Total Other economic flows included in net result</b>                               | <b>0</b>    | <b>(813)</b> |

**Net gain/(loss) on disposal of non-financial assets** is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

## 8.4 Reclassification of expenses

During 2022 there has been a review of the chart of accounts and the allocation of various expenses. These adjustments to classification have been made to better reflect the nature of the revenues and expenses, in addition to further reflect a common chart of accounts for the Victorian Alpine Resorts.

The following items have been re-classified in 2022.

- This year other employee associated costs totalling \$15k are included as employee benefits. Last year they were disclosed as administration costs of \$11k and
- This year WorkCover Premiums of \$97k are disclosed as employee benefits. Last year these were disclosed as Insurance Expenses totalling \$72k.
- This year costs formerly disclosed as Administration expenses were disclosed as Employee Benefits (\$11k 2022 vs \$14k in 2021.)
- This year costs formerly disclosed as Administration expenses were disclosed as Other Operating expense (nil effect in 2022, \$8k in 2021.)
- This year Event expenses (\$21k) are disclosed as Other Supplies & Services. Last year they were disclosed as Other Operating expense at Note 3.2 (\$2k) and Marketing (\$1k.)
- This year Ski Patrol Materials (\$18k) are disclosed as Purchases of Minor Equipment. Last year they were disclosed as Resort Operations at Note 3.5 (\$16k.)
- This year Uniforms/Protective Clothing (\$70k) are disclosed as Purchases of Minor Equipment. Last year they were disclosed as Resort Operations at Note 3.5 (\$47k.)

Where SARMB has reclassified expenses in this report the corresponding changes have been reflected in the 2021 amounts to allow meaningful comparison.

## 8.5 Change in accounting policies

There were no new accounting standards adopted in 2022.

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

### Responsible Minister

The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change  
from 1 January 2022 to 30 September 2022.

### Board Members

|                |                    |                                     |
|----------------|--------------------|-------------------------------------|
| Mr. A Bawden   | Board Chair        | 1 January 2022 to 30 September 2022 |
| Ms. K Irwin    | Board Deputy Chair | 1 January 2022 to 30 September 2022 |
| Mr. A Thompson | Board member       | 1 January 2022 to 30 September 2022 |
| Mr. R Cohen    | Board member       | 1 January 2022 to 30 September 2022 |
| Mrs. J Walker  | Board member       | 1 January 2022 to 30 September 2022 |
| Mrs. S Petkova | Board member       | 1 January 2022 to 30 September 2022 |
| Ms. K Clark    | Board member       | 1 January 2022 to 30 September 2022 |

### Accountable Officer

|             |                         |                                     |
|-------------|-------------------------|-------------------------------------|
| Ms G Conman | Chief Executive Officer | 1 January 2022 to 30 September 2022 |
|-------------|-------------------------|-------------------------------------|

## Remuneration

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

| Remuneration of responsible persons | Number         |                |
|-------------------------------------|----------------|----------------|
|                                     | 2022           | 2021           |
| \$10,000 - \$19,999                 | 6              | 6              |
| \$20,000 - \$29,999                 | 1              | 1              |
| \$30,000 - \$39,999                 | 0              | 0              |
| \$170,000 - \$179,999               | 1              | 0              |
| \$230,000 - \$239,999               | 0              | 1              |
| <b>Total number</b>                 | <b>8</b>       | <b>8</b>       |
| <b>Total remuneration</b>           | <b>273,746</b> | <b>372,243</b> |

## 8.7 Remuneration of executives

### 8.7.1 Remuneration of executives

The number of executive officers, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table on the following page.

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

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

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

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

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

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

Total remuneration payable to executives was reduced in 2022, due to the shortened reporting period, being only nine months in 2022.

| <b>Remuneration of executives <sup>(a)</sup></b>            | <b>2022</b>    | <b>2021</b>    |
|-------------------------------------------------------------|----------------|----------------|
| Short term benefits                                         | 363,420        | 530,906        |
| Post employment benefits                                    | 35,684         | 77,514         |
| Other long term benefits                                    | 8,121          | 9,608          |
| Termination benefits                                        | 36,658         | 13,699         |
| <b>Total remuneration <sup>(a)</sup></b>                    | <b>443,883</b> | <b>631,727</b> |
| <b>Total number of executives</b>                           | <b>4</b>       | <b>6</b>       |
| <b>Total annualised employee equivalents <sup>(b)</sup></b> | <b>3</b>       | <b>5</b>       |

*Note:*

*(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.8),*

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

## 8.8 Related parties

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

Related parties of SARMB include:

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

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

## Significant transactions with Government related entities

Southern Alpine Resort Management Board received funding from the Department of Environment, Land, Water and planning of \$7,507,167.

Southern Alpine Resort Management Board was provided grant funding from the Department of Jobs, Precincts and regions to the value of Sustainability Victoria to the value of \$777,193.

Southern Alpine Resort Management Board was provided insurance cover from Victorian Managed Insurance Authority to the value of \$444,600.

Southern Alpine Resort Management Board paid payroll tax and stamp duties to the State Revenue Office of \$119,387.

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

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

## Remuneration of key management personnel

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

| <b>Compensation of KMP <sup>(a)</sup></b> | <b>2022</b>    | <b>2021</b>    |
|-------------------------------------------|----------------|----------------|
| Short term benefits                       | 242,027        | 329,835        |
| Post employment benefits                  | 25,330         | 33,866         |
| Other long term benefits                  | 6,389          | 8,542          |
| <b>Total remuneration</b>                 | <b>273,746</b> | <b>372,243</b> |
| <b>Total number of KMP</b>                | <b>8</b>       | <b>8</b>       |

Note:

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

## Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges.

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

SARMB has a related party relationship with Alpine Resorts Co-ordinating Council (ARCC) due to SARMB chair, Mr Allan Bawden, also being a board member with ARCC. During 2022 SARMB paid \$31,656 for membership.

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

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

## 8.9 Remuneration of auditors

| Remuneration of auditors              |       | 2022          | 2021           |
|---------------------------------------|-------|---------------|----------------|
| Audit of the financial statements     | VAGO  | 60,000        | 66,000         |
| Internal and other audit services     | Crowe | 7,500         | 39,875         |
| <b>Total Remuneration of auditors</b> |       | <b>67,500</b> | <b>105,875</b> |

## 8.10 Subsequent Events

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

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

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

## The COVID-19 pandemic in 2023

Due to the continuing nature of this event and the material uncertainty that exists it is not possible to quantify the full continuing economic impact of COVID-19 on the operations of SARMB. However, it is expected to have some impact on the operating and economic environment for SARMB in 2023 which may impact on visitor numbers and the ability of SARMB to trade.

## Alpine Sector reform

The *Alpine Resorts Legislation Amendment Act 2022*, (the Act) passed by the Victorian Parliament in March 2022, abolished the four Alpine Resorts Management Boards (ARMB's), including SARMB on 1 October 2022.

The Act established Alpine Resorts Victoria (ARV), a single entity, which commenced as successor in law to the ARMB's on 1 October 2022. ARV will be responsible for managing Mount Baw Baw, Lake Mountain, Falls Creek, Mount Buller, Mount Hotham and Mount Stirling.

It will undertake strategic and sector-wide planning for the common challenges faced by the resorts, including those associated with climate change, and help the sector recover from the pandemic.

ARV will account for the transfer in its financial report as a Contribution by Owners.

The transfer of assets and liabilities occurred on the first day of the financial year, 1 October 2022:

- There was no change in the carrying amounts, which are reported at fair value, of assets or liabilities between 30 September 2022 financial reporting date, and 1 October 2022 date of abolishment of the ARMB's.
- The carrying amounts of assets and liabilities transferred are disclosed in the SARMB Balance Sheet for the year ended 30 September 2022 included in this financial report.

The going concern basis was used to prepare the financial statements as the intent of the legislation is that the substantive functions, rights and obligations of ARMB's will continue under ARV.

Please refer to Note 1.0 Alpine Resorts Victoria and abolishment of SARMB for additional information.

## 8.11 Australian accounting standards issued that are not yet effective

| Standard/<br>Interpretation                                                                                                                       | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Applicable<br>for annual<br>reporting<br>periods<br>beginning<br>on: | Impact on public sector<br>entity financial statements                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 2020-1<br><i>Amendments to<br/>Australian Accounting<br/>Standards –<br/>Classification of<br/>Liabilities as Current or<br/>Non-Current</i> | This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023. SARMB will not early adopt the Standard.                                             | 1 January 2023                                                       | The standard is not expected to have a significant impact on the public sector.                                                                                                                                                                                                                                                                                                                     |
| AASB 17 Insurance                                                                                                                                 | The operative date of this standard has been deferred by AASB 2020-5. Amendments to Australian Accounting Standards - Insurance Contracts to reporting periods beginning on or after 1 January 2023 and will supersede <i>AASB 4 Insurance Contracts</i> . AASB 17 seeks to eliminate inconsistencies and weakness in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard also provides requirements for presentation and disclosure to enhance comparability between entities. | 1 January 2023                                                       | The Australian Accounting Standards Board has currently issued and Exposure Draft 319 - Insurance Contracts in the Public Sector, proposing public sector modifications to AASB 17 to facilitate the application by public sector entities. It is proposed that public sector entities would apply AASB 17 to annual periods beginning on or after 1 July 2025, with earlier application permitted. |

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

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

## 8.12 Glossary of technical terms

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

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

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

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

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

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

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

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

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

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

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

**Financial asset** is any asset that is:

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

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

**Financial liability** is any liability that is:

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

**Financial statements** in the Model report comprises:

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

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

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

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

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

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

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

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

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

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

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

**Net operating balance** or **net result from transactions** is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes

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

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

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

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

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

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

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

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

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

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

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

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

## 8.13 Style conventions

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

The notation used in the tables is as follows:

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

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

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