



ANNUAL REPORT 2017

Southern Alpine Resort Management Board
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CHAIR'S FOREWORD

I am pleased to present the inaugural annual report of the Southern Alpine Resort Management Board for the period 1st January to 31st December, 2017.

Creation of Southern Alpine Resort Management Board

The Southern Alpine Resort Management Board (the Board) was created on 1 January 2017 following an amendment to the *Alpine Resorts (Management) Act*. The new Board assumed responsibility for the Lake Mountain and Mount Baw Baw Alpine Resorts and is the successor in law to the Lake Mountain Alpine Resort Management Board and Mount Baw Baw Alpine Resort Management Board. The Board is appointed by The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

Board members

The Board members appointed effective from 1st January, 2017, comprised of seven Board members, all of whom were members of the former Lake Mountain Alpine Resort Management Board and Mount Baw Baw Alpine Resort Management Board;

Allan Bawden, Chair

Kerry Irwin, Deputy Chair

Tony Thompson

Kerren Clark

Randall Cohen

Svetla Petkova

Joanna Walker

I wish to acknowledge the commitment and effort that all Board members contributed to the Board to ensure the successful establishment of the Southern Alpine Resort Management Board.

Governance review

In January 2017, the Minister for Energy, Environment and Climate Change, The Hon Lily D'Ambrosio MP announced a review of the governance of the four alpine resorts, inviting submissions based on two propositions: one of replacing all four current alpine resort management boards with one board, the second involving the replacement of three boards with one and retaining the new Southern Alpine Resort Management Board. The Minister ultimately announced in November that all four boards would be retained and that there would be no change to the governance or current membership of the Southern Alpine Resort Management Board.

Climate Change Adaptation

The Board provided supplementary information to the Minister for Energy, Environment and Climate Change, The Hon Lily D'Ambrosio MP, in April to update the Lake Mountain and Mount Baw Baw 2030 report outlining how the resorts could become more financially sustainable while adapting to climate change. A Government response to the reports is still pending. Many of the recommendation of these reports focussed on developing the resorts into "all year round" destinations. The Board has continued to explore opportunities to expand the offering of green season activities and has been pleased with the response from partners and visitors to additional activities.

Finance

The first year of the Board's operation has seen a positive financial outcome with less reliance on government financial support than budgeted for.

Stakeholder Relationships

The Board has maintained a strong commitment to engaging with its many stakeholders including leaseholders, local business, Murrundindi Shire Council, Baw Baw Shire Council, State Government agencies and visitors.

The Board has continued to meet regularly with Department of Environment, Land, Water and Planning (DELWP) staff responsible for the alpine sector and value their continuing advice and support. We also acknowledge the ongoing support of the Alpine Resorts Coordinating Council, Chaired by Bill Jaboor and the advice and support of its staff led by its Executive Officer, Ian Swan.

CHAIR'S FOREWORD

Board and Committees

The Board established various committees to support its activities. The Audit and Risk Committee chaired by Randall Cohen and the Workplace Arrangements and Executive Remuneration Committee chaired by Tony Thompson met regularly and provided valuable advice to the Board.

Executive

The Board appointed Gail Conman as CEO of the new entity in April 2017. Gail has provided strong leadership to our senior executive team comprising of Brett Weinberg, General Manager Lake Mountain, John Fascio, General Manager Mount Baw Baw, Eddie Warfield, General Manager Corporate Services and Anita Hunter, Board Secretary. I wish to acknowledge the commitment of all staff to provide a positive visitor experience in our resorts. The Board's interim CEO, Philip Nunn, concluded his role in April 2017 after assisting the Board in the transition associated with the merger of the former Boards.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board



CHIEF EXECUTIVE OFFICER'S REPORT

Welcome to the first annual report of the Southern Alpine Resort Management Board, established on January 1st, 2017. What a year this has been. I am grateful for the amazing dedication, knowledge and enthusiasm from the Board and our teams at Lake Mountain, Mount Baw Baw and Corporate Services (in Lilydale), without whom none of this could have happened. At the close of our first year of operations together as a single organisation, of two resorts, we have come a long way in beginning to share expertise and experience across all business areas, from operations to marketing to procurement. An extra thank you to the Chair (Allan Bawden PSM) and the Board members who have provided endless support to me throughout the year. A special call-out to Philip Nunn who led the new entity until my appointment in April 2017, he made handover easy and his experience continues to prove invaluable to the Board and me. Also, a special mention to my Executive Team for delivering a year ahead of the expected position, comprising of John Fascio (General Manager Mount Baw Baw), Eddie Warfield (Chief Financial Officer and General Manager Corporate Services), Brett Weinberg (General Manager Lake Mountain), and Anita Hunter (Board Secretary), who have kept the organisation moving towards its goals, with energy and passion.

There are many stakeholders to thank too: State Government (The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change, and the many Officers in the Department of Environment, Land, Water and Planning, including the Alpine Resort Coordinating Council's staff and Executive Officer, Ian Swan) without all of whose support we would not be able to operate; Murrindindi Shire and Baw Baw Shire Councils who work with us to achieve outcomes; the leaseholders at Mount Baw Baw, who support the visitation and activation of the resort; our suppliers and contractors providing goods and services that enable us; the regional community with whom we strive to work in partnership for our mutual benefit; and, last and most importantly, our visitors, for whom we operate the resorts and gain such energy from their enjoyment, thank you for visiting us.

Whether you came to visit for the snow or the scenery or the hikes or bikes, please come again... and again... and again... (you get the idea). Explore, enjoy, spread the word... we're here all year!

Since starting as CEO in April 2017, I have had a steep learning curve to climb, and now on the apex, the year ahead is an exciting and challenging prospect, as we work to maintain and grow Lake Mountain and Mount Baw Baw into increasingly successful year-round visitor attractions. A great deal of work has been done on the journey to bring the two previously separate entities into one. We have begun to

introduce the change to bring about consistent operations and shared suppliers for these two geographically disparate and formerly competitor resorts of Lake Mountain and Mount Baw Baw. All that has been achieved this year, has been possible only because of the efforts and support of the staff and volunteers, who have used their talents to deliver on a reimagined future for the resorts. As alpine resorts our weather conditions are challenging, though this only seems to strengthen the teams resolve, and enjoyment.

Mount Baw Baw saw a year of good snow fall and therefore good white season visitation numbers, running initiatives to attract broader visitor demographics. Amongst the many events, one of my favourites was Bollywood @ Baw Baw that brought large numbers of the Indian community to the mountain for their first experience of snow and entertained other visitors with Indian dancers, drummers, food and henna tattooing. It was one of our busiest weekends with heavy snowfall and lots of activity.

Lake Mountain used the snow making equipment to good effect, compensating for the low early season snowfall with the man-made snow cover, enabling yet another busy year with over 125,000 visitors in white season including more than 150 school groups. At the season launch event, the Board were able to announce the completion of the installation of a remote area power system (RAPS). The new RAPS minimises the fuel consumed by the generators, uses battery storage (for later power consumption) in optimising the generators operation, and this reduces both costs and carbon emissions. Many automobile manufacturers use the mountains to display their vehicles capabilities in photo shoots. The haunting grey / white skeletal trunks of the trees burned in the fires of 2009, provide atmospheric back drop for the photographers and visitors alike.

I am looking forward to the exhilarating year ahead; continuing a strong relationship with our community, leaseholders, stakeholders and visitors who together enable us to deliver great alpine resorts throughout the year in and out of the snow. The installation of 'magic carpet' conveyors at the resorts to improve the functionality and visitor amenity are amongst the many positive changes in operation and delivery coming up in 2018.



Gail Conman
Chief Executive Officer

Southern Alpine Resort Management Board

CHARTER AND PURPOSE

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

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

Vision for the resorts

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

Mission for management of the resorts

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

Our values

The Board understands its role in pursuing the objectives as outlined in S1A of the AR(M) Act, and it is these objects, 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.

Principles to guide behaviours

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

- Commit to safety;
- Create positive customer experience;
- Conserve our natural environment;
- Work as team;
- Respect each other; and
- Foster innovation.

Objectives and priorities

The Board will pursue the vision for the resorts, its role in implementing ARSP 2012 and success as a committee of management through the following strategic goals:

1. Enhance the resorts year-round activation adapting to climate-change: incorporating;

- 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 (CALD) people, including indigenous peoples (ATSI);
- demonstrating value for the visitor economy spend; and
- physically and financially accessible resorts that encourage repeat visitation.

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

- demonstrating and reinforcing that the resorts are in partnership with the region's businesses and authorities, and that there is mutual benefit in our activities;
- positively impacting the Gross Regional Product measured through the annual Alpine Resorts Coordinating Council economic analysis;
- co-supported events and activities, and
- cross promotion, partnerships development.

3. Create financially and environmentally sustainable resorts: incorporating;

- promoting the awareness of the resorts and moving towards financial sustainability; and
- environmental sustainability improvements through,
 - o reduction in waste per visitor levels;
 - o success with habitat protection; and
 - o strengthened partnerships with Zoos Victoria, Parks Victoria and Vic Forests.

CHARTER AND PURPOSE

The strategic goals are supported by the following objectives:

1. Provide a management structure that provides financially and environmentally sustainable outcomes.
2. Achieve excellence in Board governance, compliance and engagement.
3. Increase visitation and improve the experience for visitors coming to the resorts.
4. Build partnerships with regional commercial operators and other groups.
5. Protect and enhance the natural environment of the resorts.
6. Fulfil the Board's statutory functions as described in the *Alpine Resorts (Management) Act 1997*.
7. Have sound resort management, development, fire and emergency plans.

Nature and range of services provided

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

- Water supply;
- Sewerage and drainage;
- Car park development and maintenance;
- Garbage and waste disposal;
- Electricity;
- Accommodation;
- Snow equipment hire;
- Ski school;
- Lift ticketing;
- Ski lifting;
- Food and beverage;
- Snow clearance;
- Traffic control and parking;
- Trail grooming, construction and maintenance;
- Ski patrol;
- Leaseholder management;
- Snow and weather reporting;
- Tourism and education information;
- Public shelters; and
- Public toilets.

Location map of resorts



YEAR IN REVIEW

Organisational development and long-term planning

Communications:

An extensive upgrade for Lake Mountain's connectivity and communications occurred resort wide and has increased reliability and efficiency across the resort and to Cascades Ticket Box.

A complete change from analogue to VIOP telephone systems was undertaken early in 2017, along with replacing and expanding IT power backup systems across Mount Baw Baw. A CCTV security and public access camera upgrade was commenced in 2017 and will continue in 2018 as part of a modernisation of security provisions.

Environmental management:

Landscaping for Lake Mountain continues to enhance the aesthetics of the village area with post and rail fencing to define pedestrian areas and mitigate public risk. A small children's playground has been newly constructed at the base of the top carpark for use in both white and green season. It will service as an additional snowplay area for the winter.

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

Annual weed management program was undertaken in late 2017 along roadside and village areas at Mount Baw Baw. Drainage improvement works continue including DH1 mountain bike trail remediation. Works on the wastewater treatment system including wastewater ponds redevelopment and septic system upgrades to control odour continued over 2017.

Future projects:

Site works at Lake Mountain have commenced for the installation of the two moving carpets to be installed on the Village Toboggan run and Burton Riglet Park. In conjunction, the pits and towers have been organised for the snowmaking equipment to be relocated to accommodate the carpets without impacting on productivity.

Preparations at Mount Baw Baw for the snowfactory installation commenced in 2017 along with the addition of a magic carpet in the Frosti Frog Hollow toboggan park and for a new dedicated beginner ski and board park. Planning also commenced on an improved mountain bike flow trail offering suited to the family market. Refurbishment works continued on building and accommodation assets over the year.

Operations Planning:

The Board commenced extensive operational planning in 2017 to provide the basis for long term works programme as required for long term arrangements.

The 2017 year saw a period of consolidation of key roles as part of the significant organisational structure change in 2016, with progress towards developing a high performing culture achieved. The team was involved with considerable white season planning initiatives including sourcing a snow factory, conveyors, and an extensive Operations Plan to underpin Corporate Planning objectives.



YEAR IN REVIEW

Board commercial activities

The Board is the sole commercial operator on Lake Mountain. The commercial operations include, Restaurant, Cafe, Retail & Rental outlets, Snowsports Centre incorporating ski school and boarding instruction and Adventure Activities Program that includes mountain bike hire, tube slope rides, ziplines and laser skirmish.

At Mount Baw Baw, the Board operated one seasonal bistro, one all year-round restaurant café and one seasonal fast food outlet during 2017. The Board also continued to operate all surface ski lift infrastructure, ski school, some accommodation and the centralised accommodation booking and information service.

White season visitation

Lake Mountain

The cold conditions in April and May were optimum in preparation for the approaching season. The ground temperature dropped considerably with regular frosts, therefore enabling excellent snow making and retention in the lead up to the opening weekend. These conditions continued through May, June and July – offering a solid base for natural snow fall and assist with the high volume of visitors around the village. Snowmaking proved its worth again for the early season and satisfactorily catered for the school holiday crowds in the first two weeks in July with only dustings and light natural snowfall.

It was a late season for natural snowfall with no decent recording until 20 July. For the remainder of July, August and September, excellent snowfalls were recorded, pushing the season out to a lengthy 17 weeks until the first weekend in October. The longest season since 2011.

Day visitor numbers totalled 125,242 for the season. An increase of 22.31% compared to the 2016 season and an encouraging 20% up on the resort's ten year average. The natural accumulative snow fall was 213cm from June through to September. This gave the cross-country skiing fraternity much welcomed consistency, as they travelled far and wide to savour conditions that had not been experienced in many years. Skier numbers totalled 27,476 for the season.

The resort continues to attract a diverse range of people from a wide cross section of the community. The resorts proximity from Melbourne, ease of road access and the fact it provides a relatively inexpensive introductory snow experience is proving to be popular with many groups from differing socio-economic and ethnic backgrounds.

The 2017 season saw many repeat visitors staying for multiple days locally and visiting the resort several times. Once again, the Adventure Activities were popular in addition to the snow and added another dimension to Lake Mountain's offering.

Highlights of the white season included;

Snowsports grew 65.89% for the 2017 season. The increased numbers across lessons in the Ski School and the Burton Riglets Park and the trend for repeat visitation across multiple days, combined with exceptional conditions helped deliver this result. Further development of the Terrain Park adding extra features constructed throughout winter, resulted in the inception of 'The Local Spot' where some well attended events were held during the season. The optimum conditions in August were conducive to night boarding and skiing and 'Stay Late Saturday's' were offered.

Events continued to be held throughout the season such as Sprint X, Junior Sprint X, Fast and Female, Rail Jam, Mini Series and Bullfight Charge. The Annual Snowman's Festival continues to be embraced by kids and families that visit the mountain.

Established relationships with schools converted to over 150 school bookings from both primary and secondary during the white season. Working closely with the Snowsports Manager, tailored programs were offered to suit each school's requirements, along with the Woollybutt Ski Program that offers children introductory skills to ski racing and preparation.

The partnership with Fischer Skis continued with development and expansion of product programs. The Fisher Nordic Demo Centre showcases their latest cross-country equipment and offers premium ski rentals and service outlet.

YEAR IN REVIEW

Mount Baw Baw

Mount Baw Baw experienced an increased level of winter visitation during the 2017 white season with a total of 75,534 visitor days. The number of visitor days benefitted from the increased natural snowfalls in late August and September. Early snowfalls in late May, provided the opportunity for an early opening to the season. Minimal snowfall was experienced during the July school holidays, which negatively impacted school holiday visitation numbers. Weather conditions facilitating snowmaking opportunities were higher in frequency in the first half of the season than in the second half. Late natural snowfall contributed to the extension of the season to the first week of October with opportunities for snow play and sightseeing still available well into October. As a result of the variability of snow levels, two lifts were able to operate for the majority of the season with the assistance of snowmaking. Natural snowfalls increased in late August and September enabling the operation of the majority of our lift infrastructure.

Ski patrol operations

Lake Mountain is fortunate to have the involvement of such a wonderful group of skilled volunteers who ensure our visitors are safe and well cared for in a professional and considerate manner. There were a total of 201 Ski Patrol responses for the season and incidents were relatively minor. Whilst higher than last year this number is comparable with visitor numbers for 2017 season.

Icy surfaces and snow falling off the roofs continue to be a management problem requiring constant assessments of risk, temporary closure of areas and/or placement of appropriate signage. These have been used successfully in combination with rubber matting in high risk icy areas to improve visitor safety. Ice load on the dead limbs along the ski trails is also an increasing safety issue requiring regular monitoring, particularly on windy afternoons as a thaw starts.

Modifications to the UTV and Skidoo Sled were completed prior to the start of the season. The UTV is now set up to take a Ferno stretcher and this proved to be very effective for patient transfer, particularly from toboggan slopes and ski trails when there was insufficient snow. Oxygen holders were installed on both vehicles to enable Ski Patrol to be well equipped and have the ability to respond to incidents quickly, efficiently and successfully.

Ambulance Victoria placed a Paramedic in Buxton for the season which greatly assists the reduction in response time when there is need to call an ambulance. These Ambulance Officers are particularly helpful and are always happy to assess a patient before deciding whether a trip to hospital is required.

Ski Patrol members continue to be involved with both summer and winter events held at Lake Mountain as organisers, as well as in a first aid capacity.

At **Mount Baw Baw**, the resort's ski patrol was called to attend a total of 171 incidents during the 2017 white season. The number of incidents the patrol was required to attend this year is lower than in previous years, however it is directly comparable with other seasons on record in which the resort received similar irregular snowfalls and conditions.

Of the 171 incidents, 158 were classified as major and on 16 occasions the ski patrol called upon the services of Ambulance Victoria for transportation and further medical assistance.

The ski patrol was also required to attend to 23 staff members during white season. The majority of the staff incidents were walk in cases and were managed in the ski patrol base or the First Aid Centre.

There were 18 instances where staff assistance was required outside of the normal operating hours of the patrol. The continued provision of Ambulance Community Officer (ACO) coverage throughout the season has reduced patrol wait times for weekend ambulance transportation and assistance, allowing patrollers to focus upon their primary role of ski area risk management and guest education.

There were eight Career Paramedics who volunteered their time throughout the season to provide a high level of midweek coverage to the resort, again assisting with wait times for transportation and assistance. The sourcing of volunteer doctors throughout the season greatly assisted the Ski Patrol in providing extended care and patient management to casualties.

YEAR IN REVIEW

Green season events

The Board is committed to expanding the green season activities and event offers. The Board continues its attempts to develop relationships with commercial partners and to encourage those businesses to invest in activities that will make the resort a greater attraction.

Lake Mountain

An estimated 116,704 visited Lake Mountain Alpine Resort during the green season a 29% increase on the previous season.

Continued partnerships with event promoters of music festivals, the Warrior Challenge, health and fitness challenges, road and mountain bike events, motor sports and motor vehicle and product launches all contribute to the Green Season calendar, marketing and promotion of Lake Mountain.

Road cycling continues to be popular in the warmer months especially with the 7 Peaks Challenge riders. Lake Mountain continues to prove itself a popular destination for those road cyclists out for a leisurely ride, to the more serious cyclist out to challenge themselves and increase fitness, immersed in the by the natural beauty of a sub alpine environment

The Board and DELWP agreed upon the extension of a mountain bike track from the Cascades Ticket Box to Marysville. Works have commenced and Lake Mountain will continue to work in partnership with DELWP and Murrindindi Shire Council constructing this trail. The mountain bike offering is growing and interest in the track development is gaining momentum.

The Summer Adventure Activities program offered a range of fun, family orientated activities, that included the dual Flying Fox, Tube Run and Laser Skirmish. The introduction of the Combo ticket has proved attractive to families as opposed to purchasing activities individually. The popularity of the Adventure Activities is gaining momentum and will be further expanded on next year.

Guided wildflower walks and environmental walks were once again offered and proved popular amongst schools, walking groups, locals and environmentalists. In all, there was in excess of 150 people that participated in the environmental guided walks on Lake Mountain.

Mount Baw Baw

Green season 2017 presented opportunities to new event and product offerings including Australia Day celebrations and fly-fishing guide services offered from the resort. New product development opportunities such as expanded mountain bike flow trails and dry slope products are in planning to support the expansion of the green season events program with the intention of offering the opportunity of a multi-day stay to our core market segments.

The participant numbers across the VDHS, Trail Run festival and Baw Baw Sprint were consistent with 2016 numbers.



YEAR IN REVIEW

Environment

The Board and Parks Victoria are working together to protect and preserve the natural and cultural values both within the resort boundaries and those of the neighbouring Yarra Ranges National Park, Baw Baw National Park as part of the memorandum of understanding between authorities regarding land use.

The partnership fostered between authorities, DELWP Central Highlands Eden Project, Parks Victoria, Zoos Victoria and the Board continue to combat habitat erosion and the suppression of weed infestation across connecting authorities through coordinated irradiation programs.

The resorts conduct an annual energy review of greenhouse gas emissions and Carbon footprint through diesel, LPG gas consumption and hard waste. The Carbon Tonnes of CO2 equivalents are consistent with the four-year average of reporting. The Board is committed in its endeavours to reduce its carbon footprint in the exploration of renewable energy systems and the reduction of hard waste disposal.

Lake Mountain

The propagation of seeds from last season have been utilised in rehabilitation of alpine and native vegetation endemic to the area that was razed by the Black Saturday Fires of 2009. The results of the plantings and landscape works has been a positive success.

The recovery of the Leadbeater's possum and their colonies since the 2009 Black Saturday fires, continue to be monitored by Parks Victoria & Zoos Victoria. Although the Leadbeater numbers and the recovery of animal colonies have been slow; those undertaking the monitoring program are buoyed by the number of animals that have been sighted. These efforts go a long way in ensuring the survival of Victoria's faunal emblem.

Mount Baw Baw

The Board predominantly met targets outlined in its Environmental Management Plan for 2016/17. Throughout the year, the Board continued to engage with a number of environmental bodies, including Parks Victoria and supporting research projects carried out by Zoo's Victoria and Deakin University, in an effort to promote and protect Mt Baw Baw's unique alpine environment and its endangered species and better understand the impacts of climate change on the Resort.

Operational changes

At Mount Baw Baw, the Board undertook a short-term trail to offer operations of its retail outlet for the 2017 white and green seasons under a short term license arrangement. This was reviewed at the end the white season 2017. The Board continued to outsource the operation of mountain bike shuttles over green season 2017.

Leases

A number of property lease expirations coincided at the end of 2017 with lease renewal processes in progress at the conclusion of 2017. The Board will improve turnaround times and follow ups in the coming year.

Repairs and maintenance

Lake Mountain's building infrastructure maintenance and improvements continue outside of the snow season to retain buildings in as new condition and functional for high visitation periods.

Major works for Mount Baw Baw commenced on the redevelopment of the wastewater treatment facility late in 2017 with works planned for completion in February 2018. These works will improve the ability to treat waste water and operation overall. Extensive Essential Safety Measures (ESM) works were completed on a number of Board operated aged building assets to ensure their compliance and ongoing operation.

YEAR IN REVIEW

Risk mitigation

Emergency Management:

The Board is in the process of developing a revised combined Emergency Management Plan (EMP) with key emergency management agencies including the SES, VicPol and CFA. A completed EMP is planned to be in operation during April 2018.

The risk management software CAMMS was implemented during 2017 along with improved risk management approaches in the management of lift infrastructure. The CAMMS software is part of a broader continuous development of a good safety culture.

The ESTA emergency markers have been utilised in the reporting of incidents throughout the year and have greatly assisted in the location of geographically lost people.

For 2017, Lake Mountain Alpine Resort partnered with the Murrindindi Shire Council and other government agencies for the regions Fire and Municipal Emergency Management Plan.

Mount Baw Baw worked with SES and CFA to bring their EMP towards finalisation.

Water authority

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

Stakeholder engagement

An extensive stakeholder consultation process as part of the Southern Alpine Resorts Reform Project (SARRP) project concluded during 2017. The Board also participated in the engagement process Alpine Resorts Futures project, this included public consultation in Warragul, Marysville, Lake Mountain and Mount Baw Baw.

Lake Mountain maintained and developed the following community initiatives:

- Representation of Lake Mountain on local tourism groups including the Marysville Triangle Business & Tourism Executive Committee and Yarra Ranges Tourism Corporate Events Committee.
- Presence at the Marysville Visitor Information Centre during the winter months.
- Partnerships and relationships with local stakeholders.
- Expanded its close relationship with local and Melbourne schools and outdoor activity based groups.

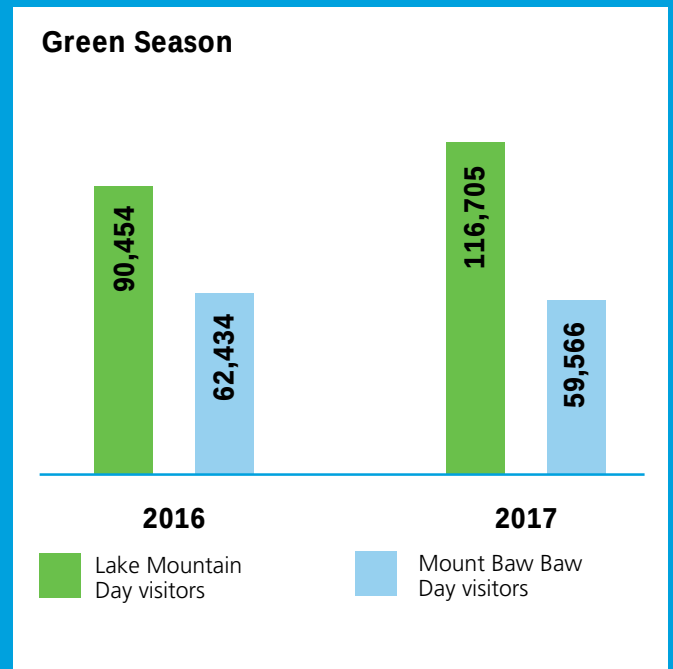
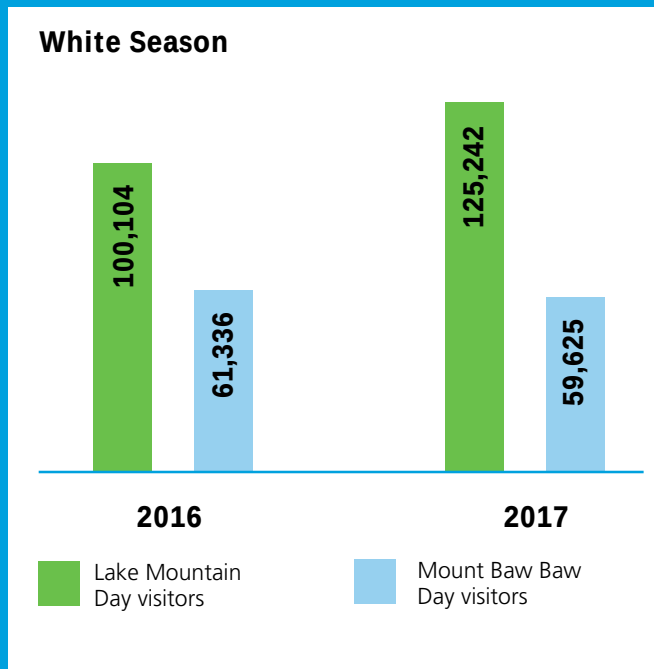
Senior staff play a constructive role in the local tourism and business groups to foster mutually beneficial and rewarding relationships.

Staffing

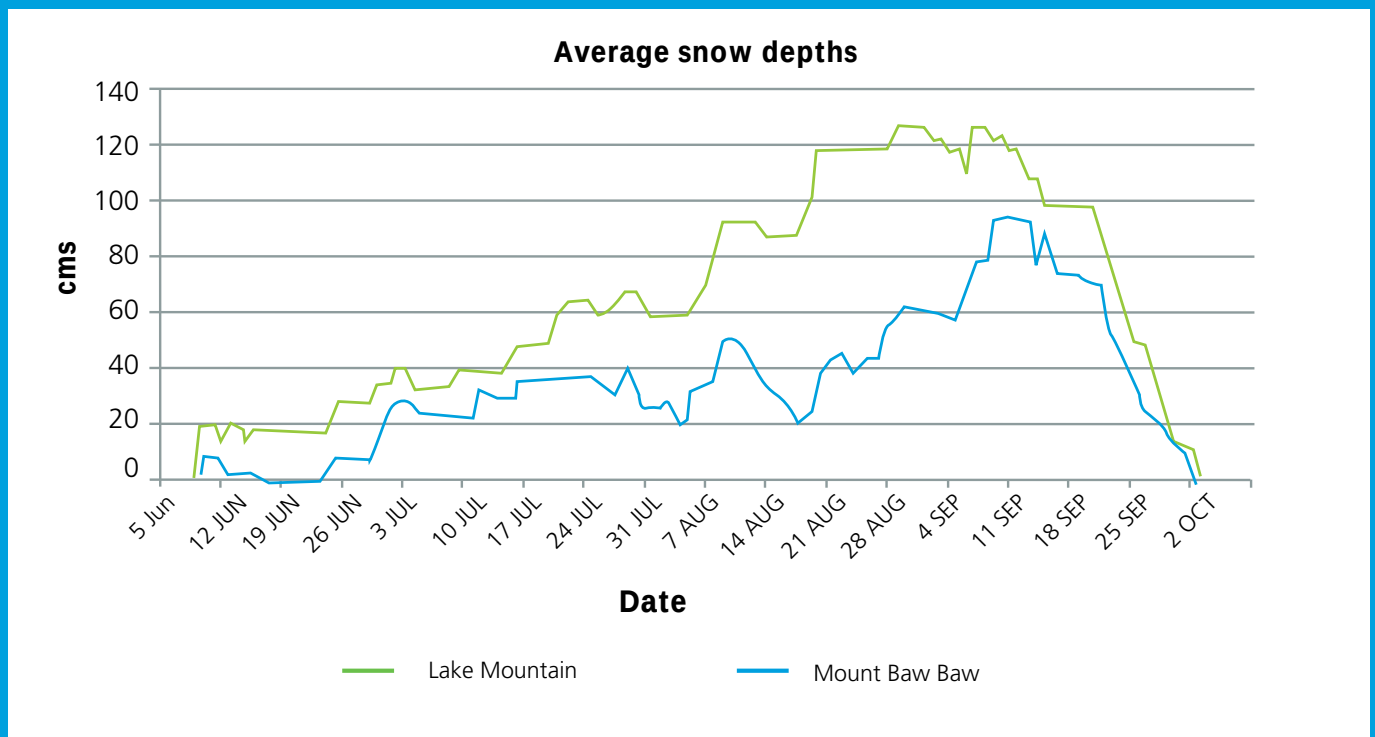
At Mount Baw Baw, the permanent full-time staff levels were maintained at between 15 and 20 staff all year round with up to up to an additional 10 green season and 80 white season staff utilised to service seasonal requirements. An increase in all year-round staff is planned as part of growth expected in the green season offering and to improve the overall level of service with skilled employees.

YEAR IN REVIEW

Our visitors



Our snow depths 2017



FINANCIAL INFORMATION

Summary of performance against budgetary objectives

As in the past, the Board was dependent upon the financial commitment of DELWP to provide funds for essential operational expenditures. This arrangement is formalised by a letter of comfort issued by DELWP to the Board. The level of operational funding provided to the Board by DELWP in the period ending 31 December, 2017 was \$6.5m.

The financial position of the Board improved during the reporting period, with the value of its net assets increasing by \$145k from the opening contribution. The increase in net assets occurred as a result of \$105k operating surplus and additional capital project contribution from DELWP of \$40k.

Revenue attributable to visitors, i.e. from gate entry fees and the sale of goods and services was \$5.7m for the year. The good natural snowfall during the white season prolonged the visitation period.

The major expenses for the year were employee costs (\$6.1m), depreciation (\$1.9m), supplies and services related to operating the resort (\$1.7m) and utilities (\$1.4m).

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

Summary of Financial Results

Table 1 Summary of the Board's Financial Results

COMPREHENSIVE INCOME STATEMENT		2017 \$
Income		
Operating		6,336,068
Government contributions		6,760,000
Non-operating revenue		429,122
Total Income		13,525,190
Expenses		
Operating		11,541,792
Depreciation		1,875,338
Total Expenses		13,417,130
Net result from transactions		108,060
Other economic flows		(3,497)
Net result		104,563
Net result excl government transactions and asset revaluation		(6,655,437)
Balance Sheet		
Financial Assets		1,935,366
Non-Financial Assets		36,032,288
Total Assets		37,967,654
Liabilities		1,293,426
Total Liabilities		1,293,426
Equity		36,674,228

MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTER

The Southern Alpine Resort Management Board is established by the *Alpine Resorts Management Act 1997* ('the AR (M) Act') s 34 (2) as amended by the *Alpine Resorts Legislation Amendment Act 2016* ('the Amendment'). The Board is deemed to be the committee of management of all the Crown Land within the Lake Mountain Alpine Resort and Mount Baw Baw Alpine Resort ('the resorts') which is deemed to be permanently reserved under the *Crown Land Reserves Act 1978*.

The Board has vested in it, all the rights, property and assets that as at 31 December 2016 that were vested in the Lake Mountain and Lake Mountain Alpine Resort Management Boards. Similarly, all debts, liabilities and obligations of the old Boards became the debts, liabilities and obligations of the Board. The assets and liabilities were transferred at fair value.

The responsible Minister for the alpine resorts during the 2017 reporting period was:

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

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

Objectives, Functions, Powers and Duties

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

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

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

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

GOVERNING BODY

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

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

Board Meeting Attendance - 1 January to 31 December, 2017

MEMBER	ATTENDANCE
Allan Bawden (Chair)	11/11
Kerry Irwin	10/11
Tony Thompson	10/11
Kerren Clark	9/11
Randall Cohen	10/11
Svetla Petkova	10/11
Joanna Walker	9/11

Allan Bawden - Chair

Allan Bawden PSM is a CEO and non executive director with extensive experience in the local government and not for profit sectors. His local government career spanned almost four decades involving senior executive appointments in some of Victoria's most dynamic regions including inner metropolitan Melbourne, the Latrobe Valley and the Bass Coast. He was the inaugural CEO of Bass Coast Shire Council following the Statewide restructuring of local government in 1995 and held this position until 2014. He now divides his time between serving as a non-executive director, consulting to governing bodies on strategy and governance, pursuing his interest in primary production and mentoring young professionals.

Allan is a member of the Gippsland Coastal Board, the Port Phillip & Western Port Catchment Management Authority and the Alpine Resorts Coordinating Council. He holds a MBA (Melb Uni) and is a graduate of the Australian Institute of Company Directors. He is a life member of the Bass Coast Landcare Network and was awarded the Public Service Medal in 2014 for outstanding public service to the Bass Coast and the Gippsland regions. He has been an active bushwalker, skier and snowboarder in the Victorian alps for many years.

Kerry Irwin - Deputy Chair

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

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

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

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

GOVERNING BODY

Tony Thompson

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

Kerren Clark

Kerren is principal of Numbat Consulting, providing services in public relations, policy, strategy and governance. She is also a senior consultant at the Clifton Group and a Trustee of the Caulfield Racecourse Reserve, a member of the Veterinary Practitioners Regulation Board of Victoria and a director of Flemington Financial Services Limited.

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

Kerren holds a science degree, a Graduate Diploma in Health and Medical Law and a Diploma of Company Directorship. She has worked for the Australian Physiotherapy Association, the College of Obstetricians and Gynaecologists, the Australian Services Union and a number of state and federal members of parliament.

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 twenty years, Randall has assisted a broad array of Victorian Government Departments in delivery of major projects with emphasis on industry reform, infrastructure, energy and resources, dispute management and resolution, risk management and governance. Prior to that, Randall worked as General Counsel and Regulatory Manager for APA GASNet Pty Ltd, as Corporate Solicitor for Alcoa of Australia Ltd, and as a solicitor with major law firm, Mallesons Stephen Jacques.

Svetla Petkova

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

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

Joanna Walker

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

BOARD COMMITTEES

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

Membership and Roles

Audit and Risk Committee

Membership of the committee as of 31 December, 2017 comprised of:

- Randall Cohen, Chair (independent)
- Kerren Clark (independent)
- Svetla Petkova (independent)
- Joanna Walker (independent)

Members of the committee are appointed by the Board and are bound by the Committee Charter. The Board considers the membership annually.

The role of the Audit and Risk Committee is to oversee and advise the Board on matters of accountability, internal control and financial management which affect the operation of the organisation and the resorts.

The main responsibilities of the committee include the oversight of:

- Risk assessment, treatment strategies and monitoring.
- Setting of operational and capital works budgets and regular monitoring of financial performance and position.
- Achieving a high level of organisational governance.
- Having procurement procedures that provide for value for money, transparent and defensible purchasing outcomes.
- Reporting financial information to the users of financial reports.
- Ensuring quality and timeliness of information conveyed in financial reports.
- Application of accounting policies approved by the Board, including the valuation of non-cash assets.
- Financial management and obligations as outlined in the *Financial Management Act 1994* and its compliance with Ministerial Directions.

- Internal control system.
- Contributions to and monitoring of Board performance management systems.
- Business policies, regarding setting of resorts gate entry fees, terms and conditions of arrangements.
- Responsible for ensuring policies, procedures and Asset Management Plan are in place to ensure management and security of resorts assets.
- Overseeing the external (VAGO) and internal audit functions and their independence.
- Reviewing and improving funding submissions prior to being lodged.
- Monitoring compliance with taxation obligations.

Audit and Risk Committee Meeting

Attendance -

1 January to 31 December, 2017

MEMBER	ATTENDANCE
Randall Cohen (Chair)	5/5
Kerren Clark	3/5
Svetla Petkova	5/5
Joanna Walker	5/5

BOARD COMMITTEES

Workplace Arrangements and Executive Remuneration Committee

Membership of the committee as of 31 December, 2017 comprised of:

- Tony Thompson (Chair)
- Allan Bawden (Board Chair)
- Kerry Irwin
- Svetla Petkova

The purpose of this committee is to consider issues and make recommendations to the Board, in respect to the following:

- The Board having sustainable management structure that allows the Board to achieve its objectives.
- The employment by the Board of an executive officer, who is effective and constructive, and is remunerated fairly within the terms of GSERP requirements.
- Compliance with state government industrial relations policy, and work place legislation.
- Considering an array of Board policies that give rise to good employment practices and a productive workplace.

Workplace Arrangements and Executive Remuneration Committee Meeting Attendance - 1 January to 31 December, 2017

MEMBER	ATTENDANCE
Tony Thompson (Chair)	4/4
Allan Bawden	4/4
Kerry Irwin	4/4
Svetla Petkova	3/4

PERFORMANCE AGAINST OPERATIONAL OBJECTIVES

The focus area is developed from Alpine Strategic Plan 2012.

Table 2 Performance against 2017 strategic objectives and priorities

FOCUS AREA	ITEM	ACTION	OUTCOMES ACHIEVED
A management structure that provides financially sustainable outcomes	1.1	Management of service delivery to resort visitors	- Functional clarification delivering consistency in the resorts completed to provide cost effective management. - Management log submitted to DELWP for negotiation of new Enterprise Agreement.
	1.2	Long term asset and investment planning and stimulation	- Asset Management Plan continues to be developed in accord to FMCF. - Awaiting outcomes of Southern Alpine Resorts Reform Project.
Excellence in Board governance and compliance	2.1	Organisational planning, monitoring and reporting	- Financial reports and implementation of ARSP 2012 status report lodged six monthly with ARCC. - Regularly monitoring of performance undertaken. Regular reviews of policies aligned with guidelines from DELWP and Public Sector Commission. - Risk Management System identified and implementation undertaken.
	2.2	Compliance	- Compliant with <i>Financial Management Act</i> and enabling legislation and Standing Directions. - No known instances of failure to lodge documents and/or information and make payments as required.
	2.3	Board activity	- Policies in place as required by <i>Public Administration Act 2004</i> and Directions of Minister for Finance. - Board performance appraisal program completed.
Provide a positive and memorable experience for visitors coming to the resorts	3.1	Business Plan incl. Marketing Plan	- Marketing Plan developed and implemented. - Partnering to increase Mountain Bike trails and bush walking.
	3.2	Enhance product offer and service	- Cross-country ski and Riglets Board Parks programs developed and implemented for Lake Mountain. - Results of customer satisfaction surveys coordinated by ARCC show an improvement in net promoter source. - Further development of visitor experience being undertaken for Green season event programs.

PERFORMANCE AGAINST OPERATIONAL OBJECTIVES

The focus area is developed from Alpine Strategic Plan 2012.

Table 2 Performance against 2017 strategic objectives and priorities

FOCUS AREA	ITEM	ACTION	OUTCOMES ACHIEVED
Have strong and mutually beneficial partnerships with regional commercial operators and other groups	4.1	Stakeholder Engagement Plan	- Evidence of strong bonds and cooperation. - Attendance at local forums and launches.
	4.2	Improve partnerships with land managers	Agreement with Parks Victoria awaits sign off for Lake Mountain Alpine Resort.
	4.3	Business Licensees or Lessees	- Began process of change to lease management processes designed to improve outcomes for Mount Baw Baw. - Business prospectus development pending outcome of Southern Alpine Resorts Reform Project.
Protect and enhance the natural environment of the resorts and reduce carbon emissions	5.1	Develop, adopt, implement Environmental Management Plan	- Feasibility to determine alternatives to existing power supply system for Mount Baw Baw. - EPA licensing and PAN resolution requirements works underway.
	5.2	Develop, adopt and implement a strategy re Climate Change	Participated in Climate Adaption project undertaken by DELWP Alpine Futures group.
Fulfill the Board's statutory functions as described in the Alpine Resorts Management Act 1997	6.1	Enhance access, diversity and equity principles	Introduction of employment equity policy and associated Diversity and Disability Action Plan.
	6.2	Economic contribution to the Region	Identified via the ARCC economic assessment report.
Have clear resort management, risk, development, fire and emergency plans	7.1	Strategic Management Plan and Resort Master Plan	Awaiting outcomes of Southern Alpine Resorts Reform Project.
	7.2	Alpine Planning Scheme	Regular communications and strengthened relationship with the Alpine planning contact in DELWP's planning area.
	7.3	Municipal and Fire Emergency Management Plans	Community Emergency Management Plan development continues with relevant authorities and local Councils.
	7.4	Risk Management Plan	- Continued to assess Geotechnical works and apply for funding. - Risk management system implementation.

KEY INITIATIVES AND PROJECTS

Management and staffing

A management restructure led to the creation of a Corporate Services department to provide service to the operation of both of the resorts and to the Board.

All staff positions have been reviewed, and where appropriate the staff structure has been remodelled to focus on cost effective provision of services to visitors. The Board has also prioritised an outstanding public sector workplace culture amongst the resorts' staff. A functional clarification of the structure was completed in September.

Snow play and beginner skier/boarder facilities and focus

The Board has recognised the importance of visitors who have little snow experience to the resorts, and has planned to improve the facilities and activities targeted at providing wonderful experiences to visitors. This is now the focus of the target market activities for the white season across the resorts.

Green Season

A significant focus on the growth of green season activity has led to newly developed event strategies, a combined marketing plan and subsequently increased visitation.

A New CEO

The Board has transitioned to the new Southern Alpine Resort Management Board from 1 January 2017. A recruitment process to appoint a CEO for the new organisation was completed in April with a transition from the interim CEO to the new CEO.

Remote Area Power System

The commissioning, installation and operation of a new RAPS generator for Lake Mountain was proudly launched by the Board in June. The new RAPS minimises the fuel consumed by the generators, uses battery storage (for later power consumption) to optimise the generators operation, and this reduces both costs and carbon emissions.

Southern Alpine Resorts Reform Project

Completion of the Southern Alpine Resorts Reform Project was submitted to the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.



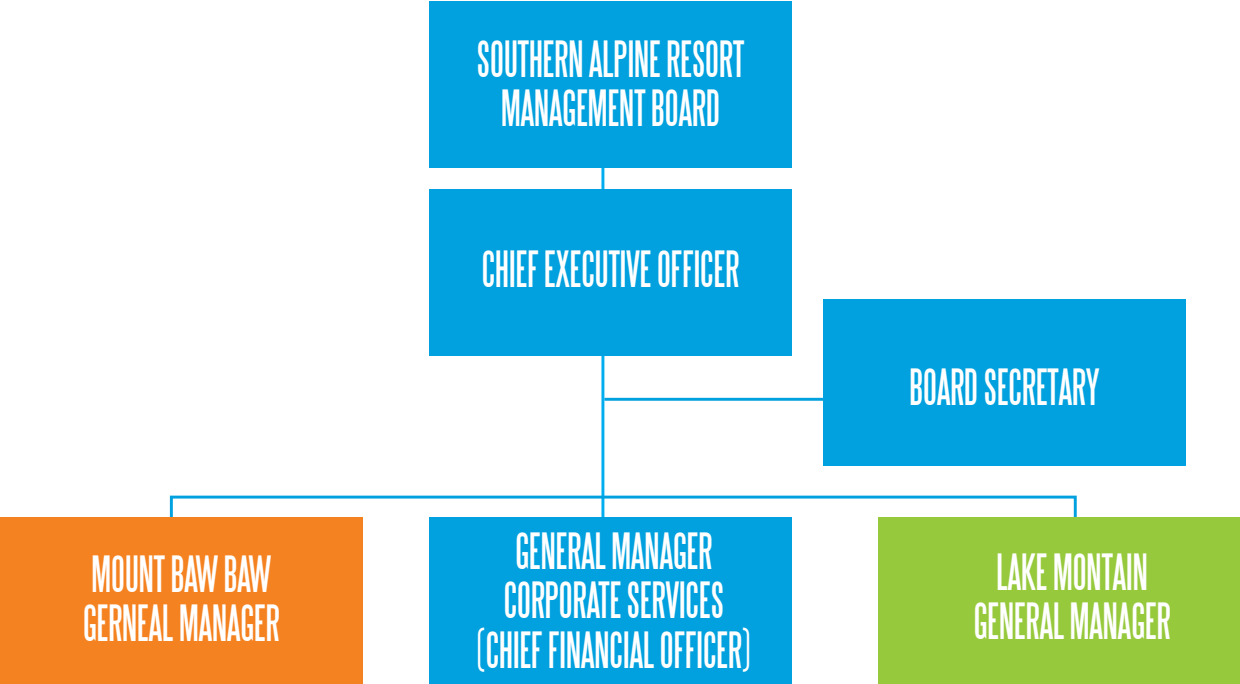
ORGANISATIONAL STRUCTURE

The management model

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

The Board undertook a recruitment process to appoint a replacement Chief Executive Officer from April 2017, to ensure that the Board was able to fulfil its legislated functions and compliance obligations effectively.

Table 3 Board Organisational chart



COMPARATIVE WORKFORCE DATA

The following data relates to employees who were employed by the Board.

Table 4

ONGOING EMPLOYEES		FIXED-TERM & CASUAL EMPLOYED DURING THE SEASON		FIXED-TERM & CASUAL EMPLOYED AT THE END OF YEAR
	HEADCOUNT	FTE	FTE	FTE
2017	43	29.3	43.07	9.9
	2017			
	ONGOING		FIXED-TERM & CASUAL AT END OF YEAR (FTE)	
	HEADCOUNT	FTE		
Male	28	19.8	3.8	
Female	15	9.4	6.1	
Age				
15-24	4	2.8	3.1	
25-34	15	8.9	2.1	
35-44	6	4.4	0.0	
45-54	8	5.6	3.8	
55-64	5	4.8	0.8	
65 plus	5	2.9	0.0	

Ongoing employees means people engaged on open-ended contracts of employment, and executives engaged on a standard executive contract who were active in the last full pay period in December.

FTE means full-time staff equivalent.

Executive Officer Disclosures

The Board had contracts of employment with five executives whose annual total remuneration exceeded \$100,000 per annum. Due to the resignation of a CEO and appointment of a CEO during the year, the remuneration of two CEO's are disclosed under responsible persons in Note 16 (b) of the Financial Statements. The remuneration of three addition executive officers is disclosed in Note 16 (d) of the Financial Statements.

COMPLIANCE INFORMATION

Risk management

To ensure that risks are being managed in a consistent manner, public sector entities are required to attest in annual reports that:

- entities have in place risk management processes that complies with the mandatory requirements set out in the Victorian Government Risk Management Framework (2015 Framework);
- these processes are effective in controlling the risks to a satisfactory level; and
- a responsible body or audit committee verifies that view.

Southern Alpine Resort Management Board has in place a risk management framework, incorporating a policy and strategy. The risk management framework and risk management plan is reviewed regularly and updated annually.

This includes the adequacy of the Board's insurance. The Southern Alpine Resort Management Board is a participating body under Section 4 of the Victorian Managed Insurance Authority (VMIA) Act 1996, with all of its insurance, other than workcover and motor vehicle insurances, sourced through the VMIA. The Board regularly conducts a detailed review of the insurance cover held with VMIA and others, to determine the appropriate level of cover of insurance and minimise the Board's exposure.

I, Allan Bawden, certify that the Southern Alpine Resort Management Board has complied with the Ministerial Standing Direction 3.7.1 - Risk Management Framework and Processes. The Southern Alpine Resort Management Board's Audit and Risk Committee has verified this.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board

DISCLOSURE INDEX

Application and Operation of Freedom of Information Act 1982

Southern Alpine Resort Management Board is considered to be a Government Agency under the *Freedom of Information Act 1982*, and as such is required to abide by the requirements of the Act.

The Board comprises individuals who are recognised as having an understanding of alpine issues, and who represent the views of the various sections of the public that have an interest in the Board.

The Board holds and maintains the following categories of documents:

- Correspondence files;
- Minutes of the various meetings held within the Board;
- Technical reports and statistical information on Southern Alpine Resort Management Board management matters;
- Any leasehold documents related to Southern Alpine Resort Management Board sites (currently none); and
- Plans, charts and other topographical data covering Southern Alpine Resort Management Board land.

Copies of the Board's policy statements, annual reports, ministerially endorsed corporate plans and general information related to the Board are available for inspection at the Board's office and/or online at www.southernalpine.vic.gov.au. This literature is also available by mail at a minimum charge of \$28.40.

A person seeking access to a particular document held by the Board can write to the Freedom of Information Officer identified below, describing, in as much detail as possible, the nature of the document required, or can make an online request at https://online.foi.vic.gov.au/foi/foi_request_details

An application fee of \$28.40 applies at the time of publication. All requests are required to be actioned within 45 days. The Freedom of Information Officer is responsible for the processing of these requests to finality, and may be contacted as follows:

Freedom of Information Officer

Southern Alpine Resort Management Board
PO Box 55
Marysville VIC 3779

In the year ended 31 December 2017 there were no freedom of information requests, and there were no outstanding items from previous years.

Victorian Information Privacy policy

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

Human rights

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

Workplace Health and Safety

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

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

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

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

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

DISCLOSURE INDEX

Declaration of Pecuniary Interests

A comprehensive register of private pecuniary interests is maintained. This contains details relating to members of the Board and senior resort staff.

Fraud and corruption policy

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

Gifts, benefits and hospitality attestation

I, Allan Bawden certify that:

- Southern Alpine Resort Management Board has policies and procedures in place that are consistent with the minimum requirements and accountabilities outlined in the Gifts, Benefits and Hospitality Framework issued by the Public Sector Commission.
- Staff and Board members are informed about those gifts, benefits and hospitality policies and procedures; and
- The Audit and Risk Committee and/or the Board reviews the operation of the policies and procedures at least once per year to ensure compliance.



Allan Bawden PSM

Chair

Southern Alpine Resort Management Board



DISCLOSURE INDEX

Compliance with Protected Disclosure Act 2012

Application and Operation of the Protected Disclosures Act 2012

The *Protected Disclosure Act 2012* ("PD Act") enables people to make disclosures about improper conduct by public officers and public bodies. The PD Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a protected disclosure?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

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

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial:

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

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

How do I make a 'protected disclosure'?

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

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

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

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

Contacts

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

Telephone: 1300 735 135

Victorian Industry Participation Policy Disclosures

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy. Departments and public bodies are required to apply VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

In 2017 there were no tenders to disclose based on these expenditures.

Statement on National Competition Policy

Competitive neutrality is a guiding principle of the National Competition Policy and requires that government-owned businesses should compete with private sector businesses on the same footing. Southern Alpine Resort Management Board is committed to this principle of the National Competition Policy and applies competitive neutrality policy to all significant activities where the benefits of competitive neutrality exceed the costs. This policy has a stated objective to achieve the most efficient provision of publicly provided goods and services. The Board continues to implement this principle in accordance with Victorian Government Policy.

Purchases of goods and services are in line with the Victorian Government Purchasing Board's guidelines. This process ensures that goods and services are purchased using value for money as the guiding principle.

DISCLOSURE INDEX

Details of Shares held in Statutory Authority or Subsidiary

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

Consultancies and Contracts

The Board outsourced a number of its activities during this year. Contractors engaged included LXD Business Solutions Pty Ltd was contracted to provide services in connection to the management and administration of the Board's payroll system.

Consultancies under \$10,000

There were six consultancies, the expenditure on which was less than \$10,000. The total expenditure on these consultancies during 2017 was \$23k.

Government Advertising Expenditure

Government policy requires disclosure of all Government Advertising Expenditure with a total media buy of \$150,000 or greater (exclusive of GST). No "qualifying" Government Advertising Expenditure was incurred by Southern Alpine Resort Management Board during the 2017 reporting period.

Consultancies in Excess of \$10,000

CONSULTANT	SERVICES PROVIDED	EXPENDITURE IN REPORTING PERIOD	FUTURE COMMITMENT
Aznardo Consulting Services Pty Ltd	Commercial advice	\$31k	No future commitment
Eat Business Group Pty Ltd	Governance advice	\$16k	No future commitment
GHD Pty Ltd	Technical advice	\$66k	No future commitment
Tresscox Lawyers	Legal advice	\$11k	No future commitment

Disclosure of Major Contracts

There were no contracts greater than \$10 million entered into by the Board during 2017.

Capital projects

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

Subsequent events

The amendment to the *Alpine Resorts (Management) Act* became effective from 1 January 2017. The effect of this Act was to abolish the Mount Baw Baw Alpine Resort Management Board as of that date and create a new Board, the Southern Alpine Resort Management Board. The new Board took on all the rights and obligations and the employees of the Board at that date.

Information, Communications and Technology Expenditure

The Southern Alpine Resort Management Board is required to disclose its total Information and Communications Technology (ICT) expenditure for the reporting period of \$110k.

DISCLOSURE INDEX

Compliance with *Building Act 1993*

There are 14 buildings owned by the Board, all conforming to building standards as at 31 December 2017.

Building Standards

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

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

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

Summary of Environmental Performance

There were no office-based environmental impacts in 2017.

Compliance with DataVic Access Policy

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

Statement of Availability of Other Information

Information relevant to the headings listed in Financial Reporting Direction 22D of the *Financial Management Act 1994* is held at Southern Alpine Resort Management Board's office and is available on request, subject to the *Freedom of Information Act 1982*.

Further information can be obtained in writing from:

Southern Alpine Resort Management Board
PO Box 55
Marysville VIC 3779

Public Administration Act 2004

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

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

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

There was one industrial claim made during the reporting period.

General Information Requirements

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

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

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

DECLARATION BY THE CHAIRPERSON, ACCOUNTABLE OFFICER AND CHIEF FINANCIAL OFFICER

Sign-off requirements

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement; and accompanying notes, presents fairly the financial transactions during the twelve month period ended 31 December 2017 and financial position of the Board at 31 December 2017.

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

We authorise the attached financial statements for issue on 2 March 2018.



Allan Bawden PSM

Chairperson

Melbourne
2 March 2018



Gail Conman

Accountable Officer/
Chief Executive Officer

Melbourne
2 March 2018



Eddie Warfield

Chief Financial Officer

Melbourne
2 March 2018

AUDITOR'S OPINION



Independent Auditor's Report

To the Board of the Southern Alpine Resort Management Board

Opinion	I have audited the financial report of the Southern Alpine Resort Management Board (the authority) which comprises the: • balance sheet as at 31 December 2017 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including a summary of significant accounting policies • declaration by the chairperson, accountable officer & chief financial officer. In my opinion the financial report presents fairly, in all material respects, the financial position of the authority as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. 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 Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the 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, and using the going concern basis of accounting unless it is inappropriate to do so.

AUDITOR'S OPINION

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
8 March 2018



Travis Derricott
as delegate for the Auditor-General of Victoria

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2017



SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$
Income from transactions		
Visitor fees	2(a)	5,750,651
Government funding	2(b)	6,760,000
Site & service fees	2(c)	585,417
Other revenue	2(d)	416,581
Interest		12,541
Total income from transactions		13,525,190
Expenses from transactions		
Employee benefits	3(a)	6,098,101
Depreciation & amortisation expense	3(b)	1,875,338
Interest expense	3(c)	37,660
Supplies and services		1,722,436
Marketing expenses		463,292
Repairs & maintenance		454,598
Utilities expenses		1,375,146
Insurance		422,798
Administration expenses		361,835
Other operating expenses	3(d)	605,926
Total expenses from transactions		13,417,130
Net result from transactions (net operating balance)		108,060
Other economic flows included in net result		
Net gain/(loss) on disposal of non-financial assets		(2,339)
Other gain/(loss) from other economic flows		(1,158)
Total other economic flows included in net result		(3,497)
Net result from continuing operations		104,563
Comprehensive result		104,563

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD
BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	2017 \$
Financial assets		
Cash and deposits		1,718,563
Receivables	4	216,803
Total financial assets		1,935,366
Non-financial assets		
Inventories	5	85,616
Property, infrastructure, plant and equipment	6	35,381,438
Intangible assets	7	61,015
Prepayments	8	504,219
Total non-financial assets		36,032,288
Total assets		37,967,654
Liabilities		
Payables	9	685,869
Borrowings	13	12,151
Employee benefit provisions	10	575,957
Revenue in advance		19,449
Total liabilities		1,293,426
Net assets		36,674,228
Equity		
Accumulated surplus/(deficit)		104,563
Contributed capital	12	36,569,665
Net worth		36,674,228

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Accumulated surplus / (deficit) \$	Contributed capital \$	TOTAL \$
Balance at 1 January 2017		-	-	-
Net result for the year		104,563	-	104,563
Net capital contribution on creation of Board	1,12	-	36,529,665	36,529,665
Capital contributions during the year	1,12	-	40,000	40,000
Balance at 31 December 2017		104,563	36,569,665	36,674,228

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$
Cash flows from operating activities		
Receipts		
Receipts from operating activities		7,282,207
Receipts from Government		6,760,000
Interest received		12,541
Net GST received		18,097
Total receipts		14,072,845
Payments		
Payments to suppliers and contractors		(7,009,376)
Payments to and on behalf of employees		(5,970,385)
Interest paid		(37,660)
Total payments		(13,017,421)
Net cash flows from operating activities	19	1,055,424
Cash flows from investing activities		
Sale of non-financial assets		10,182
Purchase of non-financial assets		(208,176)
Net cash flows from/(used in) investing activities		(197,994)
Cash flows from financing activities		
Repayment of borrowings		(60,488)
Owner contributions by State Government		40,000
Net cash flows from/(used in) financing activities		(20,488)
Net increase in cash and cash equivalents		836,942
Cash and cash equivalents at beginning of financial year	12	881,621
Cash and cash equivalents at end of financial year		1,718,563

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 1. Statement of significant accounting policies

The Southern Alpine Resort Management Board (the Board) was established on 1 January 2017 pursuant to the *Alpine Resorts (Management) Act 1997* (the Act) as amended by the *Alpine Resorts Legislation Amendment Act 2016*, which outlines the functions, responsibilities and requirements of the Board. The Act provided that the property, rights and liabilities of Lake Mountain Alpine Resort Management Board and Mount Baw Baw Alpine Resort Management Board ceased on 31 December 2016 and become the property, rights and liabilities of the Southern Alpine Resort Management Board on 1 January 2017. The transfer of rights, obligations, assets and liabilities was facilitated through the Department of Environment, Land, Water and Planning via a Capital Contribution. The Board operates the Lake Mountain Alpine Resort and Mount Baw Baw Alpine Resort.

The annual financial statements represent the audited general purpose financial statements for the Board for the year ended 31 December 2017.

The purpose of the financial statements is to provide users with information about the Board's stewardship of resources entrusted to it.

a) Statement of compliance

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

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance. The financial report has been prepared on a going concern basis.

These annual financial statements were authorised for issue by the Board on 2 March 2018.

b) Basis of preparation

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.

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 also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 *Fair Value Measurement*, the Board determines the policies and procedures for both recurring fair value measurements such as property, infrastructure, plant and equipment in accordance with the requirements of AASB 13 and the relevant FRDs.

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

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

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

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

The Valuer-General Victoria (VGV) is the Board's independent valuation agency. The Board, in conjunction with VGV, monitors changes in the fair value through relevant data sources to determine whether revaluation is required.

c) Reporting entity

The financial statements cover the Board as an individual reporting entity. Its principal address is:

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

The Board is a public body acting on behalf of the Crown, and reporting to the Department of Environment, Land, Water and Planning (DELWP).

Objectives

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

d) Scope and presentation of financial statements

Statement of Comprehensive Income

The Statement of Comprehensive Income comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'.

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

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

- Gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets;
- Actuarial gains and losses arising from defined benefit superannuation plans;

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

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

Balance Sheet

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

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Board does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

Statement of Cash Flows

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of Changes in Equity

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

Rounding of amounts

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

e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

Resort Entry Fees

Revenue is recognised at the point of sale and/or when services are rendered or when a rate/tariff is fixed for service charges levied under Section 13 of the Act. Infringements are issued to guests who do not pay their visitor fees under the *Road Safety Act 1986* and the *Road Safety (General) Regulations 2009*.

Sale of goods and services

Income from the sale of goods is recognised when:

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

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

Government funding

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

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

Site & service charges

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

Other revenue

Other revenue includes income from fuel tax credits, agreement with a third party for supply of electricity and minor miscellaneous items received outside normal operating revenue.

Interest

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

f) Expenses from transactions

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

Employee benefits

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

Superannuation

The amount recognised in the Statement of Comprehensive Income in relation to employer contributions is simply the employer contributions that are paid or payable to these plans during the reporting period.

Depreciation and amortisation expense

All infrastructure assets, buildings, plant and equipment (excluding items under operating leases and land) that have finite useful lives are depreciated. 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.

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

The following table indicates the typical estimated useful lives for the different asset classes used in 2017 financial year:

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect to land assets because their service potential has not, in any material sense, been consumed during the reporting period.

Interest expense

Interest expense is recognised in the period in which it is incurred and includes finance lease charges.

Supplies and services

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

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.

Repairs and maintenance

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

Utilities expenses

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

Administration expenses

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

Other operating expenses

Other operating expenses generally represent the day to day running costs incurred in normal operations.

Contractor expenses

LXD Business Solutions provides financial management services to the Board from 1 January 2017.

g) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

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

Impairment of non-financial assets

All assets are assessed annually for indications of impairment, except for inventories (refer Note 1(j)).

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow, except to the extent that the write-down can be debited to asset revaluation surplus amount applicable to that class of asset.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Other gains/(losses) from other economic flows

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

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

h) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(i)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

i) Financial assets

Cash and cash equivalents

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

Receivables

Receivables consist of:

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

Contractual receivables are classified as financial instruments and categorised as receivables at amortised cost. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Impairment of financial assets

At the end of each reporting period, the Board assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence may include financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

j) Non-financial assets

Inventories

Inventories comprise goods held for sale and supplies and consumables used in the consumption in the ordinary course of resort operations. Inventories are measured at the lower of cost and net realisable value.

Property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment includes land, buildings, roads, infrastructure, plant, equipment, furniture and motor vehicles. Items with a cost or value in excess of \$1,000 and a useful life to the Board of more than one year are capitalised. Ski equipment purchased in bulk and used to generate cash inflows from the operation of ski hire and ski school activities is also included in this class of assets.

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 6 Property, infrastructure, plant and equipment.

Non-financial physical assets such as land are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not considered until it is virtually certain that the restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

The fair value of infrastructure systems (including roads), plant and equipment, is normally determined by reference to the asset's depreciated replacement cost.

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 initial cost for non-financial physical assets under a finance lease (refer to Note 1(l)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent to the initial recognition as assets, all non-current physical assets are measured at fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Values are assessed annually and supplemented by independent assessments. All assets are tested for indication of impairment on an annual basis. Such assets are tested to ascertain whether the carrying amount exceeds their recoverable amount. Revaluations are conducted in accordance with FRD 103F *Non-current physical assets*.

Revaluation increments are credited to a revaluation reserve and decreases are recognised as an expense in the Statement of Comprehensive Income. To the extent that a revaluation decrease reverses, a revaluation increment previously credited to and still included in the balance of the asset revaluation reserve, the decrease is debited directly to that reserve up to the value of that prior increment.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

The revaluation of buildings, roads and infrastructure has been accounted for using the net method whereby the accumulated depreciation at the date of the valuation is eliminated against the carrying amount of the asset with the net difference adjusted directly to the asset revaluation reserve.

The Board undertook a formal revaluation of its land assets using the 'fair value' methodology. The revaluation was performed by the Valuer-General Victoria. Under fair value the Board's interest in the Crown's leasehold land is measured based on a direct market comparison approach, whereby the subject properties are compared to recent land sales. Broad area land values have been applied to the other areas of the Board's controlled area based on comparable sales evidence methodology. The addition of these values represents the fair value of the land assets under the Board's control. The figures do not include any improvement values.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated cost, given the relatively short lives of these assets.

In accounting for the sale of property, plant and equipment only the net profit/(loss) on disposal is shown on the Statement of Comprehensive Income as required under AASs.

Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

k) Liabilities

Payables

Payables consist of:

- contractual payables, such as accounts payable. Accounts payable represent liabilities for goods and services provided to the Board prior to the end of the financial year that are unpaid, and arise when the Board becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs.

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

Provisions

Provisions are recognised when the Board has a present obligation, the future outflow of economic benefits is probable, and the amount of the provision can be measured reliably.

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

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Employee benefits provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Annual leave

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

Depending on the expectation of the timing of settlement, annual leave is measured at:

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

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability, even where the Board does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

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

(iii) Termination benefits

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

(iv) Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation) are recognised separately from provision for employee benefits.

I) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

The Board as lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the estimated useful life of the asset or the term of the lease.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the Statement of Comprehensive Income. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Operating leases

The Board as lessor

Rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease.

The Board as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

m) Equity

Contributions by owners

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

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

n) Commitments

Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 14 Commitments) at their nominal value and inclusive of the GST payable.

o) Contingent assets and contingent liabilities

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

p) Accounting for the goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

q) Subsequent events

Assets, liabilities, income and expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Board and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date that may have a material impact on the results of subsequent years.

r) New Accounting Standards for application in future periods

Certain new AASs have been published that are not mandatory for the 31 December 2017 reporting period. Department of Treasury and Finance assesses the impact of these new standards and advises of their applicability and early adoption where applicable.

As at 31 December 2017, all new accounting standards and interpretations that had been issued but classified as not mandatory for the financial year ended 31 December 2017 had been considered, and while the impact of some standards was still to be assessed, the likely impact is not considered to be significant.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard amends the mandatory effective date (application date) of AASB 15 for not-for-profit entities so that AASB 15 is required to be applied by such entities for annual reporting periods beginning on or after 1 January 2019 instead of 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2019 reporting period in accordance with the transition requirements.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

AASB 2014 -1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 1058 Income of Not- for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than the fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 2. Income from transactions

2017

\$

Revenue includes:

(a) Visitor fees

Resort entry fees	2,201,742
Bistro and functions	1,481,245
Ski hire and ski school	1,450,767
Accommodation/guest services	263,208
Merchandise	260,534
Adventure activities	93,155

Total visitor fees	5,750,651
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(b) Government funding

Department of Environment, Land, Water and Planning support payments	6,500,000
Other Government Project Funding	260,000

Total Government funding	6,760,000
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(c) Site & service fees

Site Rental	120,310
Service Fees	465,107

Total site & service fees	585,417
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(d) Other revenue

Marketing & events	72,112
Staff accommodation	77,558
Fuel tax credit rebate	112,627
Commissions	74,859
Insurance claims	76,130
Other revenue	3,295

Total other revenue	416,581
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SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 3. Expenses from transactions	2017 \$
(a) Employee benefits	
Salaries, wages, annual leave and long service leave	5,326,352
Post employment benefits	
Defined contributions superannuation expense	443,246
Defined benefits superannuation expense	27,780
FBT and payroll tax	300,723
Total employee benefits	6,098,101
(b) Depreciation & amortisation expense	
Buildings and improvements	556,001
Plant and equipment	396,112
Water and sewerage	79,115
Land management	11,150
Roads and car parks	519,578
Trails	38,634
Ski lift infrastructure	152,941
Office equipment	45,491
Rental equipment	63,973
Intangible asset amortisation	12,343
Total depreciation & amortisation expense	1,875,338
(c) Interest expense	
Hire purchase interest	3,817
Other Interest	33,843
Total interest expense	37,660
(d) Other operating expenses	
Audit fees – Note 20	143,824
Motor vehicle leases	156,935
Geotech expenses	38,724
Resort Operations	54,509
Other expenses from ordinary activities	211,934
Total other expenses	605,926
Note 4. Receivables	
Receivables	
<i>Contractual</i>	
Debtors	37,910
Provision for doubtful debts	(3,175)
Sundry debtors	124,684
	159,419
<i>Statutory</i>	
GST receivable	57,384
Total receivables	216,803
Note 5. Inventories	
Inventories	
Supplies & consumables - fuel (at cost)	25,825
Inventories held for sale (at cost)	59,791
Total inventories	85,616

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 6. Property, infrastructure, plant and equipment

6a Gross amount and accumulated depreciation

	Gross amount	Accumulated depreciation	Net carrying amount
	2017 \$	2017 \$	2017 \$
Land at fair value	3,899,000	-	3,899,000
Buildings & Improvements at fair value	19,489,835	(556,001)	18,933,834
Plant & Equipment at fair value	1,848,447	(384,214)	1,464,233
Water & sewerage infrastructure	2,775,264	(79,115)	2,696,149
Land Management assets at fair value	179,150	(11,150)	168,000
Roads & car parks infrastructure at fair value	4,471,135	(519,578)	3,951,557
Trails at fair value	1,665,172	(38,634)	1,626,538
Ski lift infrastructure at fair value	2,584,925	(152,941)	2,431,984
Office equipment at fair value	153,496	(45,491)	108,005
Rental equipment and clothing at fair value	124,422	(63,973)	60,449
Assets under construction	41,689	-	41,689
Total property, infrastructure, plant and equipment	37,232,535	(1,851,097)	35,381,438

6b Classification by 'purpose groups'

All assets in a purpose group are further sub categorized according to the asset's 'nature' (ie buildings, plant and equipment etc.) with each sub category being classified as a separate class of assets for financial reporting purposes.

6c Movements in carrying amounts

2017	Carrying amount - start of year	Additions	Disposals	Depreciation expense	Carrying amount - end of year
	\$	\$	\$	\$	\$
Land at fair value	3,899,000	-	-	-	3,899,000
Buildings & Improvements at fair value	19,478,563	11,272	-	(556,001)	18,933,834
Plant & Equipment at fair value	1,831,471	41,395	(12,521)	(396,112)	1,464,233
Water & sewerage infrastructure	2,775,264	-	-	(79,115)	2,696,149
Land Management assets at fair value	179,150	-	-	(11,150)	168,000
Roads & car parks infrastructure at fair value	4,471,135	-	-	(519,578)	3,951,557
Trails at fair value	1,665,172	-	-	(38,634)	1,626,538
Ski lift infrastructure at fair value	2,570,525	14,400	-	(152,941)	2,431,984
Office equipment at fair value	99,001	54,495	-	(45,491)	108,005
Rental equipment and clothing at fair value	83,128	41,294	-	(63,973)	60,449
Assets under construction at cost	1,358	40,331	-	-	41,689
Total	37,053,767	203,187	(12,521)	(1,862,995)	35,381,438

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

6d Fair value measurement hierarchy for assets as at 31 December 2017

There have been no transfers between levels during the period.

	Carrying amount as at	Fair value measurement at end of reporting period using:		
	31-Dec-17	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Land at fair value				
Specialised land	980,000	-	-	980,000
Non-specialised land	2,919,000	-	2,741,000	178,000
Total of land at fair value	3,899,000	-	2,741,000	1,158,000
Buildings at fair value				
Specialised buildings	18,933,834	-	-	18,933,834
Total of buildings at fair value	18,933,834	-	-	18,933,834
Plant and equipment at fair value	1,464,233	-	-	1,464,233
Water & sewerage infrastructure	2,696,149	-	-	2,696,149
Land Management assets at fair value	168,000	-	-	168,000
Roads & car parks infrastructure at fair value	3,951,557	-	-	3,951,557
Trails at fair value	1,626,538	-	-	1,626,538
Ski lift infrastructure at fair value	2,431,984	-	-	2,431,984
Office equipment at fair value	108,005	-	-	108,005
Rental equipment at fair value	60,449	-	-	60,449
Total Assets	35,339,749	-	2,741,000	32,598,749

Specialised land and specialised buildings

Specialised land is valued using the market approach, adjusted for the 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 is a reflection of the value'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. As adjustments of CSO are considered as significant unobservable inputs specialised land would be classified as level 3 assets.

Specialised buildings are valued using the depreciated replacement cost method, adjusting for the associated depreciations. As depreciation adjustments are unobservable 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) on behalf of the former Mt Baw Baw Alpine Resort Management Board and Lake Mountain Alpine Resort Management Board. The effective date of the valuation is 31 December 2016.

Non-specialised land

For non-specialised land, an independent valuation was performed by the VGV to determine the fair value using the income approach. Valuation of the assets was determined by adopting the site value for each leased site then calculating the present value of the income combined with the reversion value of the site at the expiration of the current site lease term. The effective date of the valuation is 31 December 2016.

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2. Non-specialised land is also subject to revaluation due to material movement in land indices.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

6d Fair value measurement hierarchy for assets as at 31 December 2017 (cont)

Infrastructure

Infrastructure assets, including land management infrastructure, are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

An independent valuation of the Board's infrastructure assets was performed by the VGV on behalf of the former Mt Baw Baw Alpine Resort Management Board and Lake Mountain Alpine Resort Management Board. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2016.

The Board assesses the fair value of its infrastructure assets annually by considering the movement in the Output Price Index of Construction Industries and the Producer Price Index published by the Australian Bureau of Statistics in order to determine whether any material movements in value have occurred since the last valuation date and is comfortable that the values stated in these financial statements approximate fair value.

Plant and equipment

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

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

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

6e Reconciliation of Level 3 fair value

2017	Land at fair value	Buildings at fair value	Plant & Equipment at fair value	Water & sewerage Infrastructure	Land management assets at fair value	Roads & car parks infrastructure at fair value	Trails at fair value	Ski lift infrastructure at fair value	Office equipment at fair value	Rental equipment and clothing at fair value	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance	1,158,000	19,478,563	1,831,471	2,775,264	179,150	4,471,135	1,665,172	2,570,525	99,001	83,128	34,311,409
Purchase/(Sales)	-	11,272	41,395	-	-	-	-	14,400	54,495	41,294	162,856
Transfers in (out) of Level 3	-	-	(12,521)	-	-	-	-	-	-	-	(12,521)
Depreciation	-	(556,001)	(396,112)	(79,115)	(11,150)	(519,578)	(38,634)	(152,941)	(45,491)	(63,973)	(1,862,995)
Closing balance	1,158,000	18,933,834	1,464,233	2,696,149	168,000	3,951,557	1,626,538	2,431,984	108,005	60,449	32,598,749

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

6f Description of significant unobservable inputs to Level 3 valuations

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

Note 7. Intangible assets

	2017 \$
Gross carrying amount	
Opening balance	14,178
Additions	17,600
Under Construction	41,580
Closing balance	73,358
Accumulated amortisation	
Opening balance	-
Amortisation of intangible produced assets	(12,343)
Closing balance	(12,343)
Net book value at end of financial year	61,015

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 8. Prepayments	2017 \$
Prepaid insurance	186,338
Prepaid expenses - other	317,881
Total prepayments	504,219
Note 9. Payables	
<i>Contractual</i>	
Creditors	176,705
Accruals	471,122
Total contractual payables	647,827
<i>Statutory</i>	
PAYG-withholding payable	466
Superannuation payable	37,576
GST Payable	-
Total statutory payables	38,042
Total payables	685,869

Maturity analysis of contractual payables

Please refer to Note 18 (b) for the maturity analysis of contractual payables.

Note 10. Employee benefit provisions	2017 \$
Current provisions	
Employee benefits	
<i>Annual Leave</i>	
Unconditional and expected to be wholly settled within 12 months	143,642
Unconditional and expected to be wholly settled after 12 months	72,947
<i>Long Service Leave</i>	
Unconditional and expected to be settled after 12 months	247,328
Provisions related to employee benefits on-costs	
Unconditional and expected to be wholly settled within 12 months	60,703
Unconditional and expected to be wholly settled after 12 months	11,518
Total current provisions	536,138
Non-current provisions	
Employee benefits	34,513
Provisions related to employee benefit on-costs	5,306
Total non-current provisions	39,819
Total employee entitlement provisions	575,957

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 10. Employee benefit provisions (cont)	2017
(a) Employee benefits and related on-costs	\$
Current employee benefits	
Annual leave entitlements (including leave loading)	216,589
Unconditional long service leave entitlements	247,328
Non-current employee benefits	
Conditional long service leave entitlements	34,513
Total employee benefits	498,430
Current on-costs	72,221
Non-current on-costs	5,306
Total on-costs	77,527
Total employee benefits and related on-costs	575,957
(b) Movement in provisions (on-costs)	
Opening balance	-
Additional provisions recognised	78,685
Reductions arising from payments/other sacrifices of future	-
Reductions arising from re-measurement of settlement	-
Effect of change in discount rates	(1,158)
Closing balance	77,527
Current	72,221
Non-current	5,306
Closing balance	77,527

Note 11. Superannuation

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

The Board does not recognise any defined benefit liability in respect of the plans because the Board has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefit liabilities in its disclosure for administered items. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Statement of Comprehensive Income of the Board.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Board are as follows:

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 11. Superannuation (cont)

Employee superannuation contributions

Superannuation contributions for the reporting period are included as part of the employee benefits in the Statement of Comprehensive Income.

The name and details of the employee defined contribution plans and contributions made by the Board are as follows:

Name of fund	Contribution rate	Paid contribution for the period	Contribution outstanding at 31 Dec 17
	2017 %	2017 \$	2017 \$
Defined benefit plans:			
ESSS	3% - 17%	13,288	14,492
Defined contribution plans:			
AMP Flexible Lifetime Super	9.5%	6,905	284
ANZ Smart Choice Super	9.5%	11,178	381
AustralianSuper	9.5%	27,167	1,132
Bendigo SmartStart Super	9.5%	8,510	-
CARE Super	9.5%	8,257	184
Cbus	9.5%	25,225	577
EquipSuper	9.5%	5,736	372
First Super	9.5%	5,256	118
HOSTPLUS Superannuation Fund	9.5%	43,559	921
MTAA Superannuation Fund	9.5%	7,656	329
Perpetual WealthFocus Super Plan	9.5%	12,580	471
REST Industry Super	9.5%	11,721	-
Telstra Superannuation Scheme	9.5%	5,443	-
UniSuper	9.5%	17,369	1,244
VicSuper FutureSaver	9.5%	164,888	3,256
Vision Personal Plan	9.5%	6,366	251
Other	9.5%	52,346	13,564
Total		433,450	37,576

Note 12. Contributed capital

The equity from the Board was allocated during 2017 by the Minister for Energy, Environment and Climate Change pursuant to section 59 of the *Alpine Resorts (Management) Act 1997*. The allocation received from the Board included capital items. An amount of \$36,529,665 represents the capital portion of the contribution received from the Board as at 1 January 2017 being the net capital transferred from Lake Mountain Alpine Resort Management Board and Mount Baw Baw Alpine Resort Management Board.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 12. Contributed capital (cont)

	Lake Mountain Alpine Resort Management Board	Mount Baw Baw Alpine Resort Management Board	Total
Assets			
Cash	436,949	444,672	881,621
Receivables	66,380	210,566	276,946
Inventories	70,693	44,797	115,490
Prepayments	99,364	84,298	183,662
Property, infrastructure, plant & equipment	18,336,586	18,717,182	37,053,768
Intangible assets	-	14,178	14,178
Total Assets	19,009,972	19,515,693	38,525,665
Liabilities			
Payables	494,298	926,570	1,420,868
Borrowings	14,543	58,095	72,638
Employee provisions	310,035	164,682	474,717
Income in advance	-	27,777	27,777
Total Liabilities	818,876	1,177,124	1,996,000
Contributed Capital	18,191,096	18,338,569	36,529,665

This amount is included in the total contributed capital at 31 December 2017 of \$36,569,665. Equity and movements in equity are summarised in the Statement of Changes in Equity. Pursuant to Financial Reporting Direction (FRD 119A *Transfers through Contributed Capital*) under the *Financial Management Act 1994*, the Board received \$40,000 additional contributed capital from the Department of Environment, Land, Water and Planning during the reporting period.

Note 13. Borrowings

(a) Finance Leases - Board as lessee

Leasing arrangements

Finance leases relate to plant and equipment with a lease term of 3 years

Finance leases

(i) Commitments in relation to finance leases are payable as follows:

Not later than one year

Minimum Lease payments

Less: Future finance charges

Total

Representing finance lease liabilities:

Current

Total

Notes: The finance lease relates to plant and equipment which the lease is secured against.

2017
\$

12,335

12,335

(184)

12,151

12,151

12,151

12,151

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 14. Commitments

Revenue

Operating leases – Crown Land

For operating leases that are non-cancellable leases, the minimum lease payments are expected within the following periods:

- Not later than one year	22,142
- Later than one year but not later than five years	76,016
- Later than five years	180,952
	279,110

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. The Board also has the power to grant leases up to 21 years as a Committee of Management under the *Crown Land (Reserves) Act 1978*. New leases are granted on the basis that the rental will be negotiated at market value. All renewal of leases and/or variations of leases will be granted on the basis that the rental will be negotiated at market value.

Lease receivables

New leases

The site holder shall pay to the Board by either of the following methods:

- Payment of the site value of the land as determined by valuation at the time of the execution of the lease as a single up-front payment; or
- An initial payment of the site holders interest (determined by valuation) and an ongoing annual market rent (determined by valuation) for the term of the lease.

Existing leases

Rental of a lease shall be achieved by payment of market rent (determined by valuation) for the term of the lease.

Expenses

Lease payables

Operating leases

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised in the financial report as liabilities, payable:

- Not later than one year	448,279
- Later than one year but not later than five years	955,421
- Later than five years	41,328
	1,445,028

Total

Less GST recoverable from the Australian Tax Office

Total other expenditure commitments (exclusive of GST)

Operating leases relate to Remote Access Power System, Motor Vehicles, Point of Sale system, Magic Carpet Ski Lifts, Office Rent and a Technoalpine Snow Factory.

Note 15. Contingent assets and liabilities

At the reporting date, the Board are not aware of any contingent assets or contingent liabilities, other than any penalty imposed by the courts in connection with a legal case against the Board in respect to circumstances surrounding a workplace accident brought by Work Safe Victoria.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 16. Responsible persons

(a) Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The names of the persons who were responsible persons at any time during the financial year are:

	From	To
Responsible Minister		
The Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change	01 Jan 2017	31 Dec 2017
Board Members		
Mr A Bawden (Chairperson)	01 Jan 2017	31 Dec 2017
Mr A Thompson	01 Jan 2017	31 Dec 2017
Mr R Cohen	01 Jan 2017	31 Dec 2017
Mrs J Walker	01 Jan 2017	31 Dec 2017
Mrs S Petkova	01 Jan 2017	31 Dec 2017
Ms K Clark	01 Jan 2017	31 Dec 2017
Ms K Irwin (Deputy Chair)	01 Jan 2017	31 Dec 2017
Accountable Officers		
Mr P Nunn (Chief Executive and Accountable Officer)	01 Jan 2017	23 Apr 2017
Ms G Conman (Chief Executive and Accountable Officer)	24 Apr 2017	31 Dec 2017

(b) Remuneration bands for responsible persons

	2017
\$10,000 to \$19,999	6
\$20,000 to \$29,999	1
\$100,000 to \$109,999	1
\$150,000 to \$159,999	1
Total Number	9
Total Remuneration	\$391,798

(c) Executive officers

The number of executive officers, other than the Minister and accountable officer, and their remuneration band during the reporting period are shown in the table below.

(d) Remuneration of executive officers

	2017
	\$
Short-term benefits	389,726
Post-employment benefits	34,560
Other long-term benefits	9,743
Termination benefits	-
	434,029
Total number of executive officers	3

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 17. Related parties

Southern Alpine Resort Management Board 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;
- all cabinet ministers and their close family members and personal business interests; and
- all departments and public sector entities that are controlled and consolidated in the whole of state consolidated financial statements.

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

Significant transactions with government related entities

Southern Alpine Resort Management Board received funding from DELWP of \$6,760,000

Key management personnel

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

- Board Chair, Mr A Bawden
- Board Member, Mr A Thompson
- Board Member, Mr R Cohen
- Board Member, Mrs J Walker
- Board Member, Mrs S Petkova
- Board Member, Ms K Clark
- Board Deputy Chair, Ms K Irwin
- Chief Executive Officer, Ms G Conman (appointed April 24, 2017)
- Chief Executive Officer, Mr P Nunn (resigned April 23, 2017)
- General Manager Corporate Services, Mr E Warfield
- General Manager Lake Mountain, Mr B Weinberg
- General Manager Mount Baw Baw, Mr J Fascio

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

Compensation of key management personnel

	2017
	\$
Short-term employee benefits	748,598
Post-employment benefits	67,486
Other long-term benefits	13,266
Termination benefits	-
Total	829,350

Note: Executive officers disclosed in note 16(d) are also reported in key management personnel

Transaction and balances 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 charges. Further employment of the processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement process occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

SARMB has a related party relationship with Alpine Resorts Co-ordinating Council (ARCC) due to the Board Chair's Ministerial appointment as an ex officio Board member with the ARCC. During 2017, SARMB paid \$76,332 to the ARCC for support services.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 18. Financial instruments

The Board's principal financial instruments comprise;

- Cash and deposits;
- Receivables (excluding statutory receivables);
- Payables (excluding statutory receivables); and
- Borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each of the class of financial asset and financial liability above are disclosed in Note 1 to the financial statements. The main purpose in holding financial instruments is to prudently manage the Board's financial operations. The carrying amounts of the Board's contractual financial assets and liabilities by category are in the table below.

	Note	Category	2017 \$
Contractual financial assets			
Cash and deposits		Loans and receivables at amortised cost	1,718,563
Receivables (i):	4		
Debtors		Loans and receivables at amortised cost	34,735
Sundry debtors		Loans and receivables at amortised cost	124,684
Total contractual financial assets			1,877,982
Contractual financial liabilities			
Payables (i):	9		
Creditors		Financial liabilities at amortised cost	176,705
Other payables		Financial liabilities at amortised cost	471,122
Borrowings:	13		
Finance lease liabilities		Financial liabilities at amortised cost	12,151
Total contractual financial liabilities			659,978

Note:

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

Net holding gain/(loss) on financial instruments by category		2017 \$
Contractual financial assets		
Financial assets – cash and deposits		
Interest on cash and deposits		12,541
Total contractual financial assets		12,541
Contractual financial liabilities		
Financial liabilities at amortised cost:		
Interest on finance leases		3,817
Total contractual financial liabilities		3,817

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 18. Financial instruments (cont)

(a) Credit risk exposure

Credit risk arises from the financial assets of the Board, which comprise trade and other receivables. The Board's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Board. Credit risk is measured at fair value and is monitored on a regular basis. As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of contractual financial assets that are past due but not impaired:

Credit Risk

	Carrying amount	Not past due and not impaired	Past due but not impaired			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
2017	\$	\$	\$	\$	\$	\$
Receivables:						
Debtors	34,735	9,065	12,100	-	13,570	-
Sundry debtors	124,684	124,684	-	-	-	-
Total	159,419	133,749	12,100	-	13,570	-

(b) Liquidity risk

Liquidity risk arises when the Board is unable to meet its financial obligations as they fall due. The Board operates under the Government fair policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The Board's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Board manages its liquidity risk by:

- close monitoring of its borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and

As indicated in Note 22, the Board is dependent on the Victorian State Government to ensure it can meet its obligations as and when they fall due. In this respect, the Board works closely with the Department of Environment, Land, Water and Planning to ensure support payments are received in a timely manner for it to meet its financial obligations.

Liquidity Risk

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1- 5 years
2017	\$	\$	\$	\$	\$	\$
Payables:						
Creditors	176,705	176,705	176,705	-	-	-
Other payables	471,122	471,122	471,122	-	-	-
Borrowings:						
Finance lease liabilities	12,151	12,151	4,031	8,120	-	-
Total	659,978	659,978	651,858	8,120	-	-

(c) Market risk

The Board's exposures to market risk are primarily through interest rate risk with almost no exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below:

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 18. Financial instruments (cont)

Interest rate risk

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

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

Interest rate exposure of financial instruments

	Weighted average effective interest rate	Carrying amount	Interest rate exposure		
			Fixed interest	Variable interest rate	Non-interest bearing
2017		\$	\$	\$	\$
Contractual financial assets					
Financial assets					
Cash and deposits	1.00%	1,718,563		1,678,680	39,883
Receivables		34,735	-	-	34,735
Sundry debtors		124,684	-	-	124,684
Total financial assets		1,877,982	-	1,678,680	199,302
Financial liabilities					
Payables		647,827	-	-	647,827
Borrowings					
Finance lease liabilities	9.08%	12,151	12,151	-	-
Total financial liabilities		659,978	12,151	-	647,827

Sensitivity disclosure analysis and assumptions

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Board cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown are for illustrative purposes only. A movement of 50 basis points up and down in market interest rates is 'reasonably possible' over the next 12 months. The following table shows the impact on the Board's net result and equity for each category of financial instrument held by the Board at the end of the reporting period as presented to key management personnel, if the above movement were to occur.

	Interest Rate Risk				
	Carrying Amount	-50 basis points		+50 basis points	
		Net Result	Equity	Net Result	Equity
2017	\$	\$	\$	\$	\$
Financial Assets					
Cash and deposits	1,678,680	(8,393)	(8,393)	8,393	8,393
Total	1,678,680	(8,393)	(8,393)	8,393	8,393

(d) Fair value

The carrying amounts of financial assets and financial liabilities recognised at the balance date, consisting of cash, receivables, payables and borrowings, represent fair value because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

SOUTHERN ALPINE RESORT MANAGEMENT BOARD

Notes to the Financial Statements for the year ended 31 December 2017

Note 19. Cash flow information

Reconciliation of results to net cash flows from/(used in) operating

Net result

Non-cash movements

Depreciation

Loss/(gain) on disposal of non-financial physical assets

Other Loss/(gain) from other economic activity

Movements in assets and liabilities

Decrease/(increase) in receivables

Decrease/(increase) in inventories

Decrease/(increase) in prepayments

Increase/(decrease) in payables

Increase/(decrease) in provisions

Increase/(decrease) in income in advance

Net cash flows from/(used in) operating activities

2017

\$

104,563

1,875,338

2,339

1,158

2,759

29,874

(320,557)

(732,962)

101,240

(8,328)

1,055,424

Note 20. Remuneration of auditors

Internal Audit fees

External Audit fees paid and payable to VAGO

2017

\$

37,409

106,415

143,824

Note 21. Ex-gratia expenses

During 2017 an ex-gratia payment of \$6,188 was made to an employee upon termination.

Note 22. Economic dependency

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

Note 23. Events after reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board, to affect significantly the operation, the results of those operations or the state of affairs of the Board, in future financial years.

APPENDIX 1 - COMPLIANCE INDEX — REPORT OF OPERATIONS

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

LEGISLATION	REQUIREMENT	PAGE NO.
Accountable Officer's declaration		
SD 5.2.3	Sign off requirements	32
Charter and purpose		
MRO	Chair's foreword	3
FRD 22H	Manner of establishment and responsible Minister	16
FRD 22H	Nature and range of services provided	7
FRD 22H	Objectives, functions, powers and duties	16
Performance reporting: Non-financial		
FRD 22H	Performance against operational objectives	21
FRD 22H	Key Initiatives and projects	23
Financial information: Financial		
FRD 22H & MRO	Summary of the financial results	15
FRD 22H	Significant changes in financial position	15
FRD 22H	Summary of performance against budgetary objectives	15
FRD 22H	Major changes or factors affecting performance	15
FRD 22H	Subsequent events	30
MRO	Capital projects	30
MRO	Disclosure of grants and transfer payments	
Governance and organisational structure		
FRD 22H	Organisational structure	24
FRD 22H	Governing body	17
FRD 22H & SD 3.2.1	Audit committee membership and roles	19
FRD 22H	Board committees	19
FRD 22H & MRO	Occupational health and safety policy	27
Workforce data		
FRD 22H	Public administration employment and conduct principles	31
FRD 22H & FRD29B	Comparative workforce data	25
FRD22H	Workforce Inclusion Policy	
FRD21C & FRD 15C	Executive officer disclosures	25
Other information		
FRD 12B	Major contracts	30
FRD 22H	Consultancies in excess of \$10 000	30
FRD 22H	Consultancies under \$10 000	30
FRD 22H	Government advertising expenditure	30
FRD 22H	Information and communication technology expenditure	30
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	27
FRD 22H	Compliance with <i>Building Act 1993</i>	31
FRD 22H	Statement on National Competition Policy	29
FRD 22H & PD Act	Application and operation of <i>Protected Disclosures Act 2012</i>	29
FRD 22H	Summary of environmental performance	31
FRD 22H	Statement of availability of other information	31
FRD 25C	Local Jobs First - Victorian Industry Participation Policy disclosures (VIPP)	29
SD 3.7.1	Attestation of compliance with SD 3.7.1 - Risk Management Framework	26
MRO	Compliance with VicData access policy	31
PC 2012/02	Gifts, benefits and hospitality attestation	28
FRD 22G	ICT Expenditure disclosure	30
Legislation		
<i>Alpine Resorts Management Act 1997</i>		
<i>Financial Management Act 1994</i>		
<i>Freedom of Information Act 1982</i>		
<i>Protected Disclosures Act 2012</i>		
<i>Building Act 1993</i>		
<i>Victorian Industry Participation Policy Act 2003</i>		
Print and design		
FRD 30B	Standard requirements for the design and print of annual reports	

