



# ANNUAL REPORT 2018

Southern Alpine Resort Management Board  
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# INTRODUCTION – ABOUT US

## Our Business – a snap shot

The Board operates two mountain destinations: Lake Mountain Alpine Resort (with winter activities including cross country skiing, snowboarding and Nordic lessons, and tobogganing); and Mount Baw Baw Alpine Resort (whose winter activities include downhill skiing, skiing and snowboarding lessons and tobogganing).

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

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

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

The Board uses revenue generated through the operation of the resorts to manage and maintain the assets, trails, roads, ski lifts, and ski runs and manage conservation activities including the support of Zoos Victoria in researching and understanding the Baw Baw Frog, the care of two indigenous Alpine dingoes participating in the endangered species breeding program, and care and management of Alpine peatlands and their associated flora and fauna.

Both Lake Mountain and Mount Baw Baw are known as places to have fun in the white season when snow is present. Natural snow falls drive visitation, and the Board has increased the capacity of the resorts' man-made snow production to supplement the presence of natural snow.

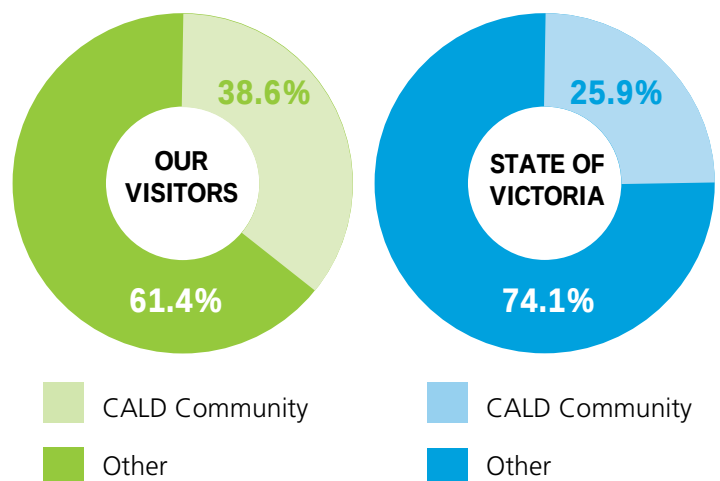
This is enhancing and building the reputation of the resorts to provide a reliable snow guarantee offer to the public. This combined with the pursuit of excellent customer service, and an increasing array of activities for people to enjoy year-round has led to improved visitor experiences, which should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

In 2018, the resorts welcomed a total of 256,586 white season visitors. Almost 39% of our visitors were from the Culturally and Linguistically Diverse (CALD) community. 57% of our visitors are first- or second-time snow visitors. Significantly, almost 88% of our visitors come to us with family and friends.

We are proud to be a significant employer in our regions. We generated \$165.87M in the Victorian visitor economy in 2018 in the region's economy, along with 1,610 jobs for the Victorian regional community. We employ a diverse team of around 50 FTE year-round and significantly increase our employee base during the white season, helping to offset other regional hospitality and tourism employers' winter quiet period.

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

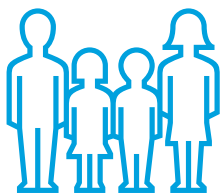
**Graph 1: Visitor comparison of diversity and inclusion**



\*(2016 ABS)

# INTRODUCTION — ABOUT US

## Our locations



Southern Alpine  
Resort Management  
Board 2018

**427,704**

**TOTAL VISITORS  
TO RESORTS**



White Season  
Visitation

MOUNT BAW  
BAW

LAKE  
MOUNTAIN

**122,165    143,421**

**VISITOR DAYS TO  
RESORTS**



Green Season  
Visitation

MOUNT BAW  
BAW

LAKE  
MOUNTAIN

**63,913    98,205**

**OUTDOOR NATURE-BASED  
ACTIVITIES**

# INTRODUCTION — ABOUT US

## Charter and Purpose

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

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

### Vision for the resorts

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

### Mission for management of the resorts

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

## Our values

The Board understands its role in pursuing the objectives as outlined in S1A of the AR(M) Act, and it is these objectives, together with the Public-Sector Values (*Public Administration Act 2004*, s7) that guide the decision making and behaviour of Board members and those otherwise engaged in the management of the resorts.

### Principles to guide behaviours

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

- Commit to safety;
- Conserve our natural environment;
- Create a positive visitor experience;
- Work as a 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 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.

# CHAIR'S FOREWORD

This report covers the second year of operation for the period 1st January 2018 to 31st December, 2018, for the Southern Alpine Resort Management Board (the Board) which is the governing body for the Lake Mountain and Mt Baw Baw Alpine Resorts. During the year the Board has maintained an active program to ensure appropriate governance arrangements are in place to guide the organisation and set the strategic direction of the Board.

## Strategic Direction

The Minister for Energy, Environment and Climate Change, The Hon Lily D'Ambrosio MP, responded to the Board's Southern Alpine Resorts Reform Project "Lake Mountain and Mount Baw Baw 2030 report" by supporting the vision of the report and advising the Board to continue working with Department of Environment, Land, Water and Planning (DELWP) to seek funding for the many initiatives in the report. These reports outlined how the resorts could become more financially sustainable while adapting to climate change. Many of the recommendations 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 Board's operation has seen a financial outcome with less reliance on government's financial support than budgeted for. Additionally, the Board has utilised efficiency savings with the support of the DELWP to invest in some strategic infrastructure to support increased visitation.

The Board transitioned the assessment and collection of service fees from a "bed tax" to the more equitable Fully Enclosed Covered Area (FECA) model. This process included extensive engagement and consultation with the Mt Baw Baw Stakeholder Association and has been introduced in a manner which will see the full impact of any significant financial increases on any lessee being progressively introduced over three years.

## Visitation

The Board's strong focus on year-round activity has seen increases in visitation across both green and white seasons. The 2018 white season witnessed record visitation to both Lake Mountain (143,743 visitor days) and Mt Baw Baw (123,455 visitor days) resorts. Visitor days for the year accounted for 15.42% of visitor days for all resorts (up from 12.56% in 2017) accounting for \$165m economic activity and 1,600 direct and indirect jobs in the regional economies of both resorts.

Visitor feedback is gathered in a number of ways and used to monitor our performance and visitor needs. The Woolcott survey which is undertaken across all alpine resorts was repeated during 2018 with results that indicated that visitors were very satisfied with their resort experience. The resorts continue to provide an affordable and accessible recreational destination for their immediate communities as well as the rapidly growing Melbourne population. Visitors to the resorts now represent a greater diversity of the population than in the past. Our events programs now reflect that diversity.

## Environment

The Board is the appointed land manager for the Crown Land comprising Lake Mountain and Mt Baw Baw Alpine Resorts and is committed to the conservation and protection of the resort's natural value. The Board works closely with DELWP and Parks Victoria in a range of environmental initiatives and continues to enjoy an association with Zoos Victoria who undertake research and provide advice to the resorts.

## Stakeholder Relationships

The Board has maintained a strong commitment to engaging with its many stakeholders including leaseholders, local business, Murrindindi Shire Council, Baw Baw Shire Council, State Government agencies, tourism bodies and visitors. A new Stakeholder Engagement Framework was adopted during the year to further strengthen our communication and relationships with stakeholders.

The Board has continued to meet regularly with DELWP staff responsible for the alpine sector and values their continuing advice and support. We also acknowledge the ongoing support of the Alpine Resorts Coordinating Council, chaired by Arianne Rose and the advice and support of its staff led by its Executive Officer, Ian Swan.

# CHAIR'S FOREWORD

## Board and Committees

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

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



**Allan Bawden PSM**

Chair

Southern Alpine Resort Management Board



# CHIEF EXECUTIVE OFFICER'S REPORT

2018 was quite a year! A white season with fantastic natural snowfall giving excellent snow coverage across both Lake Mountain and Mount Baw Baw for the majority of the white season, supplemented by manufactured snow. As a result of the great season we have been able to report an operating profit of \$468k before depreciation and amortisation expenses and reduce our dependence on the operational subsidy from the State Government. A number of projects were completed or commenced to improve the visitor experience at the resorts and to create positive outcomes for the natural environment that we proudly manage on behalf of the Crown.

Achieving a record season at each resort, with 122,165 and 143,421 visitor days at Mount Baw Baw and Lake Mountain respectively. Our overall market share of visitor days increased from 12.56% in 2017 to 15.42% in 2018 (a 23% increase on the year). Based in this market share and the economic modelling for the industry, we generated approximately 742 and 872 jobs directly and indirectly for the regions for Mount Baw Baw and Lake Mountain respectively. The economic benefit to the regions can also be extrapolated, with around \$76.3M and \$89.57M being generated by Mount Baw Baw and Lake Mountain respectively.

The Board and the DELWP supported a number of actions to better maintain and improve the operations at the resorts. Magic Carpets (person conveyor system) were installed on the toboggan and teaching areas at both resorts, enabling us to charge for the use in packaged rental of equipment and lessons, as well as offering ticketing for the use of the carpets only.

Improvements to one of the accommodation offerings at Mount Baw Baw enabled us to demonstrate that there is a market for the high-quality self-contained accommodation on the mountain, and this accommodation was occupied the majority of the season. All accommodation performed well at Mount Baw Baw during the season and a curated sequence of events and activities during the green season have yielded some growth in the green season visitation.

The rectification of a significant risk issue at Lake Mountain, instating a front entry at the Bistro building which was on the original plans though was not constructed at the time was all but completed. This removes the risk when using the winter side entry and allows people to enter the building away from the snow bedecked eaves.

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

# CHIEF EXECUTIVE OFFICER'S REPORT

Another long-outstanding project, now almost complete, is the mountain bike trail from Lake Mountain summit to Marysville. The summit to our ticket booth was completed almost 20 years ago and since then the second half has been mired in complications associated with route, and cost to deliver. In partnership with Murrindindi Shire Council, Parks Victoria and DELWP Forests, Fire and Regions, we were able to agree an approved route and commence construction with the expert assistance of Dirt Art on some complex level change areas (a little over 4.5km).

At Mount Baw Baw we have been able to secure a TechnoAlpin 110 SF snow factory for the ongoing capacity to guarantee a snow experience (producing 110 cubic metres of snow per day). The ability to guarantee snow, created public confidence and accommodation bookings and visitation were at record levels. To improve this outcome further, we will move the Wyss snow factory currently located at Lake Mountain (producing around 40 cubic metres of snow per day) to the toboggan park area at Mount Baw Baw, and we will then be able to guarantee separated snow play and skiing for the 2019 season. This enables us to improve safety for the skiers and tobogganers and to secure school visits and lessons interactions.

The Woolcott survey indicated that visitor satisfaction is at an all-time high for Mount Baw Baw. It also re-affirmed that a diverse community continues to access both resorts. Our internationally themed weekends at Mount Baw Baw helping to bolster these positive results.

With cost of power being a limiting factor for business investment and our own operation at Mount Baw Baw the Board and I have progressed the development of a power generation solution by seeking expressions of interest from the power sector through consultants Jacobs Engineering. This should allow us to be in a position to secure a power provider to be in place by May 2020 when our existing contract expires.

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

I personally thank them all for striving towards a future where the Southern Alpine Resorts and their pristine and unique natural Alpine environments are accessible and protected for the future.



**Gail Conman**

Chief Executive Officer

Southern Alpine Resort Management Board

# YEAR IN REVIEW

## Enhance the resorts year-round activation adapting to climate-change

### Organisational development and long-term planning

**Engagement:** Stakeholder engagement stepped up with the development of a stakeholder engagement framework and activity from the Board and management to meet with stakeholders more frequently throughout the year. Meetings with the Mount Baw Baw leaseholders initially focussed on the Service Fee methodology matured into open discussion about the activity around the resort, projects underway and potential futures for the resort. Lake Mountain strengthened its community connections and our relationship with all tiers of government in the region.

**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. Post the 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 for tree removals. Annual weed management programs were undertaken along roadside and village areas at both resorts. Drainage improvement works continue at Mount Baw Baw to help retain snow in the winter months and ease the bogginess during much of the year. Works on the wastewater treatment system including wastewater ponds redevelopment was completed at Mount Baw Baw. A long-standing septic system odour problem was resolved in 2018.

**Economic Development:** Key achievements for 2018 included developing a stakeholder engagement framework and increasing the frequency and depth of engagement with our key external stakeholders; submitted applications for grants and successfully obtaining a \$10,000 'Regional Event Fund' grant for a green season walking activity involving the alpine dingoes called 'Walk Away Extinction'; and working closely with DELWP in developing capital projects that contribute significant economic benefits in the Latrobe Valley.

**Communications:** Continued support for Lake Mountain's connectivity saw fast and secure transactions processing times. Radios at both resorts were maintained and replaced as necessary and the satellite phone at Mount Baw Baw was reviewed and operating procedures documented for emergency use. A consolidation of our telecommunications contracts has been progressing for the organisation throughout the year. A CCTV security camera upgrade was continued through 2018 as part of a modernisation of security provisions and fraud prevention controls.

**Future projects:** Site works at Lake Mountain are nearing completion, creating an entry way to the bistro building away from snow laden eaves, mitigating a serious public risk. A new snow factory (SF220) will be delivered to Lake Mountain before the 2019 snow season enabling us to guarantee around 1.5km of cross-country snow trails. The Wyss snow factory will be moved to Mount Baw Baw to guarantee snow on the Frosti Frog Hollow toboggan park. Projects to improve and maintain the lift infrastructure at Mount Baw Baw are scheduled pre-season. The Mountain Bike trail from summit to Marysville will be completed at Lake Mountain early in the new year.

**Operations Planning:** The Board commenced extensive operational planning in 2017 and this has been used to guide the works in 2018.

# YEAR IN REVIEW

## Comparative Workforce Data

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

**Table 2: Comparative Workforce Data**

|      | 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                                             |
| 2018 | 42                | 38.06 | 60.84                                          | 3                                               |

|                | 2018      |       |                                       |
|----------------|-----------|-------|---------------------------------------|
|                | ONGOING   |       | FIXED-TERM & CASUAL AT YEAR END (FTE) |
|                | HEADCOUNT | FTE   |                                       |
| Male           | 29        | 26.22 | 2                                     |
| Female         | 13        | 11.84 | 1                                     |
| Self-described | 0         | 0     |                                       |
| Age            |           |       |                                       |
| 15-24          | 5         | 5     |                                       |
| 25-34          | 13        | 9.98  | 3                                     |
| 35-44          | 7         | 6.84  |                                       |
| 45-54          | 6         | 6     |                                       |
| 55-64          | 8         | 8     |                                       |
| 65 plus        | 3         | 2.23  |                                       |

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.

## Staffing

The 2018 year saw the recruitment to appoint a replacement General Manager at Lake Mountain, General Manager, Corporate Services and a newly created position to lead the economic development for the organisation, as we continue to progress towards a high performing culture. The process for the recruitment of a replacement General Manager for Mount Baw Baw commenced and the successful candidate commences January 4, 2019.

The team was involved with considerable year long planning initiatives including sourcing a snow factory, and operations understanding to underpin Corporate Planning objectives. We continue to review staffing structures.

A new payroll system was rolled out in 2018 and the organisation wide Enterprise Agreement was negotiated and approved during this year.

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

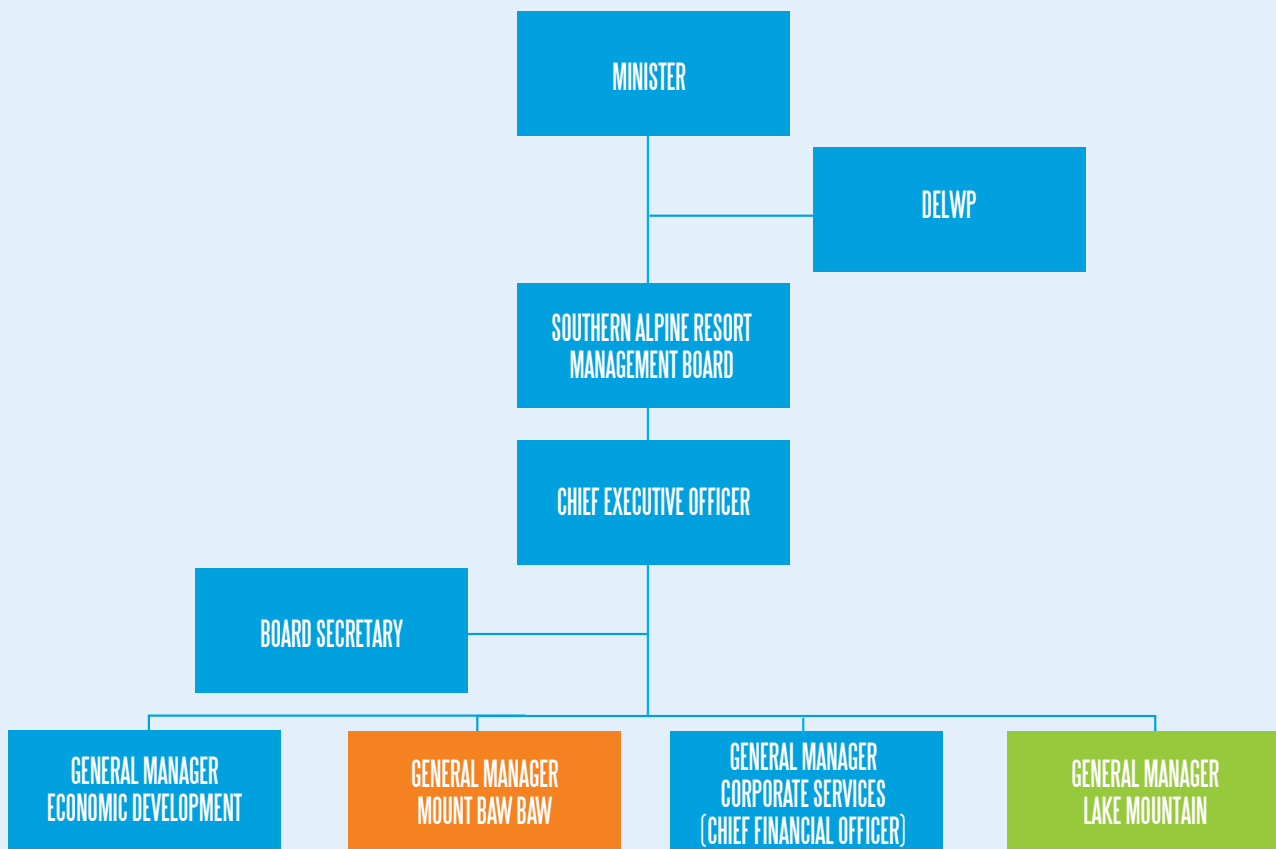
# YEAR IN REVIEW

## 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.

**Table 1: Board Organisational chart**



# YEAR IN REVIEW

## White season visitation

### Lake Mountain

Snow production was sufficient to provide good coverage of the vital areas by season launch, though colder conditions in April and May would have enhanced our capacity to stockpile manufactured snow. Close to the launch weekend, the ground temperature dropped considerably enabling snow making and retention through June and July – offering a solid base for natural snow fall and supporting a high volume of visitors in and around the village.

Snowmaking was essential for the early season and satisfactorily catered for the school holiday crowds in the first two weeks in July with only early falls in mid-June. More snow fell in mid-July with falls almost weekly for five weeks, with little falling after September, though we were still able to push the season out to a lengthy 17 weeks until the school holidays in October.

A busy season, with day visitor numbers totalling 143,421 for the season. An increase of 14.5% compared to the 2017 season which was also a record year, and an encouraging 36% up on the resort's ten-year average. The natural accumulative snow fall was 197cm from June through to September. This gave the cross-country skiing fraternity much welcomed consistency, as they travelled far and wide to enjoy favourable conditions that were even better than 2017. Skier numbers totalled 8,981 for the season.

The resort continues to attract a diverse range of people from a wide cross section of the community, especially the CALD 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 2018 season maintained 2017 levels of multi-visit visitors staying locally for multiple days and visiting the resort several times. Once again, the Adventure Activities were popular in addition to the snow and bringing another dimension to Lake Mountain's offering.

Highlights of the white season included; Snowsports produced strong revenues with \$802K in revenue across rentals, skiing, snow sports and snowboarding activities a 13% increase from 2017 results. 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. A limited number of events were held throughout the 2018 season including of Sprint X and the Mini Series unfortunately due to extreme weather conditions the Junior Sprint X had to be cancelled. The Annual Snowman's Festival also continues to be a popular event embraced by families visiting Lake Mountain. The continued focus on building relationships with both Primary and Secondary schools across Melbourne and regional visitors saw some further growth from 150 to 160 schools booking a range of activities. 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 unprecedented levels of winter visitors during the 2018 white season with a total of 122,165 visitor days (up 60% on 2017) and 76,464 visitors (up 30% on 2017) through the resort entry gate. The increase in the number of visitor days was benefitted by the strong and regular natural snowfalls from mid-July, through August and September. Early snowfalls in late May, provided the opportunity for an early opening to the season.

The natural accumulative snow fall was 246cm from June through to September. Minimal snowfall was experienced during the July school holidays again, though with the new snow guarantee the school holiday visitation numbers were not adversely affected. Weather conditions facilitating snow-gun snowmaking opportunities were lower in frequency this season. 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.

Many of the lifts were able to operate for the majority of the season with the assistance of snow-factory snowmaking. Natural snowfalls increased in August and September enabling the operation of the majority of our lift infrastructure and our average number of lifts for the season was five per day (including the magic carpet on the toboggan park).

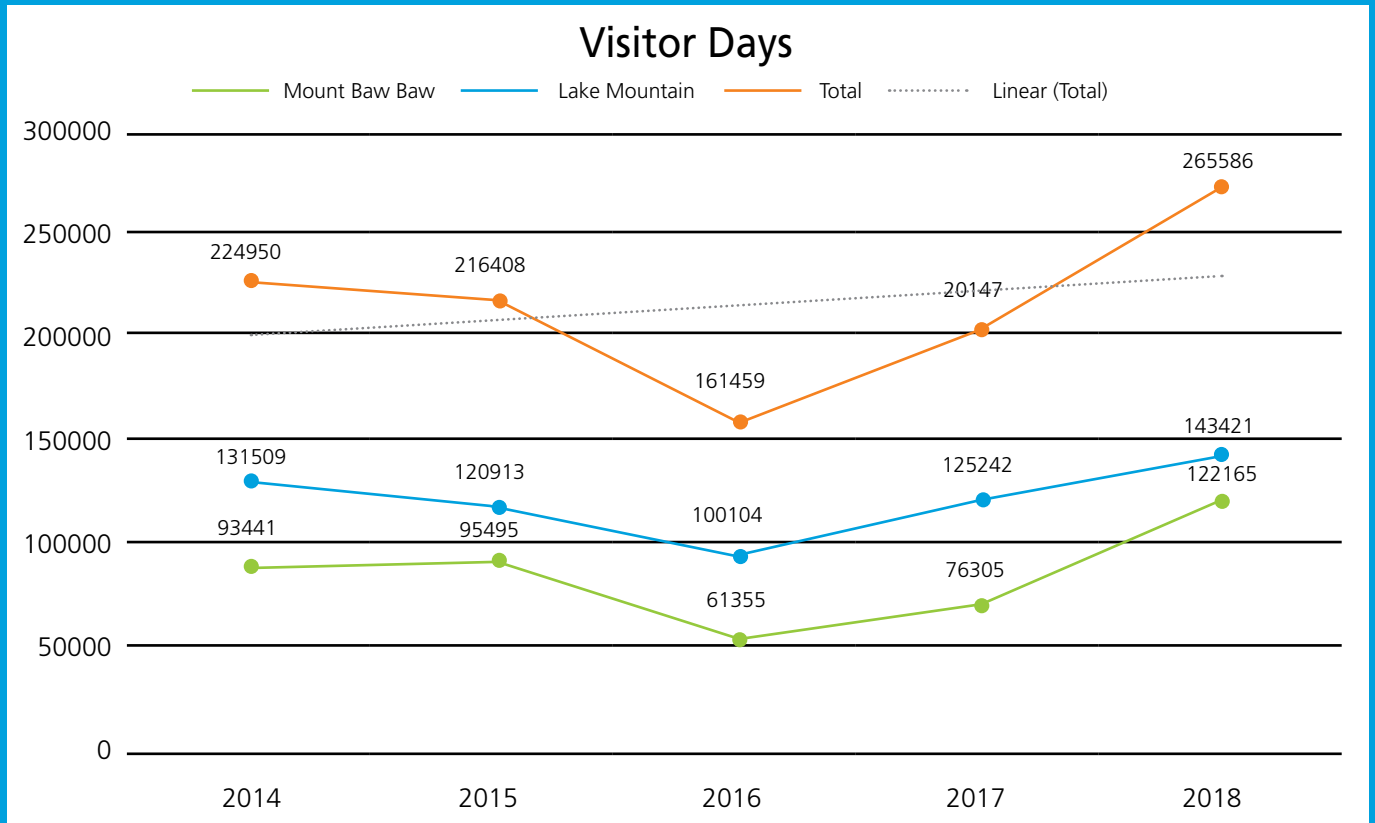
29,353 skier days were recorded in 2018 up from 18,520 in 2017 (up 58.5%). Snowsports grew 15.32% revenue above the 2017 season with a very busy season of booked lessons and a solid increase in walk-ups.

Like Lake Mountain, the Mount Baw Baw resort continues to attract a diverse range of people from a wide cross section of the community, especially the CALD community. The resorts proximity from Melbourne, despite difficult road access, and a cost appropriate introductory snow experience, is popular with many groups from differing socio-economic and ethnic backgrounds. Themed weekends such as the Pride weekend and the Bollywood@Baw Baw weekend, attract diverse crowds of first time snow goers. Accommodation options were well utilised demonstrated by our visitor: visitor day ratio increasing to 1:1.61, up from 1:1.29 in 2017.



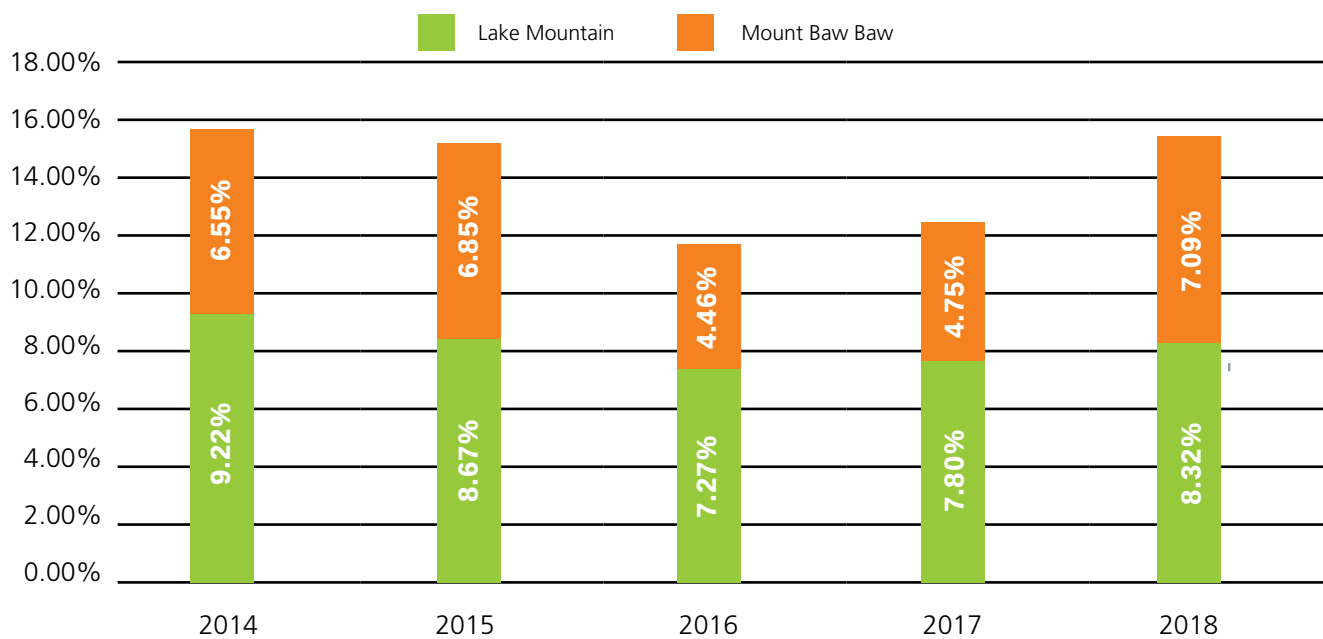
# YEAR IN REVIEW

## Our Visitors



# YEAR IN REVIEW

## Alpine Resorts Market Share of Visitor Days



# YEAR IN REVIEW

## Ski patrol operations

### Lake Mountain

There was a total of 227 Ski Patrol responses for the season. With visitor numbers of 143,421, this equates to a ratio of 1.6 per thousand visitors. This is consistent with the previous five-year average.

Lake Mountain had a team of eight paid ski patrollers mid-week, most of whom work on a part-time basis, with an average of four staff working each day and offering high quality of service to visitors. The decision to have a paid patroller working with the volunteer team at the weekend has helped to forge closer links between the two groups and increase the awareness of operational procedures within the volunteer patrol while also improving our safety management. Volunteer ski patrol conducted their annual training weekend prior to the season starting. All weekday patrollers had a similar session during the following week. In 2019 it is hoped that we can conduct a joint training session prior to the season and build better links between the two groups. The modification made to rescue vehicles during 2018 has enabled a variety of responses to be selected according to the nature of the situation.

Ambulance Victoria placed a Paramedic in Buxton for the season and this is of great assistance in reducing the response time when calling for an ambulance. These Ambulance Officers are particularly helpful to the resort and assess a patient before determining whether a trip to hospital is required.

An expanded daily risk assessment sheet was introduced this season and gave increased vigilance and consistency to the daily checks of areas, particularly the toboggan runs. Icy surfaces and snow falling off the roofs continue to require constant risk assessment, temporary closure of areas and/or placement of appropriate signage. Ice load on the post-fire dead limbs along the ski trails is also an increasing safety issue requiring monitoring particularly on windy afternoons as a thaw starts.

Many incidents that Ski Patrol respond to were extremely minor in nature and frequently unrelated to a visit to Lake Mountain, especially in the case of parents seeking assistance with very minor incidents with their children. Consistent with previous years, there were significant numbers of missing persons reported. However most have been quickly resolved with only minor anxiety, usually being either overdue skiers or children who have been separated from their parents on busy toboggan slopes.

The ongoing problem with unsafe toboggans has now reduced to mostly being the speed of the cheaper plastic toboggans. The use of these toboggans continues to be monitored and when conditions are particularly fast on the toboggan slopes, these toboggans are swapped for safer ones at no cost to the public.

Snow shoeing continues to be a growing activity at the resort. While the ski trails are certainly open to snow-shoers, our designated snow shoe trail across the open heathland offers a much quieter and natural experience and was well used this season due to the excellent and consistent snow cover.

Ski Patrol has continued to loan radios to school groups who visit midweek, this enables a quick response by the Patrol in the case of an injured student and also improves public safety as school groups can use the radio to inform the Patrol of incidents involving the general public as well.

# YEAR IN REVIEW

## Mount Baw Baw

The resort's ski patrol was called to attend a total of 266 incidents during the 18 week, 2018 winter operational period. Snowboarders being the highest contributor to this figure with 103 incidents or 39% of total injuries.

The number of incidents the patrol was required to attend this year is higher than in previous years, however it is directly comparable with other seasons on record in which the resort received regular snow falls and as a result, had the ability to utilise all operational areas for the majority of the season. On 27 occasions the ski patrol called upon the services of Ambulance Victoria for transportation and further medical assistance, one of these being an air evacuation. This figure is a 200% increase on previous winter periods and may be as a result of the large number of beginner skiers and boarders from demographics who would not normally undertake this type of activity.

The ski patrol was also required to attend to 30 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 also 13 instances where ski patrol 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. Future consideration may need to be given to a suitable location for a dedicated helicopter landing site and undercover parking areas for Ambulance Victoria vehicles whilst on site as a result of difficulties experienced this season with timely extraction of injured guests. There were four 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 to cover weekend and school holiday periods throughout the season greatly assisted the Ski Patrol in providing extended care and patient management to casualties.



# YEAR IN REVIEW

## Green season events

### Lake Mountain

An estimated 98,203 visited Lake Mountain Alpine Resort during the green season (January to May and October to December).

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

The Cascade to Marysville Mountain Bike Trail works continued through the year with a dedicated work crew at Lake Mountain, DELWP and the contractor Dirt Art making significant progress on the approximate 29 km of Cascade trail through December with expected close out of Lake Mountain trail responsibilities in January 2019. Additional upgrades to older trails were also undertaken to ensure continuity to Mountain Bike Trail standards across Lake Mountain.

The Summer Adventure Activities program offered a range of fun, family orientated activities, that included the dual Flying Fox, Tube Run and Laser Skirmish. And an exciting program of Junior Ranger activities provided by National Parks Rangers. The Combo ticket introduced in 2017 continued to be popular with families. The popularity of the Adventure Activities is continuing to gain 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 participating in the environmental guided walks on Lake Mountain a significant increase on last year.

### Mount Baw Baw

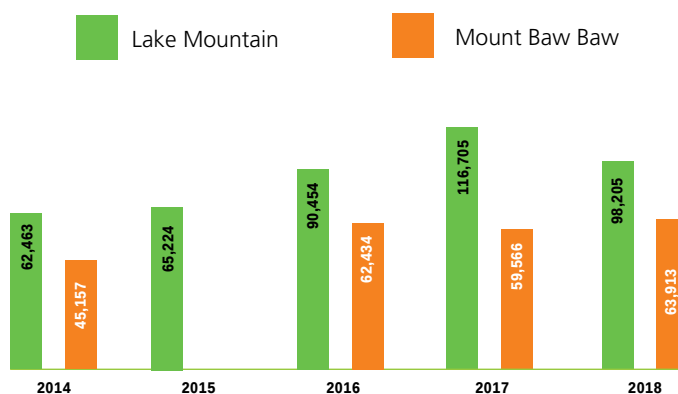
Green season 2018 at Mount Baw Baw saw an estimated 63,913 visitors as well as the introduction of new products including glamping, laser tag, archery attack and bubble soccer in addition to continuing to build on 2017 products such as Australia Day celebrations and fly-fishing guided services. The shuttle service for mountain bike riders was reintroduced with a significant uptake across both DHI and summit runs.

The wildflower walks were combined with an opportunity to walk with resident dingoes and rebranded as Walkaway Extinction. The walks were successful in attracting walkers during a very poor wildflower season.

Hiking was expanded to include night hikes in line with the full moons, creating the opportunity to target non-traditional hiking market.

The participant numbers across the Victorian Down Hill Series, Trail Run festival and Baw Baw Sprint and Baw Baw Classic were consistent with 2017 numbers. A stage of the Tour of Gippsland was also run in 2018.

## Green Season Visitation



# YEAR IN REVIEW

## Generate a positive impact for the region and regional economy

### 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 (flying fox) 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 2018. The Board also continued to operate all surface ski lift infrastructure, ski school, some accommodation and the centralised accommodation booking and information service, introducing chain fitting and chain hire; a retail outlet; and an equipment rental operation to their existing commercial activities.

### Stakeholder engagement

For Mount Baw Baw, a stakeholder consultation process was undertaken for the process of moving the Service Fee methodology from a 'bed tax' based methodology to a Fully Enclosed Covered Area (FECA) based methodology. The Board has participated in the engagement process for Alpine Resorts Coordinating Council projects and consultancies.

Other stakeholder engagement included meeting with the Committee for Gippsland, the Walhalla & Mountain Rivers Tourism group, Baw Baw Shire Council, Latrobe City Council, the Latrobe Valley Authority, State and Federal Government representatives, and local businesses.

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; presence at

the Marysville Visitor Information Centre during the winter months; partnerships and relationships with local stakeholders; and 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.

### Operational changes

At Mount Baw Baw, the Board operated a retail outlet over the 2018 year, in green season combining this outlet with the guest information services. During white season, the Board operated a chain hire and fitting service at Mount Baw Baw. The Board outsourced the operation of mountain bike shuttles at Lake Mountain and Mount Baw Baw over the green season 2018.

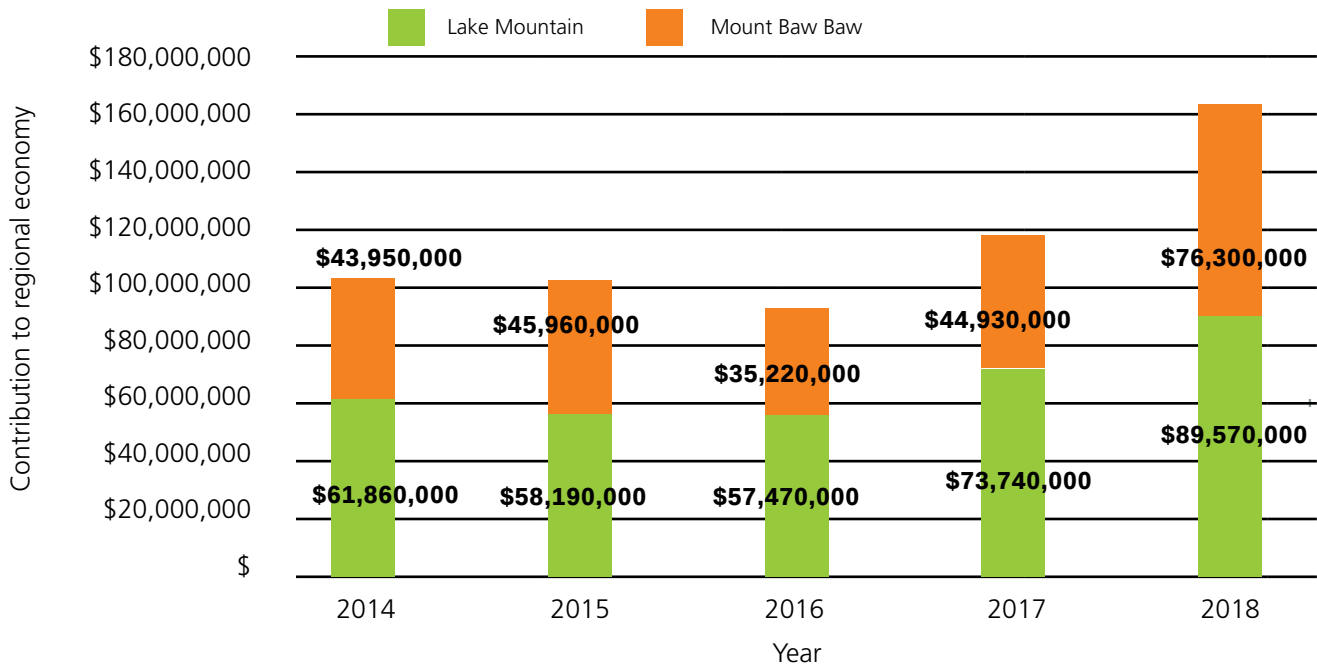
A new role was created for economic development with a general manager being appointed in July 2018. The functions objective is to identify and deliver against commercial opportunities to improve the financial performance and the broader economic impact of the resorts, including: identifying new (and developing existing) commercial partnerships; developing and implementing a stakeholder engagement framework across all levels of government, industry and interest groups; developing and overseeing long term commercial strategy with the CEO & Board, and other relevant authorities (e.g. DELWP); and identifying and pursuing relevant grant and funding opportunities.

### Leases at Mount Baw Baw

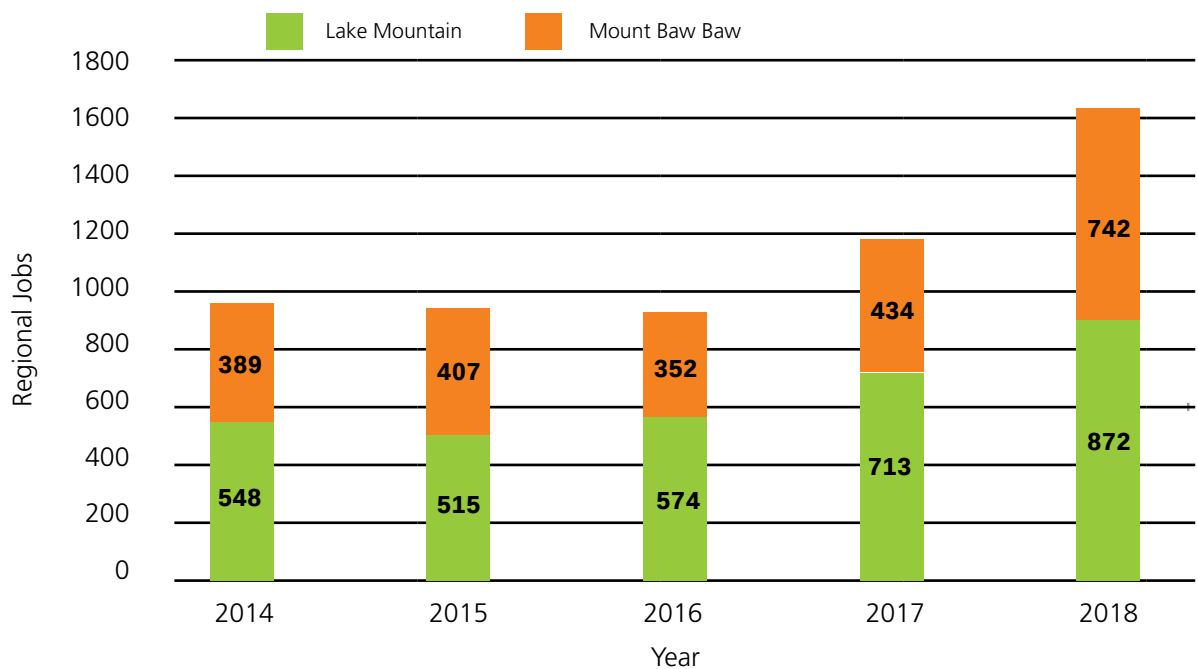
A thorough review of the alpine lease renewal process was undertaken in 2018 and lease files were brought up to date for Mount Baw Baw. During 2018 three site leases expired and the associated assets were handed over to the Board. Seven leases progressed towards renewal with just one remaining with documentation outstanding.

# YEAR IN REVIEW

## Regional Economic Impact



## Regional Jobs



# YEAR IN REVIEW

## Create financially and environmentally sustainable resorts

### 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 CO<sub>2</sub> 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

Our Greenhouse Gas emissions in Carbon Tonnes of CO<sub>2</sub> equivalents is 1024 T and represents an increase of 4% over the 2017 figures, and a 9% increase on the average for the previous 5 years.

The greatest increase is LPG for heating which is up over 30% from 2017, this may in part be explained by 2018 being a long and cold season, requiring more heating than usual. The actual diesel used for power generation has shown a slight decrease, while our increased use of landfill can mostly be explained by the increased visitation generating more waste.

- Propagation boxes continue to provide reliable production of local provenance plants for the resort. The interpretative garden with identification labels now enables visitors to identify plants which they have seen when out on the trails. Ten years after the fires the regeneration program in the resort area is close to completion.

- The permit to collect seeds and cuttings has been renewed for a further year, this time it also includes a permit to grow and sell Snow Gums and Lake Mountain Grevillea on a non-commercial basis.
- Revegetation of the ski trail head is continuing this summer with closed areas already supporting new grass which will help improve snow cover in winter.
- The DELWP's Central Highlands Eden project has again provided substantial weed eradication/containment along our roadsides and car parks with an annual mapping and spraying program focusing on blackberry, twiggie mullein and spear thistle. Less accessible areas such as along ski trails and mountain bike trails continue to be treated by Lake Mountain staff. A log of locations and spraying times is maintained to allow for annual checking of these sites.
- We have seen a slow but steady increase in the number of schools asking for environmental presentations. In winter this is usually a visual presentation after a ski day and in summer it is usually a guided walk addressing the particular issues requested by the school and also a visual presentation.
- The predator control program initiated by DELWP last summer will not be continued this year due to lack of funding. To continue this important work Lake Mountain Alpine Resort has engaged a contractor to release the K5 Calicivirus to reduce rabbit numbers and also conduct a trapping program for wild cats and dogs. This is a particularly important program to address the current critically endangered status of the Leadbeater's possum.
- Guided walks to the wildflower display were again held during November and December. These are low key events but are always well received by participants.

# YEAR IN REVIEW

## Mount Baw Baw

The Board continued to work toward meeting targets as outlined in its Environmental Management Plan during 2018, with KPI's in the majority of areas being met.

Projects undertaken include the following:

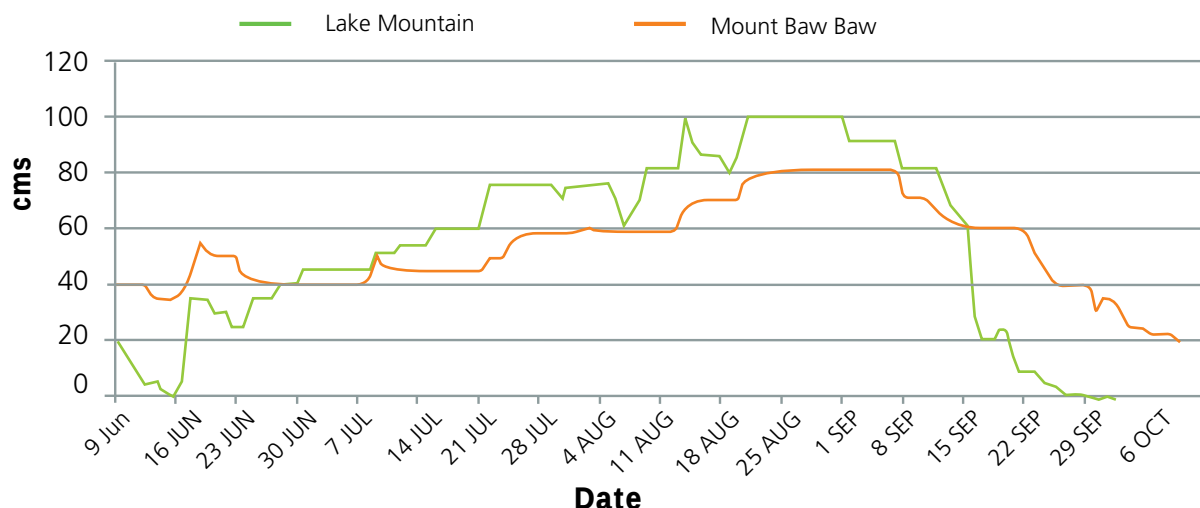
- The supply of electricity continues to be a considerable operational expense to all resort stakeholders. An Expression of Interest for an integrated power solution for the resort was commenced in October 2018. Shortlisting of tenders for this program is currently underway and it is anticipated that a suitable solution will be available during the 2020 reporting period. In addition to the above, a program to upgrade resort lighting is underway, with energy efficient LED lighting replacing existing dated fittings where practical throughout the resort.
- Potable water supplied to the resort continues to be of a high standard and met all department of health guideline values. Work is continuing on minimisation of water usage, with ongoing installation of water saving appliances and services undertaken when upgrades to resort facilities take place.
- The Board actively engaged with a number of bodies conducting research within the resort and the wider plateau area, including projects undertaken by Parks Victoria (pest plant control and mapping) Zoo's Victoria (Baw Baw Frog) and Deakin University (Leadbeater Possum), in an effort to promote and protect Mt Baw Baw's unique alpine environment and its endangered species.

The existing waste management system utilised by the resort was implemented 20 years ago and waste management strategies have changed considerably during this period. Existing methods of collection, transfer and disposal of waste need further development and change to meet the environmental targets set out in the environmental management plan. During the 2018 operational period, a suitable solution incorporating industry best practice waste management has been investigated and a proposal for implementation and relevant costings has been produced for consideration and implementation in 2019.

The treatment and disposal of wastewater within the resort continues to be problematic with the resort being issued an Environment Protection Authority (EPA) Pollution Abatement Notice (PAN) at the conclusion of the 2018 reporting period, for resolution with EPA during 2019. The existing effluent management system was originally designed and partially implemented 30 years ago, the implementation was updated late in 2017 and early in 2018 to complete the designed works, however resort visitation has increased significantly. This increase in visitation has resulted in an increase in the amount of wastewater produced by the resort, with the current system sometimes struggling to meet demand. Future resort wastewater system requirements will be investigated and, a design will be developed by April 2019, for an upgrade to the wastewater system that will be undertaken with a view to constructing suitable plant to cope with anticipated future demand.

# YEAR IN REVIEW

## Average Snow Depth 2018



## 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. Some cracking to windows occurred to larger windows in extreme winds and these will be resolved in 2019. The bulk of works to instate the entry way to the Bistro building are complete, creating an accessible entry to the building. The Cascade mountain bike trail was predominantly completed during 2018 fulfilling a twenty year journey to deliver this project.

Major works for Mount Baw Baw were completed on the redevelopment of the wastewater treatment facility late in 2018. These works improved 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. The lodges received some urgent maintenance attention during the year to improve living conditions for staff and visitors and remediate hazardous issues.

## Risk mitigation

The lift infrastructure was assessed for safety and compliance in 2018 (as it is annually) and we documented improved risk management approaches in the management of lift infrastructure meeting Z-98 (the Canadian standard).

### Emergency Management

The Board developed a revised combined Municipal

Emergency Management Plan (MEMP) with key emergency management agencies including the Vic SES, VicPol, Ambulance Victoria, DHHS and the CFA. The draft MEMP will be audited in January 2019.

The risk management software CAMMS was implemented during 2017 and further training was provided in 2018. 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. Lake Mountain Alpine Resort continued to partner with the Murrindindi Shire Council and other government agencies for the regions to update a sub MEMP for Fire and Emergency for the Board's MEMP. Mount Baw Baw worked with the SES, CFA and a consultant to refresh their sub MEMP for the overarching MEMP. Whilst there will be more work to complete and finalise the MEMP in 2019, the emergency events from extreme weather conditions were well handled by the teams at both resorts.

## Water authority

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

# PERFORMANCE AGAINST OPERATIONAL OBJECTIVES

The strategic objectives are developed from Corporate Plan 2018-20.

**Table 3: Performance against 2018 strategic objectives and priorities**

| OBJECTIVE                                                               | ITEM | FOCUS AREA                                                                                                                         | OUTCOMES ACHIEVED                                                                                                                                                                                                                                                                                                                         | RESULT |
|-------------------------------------------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 1. Enhance the resorts year-round activation adapting to climate-change | 1.1  | Visitor and staff diversity.                                                                                                       | <ul style="list-style-type: none"> <li>Gender balance achieved in the executive team and Board members. The Board is implementing the action plan in its policy for Diversity and inclusion that has resulted in an increase for staff and visitors with English as a second language.</li> </ul>                                         | ○ ○ ●  |
|                                                                         | 1.2  | Green season activation through events and development of activities.                                                              | <ul style="list-style-type: none"> <li>Approaching 100,000 visitors at Lake Mountain and almost 64,000 Mount Baw Baw green season visitors we continue to refine the events offered to attract a broad cross section of the community.</li> </ul>                                                                                         | ○ ○ ●  |
|                                                                         | 1.3  | Increased white season activation through improved visitor experiences.                                                            | <ul style="list-style-type: none"> <li>Woolcott survey confirms increased satisfaction at Mount Baw Baw. White season visitor days up 32% overall, notably Mount Baw Baw up 60% for visitor days.</li> </ul>                                                                                                                              | ○ ○ ●  |
|                                                                         | 1.4  | Promotion of the resorts family focus.                                                                                             | <ul style="list-style-type: none"> <li>Per 1.3, activities and promotion were heavily focused on families and over 80% of our visitors (Woolcott survey) came to us with family and friends.</li> </ul>                                                                                                                                   | ○ ○ ●  |
|                                                                         | 1.5  | Supporting visitation and employment for culturally and linguistically diverse (CALD) people, including indigenous peoples (ATSI). | <ul style="list-style-type: none"> <li>We have supported employment opportunities for CALD and ATSI and results show an increase by at least one staff.</li> </ul>                                                                                                                                                                        | ○ ● ○  |
|                                                                         | 1.6  | Demonstrating value for the visitor economy spend.                                                                                 | <ul style="list-style-type: none"> <li>Expanding the offering at both resorts to increase the value proposition for visitors.</li> <li>Packaging activities and services to provide ease for the visitor and discounts. The dingo enclosure and resource centre has been a significant and valuable addition at Mount Baw Baw.</li> </ul> | ○ ● ○  |
|                                                                         | 1.7  | Physically and financially accessible resorts that encourage repeat visitation.                                                    | <ul style="list-style-type: none"> <li>Lake Mountain accessibility projects underway and building access achieved.</li> <li>Mount Baw Baw review of accessibility issues planned for 2019.</li> <li>Financial accessibility is confirmed by our diverse socio-economic visitor base and pricing lower than Northern resorts.</li> </ul>   | ○ ● ○  |

# PERFORMANCE AGAINST OPERATIONAL OBJECTIVES

| OBJECTIVE                                                         | ITEM | FOCUS AREA                                                                                                                                                            | OUTCOMES ACHIEVED                                                                                                                                                                                                                                                                                                  | RESULT |
|-------------------------------------------------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 2. Generate a positive impact for the region and regional economy | 2.1  | Partnership with the region's businesses and authorities directly by the Gross Regional Product and the annual Alpine Resorts Coordinating Council economic analysis. | <ul style="list-style-type: none"> <li>Increased market share led to increased impact to the regional economy Lake Mountain \$89.57M and 872 jobs and Mount Baw Baw \$76.3M and 742 jobs.</li> </ul>                                                                                                               | ○ ○ ●  |
|                                                                   | 2.2  | Partnership with the region's businesses and authorities indirectly measured through co-supported events and activities, cross promotion, partnerships development.   | <ul style="list-style-type: none"> <li>Sponsorships/ partnerships increased in 2018 including Holden, Mars (NaturesCargo food for the dingoes), Moe Vets, National Parks and Wildlife (junior ranger program), Murrindindi MTB club, Burtons, Fischer.</li> <li>We will continue to seek opportunities.</li> </ul> | ○ ○ ●  |
| 3. Create financially and environmentally sustainable resorts     | 3.1  | Promote the awareness of the resorts by moving towards financial sustainability, measured through:<br>annual accounts reporting; and environmental sustainability.    | <ul style="list-style-type: none"> <li>Reduction in waste per visitor levels was not achieved overall and further work will be needed in relation to landfill and waste management.</li> </ul>                                                                                                                     | ● ○ ○  |
|                                                                   |      |                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Success with habitat protection and strong positive response from Zoos Victoria, Parks Victoria and Vic Forests on a range of projects.</li> </ul>                                                                                                                          | ○ ○ ●  |
|                                                                   |      |                                                                                                                                                                       | <ul style="list-style-type: none"> <li>Created reports that enable tracking of revenue and expense performance.</li> </ul>                                                                                                                                                                                         | ○ ● ○  |

## Key:

- ○ ● Complete/achieved
- ● ○ In progress or ongoing
- ○ ○ Not achieved/ needs attention

# ACHIEVEMENTS AND KEY INITIATIVES

## Management and staffing

The Board has endorsed a revised functional structure and introduced a new area, Economic Development. We have endeavoured to move towards more stable employment for regional employees including increasing our green season workforce for green season visitation and to prepare for the white season. The continued development of a positive workplace culture, demonstrating our values has been a priority.

## Southern Alpine Resorts Reform Project

The Board after engaging extensively with stakeholders has developed a report which outlines a model for a financially sustainable future for the resort for consideration by government. The vision of the report was supported by the Minister for Energy, Environment and Climate Change, The Hon Lily D'Ambrosio MP, who responded to the Board's Southern Alpine Resorts Reform Project "Lake Mountain and Mount Baw Baw 2030 report" by asking the Board to continue working with DELWP to seek funding for the many initiatives in the report. Many of the recommendation of the report focussed on capital projects that facilitate the resorts as 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.

## 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 continues to improve the facilities and activities targeted at providing wonderful experiences to visitors.



# 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 2018 was \$5.9m compared to the budget request of \$6m.

The value of net assets of the Board decreased during the reporting period by \$1.5M from the previous year. The decrease in net assets occurred as a result of the \$1.5M operating deficit after depreciation and amortisation.

Income attributable to visitors, i.e. from gate entry fees and the sale of goods and services was \$7.6m for the year. The good natural snow fall during the white season prolonged the visitation period. The increased income received due to the good natural snow fall and prolonged visitation period was reinvested back into the operation and improvement of the resort as can be seen by the increased expenses mentioned below.

The major expenses for the year were employee costs (\$6.9m), depreciation (\$1.9m), and other operating expenses (\$7.4M) that includes supplies and services, repairs and maintenance, utilities and resort operations.

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



# SUMMARY OF FINANCIAL RESULTS

**Table 4: Summary of the Board's Financial Results.**

| COMPREHENSIVE INCOME STATEMENT                                |  | 2017              | 2018               |
|---------------------------------------------------------------|--|-------------------|--------------------|
|                                                               |  | \$                | \$                 |
| <b>Income</b>                                                 |  |                   |                    |
| Operating                                                     |  | 6,336,068         | 7,981,701          |
| Government funding                                            |  | 6,760,000         | 6,230,000          |
| Other income                                                  |  | 429,122           | 635,212            |
|                                                               |  |                   |                    |
| <b>Total Income</b>                                           |  | <b>13,525,190</b> | <b>14,846,913</b>  |
|                                                               |  |                   |                    |
| <b>Expenses</b>                                               |  |                   |                    |
| Operating                                                     |  | 11,541,791        | 14,378,999         |
| Depreciation                                                  |  | 1,875,338         | 1,947,149          |
|                                                               |  |                   |                    |
| <b>Total Expenses</b>                                         |  | <b>13,417,129</b> | <b>16,326,148</b>  |
| Net result from transactions                                  |  | 108,061           | (1,479,235)        |
| Other economic flows                                          |  | (3,497)           | 0                  |
| Net result                                                    |  | <b>104,563</b>    | <b>(1,479,235)</b> |
| Net result excl government transactions and asset revaluation |  | (6,655,437)       | (7,709,235)        |
|                                                               |  |                   |                    |
| <b>Balance Sheet</b>                                          |  |                   |                    |
|                                                               |  |                   |                    |
| Financial Assets                                              |  | 1,935,366         | 699,373            |
| Non-Financial Assets                                          |  | 36,032,288        | 35,963,838         |
|                                                               |  |                   |                    |
| <b>Total Assets</b>                                           |  | <b>37,967,654</b> | <b>36,663,211</b>  |
|                                                               |  |                   |                    |
| Liabilities                                                   |  | 1,293,426         | 1,468,218          |
|                                                               |  |                   |                    |
| <b>Total Liabilities</b>                                      |  | <b>1,293,426</b>  | <b>1,468,218</b>   |
|                                                               |  |                   |                    |
| <b>Equity</b>                                                 |  | <b>36,674,228</b> | <b>35,194,993</b>  |

# GOVERNANCE

## Governing Body

### Members of the Southern Alpine Resort Management Board at 31 December 2018, 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, 2018

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

### 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 four decades involving senior executive appointments in some of Victoria's most dynamic regions including inner metropolitan Melbourne, the Latrobe Valley, the Bass Coast and western Victoria. He was the inaugural CEO of Bass Coast Shire Council following the statewide restructuring of local government in 1995 and held this position until 2014. He now divides his time between serving as a non executive director, consulting to governing bodies on strategy and governance, pursuing his interest in primary production and mentoring young professionals. Allan is a member of

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

### Kerry Irwin - Deputy Chair

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

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

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

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

# GOVERNANCE

## **Tony Thompson**

Tony has run his own businesses for over thirty years, mainly in hospitality. For the past eighteen years, Tony and his wife Penni have owned and run Maryton Park B & B Country Cottages. Tony was also a director of the Dandenong Ranges Banking Group (Bendigo Community Bank) for eighteen years. Other Board memberships include Chair of the Marysville & Triangle Community Foundation, Regional Development Australia and as a Board member of Lake Mountain Alpine Resort Management Board was Chairperson for 3 years. Since the 2009 Black Saturday fires, Tony has chaired the Community Recovery Committee, dealing with all matters regarding the region, tourism, economics, mental health and the overall recovery of the Marysville and Triangle area 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 specialises in government and stakeholder relations, particularly for complex projects requiring regulatory approvals. Her policy specialty is health and health research.

She is also a senior consultant at the Clifton Group, a member of the Veterinary Practitioners Regulation Board of Victoria, Secretary of the Kensington Business Precinct Association 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 Dousta Galla Community Health, a member of the Swinburne University Human Research Ethics Committee and she chaired the West Centre Against Sexual Assault and the Australian Health Care Reform Alliance. She has a strong background in government and non-government Boards, community committees and community groups.

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

## **Randall Cohen**

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

## **Svetla Petkova**

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

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

## **Joanna Walker**

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

# GOVERNANCE

## Board committees

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

## Membership and Roles

### Audit and Risk Committee

Membership of the committee as of 31 December, 2018 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:

- a) Risk assessment, treatment strategies and monitoring.
- b) Setting of operational and capital works budgets and regular monitoring of financial performance and position.
- c) Achieving a high level of organisational governance.
- d) Having procurement procedures that provide for value for money, transparent and defensible purchasing outcomes.
- e) Reporting financial information to the users of financial reports.
- f) Ensuring quality and timeliness of information conveyed in annual financial reports.
- g) Financial management and obligations as outlined in the *Financial Management Act 1994* and its compliance with Ministerial Directions.

h) Internal control system.

i) Contributions to and monitoring of Board performance management systems.

j) Responsible for ensuring policies, procedures and Asset Management Plan are in place to ensure management and security of resorts assets.

k) Overseeing the external (VAGO) and internal audit functions and their independence.

l) Monitoring compliance with taxation obligations.

### Audit and Risk Meeting Attendance - 1 January to 31 December, 2018

| MEMBER                | ATTENDANCE |
|-----------------------|------------|
| Randall Cohen (Chair) | 4/4        |
| Kerren Clark          | 4/4        |
| Svetla Petkova        | 3/4        |
| Joanna Walker         | 3/4        |

### Workplace Arrangements and Executive Remuneration Committee

Membership of the committee as of 31 December, 2018 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.

# GOVERNANCE

## Workplace Arrangements and Executive Remuneration Meeting Attendance - 1 January to 31 December, 2018

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

## 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 2018 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:

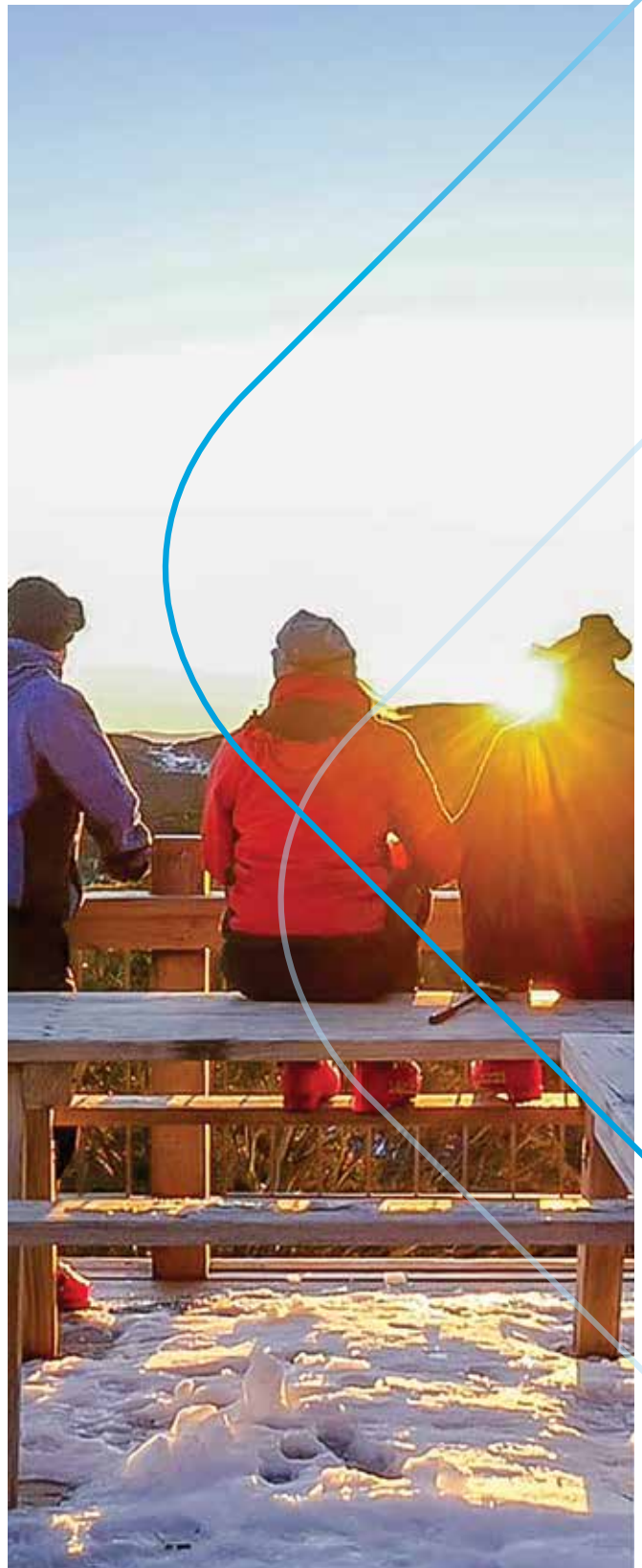
- To plan for the development, promotion, management, and use of the alpine resort in accordance with the object of the AR(M) Act;
- To develop and promote or facilitate the development or promotion by others of the use of the alpine resort in accordance with the object of the AR(M) Act;
- To manage 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.

# GOVERNANCE

## Nature and range of services provided

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

- Accommodation and house keeping;
- Car park development and maintenance;
- Chain hire and chain fitting;
- Electricity;
- Emergency and Fire Management;
- Environmental Management;
- Events management and coordination;
- Financial and Administrative Services;
- Food and beverage;
- Garbage and waste disposal;
- Guided and facilitated activities;
- Land Management;
- Leaseholder management;
- Public toilets;
- Public shelters;
- Sewerage and drainage;
- Ski school;
- Ski lifting;
- Ski patrol;
- Snow and weather reporting;
- Snow clearance;
- Snow equipment hire;
- Ticketing (lifts, activities, etc);
- Traffic control and parking;
- Trail grooming, construction and maintenance;
- Tourism and education information;
- Water supply; and
- Wild Animal care and display.



# COMPLIANCE

## Financial Management Compliance Attestation

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



**Allan Bawden PSM**

Chair

Southern Alpine Resort Management Board

## Public administration employment and conduct principles

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

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

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

There were no industrial claims made during the reporting period.

## 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.

## 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.

# COMPLIANCE

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](http://www.southernalpine.vic.gov.au). This literature is also available by mail at a minimum charge of \$28.90.

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](https://online.foi.vic.gov.au/foi/foi_request_details)

An application fee of \$28.90 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 2018 there was one freedom of information requests, and there were no outstanding items from previous years.

## **Victorian Information Privacy policy**

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

## **Human rights**

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

## **Declaration of Pecuniary Interests**

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

## **Fraud and corruption policy**

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

## **Application and operation of 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>

# COMPLIANCE

## 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](http://www.ibac.vic.gov.au)

Telephone: 1300 735 135

## Local Jobs First - Victorian Industry Participation Policy Disclosures

The Local Jobs First – *Victorian Industry Participation Policy Act 2003 (VIPP)* requires public bodies and Departments to report on the implementation of the Act.

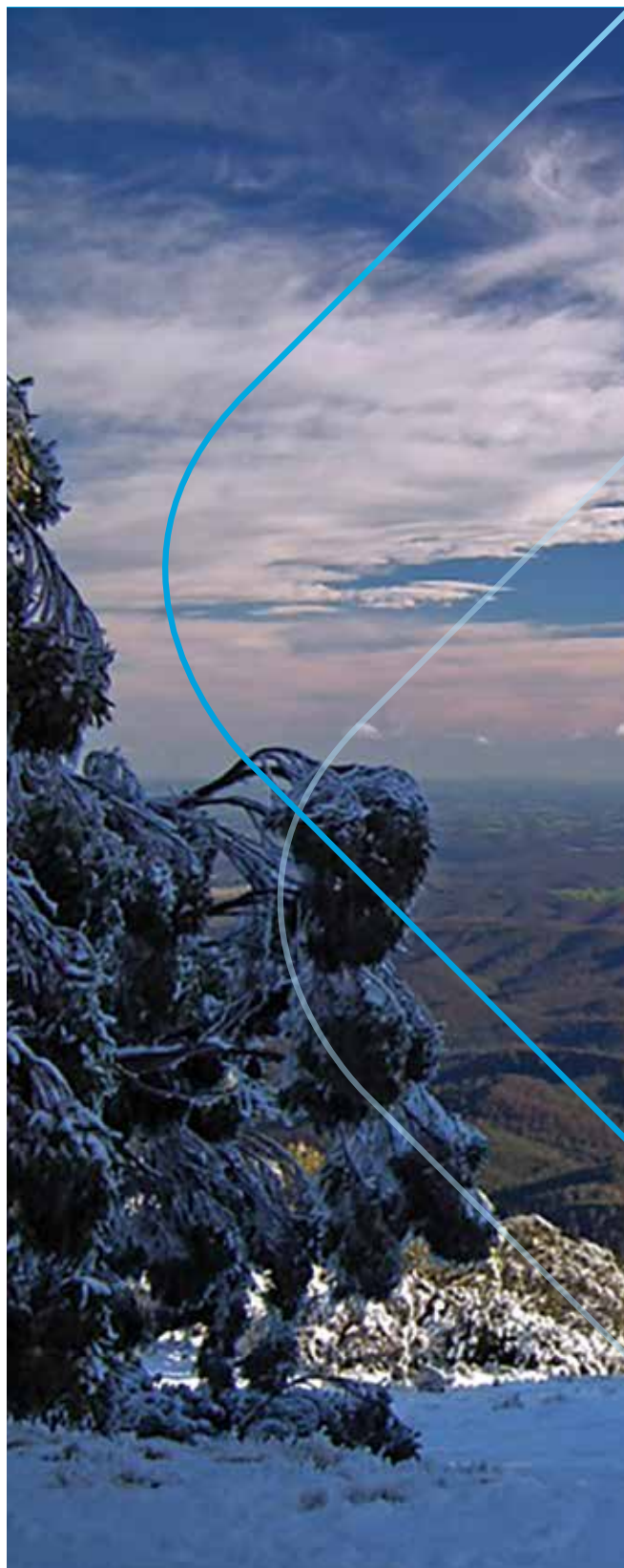
Departments and public bodies are required to apply Local Jobs First – VIPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

In 2018 there were no tenders to disclose based on these expenditures.

## Compliance with the *Disability Act 2006*

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

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



# COMPLIANCE

## Workforce inclusion policy

The Board is working towards creating a balanced working environment where equal opportunity and diversity are valued. As part of its Diversity and inclusion policy, the Board has a target of increasing the percentage of its employees who identify as being indigenous Australian's from 2.4% to 4.8% by 2019.

## 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.

## Consultancies under \$10,000

There were 12 consultancies, the expenditure on which was less than \$10,000. The total expenditure on these consultancies during 2018 was \$109k.

## Consultancies in Excess of \$10,000

| CONSULTANT                       | SERVICES PROVIDED | EXPENDITURE IN REPORTING PERIOD | FUTURE COMMITMENT    |
|----------------------------------|-------------------|---------------------------------|----------------------|
| Bastion Effect                   | Commercial advice | \$30k                           | No future commitment |
| Jacobs Group (Australia) Pty Ltd | Commercial advice | \$13k                           | No future commitment |
| Reduxo                           | Commercial advice | \$41k                           | No future commitment |
| SMEC                             | Commercial advice | \$128k                          | No future commitment |
| Whitelaw Flynn Solicitors        | Legal advice      | \$61k                           | No future commitment |

## 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.

## Executive Officer Data

The Board had contracts of employment with four executives whose annual total remuneration exceeded \$100,000 per annum. The remuneration of Executive Officers and Key Management Personnel is disclosed in Notes 8.5 and 8.6 of the Financial Statements.

## Consultancies and Contracts

The Board outsourced a number of its activities during this year. Contractors engaged included Steve Pascoe & Associates that was contracted to provide services in connection to the Fire Management and Emergency Management Plan.

## Major Contracts

There were no contracts greater than \$10 million entered into by the Board during 2018.

## 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 2018 reporting period.

# COMPLIANCE

## Subsequent events

The Board recognises subsequent events when these events occur between the end of the reporting period and the date when the financial statements are authorised for issue and disclosure is made where the events relate to conditions which arose after the end of the reporting period that are of material interest.

The Board would like to disclose that after the reporting period it has received \$5.8 million from DELWP which represents the operational subsidy expected for 2019. Please see Note 8.8 of the Financial Statements.

## 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 which was \$272k.

## Capital projects

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

## Compliance with *Building Act 1993*

There are sixteen buildings owned by the Board, all conforming to building standards as at 31 December 2018.

### 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 2018.

## 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

## 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 CHAIR, 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 *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and accompanying notes, presents fairly the financial transactions during the twelve month period ended 31 December 2018 and financial position of the Board at 31 December 2018.

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 8 April 2019.



**Allan Bawden PSM**

Chair  
Southern Alpine Resort  
Management Board

Melbourne  
8 April 2019



**Gail Conman**

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

Melbourne  
8 April 2019



**Neil D'Vauz**

Chief Financial Officer  
Southern Alpine Resort  
Management Board

Melbourne  
8 April 2019

# AUDITOR'S OPINION



## Independent Auditor's Report

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

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Opinion</b>                                           | <p>I have audited the financial report of the Southern Alpine Resort Management Board (the entity) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 31 December 2018</li><li>• comprehensive operating income for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• declaration by the Chair, Chief Executive Officer &amp; Chief Financial Officer.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| <b>Basis for Opinion</b>                                 | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>                                                         |
| <b>Board's responsibilities for the financial report</b> | <p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>                                                                                                                                                                                                                                                           |

# AUDITOR'S OPINION

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**Auditor's responsibilities for the audit of the financial report**

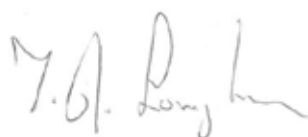
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

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

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

---



Tim Loughnan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
11 April 2019

# FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2018



# HOW THE 2018 FINANCIAL STATEMENTS ARE STRUCTURED

The Southern Alpine Resort Management Board has presented its audited general purpose financial statements for the financial year ended 31 December 2018 in the following structure to provide users with the information about the Board's stewardship of resources entrusted to it.

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# HOW THE 2018 FINANCIAL STATEMENTS ARE STRUCTURED

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# SOUTHERN ALPINE RESORT MANAGEMENT BOARD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

|                                                             | Notes | 2018               | 2017              |
|-------------------------------------------------------------|-------|--------------------|-------------------|
| (\$ Dollars)                                                |       |                    |                   |
| <b>Continuing Operations</b>                                |       |                    |                   |
| <b>Income from transactions</b>                             |       |                    |                   |
| Visitor fees                                                | 2.2   | 7,614,246          | 5,750,651         |
| Government funding                                          | 2.3   | 6,230,000          | 6,760,000         |
| Site & service fees                                         | 2.4   | 367,455            | 585,417           |
| Other income                                                | 2.5   | 635,212            | 429,122           |
| <b>Total income from transactions</b>                       |       | <b>14,846,913</b>  | <b>13,525,190</b> |
| <b>Expenses from transactions</b>                           |       |                    |                   |
| Employee benefits                                           | 3.2   | 6,934,834          | 6,098,101         |
| Depreciation & amortisation expense                         | 4.1.1 | 1,947,149          | 1,875,338         |
| Interest expense                                            |       | 184                | 37,660            |
| Supplies and services                                       | 3.4   | 2,572,559          | 1,722,436         |
| Marketing expenses                                          |       | 360,490            | 463,292           |
| Repairs & maintenance                                       | 3.5   | 924,775            | 454,598           |
| Utilities expenses                                          |       | 1,525,934          | 1,375,146         |
| Insurance                                                   |       | 372,980            | 422,798           |
| Administration expenses                                     |       | 385,525            | 361,835           |
| Other operating expenses                                    | 3.6   | 1,301,718          | 605,926           |
| <b>Total expenses from transactions</b>                     |       | <b>16,326,148</b>  | <b>13,417,130</b> |
| <b>Net result from transactions (net operating balance)</b> |       | <b>(1,479,235)</b> | <b>108,060</b>    |
| <b>Other economic flows included in net result</b>          |       |                    |                   |
| Net gain/(loss) on disposal of non-financial assets         | 4.3   | -                  | (2,339)           |
| Other gain/(loss) from other economic flows                 | 4.3   | -                  | (1,158)           |
| <b>Total other economic flows included in net result</b>    |       | <b>-</b>           | <b>(3,497)</b>    |
| <b>Net result from continuing operations</b>                |       | <b>(1,479,235)</b> | <b>104,563</b>    |
| <b>Comprehensive result</b>                                 |       | <b>(1,479,235)</b> | <b>104,563</b>    |

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

**SOUTHERN ALPINE RESORT MANAGEMENT BOARD**  
**BALANCE SHEET AS AT 31 DECEMBER 2018**

|                                               | Notes   | (\$ Dollars)      |                   |
|-----------------------------------------------|---------|-------------------|-------------------|
|                                               |         | 2018              | 2017              |
| <b>Financial assets</b>                       |         |                   |                   |
| Cash and deposits                             | 6.3     | 626,617           | 1,718,563         |
| Receivables                                   | 5.1     | 72,756            | 216,803           |
| <b>Total financial assets</b>                 |         | <b>699,373</b>    | <b>1,935,366</b>  |
| <b>Non-financial assets</b>                   |         |                   |                   |
| Inventories                                   | 5.3     | 126,559           | 85,616            |
| Prepayments                                   | 5.4     | 573,579           | 504,219           |
| Property, infrastructure, plant and equipment | 4.1/7.3 | 35,175,333        | 35,381,438        |
| Intangible assets                             | 4.2     | 88,367            | 61,015            |
| <b>Total non-financial assets</b>             |         | <b>35,963,838</b> | <b>36,032,288</b> |
| <b>Total assets</b>                           |         | <b>36,663,211</b> | <b>37,967,654</b> |
| <b>Liabilities</b>                            |         |                   |                   |
| Payables                                      | 5.2     | 855,571           | 685,869           |
| Borrowings                                    | 6.1     | -                 | 12,151            |
| Employee related provisions                   | 3.2.1   | 575,638           | 575,957           |
| Income in advance                             | 5.5     | 37,009            | 19,449            |
| <b>Total liabilities</b>                      |         | <b>1,468,218</b>  | <b>1,293,426</b>  |
| <b>Net assets</b>                             |         | <b>35,194,993</b> | <b>36,674,228</b> |
| <b>Equity</b>                                 |         |                   |                   |
| Accumulated surplus/(deficit)                 |         | (1,374,672)       | 104,563           |
| Contributed capital                           |         | 36,569,665        | 36,569,665        |
| <b>Net worth</b>                              |         | <b>35,194,993</b> | <b>36,674,228</b> |

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 2018

|                                               | Notes | Accumulated<br>surplus / (deficit)<br>\$ | Contributed capital<br>\$ | TOTAL<br>\$       |
|-----------------------------------------------|-------|------------------------------------------|---------------------------|-------------------|
| <b>Balance at 1 January 2017</b>              |       |                                          |                           |                   |
| Net result for the year                       |       | 104,563                                  | -                         | 104,563           |
| Net capital contribution on creation of Board |       | -                                        | 36,529,665                | 36,529,665        |
| Capital contributions during the year         |       | -                                        | 40,000                    | 40,000            |
| <b>Balance at 31 December 2017</b>            |       | <b>104,563</b>                           | <b>36,569,665</b>         | <b>36,674,228</b> |
| Net result for the year                       |       | (1,479,235)                              | -                         | (1,479,235)       |
| Capital contributions during the year         |       | -                                        | -                         | -                 |
| <b>Balance at 31 December 2018</b>            |       | <b>(1,374,672)</b>                       | <b>36,569,665</b>         | <b>35,194,993</b> |

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 2018

|                                                                 | Notes        | 2018                | 2017                |
|-----------------------------------------------------------------|--------------|---------------------|---------------------|
| (\$ Dollars)                                                    |              |                     |                     |
| <b>Cash flows from operating activities</b>                     |              |                     |                     |
| <i><b>Receipts</b></i>                                          |              |                     |                     |
| Receipts from operating activities                              |              | 9,314,534           | 7,282,207           |
| Receipts from Government                                        |              | 6,230,000           | 6,760,000           |
| Interest received                                               |              | 15,334              | 12,541              |
| Net GST received                                                |              | 95,090              | 18,097              |
| <b>Total receipts</b>                                           |              | <b>15,654,958</b>   | <b>14,072,845</b>   |
| <i><b>Payments</b></i>                                          |              |                     |                     |
| Payments to suppliers and contractors                           |              | (8,261,207)         | (7,009,376)         |
| Payments to and on behalf of employees                          |              | (6,935,153)         | (5,970,385)         |
| Interest paid                                                   |              | -                   | (37,660)            |
| <b>Total payments</b>                                           |              | <b>(15,196,360)</b> | <b>(13,017,421)</b> |
| <b>Net cash flows from operating activities</b>                 | <b>6.3.1</b> | <b>458,598</b>      | <b>1,055,424</b>    |
| <b>Cash flows from investing activities</b>                     |              |                     |                     |
| Sale of non-financial assets                                    |              | -                   | 10,182              |
| Purchase of non-financial assets                                |              | (1,538,209)         | (208,176)           |
| <b>Net cash flows from/(used in) investing activities</b>       |              | <b>(1,538,209)</b>  | <b>(197,994)</b>    |
| <b>Cash flows from financing activities</b>                     |              |                     |                     |
| Repayment of borrowings                                         |              | (12,335)            | (60,488)            |
| Owner contributions by State Government                         |              | -                   | 40,000              |
| <b>Net cash flows from/(used in) financing activities</b>       |              | <b>(12,335)</b>     | <b>(20,488)</b>     |
| <b>Net increase in cash and cash equivalents</b>                |              | <b>(1,091,946)</b>  | <b>836,942</b>      |
| <b>Cash and cash equivalents at beginning of financial year</b> |              | <b>1,718,563</b>    | <b>881,621</b>      |
| <b>Cash and cash equivalents at end of financial year</b>       | <b>6.3</b>   | <b>626,617</b>      | <b>1,718,563</b>    |

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

# SOUTHERN ALPINE RESORT MANAGEMENT BOARD

## Notes to the Financial Statements for the year ended 31 December 2018

### 1. About this report

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

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

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

Its principal address is:

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

### Basis of preparation

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

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

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

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

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

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

### Compliance information

These general purpose financial statements have been prepared in accordance with *the Financial Management Act 1994* (FMA) and applicable AAS which include interpretations, issued by the Australian Accounting Standards Board (AASB). They also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Assistant Treasurer. In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

These annual financial statements were authorised for issue by the Board on 8 April 2019.

## 2. Funding delivery of our service

### Introduction

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

To enable the Board to fulfil its objective it receives income from visitor fees which is derived from a range of services provided by the Board including a resort entry fee from the public visiting during the declared snow season. The Board also receives income from site and service fees from site holders in accordance with its role as manager of Crown Land as well as Government funding in the form of an operational subsidy.

#### 2.1 Income from transactions

|                                       | Notes | 2018              | 2017              |
|---------------------------------------|-------|-------------------|-------------------|
|                                       |       |                   | (\$ whole)        |
| Visitor fees                          | 2.2   | 7,614,246         | 5,750,651         |
| Government funding                    | 2.3   | 6,230,000         | 6,760,000         |
| Site & service fees                   | 2.4   | 367,455           | 585,417           |
| Other income                          | 2.5   | 635,212           | 429,122           |
| <b>Total income from transactions</b> |       | <b>14,846,913</b> | <b>13,525,190</b> |

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

#### 2.2 Visitor fees

|                              | 2018             | 2017             |
|------------------------------|------------------|------------------|
|                              |                  | (\$ whole)       |
| Resort entry fees            | 2,900,287        | 2,201,742        |
| Bistro and functions         | 1,705,946        | 1,481,245        |
| Ski hire and ski school      | 2,152,462        | 1,450,767        |
| Accommodation/guest services | 358,498          | 263,208          |
| Merchandise                  | 379,628          | 260,534          |
| Adventure activities         | 117,425          | 93,155           |
| <b>Total visitor fees</b>    | <b>7,614,246</b> | <b>5,750,651</b> |

#### Resort entry fees

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

#### Sale of goods and services

Income from the sale of goods is recognised when:

- the Board no longer has any of the significant risks and rewards of ownership of the goods transferred to the buyer;
- the Board no longer has continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

- the amount of income, and the costs incurred or to be incurred in respect of the transactions, can be reliably measured; and
- it is probable that the economic benefit associated with the transaction will flow to the Board.

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

#### 2.3 Government funding

|                                                                      | 2018             | (\$ whole)<br>2017 |
|----------------------------------------------------------------------|------------------|--------------------|
| Department of Environment, Land, Water and Planning support payments | 5,900,000        | 6,500,000          |
| Other Government project funding                                     | 330,000          | 260,000            |
| <b>Total Government funding</b>                                      | <b>6,230,000</b> | <b>6,760,000</b>   |

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

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

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

#### 2.4 Site and service fees

|                                      | 2018           | (\$ whole)<br>2017 |
|--------------------------------------|----------------|--------------------|
| Site rental                          | 65,741         | 120,310            |
| Service fees                         | 301,714        | 465,107            |
| <b>Total site &amp; service fees</b> | <b>367,455</b> | <b>585,417</b>     |

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 income is recognised when an invoice is raised by the Board.

#### 2.5 Other income

|                           | 2018           | (\$ whole)<br>2017 |
|---------------------------|----------------|--------------------|
| Marketing & events        | 119,599        | 72,112             |
| Staff accommodation       | 65,576         | 77,558             |
| Fuel tax credit rebate    | 116,157        | 112,627            |
| Interest                  | 15,334         | 12,541             |
| Commission                | 86,659         | 74,859             |
| Other income              | 231,887        | 79,425             |
| <b>Total other income</b> | <b>635,212</b> | <b>429,122</b>     |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 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.

#### Other income

Other income includes the value of assets that reverted to the Board at no cost upon the termination or surrender of leased property.

## 3. The cost of delivering our services

### Introduction

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

#### 3.1 Expenses incurred in delivery of services

|                                                        |       |                   | (\$ whole)        |
|--------------------------------------------------------|-------|-------------------|-------------------|
|                                                        |       | 2018              | 2017              |
| Depreciation                                           | 4.1.1 | 1,947,149         | 1,875,338         |
| Employee benefits                                      | 3.2   | 6,934,834         | 6,098,101         |
| Operating expense                                      | 3.3   | 7,444,165         | 5,443,691         |
| <b>Total expenses incurred in delivery of services</b> |       | <b>16,326,148</b> | <b>13,417,130</b> |

#### 3.2 Employee benefits in the comprehensive income statement

|                                                      |                  | (\$ whole)       |
|------------------------------------------------------|------------------|------------------|
|                                                      | 2018             | 2017             |
| Salaries, wages, annual leave and long service leave | 6,273,743        | 5,326,352        |
| <b>Post employment benefits</b>                      |                  |                  |
| Defined contributions superannuation expense         | 495,338          | 443,246          |
| Defined benefits superannuation expense              | 19,241           | 27,780           |
| FBT and payroll tax                                  | 146,512          | 300,723          |
| <b>Total employee benefits</b>                       | <b>6,934,834</b> | <b>6,098,101</b> |

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 3.2.1 Employee benefits in the balance sheet

|                                                                  | 2018           | 2017           |
|------------------------------------------------------------------|----------------|----------------|
|                                                                  | (\$ whole)     |                |
| <b>Current provisions</b>                                        |                |                |
| <b>Annual leave</b>                                              |                |                |
| Unconditional and expected to be wholly settled within 12 months | 192,045        | 143,642        |
| Unconditional and expected to be wholly settled after 12 months  | 44,841         | 72,947         |
| <b>Long service leave</b>                                        |                |                |
| Unconditional and expected to be settled after 12 months         | 165,937        | 247,328        |
| <b>Provisions related to employee benefits on-costs</b>          |                |                |
| Unconditional and expected to be wholly settled within 12 months | 72,017         | 60,703         |
| Unconditional and expected to be wholly settled after 12 months  | 12,406         | 11,518         |
| <b>Total current provisions</b>                                  | <b>487,246</b> | <b>536,138</b> |
| <b>Non-current provisions</b>                                    |                |                |
| Employee benefits                                                | 78,088         | 34,513         |
| Provisions related to employee benefit on-costs                  | 10,304         | 5,306          |
| <b>Total non-current provisions</b>                              | <b>88,392</b>  | <b>39,819</b>  |
| <b>Total employee entitlement provisions</b>                     | <b>575,638</b> | <b>575,957</b> |

#### Reconciliation of movements in on-cost provision

|                                                                               | 2018          | 2017          |
|-------------------------------------------------------------------------------|---------------|---------------|
|                                                                               | (\$ whole)    |               |
| <b>Opening balance</b>                                                        | 77,527        | -             |
| Additional provisions recognised                                              | 17,201        | 78,685        |
| Reductions arising from payments/other sacrifices of future economic benefits | -             | -             |
| Reductions arising from re-measurement of settlement without cost             | -             | -             |
| Effect of change in discount rates                                            | -             | (1,158)       |
| <b>Closing balance</b>                                                        | <b>94,728</b> |               |
| Current                                                                       | 84,424        | 72,221        |
| Non-current                                                                   | 10,304        | 5,306         |
| <b>Closing balance</b>                                                        | <b>94,728</b> | <b>77,527</b> |

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

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

#### Long service leave (LSL)

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

The components of this current LSL liability are measured at:

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

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

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

#### 3.2.2 Superannuation contributions

|                                    | Paid Contributions for<br>the year |                | Contributions outstanding at<br>year end |               |
|------------------------------------|------------------------------------|----------------|------------------------------------------|---------------|
|                                    | 2018                               | 2017           | 2018                                     | 2017          |
| <b>Defined benefits plan (i)</b>   |                                    |                |                                          |               |
| ESS Super                          | 13,097                             | 13,288         | 6,144                                    | 14,492        |
| <b>Defined contributions plans</b> |                                    |                |                                          |               |
| Vic Super                          | 169,336                            | 164,888        | -                                        | 3,256         |
| Other                              | 308,043                            | 255,274        | 17,959                                   | 19,828        |
| <b>Total</b>                       | <b>490,476</b>                     | <b>433,450</b> | <b>24,103</b>                            | <b>37,576</b> |

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 3.3 Operating expenses

|                                       |     | 2018             | (\$ whole)<br>2017 |
|---------------------------------------|-----|------------------|--------------------|
| Interest expense                      |     | 184              | 37,660             |
| Supplies and services                 | 3.4 | 2,572,559        | 1,722,436          |
| Marketing expenses                    |     | 360,490          | 463,292            |
| Repairs & maintenance                 | 3.5 | 924,775          | 454,598            |
| Utilities expenses                    |     | 1,525,934        | 1,375,146          |
| Insurance                             |     | 372,980          | 422,798            |
| Administration expenses               |     | 385,525          | 361,835            |
| Other operating expenses              | 3.6 | 1,301,718        | 605,926            |
| <b>Total other operating expenses</b> |     | <b>7,444,165</b> | <b>5,443,691</b>   |

##### 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 and further detail is provided in Note 3.6.

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 3.4 Supplies and services

|                                    |                  | (\$ whole)       |
|------------------------------------|------------------|------------------|
|                                    | 2018             | 2017             |
| Food and beverage purchases        | 648,062          | 550,843          |
| Guest services                     | 274,199          | 161,606          |
| ICT costs                          | 344,326          | 142,042          |
| Motor vehicle costs                | 127,195          | 28,348           |
| Other supplies and services        | 192,497          | 128,829          |
| Printing and stationery            | 159,933          | 64,234           |
| Purchases of minor equipment       | 123,098          | 80,447           |
| Rental of equipment                | 8,789            | 10,872           |
| Services and contracts             | 643,122          | 523,762          |
| Training and conferences           | 51,338           | 31,453           |
| <b>Total supplies and services</b> | <b>2,572,559</b> | <b>1,722,436</b> |

#### 3.5 Repairs and maintenance

|                                           |                | (\$ whole)     |
|-------------------------------------------|----------------|----------------|
|                                           | 2018           | 2017           |
| Repairs to:                               |                |                |
| Buildings                                 | 442,487        | 243,401        |
| Plant, equipment and vehicles             | 432,854        | 183,512        |
| Roads, carparks and infrastructure assets | 49,434         | 27,685         |
| <b>Total repairs and maintenance</b>      | <b>924,775</b> | <b>454,598</b> |

#### 3.6 Other operating expenses

|                                            |     |                  | (\$ whole)     |
|--------------------------------------------|-----|------------------|----------------|
|                                            |     | 2018             | 2017 (i)       |
| Audit fees                                 | 8.7 | 134,270          | 143,824        |
| Motor vehicle lease                        |     | 280,643          | 156,935        |
| Other operational & administrative support |     | 175,753          | 93,152         |
| Resort operations                          |     | 711,052          | 212,015        |
| <b>Total other operating expenses</b>      |     | <b>1,301,718</b> | <b>605,926</b> |

Note (i) The comparatives provided for 2017 have been reclassified to reflect the expenses that have been classified in 2018 as resort operations expenses used as detailed below.

##### Resort operations expenses

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

## 4. Key assets available to support service delivery

### Introduction

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### Fair value measurements

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

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

| Fair value                       | Gross carrying amount |                   | Accumulated depreciation |                    | Net carrying amount |                   |
|----------------------------------|-----------------------|-------------------|--------------------------|--------------------|---------------------|-------------------|
|                                  | 2018                  | 2017              | 2018                     | 2017               | 2018                | 2017              |
| Land                             | 3,899,000             | 3,899,000         | -                        | -                  | 3,899,000           | 3,899,000         |
| Buildings                        | 20,162,367            | 19,489,835        | (1,163,013)              | (556,001)          | 18,999,354          | 18,933,834        |
| Plant & equipment                | 2,192,414             | 1,848,447         | (798,429)                | (384,214)          | 1,393,985           | 1,464,233         |
| Trails                           | 1,746,822             | 1,665,172         | (77,537)                 | (38,634)           | 1,669,285           | 1,626,538         |
| Water & sewerage infrastructure  | 2,775,264             | 2,775,264         | (159,670)                | (79,115)           | 2,615,594           | 2,696,149         |
| Land management assets           | 316,056               | 179,150           | (33,900)                 | (11,150)           | 282,156             | 168,000           |
| Roads & car parks infrastructure | 4,471,135             | 4,471,135         | (1,039,156)              | (519,578)          | 3,431,979           | 3,951,557         |
| Ski lift infrastructure          | 2,620,367             | 2,584,925         | (307,677)                | (152,941)          | 2,312,690           | 2,431,984         |
| Office equipment                 | 175,208               | 153,496           | (99,932)                 | (45,491)           | 75,277              | 108,005           |
| Rental equipment & clothing      | 165,164               | 124,422           | (105,228)                | (63,973)           | 59,937              | 60,449            |
| Capital works in progress        | 436,077               | 41,689            | -                        | -                  | 436,077             | 41,689            |
| <b>Total</b>                     | <b>38,959,875</b>     | <b>37,232,535</b> | <b>(3,784,542)</b>       | <b>(1,851,097)</b> | <b>35,175,333</b>   | <b>35,381,438</b> |

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

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

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

#### 4.1.1 Depreciation and amortisation – charge for the period

|                                                | 2018             | 2017             |
|------------------------------------------------|------------------|------------------|
|                                                |                  | (\$ whole)       |
| Buildings & improvements at fair value         | 607,012          | 556,001          |
| Plant & equipment at fair value                | 400,420          | 396,112          |
| Water & sewerage infrastructure                | 80,555           | 79,115           |
| Land management assets at fair value           | 22,750           | 11,150           |
| Roads & car parks infrastructure at fair value | 519,578          | 519,578          |
| Trails at fair value                           | 38,903           | 38,634           |
| Ski lift infrastructure at fair value          | 154,736          | 152,941          |
| Office equipment at fair value                 | 54,422           | 45,491           |
| Rental equipment and clothing at fair value    | 41,255           | 63,973           |
| Intangible assets                              | 27,518           | 12,343           |
| <b>Total depreciation</b>                      | <b>1,947,149</b> | <b>1,875,338</b> |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

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

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

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

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

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

| 2018            | 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 | Assets under construction | Total       |
|-----------------|--------------------|-------------------------|---------------------------------|---------------------------------|--------------------------------------|------------------------------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------------------------|---------------------------|-------------|
| Opening balance | 3,899,000          | 18,933,834              | 1,464,233                       | 2,696,149                       | 168,000                              | 3,951,557                                      | 1,626,538            | 2,431,984                             | 108,005                        | 60,449                                      | 41,689                    | 35,381,438  |
| Additions       | -                  | 442,531                 | 289,841                         | -                               | 136,906                              | -                                              | 81,650               | 35,443                                | 21,694                         | 40,742                                      | 434,718                   | 1,483,526   |
| Additions *     | -                  | 230,001                 | -                               | -                               | -                                    | -                                              | -                    | -                                     | -                              | -                                           | -                         | 230,001     |
| Transfers       | -                  | -                       | 40,331                          | -                               | -                                    | -                                              | -                    | -                                     | -                              | -                                           | (40,331)                  | -           |
| Depreciation    | -                  | (607,012)               | (400,420)                       | (80,555)                        | (22,750)                             | (519,578)                                      | (38,903)             | (154,736)                             | (54,422)                       | (41,255)                                    | -                         | (1,919,632) |
| Closing balance | 3,899,000          | 18,995,354              | 1,393,984                       | 2,615,594                       | 282,156                              | 3,431,979                                      | 1,669,285            | 2,312,691                             | 75,277                         | 59,936                                      | 436,077                   | 35,175,333  |

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

| 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 | Assets under construction | Total       |
|---------------------|--------------------|-------------------------|---------------------------------|---------------------------------|--------------------------------------|------------------------------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------------------------|---------------------------|-------------|
| Opening balance     | 3,899,000          | 19,478,563              | 1,831,471                       | 2,775,264                       | 179,150                              | 4,471,135                                      | 1,665,172            | 2,570,525                             | 99,001                         | 83,128                                      | 1,358                     | 37,053,767  |
| Additions           | -                  | 11,272                  | 41,395                          | -                               | -                                    | -                                              | -                    | 14,400                                | 54,495                         | 41,294                                      | 40,331                    | 203,187     |
| Revaluations of PPE | -                  | -                       | (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     | 3,899,000          | 18,933,834              | 1,464,233                       | 2,696,149                       | 168,000                              | 3,951,557                                      | 1,626,538            | 2,431,984                             | 108,005                        | 60,449                                      | 41,689                    | 35,381,438  |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 4.2 Intangible assets

|                              | 2018          | (\$ whole)<br>2017 |
|------------------------------|---------------|--------------------|
| <b>Gross carrying amount</b> |               |                    |
| <b>Opening balance</b>       | <b>61,015</b> | <b>14,178</b>      |
| Additions                    | 96,450        | 17,600             |
| Under construction           | (41,580)      | 41,580             |
| Amortisation                 | (27,518)      | (12,343)           |
| <b>Closing balance</b>       | <b>88,367</b> | <b>61,015</b>      |

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

#### 4.3 Other economic flows included in the net result

|                                                                              | 2018     | (\$ whole)<br>2017 |
|------------------------------------------------------------------------------|----------|--------------------|
| Net gain/(loss) on disposal of infrastructure, property, plant and equipment | -        | (2,339)            |
| Other gain/(loss) from other economic activities                             | -        | (1,158)            |
| <b>Total other economic flows included in the net result</b>                 | <b>-</b> | <b>(3,497)</b>     |

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

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

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

##### Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

## 5. Other assets and liabilities

### Introduction

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

#### 5.1 Receivables

|                              | 2018          | (\$ whole)<br>2017 |
|------------------------------|---------------|--------------------|
| <b>Current receivables</b>   |               |                    |
| <i>Contractual</i>           |               |                    |
| Debtors                      | 32,249        | 37,910             |
| Provision for doubtful debts | (3,175)       | (3,175)            |
| Sundry debtors               | 3,938         | 124,684            |
| <i>Statutory</i>             |               |                    |
| GST receivable               | 39,744        | 57,384             |
| <b>Total receivables</b>     | <b>72,756</b> | <b>216,803</b>     |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

Receivables consists of:

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

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

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments.

#### Movement in the provision of doubtful debt

|                                                              | 2018         | 2017         |
|--------------------------------------------------------------|--------------|--------------|
|                                                              | (\$ whole)   |              |
| Balance at beginning of year                                 | 3,175        | -            |
| Increase in provision recognised in the net result           | -            | 3,175        |
| <b>Total other economic flows included in the net result</b> | <b>3,175</b> | <b>3,175</b> |

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.

#### 5.1.1 Ageing analysis of contractual receivables

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

|                     | 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 |
| <b>2017</b>         |                 |                               |                           |            |                   |            |
| <b>Receivables:</b> |                 |                               |                           |            |                   |            |
| Debtors             | 34,735          | 9,065                         | 12,100                    | -          | 13,570            | -          |
| Sundry debtors      | 124,684         | 124,684                       | -                         | -          | -                 | -          |
| <b>Total</b>        | <b>159,419</b>  | <b>133,749</b>                | <b>12,100</b>             | <b>-</b>   | <b>13,570</b>     | <b>-</b>   |

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 5.2 Payables

|                          | 2018           | 2017           |
|--------------------------|----------------|----------------|
|                          | (\$ whole)     |                |
| <b>Current payables</b>  |                |                |
| <b>Contractual</b>       |                |                |
| Supplies and services    | 610,670        | 176,705        |
| Superannuation payable   | 24,103         | 37,576         |
| Other payables           | 220,798        | 471,122        |
| <b>Statutory</b>         |                |                |
| Other taxes payable      | -              | 466            |
| <b>Total receivables</b> | <b>855,571</b> | <b>685,869</b> |

Payables consist of:

- **Contractual payables**, such as accounts payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Accounts payable represent liabilities for goods and services provided to the Board prior to the end of the financial year that are unpaid and arise when the Board becomes obliged to make future payments in respect of the purchase of those goods and services; and
- **Statutory payables**, such as GST and fringe benefits tax payables that are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

##### 5.2.1 Maturity analysis of contractual payables

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

| 2017                        | Carrying amount | Nominal amount | Maturity dates    |            |                   |            |
|-----------------------------|-----------------|----------------|-------------------|------------|-------------------|------------|
|                             |                 |                | Less than 1 month | 1-3 months | 3 months - 1 year | 1- 5 years |
| <b>Payables:</b>            |                 |                |                   |            |                   |            |
| Supplies and services       | 176,705         | 176,705        | 176,705           | -          | -                 | -          |
| Income in advance           | 19,449          | 19,449         | 19,449            | -          | -                 | -          |
| Superannuation payable      | 37,576          | 37,576         | 37,576            | -          | -                 | -          |
| Other payables and accruals | 414,097         | 414,097        | 414,097           | -          | -                 | -          |
| <b>Total</b>                | <b>647,827</b>  | <b>647,827</b> | <b>647,827</b>    | -          | -                 | -          |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

Maturity analysis is presented using the contractual undiscounted cash flows.

#### 5.3 Inventories

|                                         | 2018           | (\$ whole)<br>2017 |
|-----------------------------------------|----------------|--------------------|
| <b>Inventories</b>                      |                |                    |
| Supplies & consumables - fuel (at cost) | 30,405         | 25,825             |
| Inventories held for sale (at cost)     | 96,154         | 59,791             |
| <b>Total inventories</b>                | <b>126,559</b> | <b>85,616</b>      |

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

#### 5.4 Prepayments

|                             | 2018           | (\$ whole)<br>2017 |
|-----------------------------|----------------|--------------------|
| <b>Other current assets</b> |                |                    |
| Prepaid insurance           | 192,938        | 186,338            |
| Prepaid expenses            | 380,641        | 317,881            |
| <b>Total prepayments</b>    | <b>573,579</b> | <b>504,219</b>     |

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

#### 5.5 Income in advance

|                                  | 2018          | (\$ whole)<br>2017 |
|----------------------------------|---------------|--------------------|
| <b>Other current liabilities</b> |               |                    |
| Revenue in advance               | 37,009        | 19,449             |
| <b>Total revenue in advance</b>  | <b>37,009</b> | <b>19,449</b>      |

Income in advance includes funds received in advance of the Board delivering that service or that part of income received in one accounting period covering a term extending beyond that period.

## 6. How we financed our operations

### Introduction

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 6.1 Borrowings

|                                     | 2018       | 2017          |
|-------------------------------------|------------|---------------|
|                                     | (\$ whole) |               |
| <b>Current borrowings</b>           |            |               |
| Finance lease                       | -          | 12,151        |
| <b>Total current borrowings</b>     | -          | <b>12,151</b> |
| <b>Non current borrowings</b>       |            |               |
| Finance lease                       | -          | -             |
| <b>Total non current borrowings</b> | -          | -             |
| <b>Total borrowings</b>             | -          | <b>12,151</b> |

Borrowings refer to interest bearing liabilities and are classified as financial instruments. All interest-bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. 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.

##### 6.1.1 Maturity analysis of borrowings

|                           | Carrying amount | Nominal amount | Maturity dates    |              |                   |            |
|---------------------------|-----------------|----------------|-------------------|--------------|-------------------|------------|
|                           |                 |                | Less than 1 month | 1-3 months   | 3 months - 1 year | 1- 5 years |
| <b>2018</b>               |                 |                |                   |              |                   |            |
| Finance lease liabilities | -               | -              | -                 | -            | -                 | -          |
| <b>Total</b>              | -               | -              | -                 | -            | -                 | -          |
| <b>2017</b>               |                 |                |                   |              |                   |            |
| Finance lease liabilities | 12,151          | 12,151         | 4,031             | 8,120        | -                 | -          |
| <b>Total</b>              | <b>12,151</b>   | <b>12,151</b>  | <b>4,031</b>      | <b>8,120</b> | -                 | -          |

##### 6.1.2 Interest expense

|                               | 2018       | 2017          |
|-------------------------------|------------|---------------|
|                               | (\$ whole) |               |
| Interest expense              | 184        | 37,660        |
| <b>Total interest expense</b> | <b>184</b> | <b>37,660</b> |

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 6.2 Operating lease receivables

|                                                    | 2018           | 2017           |
|----------------------------------------------------|----------------|----------------|
|                                                    |                | (\$ whole)     |
| <b>Non-cancellable operating leases receivable</b> | \$             | \$             |
| Operating leases – Crown Land                      |                |                |
| Not later than one year                            | 17,962         | 22,142         |
| Later that one year but not later than five years  | 52,566         | 76,016         |
| Later than five years                              | 120,175        | 180,952        |
| <b>Total lease receivables</b>                     | <b>190,703</b> | <b>279,110</b> |

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

#### 6.3 Cash flow information and balances

|                                                  | 2018           | 2017             |
|--------------------------------------------------|----------------|------------------|
|                                                  |                | (\$ whole)       |
| Cash and deposits disclosed in the balance sheet | 626,617        | 1,718,563        |
| <b>Total cash and deposits</b>                   | <b>626,617</b> | <b>1,718,563</b> |

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

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

|                                                           | 2018           | 2017             |
|-----------------------------------------------------------|----------------|------------------|
|                                                           |                | (\$ whole)       |
| <b>Net result</b>                                         | (1,479,235)    | 104,563          |
| <b>Non-cash movements</b>                                 |                |                  |
| Depreciation                                              | 1,947,149      | 1,875,338        |
| Loss/(gain) on disposal of non-financial physical assets  | -              | 2,339            |
| Other Loss/(gain) from other economic activity            | -              | 1,158            |
| Other loss/(gain) included in other income                | 2.5 (230,001)  | -                |
| <b>Movements in assets and liabilities</b>                |                |                  |
| Decrease/(increase) in receivables                        | 144,046        | 2,759            |
| Decrease/(increase) in inventories                        | (40,943)       | 29,874           |
| Decrease/(increase) in prepayments                        | (69,360)       | (320,557)        |
| Increase/(decrease) in payables                           | 169,702        | (732,962)        |
| Increase/(decrease) in provisions                         | (319)          | 101,240          |
| Increase/(decrease) in income in advance                  | 17,559         | (8,328)          |
| <b>Net cash flows from/(used in) operating activities</b> | <b>458,598</b> | <b>1,055,424</b> |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

The operating leases provided in the table below relate to the remote access power system, motor vehicles, point of sale systems, magic carpet ski lifts and snow factory. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

##### 6.4.1 Total Commitments payable

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

| Nominal amounts : 2017                              | Between 1 and 5  |                |               | Total            |
|-----------------------------------------------------|------------------|----------------|---------------|------------------|
|                                                     | Less than 1 year | years          | Over 5 years  |                  |
| Operating lease commitments                         | 448,279          | 955,421        | 41,328        | 1,445,028        |
| <b>Total commitments (inclusive of GST)</b>         | <b>448,279</b>   | <b>955,421</b> | <b>41,328</b> | <b>1,445,028</b> |
| Less GST recoverable from the Australian Tax Office |                  |                |               | (131,366)        |
| <b>Total commitments (exclusive of GST)</b>         |                  |                |               | <b>1,313,662</b> |

## 7. Risks, contingencies and valuation judgements

### Introduction

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

#### 7.1 Financial instruments specific disclosures

### Introduction

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

### Categories of financial instruments

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

The Board recognises the following assets in this category:

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

The Board recognises the following liabilities in this category:

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

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Board has transferred its rights to receive cash flows from the asset and either:
  - a) has transferred substantially all the risks and rewards of the asset; or
  - b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Board has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Board's continuing involvement in the asset.

**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. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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. In assessing impairment of statutory (noncontractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 7.1.1 Financial instrument categorisation

|                                                | Contractual<br>financial assets -<br>receivables and<br>cash | Contractual<br>financial liabilities<br>at amortised cost | Total            |
|------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|------------------|
| <b>2018</b>                                    |                                                              |                                                           |                  |
| <b>Contractual financial assets</b>            |                                                              |                                                           |                  |
| Cash and deposits                              | 626,617                                                      | -                                                         | 626,617          |
| <b>Receivables (i)</b>                         |                                                              |                                                           | -                |
| Sales of goods and services                    | 29,074                                                       | -                                                         | 29,074           |
| Other receivables                              | 3,938                                                        | -                                                         | 3,938            |
| <b>Total contractual financial assets</b>      | <b>659,629</b>                                               | <b>-</b>                                                  | <b>659,629</b>   |
| <b>Contractual financial liabilities</b>       |                                                              |                                                           |                  |
| <b>Payables (i)</b>                            |                                                              |                                                           |                  |
| Supplies and services                          | -                                                            | 610,670                                                   | 610,670          |
| Superannuation payable                         | -                                                            | 24,103                                                    | 24,103           |
| Other payables                                 | -                                                            | 220,798                                                   | 220,798          |
| <b>Borrowings</b>                              |                                                              |                                                           |                  |
| Finance lease liabilities                      | -                                                            | -                                                         | -                |
| <b>Total contractual financial liabilities</b> | <b>-</b>                                                     | <b>855,571</b>                                            | <b>855,571</b>   |
|                                                |                                                              |                                                           |                  |
|                                                | Contractual<br>financial assets -<br>receivables and<br>cash | Contractual<br>financial liabilities<br>at amortised cost | Total            |
| <b>2017</b>                                    |                                                              |                                                           |                  |
| <b>Contractual financial assets</b>            |                                                              |                                                           |                  |
| Cash and deposits                              | 1,718,563                                                    | -                                                         | 1,718,563        |
| <b>Receivables (i)</b>                         |                                                              |                                                           |                  |
| Sales of goods and services                    | 34,735                                                       | -                                                         | 34,735           |
| Other receivables                              | 124,684                                                      | -                                                         | 124,684          |
| <b>Total contractual financial assets</b>      | <b>1,753,298</b>                                             | <b>-</b>                                                  | <b>1,753,298</b> |
| <b>Contractual financial liabilities</b>       |                                                              |                                                           |                  |
| <b>Payables (i)</b>                            |                                                              |                                                           |                  |
| Supplies and services                          | -                                                            | 176,705                                                   | 176,705          |
| Superannuation payable                         | -                                                            | 37,576                                                    | 37,576           |
| Other payables                                 | -                                                            | 471,122                                                   | 471,122          |
| <b>Borrowings</b>                              |                                                              |                                                           |                  |
| Finance lease liabilities                      | -                                                            | 12,151                                                    | 12,151           |
| <b>Total contractual financial assets</b>      | <b>-</b>                                                     | <b>697,554</b>                                            | <b>697,554</b>   |

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

(ii) Superannuation payable was not specifically disclosed in 2017, however it has been in 2018 and the 2017 amount has been included for comparative purposes.

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 7.1.2 Financial risk management objectives and policies

The Board is exposed to a range of financial risks that includes credit risk, liquidity risk, market risk and interest rate risk.

The Board's financial risk management program seeks to manage these risks and the associated volatility of its financial instruments which comprise of:

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

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

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

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

#### Financial instruments: Credit risk

Credit risk refers to the possibility that a counterparty will default on its financial obligations as and when they fall due. The Board's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Board. Credit risk is measured at fair value and is monitored on a regular basis. Board policies are in place to ensure that sufficient communication is undertaken with Site Holders via various methods and communicated back to management in a timely manner and any payment plans entered are discussed with the General Manager Corporate Services and Chief Executive Officer and placed in writing.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

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

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

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

There has been no material change to the Board's credit risk profile in 2018.

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

|                                           | Financial<br>Institutions | Government<br>Agencies | Other          | Total            |
|-------------------------------------------|---------------------------|------------------------|----------------|------------------|
| <b>2018</b>                               |                           |                        |                |                  |
| Cash and deposits                         | 616,733                   | -                      | 9,884          | 626,617          |
| Receivables (i)                           | -                         | -                      | 8,464          | 8,464            |
| Sundry debtors                            | -                         | -                      | 3,938          | 3,938            |
| <b>Total contractual financial assets</b> | <b>616,733</b>            | <b>-</b>               | <b>22,286</b>  | <b>639,019</b>   |
| <b>2017</b>                               |                           |                        |                |                  |
| Cash and deposits                         | 1,692,001                 | -                      | 26,562         | 1,718,563        |
| Receivables (i)                           | -                         | -                      | 9,065          | 9,065            |
| Sundry debtors                            | -                         | -                      | 124,684        | 124,684          |
| <b>Total contractual financial assets</b> | <b>1,692,001</b>          | <b>-</b>               | <b>160,311</b> | <b>1,852,312</b> |

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

#### Financial instrument: Liquidity risk

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

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

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

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

#### Financial instrument: Market risk

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

#### Interest rate risk

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

| 2017                               | Weighted<br>average<br>interest rate | Carrying<br>amount | Interest rate exposure |                           |                         |
|------------------------------------|--------------------------------------|--------------------|------------------------|---------------------------|-------------------------|
|                                    |                                      |                    | Fixed interest         | Variable<br>interest rate | Non-interest<br>bearing |
| <b>Financial assets</b>            |                                      |                    |                        |                           |                         |
| Cash and deposits                  | 1.00%                                | 1,718,563          | -                      | 1,678,680                 | 39,883                  |
| Receivables (i)                    |                                      | 34,735             | -                      | -                         | 34,735                  |
| Sundry debtors                     |                                      | 124,684            | -                      | -                         | 124,684                 |
| <b>Total financial assets</b>      |                                      | <b>1,877,982</b>   | <b>-</b>               | <b>1,678,680</b>          | <b>199,302</b>          |
| <b>Financial liabilities</b>       |                                      |                    |                        |                           |                         |
| <b>Payables (i)</b>                |                                      |                    |                        |                           |                         |
| Supplies and services              |                                      | 176,705            | -                      | -                         | 176,705                 |
| Superannuation payable             |                                      | 37,576             | -                      | -                         | 37,576                  |
| Other payables                     |                                      | 471,122            | -                      | -                         | 471,122                 |
| <b>Borrowings</b>                  |                                      |                    |                        |                           |                         |
| Finance lease liabilities          | 9.08%                                | 12,151             | 12,151                 | -                         | -                       |
| <b>Total financial liabilities</b> |                                      | <b>697,554</b>     | <b>12,151</b>          | <b>-</b>                  | <b>685,403</b>          |

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

### Sensitivity disclosure analysis and assumptions

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### Interest rate risk sensitivity

| 2018                    | Carrying<br>Amount | -50 basis points    |                | +50 basis points    |              |
|-------------------------|--------------------|---------------------|----------------|---------------------|--------------|
|                         |                    | Net Result          | Equity         | Net Result          | Equity       |
| <b>Financial Assets</b> |                    |                     |                |                     |              |
| Cash and deposits       | 619,304            | (3,097)             | (3,097)        | 3,097               | 3,097        |
| <b>Total</b>            | <b>619,304</b>     | <b>(3,097)</b>      | <b>(3,097)</b> | <b>3,097</b>        | <b>3,097</b> |
| <hr/>                   |                    |                     |                |                     |              |
| 2017                    |                    | -50 basis<br>points |                | +50 basis<br>points |              |
|                         |                    |                     |                |                     |              |
| <b>Financial Assets</b> |                    |                     |                |                     |              |
| Cash and deposits       | 1,678,680          | (8,393)             | (8,393)        | 8,393               | 8,393        |
| <b>Total</b>            | <b>1,678,680</b>   | <b>(8,393)</b>      | <b>(8,393)</b> | <b>8,393</b>        | <b>8,393</b> |

Note: The above carry amounts for cash and deposits only refer to the amounts that are subject to a variable interest rate. (see table under Interest Rate Risk)

#### Foreign currency risk

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

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

#### 7.2 Contingent assets and contingent liabilities

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

##### Contingent assets

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

The Board has no contingent assets (2017: \$Nil).

##### Contingent liabilities

Contingent liabilities are:

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

As at the reporting date, the Board has no contingent liabilities. (2017: \$Nil).

#### 7.3 Fair value determination

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

The following assets and liabilities are carried at fair value:

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

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

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

#### Fair value hierarchy

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

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

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

#### How this section is structured

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

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

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

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

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

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

The Board currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018 reporting period. These financial instruments include:

##### Financial assets

Cash and deposits

*Receivables:*

Sale of goods and services

##### Financial liabilities

*Payables:*

For supplies and services

Other payables

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

Accrued investment income  
Other receivables

*Borrowings:*  
Finance lease liabilities

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

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

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

| 2017                                           | Carrying amount   | Fair value measurement at end of reporting period using: |         |                   |
|------------------------------------------------|-------------------|----------------------------------------------------------|---------|-------------------|
|                                                |                   | Level 1                                                  | Level 2 | Level 3 (i)       |
| <b>Land at fair value</b>                      |                   |                                                          |         |                   |
| Specialised land                               | 980,000           | -                                                        | -       | 980,000           |
| Non-specialised land                           | 2,919,000         | -                                                        | -       | 2,919,000         |
| <b>Total of land at fair value</b>             | <b>3,899,000</b>  | -                                                        | -       | <b>3,899,000</b>  |
| <b>Buildings at fair value</b>                 |                   |                                                          |         |                   |
| Specialised buildings                          | 18,933,834        | -                                                        | -       | 18,933,834        |
| <b>Total of buildings at fair value</b>        | <b>18,933,834</b> | -                                                        | -       | <b>18,933,834</b> |
| 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            |
| <b>Total Assets</b>                            | <b>35,339,749</b> | -                                                        | -       | <b>35,339,749</b> |

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### **Specialised land and specialised buildings**

The market approach is used for owner occupied land and the present value (PV) of future cash flows is used for leased land. Specialised land is adjusted for community service obligation (CSO) to reflect the specialised nature of the land being valued as at 31 December 2016.

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

For leased 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 and is subject to revaluation if there are any material movement in the annual land indices provided by the VGV.

To the extent that leased land contains significant unobservable adjustments based on factors that are specific to Alpine resorts, these assets are classified as Level 3.

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

An independent valuation of specialised land and buildings was performed by the VGV. The valuation was performed using the market approach adjusted for CSO for specialised land and the depreciated replacement costs for buildings. The effective date of the valuation is 31 December 2016.

#### **Infrastructure**

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

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

An independent valuation of the Board's infrastructure assets was performed by the VGV. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2016. There were no changes to the valuation during 2018.

#### **Plant and Equipment**

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

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

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 2018

### Reconciliation of level 3 fair value

| 2018            | 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 | Assets under construction | Total       |
|-----------------|--------------------|-------------------------|---------------------------------|---------------------------------|--------------------------------------|------------------------------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------------------------|---------------------------|-------------|
| Opening balance | 3,899,000          | 18,933,834              | 1,464,233                       | 2,696,149                       | 168,000                              | 3,951,557                                      | 1,626,538            | 2,431,984                             | 108,005                        | 60,449                                      | 41,689                    | 35,381,438  |
| Additions       | -                  | 442,531                 | 289,841                         | -                               | 136,906                              | -                                              | 81,650               | 35,443                                | 21,694                         | 40,742                                      | 434,718                   | 1,483,526   |
| Additions *     | -                  | 230,001                 | -                               | -                               | -                                    | -                                              | -                    | -                                     | -                              | -                                           | (40,331)                  | 230,001     |
| Transfers       | -                  | -                       | 40,331                          | -                               | -                                    | -                                              | -                    | -                                     | -                              | -                                           | -                         | -           |
| Depreciation    | -                  | (607,012)               | (400,420)                       | (80,555)                        | (22,750)                             | (519,578)                                      | (38,903)             | (154,736)                             | (54,422)                       | (41,255)                                    | -                         | (1,919,632) |
| Closing balance | 3,899,000          | 18,999,354              | 1,393,984                       | 2,615,594                       | 282,156                              | 3,431,979                                      | 1,669,285            | 2,312,691                             | 75,277                         | 59,936                                      | 436,077                   | 35,175,333  |

| 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 | Assets under construction | Total       |
|---------------------|--------------------|-------------------------|---------------------------------|---------------------------------|--------------------------------------|------------------------------------------------|----------------------|---------------------------------------|--------------------------------|---------------------------------------------|---------------------------|-------------|
| Opening balance     | 3,899,000          | 19,478,563              | 1,831,471                       | 2,775,264                       | 179,150                              | 4,471,135                                      | 1,665,172            | 2,570,525                             | 99,001                         | 83,128                                      | 1,358                     | 37,053,767  |
| Additions           | -                  | 11,272                  | 41,395                          | -                               | -                                    | -                                              | -                    | 14,400                                | 54,495                         | 41,294                                      | 40,331                    | 203,187     |
| Revaluations of PPE | -                  | -                       | (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     | 3,899,000          | 18,933,834              | 1,464,233                       | 2,696,149                       | 168,000                              | 3,951,557                                      | 1,626,538            | 2,431,984                             | 108,005                        | 60,449                                      | 41,689                    | 35,381,438  |

Note: Additions\* refers to the value of assets that reverted to the Board at the termination or surrender of existing leases. (see Note 2.5)

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

|                                    | Valuation technique          | Significant unobservable inputs                                           |
|------------------------------------|------------------------------|---------------------------------------------------------------------------|
| Specialised land                   | Market Approach              | Community Service Obligation (CSO) adjustment                             |
|                                    | Income approach              | Present value of income combined with reversion land                      |
| Specialised buildings              | Depreciated replacement cost | Replacement cost per square metre<br>Useful life of specialised buildings |
| Plant & equipment                  | Depreciated replacement cost | Cost per unit<br>Useful life of plant and equipment                       |
| Infrastructure – Water             | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure – Sewerage          | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure – Land management   | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure – Roads & car parks | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure – Ski lift          | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Infrastructure – Trails            | Depreciated replacement cost | Cost per unit<br>Useful life of the infrastructure                        |
| Office equipment                   | Depreciated replacement cost | Cost per unit<br>Useful life of the plant & equipment                     |
| Rental equipment                   | Depreciated replacement cost | Cost per unit<br>Useful life of the plant & equipment                     |

## 8. Other disclosures

### Introduction

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

#### 8.1 Economic dependency

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

#### 8.2 Ex-gratia expenses

There were no ex-gratia expenses paid during the financial year ended 31 December 2018 (2017: \$6,188).

#### 8.3 Other economic flows included in net result

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

#### 8.4 Responsible persons

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

##### Names

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

##### *Responsible Minister*

The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change  
from 1 January 2018 to 31 December 2018

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

##### *Board Members*

|                           | Period                    |
|---------------------------|---------------------------|
| Mr A Bawden (Chairperson) | 1 Jan 2018 to 31 Dec 2018 |
| Mr A Thompson             | 1 Jan 2018 to 31 Dec 2018 |
| Mr R Cohen                | 1 Jan 2018 to 31 Dec 2018 |
| Mrs J Walker              | 1 Jan 2018 to 31 Dec 2018 |
| Mrs S Petkova             | 1 Jan 2018 to 31 Dec 2018 |
| Ms K Clark                | 1 Jan 2018 to 31 Dec 2018 |
| Ms K Irwin (Deputy Chair) | 1 Jan 2018 to 31 Dec 2018 |

##### *Accountable Officer*

|                                                       |                           |
|-------------------------------------------------------|---------------------------|
| Ms G Conman (Chief Executive and Accountable Officer) | 1 Jan 2018 to 31 Dec 2018 |
|-------------------------------------------------------|---------------------------|

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

##### Income bands

|                       | Total remuneration |                |
|-----------------------|--------------------|----------------|
|                       | 2018               | 2017           |
|                       | No.                | No.            |
| \$10,000 - \$19,999   | 6                  | 6              |
| \$20,000 - \$29,999   | 1                  | 1              |
| \$100,000 - \$109,999 | -                  | 1              |
| \$150,000 - \$159,999 | -                  | 1              |
| \$240,000 - \$249,999 | 1                  | -              |
| <b>Total numbers</b>  | <b>8</b>           | <b>9</b>       |
| <b>Total amount</b>   | <b>373,942</b>     | <b>391,798</b> |

Note: The 2017 comparative had 9 responsible persons Mr P Nunn was the CEO from 1 January 2017 to 23 April 2017 and Ms G Conman was the CEO from 24 April 2017 to 31 December 2017.

#### 8.5 Related parties

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

Related parties of the Board include:

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

#### Significant transactions with Government related entities

Southern Alpine Resort Management Board received funding from DELWP of \$6,230,000.

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

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

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

#### Compensation of KMPs

|                                   | <i>Total remuneration</i> |                |
|-----------------------------------|---------------------------|----------------|
|                                   | <b>2018</b>               | <b>2017</b>    |
| Short-term benefits               | 338,294                   | 355,349        |
| Post-employment benefits          | 30,539                    | 32,926         |
| Other long-term benefits          | 5,109                     | 3,523          |
| <b>Total remuneration</b>         | <b>373,942</b>            | <b>391,798</b> |
| <b>Total number of executives</b> | <b>8</b>                  | <b>9</b>       |

Note: The 2017 comparative total remuneration has been adjusted to reflect the reassessment of KMPs that was completed. The total number of KMPs has reduced from 12 in 2017 to 8 in 2018 as the General Managers are not considered to be KMPs. However, the 2017 comparative has 9 KMPs as Mr P Nunn was the CEO from 1 January 2017 to 23 April 2017 and Ms G Conman was the CEO from 24 April 2017 to 31 December 2017.

#### Transactions with key management personnel and other related parties

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

SARMB has a related party relationship with Alpine Resorts Co-ordinating Council (ARCC) due to the Board Chair's Ministerial appointment as an ex officio Board member with the ARCC. During 2018, SARMB paid \$39,671 to the ARCC for support services.

#### 8.6 Remuneration of executives

The remuneration of the executive officers including superannuation shows:

- (i) the total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.
- (ii) Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories:

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

- **Short-term employee** benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as nonmonetary benefits such as allowances and free or subsidised goods or services.
- **Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- **Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

|                                                    | <i>Total remuneration</i> |                |
|----------------------------------------------------|---------------------------|----------------|
|                                                    | <b>2018</b>               | <b>2017</b>    |
| Short-term benefits                                | 501,285                   | 389,726        |
| Post-employment benefits                           | 39,144                    | 34,560         |
| Other long-term benefits                           | 3,006                     | 9,743          |
| <b>Total remuneration (i) (ii)</b>                 | <b>543,435</b>            | <b>434,029</b> |
| <b>Total number of executives</b>                  | <b>7</b>                  | <b>3</b>       |
| <b>Total annualised employee equivalents (iii)</b> | <b>3</b>                  | <b>3</b>       |

#### 8.7 Remuneration of auditors

|                                  | <b>2018</b>    | <b>2017</b>    |
|----------------------------------|----------------|----------------|
|                                  |                | (\$ whole)     |
| Internal audit fees paid to RSM  | 37,185         | 37,409         |
| External audit fees paid to VAGO | 97,085         | 106,415        |
| <b>Total</b>                     | <b>134,270</b> | <b>143,824</b> |

#### 8.8 Subsequent events

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

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

The Board would like to disclose that after the reporting period it has received \$5.8 million from DELWP which represents the operational subsidy expected for 2019. This is considered an event of material interest and is therefore being disclosed as a subsequent event occurring after the reporting period and before authorisation of the financial statements.

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

Certain new AASs have been published that are not mandatory for the 31 December 2018 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises of their applicability and early adoption where applicable.

As at 31 December 2018, all new accounting standards and interpretations that had been issued but classified as not mandatory for the financial year ended 31 December 2018 had been considered. The table below lists the AAS that become effective for reporting periods commencing after the operative dates stated.

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

| Standard/Interpretation                                                         | Summary                                                                                                                                                                                                                                                                 | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 2016-7 Amendments to AAS - Deferral of AASB 15 for Not-for-Profit Entities | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.                                                                                                                                         | 1 Jan 2019                                           | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 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 2019                                           | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements.<br>An assessment of the impact of AASB 15 indicates that there will be no material changes in the way that revenue is recognised going forward.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| AASB 16 Leases                                                                  | The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.                                                                                                                                | 1 Jan 2019                                           | An initial assessment on the impact of the changes in AASB16 indicates that most of the operating leases except short term (less than 12 months) and low value (less than \$10,000) leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. This will include items such as motor vehicle, office equipment and several items of plant and equipment. Although further assessment is required to fully quantify the amount, the increase in the Right of Use assets will be approximately \$1m with a corresponding lease liability of the same amount.<br>In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. |
| AASB 1058 Income of Not-for-Profit Entities                                     | AASB 1058 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 a non -for-profit entity to further its objectives. | 1 Jan 2019                                           | This change in AASB 1058 indicates the revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations will now be deferred and recognised as the performance obligations are satisfied. This will result in a change of the timing of when revenue is recognised.                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                | An assessment of the impact of AASB 1058 indicates that there will be no material changes in the way that the timing of SARMB's revenue is recognised going forward.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| AASB 1059<br>Service<br>Concession<br>Arrangements:<br>Grantor | This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset (SCA) and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time. These are known as public-private partnership (PPPs). | 1 January 2019 | <p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> <li>• Operator is providing public services using a service concession asset;</li> <li>• Operator manages at 'least some' of public services under its own discretion;</li> <li>• The Board controls / regulates: <ul style="list-style-type: none"> <li>○ What services are to be provided;</li> <li>○ To whom; and</li> <li>○ At what price</li> </ul> </li> <li>• Board controls any significant residual interest in the asset.</li> </ul> <p>As SARMB does not have any SCAs, no impact is expected by implementation AASB 1059.</p> |
| AASB 17<br>Insurance<br>Contracts                              | The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.                 | 1 January 2021 | The assessment has indicated that there will be no significant impact for the public sector.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

#### 8.10 Glossary of technical terms

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

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

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

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

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

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

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

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

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

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

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

**Financial statements** in this comprises:

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

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

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

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

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

## SOUTHERN ALPINE RESORT MANAGEMENT BOARD

### Notes to the Financial Statements for the year ended 31 December 2018

losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

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

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

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

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

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

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

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

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

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

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

#### 8.11 Style conventions

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

The notation used in the tables is as follows:

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

The financial statements and notes are presented based on the illustration for a government department in the 2017-18 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Board's annual report.

## APPENDIX 1 - COMPLIANCE INDEX — 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.

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Acronyms: **FRD** - Financial Reporting Direction **PD Act** – *Protected Disclosures Act 2012*  
**MRO** - Model Report of Operations  
**SD** - Standing Direction

