



ANNUAL REPORT

2015-2016



RESORT VISION

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.

Lake Mountain Alpine Resort Management Board is committed to the following vision:

Lake Mountain will be a year-round resort where visitors engage in recreational and nature-based experiences that are precious, unique, exciting, and contribute to the regional economy.

Lake Mountain Alpine Resort

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CHAIR'S FOREWORD

I am pleased to present the annual report of the Lake Mountain Alpine Resort Management Board for the period 1st November 2015 to 31st December, 2016.

Board members

A new board was appointed early in the reporting period, effective from 1st January, 2016, comprising of six new board members, one of whom was a former Mount Baw Baw Alpine Resort Management Board member;

- Allan Bawden, Chair
- Kerry Irwin, Deputy Chair
- Kerren Clark
- Svetla Petkova
- Joanna Walker
- Randall Cohen former Deputy Chair, Mount Baw Baw ARMB

and one reappointed board member;

- Tony Thompson former Chair, Lake Mountain ARMB.

Resort Management

At the beginning of the reporting period, the resort was still being operated under an outsourcing arrangement with facilities manager, Belgravia Leisure Pty Ltd. The then Minister for Environment, Climate Change and Water, Hon Lisa Neville announced in December 2015 that the board would resume direct management responsibility for the operations of the resort following the expiry of the contract on 30 April 2016. The board planned and managed a smooth transition to ensure continuity of service and that preparations were in hand for the commencement of the white season.

Governance review

New legislation to amend the *Alpine Resorts (Management) Act 1997* was introduced into Parliament in September 2016 and given Royal Assent to become effective 1st January, 2017. The effect of the new legislation was to merge the governance of the Lake Mountain and Mount Baw Baw Alpine Resorts by creating the Southern Alpine Resort Management Board and abolish the old boards.

Climate Change Adaptation

The board was asked by the then Minister for Environment, Climate Change and Water, Hon Lisa Neville to prepare a climate change adaptation plan to guide the transition of the resort through the impacts of climate change. Lake Mountain 2030 was prepared after an extensive engagement with resort stakeholders. Climate change modelling was provided by University of Tasmania through research commissioned by the Alpine Resorts Coordination Council. The board's recommendations were provided to Minister D'Ambrosio in October 2016. Minister D'Ambrosio requested further clarifying work that was completed in early 2017, and is currently being considered by Government.

Finance

The financial year moved from 1st November to 31st October to a new year end at 31st December. As a transition measure the 2015-2016 period was extended to cover fourteen months. As a result, the audited financial report contained in this annual report covers the fourteen month period 1 November 2015 to 31 December, 2016.

The end of the outsourced resort management contract in April, together with the planned merger of the board with the Mount Baw Baw Alpine Resort Management Board, enabled the board to explore opportunities for resource sharing between Lake Mountain and Mount Baw Baw Alpine Resorts. The board has continued to rely on annual funding contributions from DELWP to meet operational costs. A less than average white season saw visitor numbers below average for the white season. Green season visitation continues to grow as different activities are trialed and offered.

Stakeholder Relationships

The board continued to work with its many stakeholders to enhance the opportunities and experience for visitors to the resort. An extensive engagement process was also used to prepare the Lake Mountain 2030 Report. I wish to thank the many individuals and organisations who participated in this process and shared their insight and expertise.

Board and Committees

The board appointed an Audit and Risk Committee and a Workplace Arrangements and Remuneration Committee during the year. I wish to acknowledge the work of these Committees and their respective Chairs, Randall Cohen and Tony Thompson.

I also wish to acknowledge the contribution of those board members who retired from the board on 31 December 2015:

- Kevin Ritchie (Deputy Chair)
- Deborah Culhane
- Tony Nippard
- Robert Thomason
- Haley Tudor-Harrop

Executive

The part time Chief Executive Officer to the board, Phillip Nunn served in this role until March 2016 when the board, in conjunction with the Mount Baw Baw Alpine Resort Management Board, appointed him to the role of interim CEO to both boards. The board is indebted to the advice, experience and energy Phil brought to the position which contributed significantly to the board achieving the reform initiatives set by Minister D'Ambrosio.

The board was supported by Anita Hunter, Board Secretary, who also assumed that role for Mount Baw Baw Alpine Resort Management Board from March, 2016.

Resort staff led by Brett Weinberg: General Manager, Lake Mountain have continued to provide a range of year round activities in the resort. The board acknowledges the commitment and dedication resort staff have to providing exceptional experiences for our visitors.

The board in partnership with Mount Baw Baw Alpine Resort Management Board appointed Eddie Warfield as Chief Financial Officer and General Manager: Corporate Services during the year.



Allan Bawden PSM

Chair

Lake Mountain Alpine Resort Management Board



CHIEF EXECUTIVE OFFICER'S REPORT

The period ending 31 December 2016 was one of change and transition. A new board appointed on 1 January 2016, the resumption of direct management of operations, and the development of a long range climate adaption plan to make the Lake Mountain Alpine Resort more financially sustainable were all important processes to wind up the Lake Mountain Alpine Resort Management Board and replace it with the Southern Alpine Resort Management Board, which will act as the committee of management for both Mount Baw Baw and Lake Mountain Alpine Resorts, and the culmination of a board project to report to government on a more financially sustainable future for the Lake Mountain Alpine Resort in the context of the impact of climate change.

The promotion of Brett Weinberg to the position of acting General Manager to develop and lead the on-ground management of the resort once Belgravia finished on 30 April was also significant. I thank and appreciate Brett and the Lake Mountain team for their efforts and for the smooth transition they achieved.

Lake Mountain's ability to attract and provide a pleasurable experience would not have been possible without the hard work, dedication, capacities and support of the Lake Mountain staff team and the volunteers. Often working in trying climatic conditions, with a very limited capacity to make snow and thus provide the sought after snow experience in a year where natural snow falls were limited and in a period of tight expenditure controls. These people have combined their shared passion for the resort and made the most of what was available.

The board members have provided a very much appreciated level of support to me and a commitment to the implementation of government policy as they took up their new roles from 1 January 2016. All board members responded to the array of government expectations and worked cohesively to address the issues, make decisions, monitor progress and develop their strategic thinking for the future of the resort. I thank the Chair, Allan Bawden, for working so closely with me during this period.

Continuing on as part time CEO, and then also taking on the equivalent part time role at Mount Baw Baw ARMB, as we set about implementing government and board decisions, it was a busy and challenging period:

- By the end of April, we had put in place an interim management structure to enable us to carry on operations of the resort as a result of not renewing the management arrangements that had been in place with Belgravia Leisure Pty Ltd. I thank Belgravia for the co-operation they provided during this transition phase. The professionalism and transparency provided by the Belgravia team was very much appreciated.
- LXD Business Solutions were appointed as accounting service providers, and worked tirelessly to put in place a robust and well controlled accounting system that provided a reliable system for the capture, recording, processing and reporting of the resort's financial transactions.
- General Manager: Corporate Services Eddie Warfield commenced in mid-June, and has worked effectively with LXD Business Solutions to put in place a regulatory compliant accounting system, a new HR management system, enhanced system of internal controls and developed a new budgeting structure that will improve future management. Eddie also played an integral role in preparing for the new Southern Alpine Resort Management Board.
- Board Secretary, Anita Hunter, continued in her role and worked assiduously to enhance the board's governance and compliance processes and in preparing for the establishment of the new Southern Alpine Resort Management Board.

CHIEF EXECUTIVE OFFICER'S REPORT

- By the end of October, the board had compiled its report on the future of Lake Mountain for government. The work on completion of this report was commissioned by the government as part of the Southern Alpine Resorts Reform Project. The board was instructed to provide a report on a more financially sustainable future for Lake Mountain in the context of the impact of climate change, whilst considering the project's objectives of protecting the economic and social benefits provided by the resort to the people of Victoria, and particularly to the Marysville and Triangle community. I would like to thank GHD who were engaged as Project Managers, and Capire Consulting Group Pty Ltd who were contracted to plan for and conduct the rigorous engagement program with stakeholders with a view to having stakeholders guide the development of recommendations made to government in regards to the transitioning of the resort into a more viable future. It would be remiss of me not to mention all the stakeholders, individuals, groups, and the Murrindindi Shire Council and agencies who participated so constructively in the process.
- December 31, saw the winding up of the Lake Mountain Alpine Resort Management Board because of the enactment of earlier legislated *Alpine Resorts Legislation Amendment Act 2016*.

As conveyed in this annual report, the white season was variable and somewhat difficult to manage, which in turn impacted upon visitation levels. Significant snow falls on the Friday of opening weekend were very welcome, but sadly were not followed up with regular falls.

The resort would not currently be able to operate without the continued financial support provided by government through DELWP. DELWP provides operational funding, and assists the resort by also funding risk mitigation measures.

I thank the officers of DELWP who have worked closely with the board and management team to progress the resort. I would also like to thank the staff involved with the Alpine Resorts Co-ordinating Council (ARCC) who have worked to support the board in researching the market, marketing the Victorian alpine resorts cohesively and in assisting the board with justifications for investment and funding proposals. I also acknowledge the ARCC commissioned report from UniTas on the impact of climate change on Victorian Alpine Resorts which helped frame the context of the earlier mentioned Southern Alpine Resorts Reform Project. I would personally like to thank all the staff associated with the resort as they transition through these changes. I trust

that all employees will enjoy the challenge and opportunities provided by the commitment to a wonderful and enduring workplace culture at Lake Mountain.



Philip Nunn

Chief Executive Officer

Lake Mountain Alpine Resort Management Board

YEAR IN REVIEW



YEAR IN REVIEW

Operational development and long term planning

Management and staff combined with the board to continue to plan for the long-term future of the resort. The team contributed significantly to the consultation process that enabled the board to submit its draft *Southern Alpine Resorts Reform Project* to the Minister late in 2016.

In the first six months of the financial year, which was fourteen months due to the change in financial year end to the 31 December, the resort was managed by Belgravia Leisure Pty Ltd who were contracted by the board to run the operations of the resort. From 1 May, management of the resort reverted to a more typical public entity structure, with managers and staff being employed directly by the board.

Staffing

Despite the end of the Belgravia contract, there was a pleasing level of staff continuity.

Board commercial activity

The board continues to operate virtually all the commercial activity that takes place within the resort, other than where an operator seeks and is issued a licence/permit to conduct an event in the resort.

The board continued to operate the food and beverage outlets the ski school, the ski hire and the retail merchandise shop.

The board has continued to look to develop partnerships with operators in the tourism and nature based adventure activity industries to bring more people to the resort. Bus companies, outdoor education camp providers are key partners as the board looks to continue along the path to make the resort more accessible to people whilst achieving greater financial sustainability.



YEAR IN REVIEW

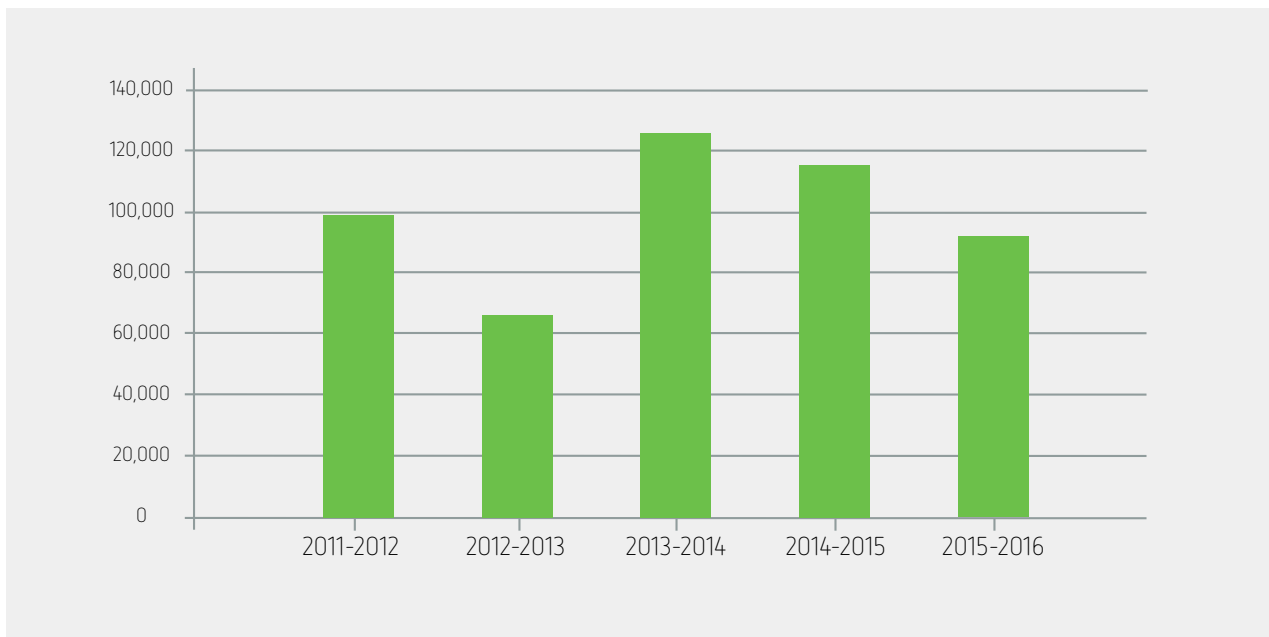
White Season

The Bureau of Meteorology's early predictions of a mild and wet winter came to fruition, culminating in poor natural snowfall and very limited snow making opportunities. The resort was fortunate to enjoy the benefits of good snow falls on the eve of the July school holidays and together with subsequent cooler conditions, enabled snow making and retention of production for the holiday period. In turn, this led to good visitation through July and the first two weeks into August. However, for the rest of the season it was a difficult white season. Mild temperatures, strong winds and rain greatly reduced the resort's snow offer and production of man-made snow was down significantly from the 2015 season due to the unfavourable weather.

Snow retention from August through to the close of the resort winter operation in September was extremely challenging.

Day visitor numbers totalled 100,104 for the season – retaining visitation above the ten-year average. The natural cumulative snow fall was 70cm with 1074mm rain recorded from June through to September. With poor snow and many visitors on mountain, the focus was broadened to providing alternate activities to enable a positive visitor experience, such as the Zip Line, Tube Run, and Laser Tag which proved very popular and successful in dispersing people across the areas of the resort close to the visitor facilities.

TABLE 1 WHITE SEASON VISITATION



Despite the unfavourable natural conditions and low snow production, Lake Mountain maintained its visitor average of approximately 15% of alpine visits across all Victorian Alpine Resorts in 2016. The resort continues to attract a wide diversity of people from a wide cross section of the community. The resort's 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 streamlining of systems through the commercial outlets has significantly increased efficiencies and reduced queuing times, including the introduction of a more sophisticated point of sale system. This is still a work in progress with further development to take place to improve on the communications and connectivity.

More specific highlights of the white season included:

A new partnership was formed with Burton which bought about the inception of the *Burton Riglet Park* – an introductory snowboard program for children from the ages of 4 through to 8 years. This generated a great deal of interest, with more than 1,200 children participating in the program, where children can learn basic snow-boarding skills. The number of repeat visitors and users of the facility was testimony to its popularity.

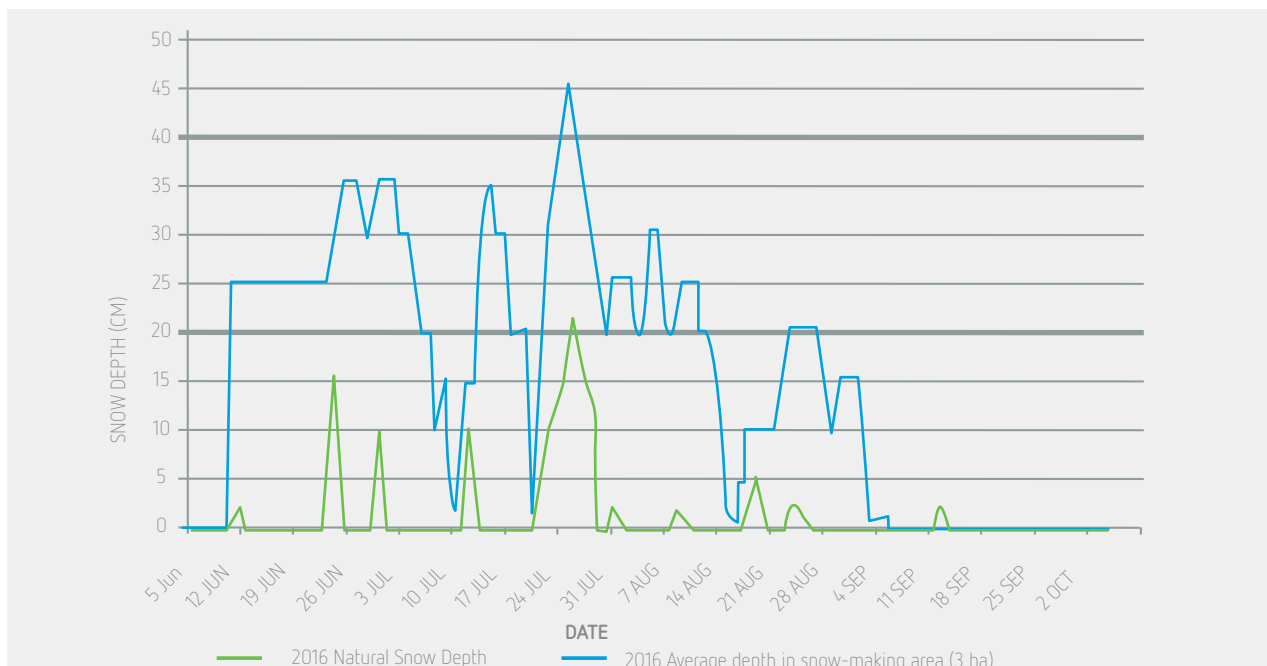
The entertaining Sprint X race was held again this year for the serious and not so serious competitor. The short course Sprint X race was held again, with the annually constructed loop providing the serious and not so serious competitors via for honours in a series of fun match races.

The Nordic Fun Park continues to be a success with significant numbers of children participating in an array of skiing programs. The continuation of the Woollybutt Ski Program offers children with some skills an introduction 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 a premium ski rentals and service outlet.

The annual Snowman’s Festival was held throughout the season, exhibiting the many talents of individuals, families and groups in a bid to build an amazing snowman to impress the judges.

TABLE 2 SNOW DEPTH 2016



YEAR IN REVIEW

Visitor Satisfaction

The Alpine Resort Coordinating Council each year engage Woolcott Research to conduct research into visitor (to the resorts) satisfaction. Despite the very poor white season, the overall Net Promoter Score (NPS) as reported in the 2016 Woolcott Survey, was maintained from the previous season.

For a second year running Lake Mountain Alpine Resort was awarded from Trip Advisor, Certificate of Excellence for 2015-2016, for consistency in customer service delivery.

Resort Development

The entrance to Gerraty's changed significantly this season with the installation of two family sized picnic shelters with barbeque and food preparation area. This was complimented by a rustic post and rail fence with landscaping in keeping with the environment. These have been well utilised both during and outside of the snow season, with both small and large groups and have offered an alternate outdoor seating to the Bistro.

Around the village, further post and rail fencing and landscaping added to the aesthetics of this area – defining play and traffic areas as well as linking the buildings together.

Reinstatement of the Fun Park Trail provided an additional area for beginner, instruction and snow shoeing use.

Post 2009 Murrindindi bushfire, fire damaged tree risk mitigation measures have continued.

The building infrastructure repair and maintenance programs have continued to retain buildings in good condition and to be functional for high visitation periods.

Ski Patrol

Lake Mountain is fortunate to have the involvement of such a wonderful group of skilled volunteers who ensure our visitors are safe and well cared for in a professional and considerate manner. There was a total of 152 Ski Patrol responses for the season.

The purchase of a new dedicated UTV has been used extensively for patient pick-ups and has proved very valuable in marginal conditions when the skidoo is unsuitable.

The publicity campaign initiated by the volunteer Ski Patrol in 2013 continues to attract new members each year and has assisted to adequately fill the weekend rosters.

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

Ambulance Victoria placed a Paramedic in Buxton for the season and which greatly assisted in the reduction in response time when there is need to call an ambulance. These ambulance officers are most supportive.

Engagement with Community

Lake Mountain maintained and developed the following community initiatives:

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

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

Marketing and Promotion

A pre-white season launch was held at Knoxfield Shopping Centre – showcasing manmade snow and information about the resort which contributed to a greater awareness of Lake Mountain.

An informative website including web cams and current snow conditions, together with social media, including daily video reports, give visitors regular updated information.

Regular weather and snow reports on free to air channels during the white season contributed to visitor interest.

Merchandising

The retail shop provides visitors with the convenience to purchase on mountain and stocks both practical and fashionable items needed to protect them from the elements. Well designed, Lake Mountain branded clothing which reflected the fun people had in the resort together with souvenirs and mementos proved popular with the resort's visitors.

Observations from the White Season

Lake Mountain continues to be a popular destination for the first snow experience for all ages being affordable and within proximity to Melbourne. With the introduction of the Burton Riglet Park and Fischer Nordic Fun Park, Lake Mountain is consolidating its key role in the popularity of alpine sports by offering appropriate lessons and early years' experiences for children.

Whether conditions are favourable or poor, it is becoming increasingly obvious that the resort is unable to cope with the large volume of visitors both in and outdoors.

When there is limited natural snow cover, the current snow making facilities are not keeping up with volume of visitors and thus congestion occurs around the Village toboggan.

The board has developed business cases to support investment into two large volume Flake Ice Systems would go a long way to enhancing the visitor experience, combating climate change, enabling snow retention and preservation of Lake Mountain's reputation as both a cross country skiing and snow play destination.

The board is also looking at the opportunity to fit out the top floor of the Bistro building as an overflow area and public shelter for visitors to access both during peak periods and inclement days through the white season to ease overcrowding concerns.

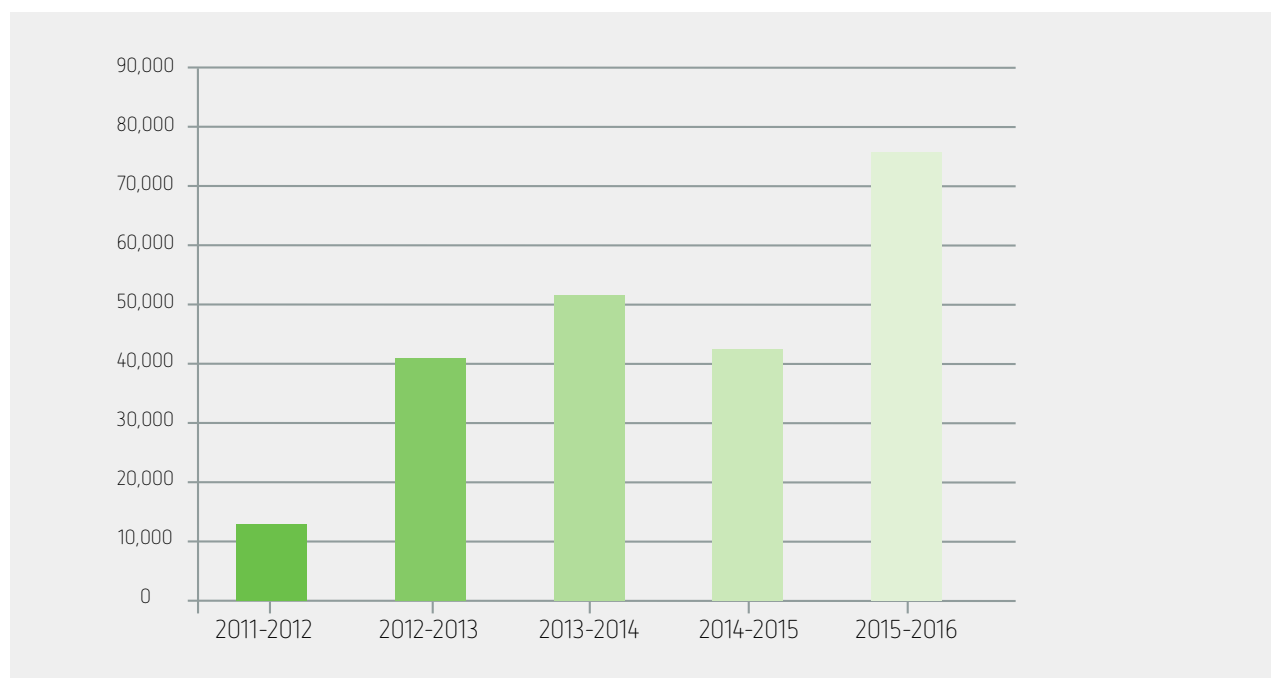


YEAR IN REVIEW

Green Season

The board is committed to expanding the green season activities and event offers. The board continues its attempts to develop relationships with commercial partners and to encourage those businesses to invest in activities that will make the resort a greater attraction. An estimated 82,624¹ people visited the resort during the green season.

TABLE 3 GREEN SEASON VISITATION



¹For the purpose of extrapolating visitor numbers, average vehicle occupancy rates (3.7 per vehicle) are used in conjunction with vehicle counts to estimate the number of visitors to Lake Mountain.

Partnerships with event promoters of music festivals, the Warrior Challenge, health and fitness challenges, road and mountain bike events, motor sports and motor vehicle and product launches all contributed to the green season calendar and marketing and exposure of Lake Mountain.

Several road cycling events have been conducted with Lake Mountain as a feature including the 7 Peaks Challenge ride, Peaks Ride Day and Audax Cycle Ride. The road cyclists have appreciated the initiative of informational signage erected at each kilometre mark along the roadside providing distance, grade % incline and elevation. Lake Mountain continues to prove to be a popular destination for road cyclists who wish to have a challenging ride whilst being immersed in the natural beauty of a sub-alpine environment

The board continues to work in partnership with the local DELWP office to plan for a Lake Mountain to Marysville mountain bike trail which would complement the existing tracks system within the resort. Mountain biking is seen to be a growth product for the resort

Over the Christmas holiday period, Lake Mountain offered a range of fun family orientated activities, that included the dual zip line, dry slope tube run, laser skirmish, orienteering, mountain biking and guided wildflower walks and both interpretive Lake self-guided nature based walks.

Environmental Management

The board as part of its statutory and audited obligations of the Department of Health & Human Services under the, Safe Drinking Water Act 2003 for the supply of 'Regulated Water' to the resort was found to be compliant.

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 as part of the memorandum of understanding.

The partnership fostered between authorities, DELWP Central Highlands Eden Project, Parks Victoria and the board continues its efforts to combat weed infestation across connecting authorities through coordinated eradication programs.

The propagation of seeds utilised in rehabilitation of alpine and native vegetation natural to the area that was razed by the Black Saturday Fires of 2009, with pleasing results.

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

The resort conducts an annual energy review of its greenhouse gas emissions and Carbon footprint through its diesel, LPG gas consumption and hard waste. The Carbon Tonnes of CO2 equivalents is consistent with the 4-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.

Emergency Management

The board is partnered with the Murrindindi Shire Council and other government agencies the region's Fire and Municipal Emergency Management Plan.

Installation emergency markers and signs throughout the resort, after approval from ESTA (the emergency centre for 000 calls) has been completed. These distinctive markers will be of particular value in emergency situations over summer, but can also be used for incidents during the white season.



FINANCIAL INFORMATION

Summary of financial results and position

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 financial position of Lake Mountain Alpine Resort Management Board dissipated during the reporting period, with the value of its net assets falling by \$1.405m, from the end of the previous financial year. This reduction in net assets is explained by a substantial financial deficit incurred in the reporting period. The deficit arose from the substantial reduction in DELWP's funding contribution to cover operating expenses, this period \$600,000 compared to \$2.599m in 2015. In addition, revenue from visitors fell by close to \$400,000 due primarily from the reduction in white season visitors from 2015 levels. Employment expenditures increased substantially from 2015 although this was offset by a similar size reduction in payments to contractors, albeit that the payment to Belgravia Leisure was substantial as it involved payments in connection with the prior year performance and the conclusion of the contract. Depreciation expense arising from changes in depreciation policy, also contributed an additional \$214,469 to the increase in deficit.

The board were provided with \$125,673 of funds to resource the board's role in the Southern Alpine Resorts Reform Project. All of these funds were expended on the project and are included in operating expenditures.

As a result of an Memorandum of Understanding with the Mount Baw Baw Alpine Resort Management Board some expenditure savings arose from the sharing of some corporate service resources.

Asset revaluations took place at year end, as per the five year cycle for their revaluation. This revaluation led to a decrease in the value of land and buildings held by the board, and an increase in the valuation of other classes of assets. These valuations were carried out for the board by the Valuer-General's Office.

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



FIVE YEAR SUMMARY OF FINANCIAL RESULTS

FIVE YEAR SUMMARY OF FINANCIAL RESULTS

TABLE 4 FIVE-YEAR SUMMARY OF THE RESORT'S FINANCIAL RESULTS:

| Comprehensive Income Statement | 2016 | 2015* | 2014 | 2013 | 2012 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Income | | | | | |
| Operating | 2,500,481 | 2,899,125 | 3,000,761 | 1,536,046 | 2,363,747 |
| Support Payments | 600,000 | 2,599,234 | 2,464,009 | 3,122,206 | 1,798,245 |
| Other Funding | 125,673 | - | 45,896 | 761,445 | 1,032,581 |
| Other Non-Operating Income | 131,191 | 219,389 | 113,057 | 145,074 | 265,091 |
| Proceeds from Insurance Claims | - | - | - | - | - |
| Interest revenue | 18,053 | 32,413 | 10,078 | 7 | - |
| Total Income | 3,375,398 | 5,750,161 | 5,633,801 | 5,564,778 | 5,459,664 |
| Expenses | | | | | |
| Operating | 5,163,474 | 4,804,694 | 4,732,590 | 4,661,545 | 4,478,381 |
| Depreciation | 1,299,349 | 1,084,880 | 1,093,697 | 1,138,898 | 1,291,856 |
| Geotech | 26,231 | 96,458 | 9,724 | 66,541 | 287,749 |
| Total Expenses | 6,489,054 | 5,986,032 | 5,836,011 | 5,866,984 | 6,057,986 |
| Net gain/(loss) on disposal of non-financial assets | -1162 | -120,591 | -7,888 | 1,113 | - |
| Change to the asset valuation reserve | 1,549,209 | 0 | 0 | 0 | 0 |
| Comprehensive Result Profit/(Loss) | -1,565,609 | -356,462 | -210,098 | -301,093 | -598,322 |
| Balance Sheet | | | | | |
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | 503,329 | 2,057,480 | 1,520,737 | 643,108 | 656,047 |
| Non-Financial Assets | 18,506,643 | 17,938,735 | 18,778,365 | 22,181,575 | 23,209,604 |
| Total Assets | 19,009,972 | 19,996,215 | 20,299,102 | 22,824,683 | 23,865,651 |
| Total Liabilities | 818,876 | 400,302 | 496,725 | 396,206 | 1,184,118 |
| Net Assets | 18,191,096 | 19,595,913 | 19,802,377 | 22,428,477 | 22,681,533 |
| Equity | 18,191,096 | 19,595,913 | 19,802,377 | 22,428,477 | 22,681,533 |

* restated

NB 2016 is for fourteen months ending 31 December as a result of the transition to a new financial year end, 31 December.

Other years are for the 12 months ending 31 October.

GOVERNING BOARD

The Lake Mountain Alpine Resort exists as a result of the *Alpine Resorts Act 1983*. It is governed by a committee of management, the Lake Mountain Alpine Resort Management Board established under the *Alpine Resorts (Management) Act 1997* ('the Act'). The responsible ministers for the alpine resort during the 2015-2016 reporting period were:

- The Hon Lisa Neville MP, Minister for Environment, Climate Change and Water for the period from 1 November 2015, to 22 May 2016.
- The Hon Lily D'Ambrosio MP, Minister for Energy, Environment, and Climate Change for the period from 23 May 2016 to 31 December 2016.

The Lake Mountain Alpine Resort Management Board was abolished on 31 December 2016. The Southern Alpine Resort Management Board became the committee of management for the resort from 1 January 2017.

Board members are appointed by the responsible Minister. The functions and powers of the board are outlined in the Act.

Objectives, Functions, Powers and Duties

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

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

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 Act;

- To develop and promote or facilitate the development or promotion by others of the use of the alpine resort in accordance with the object of the Act;
- To manage the alpine resort in accordance with the object of the Act;
- To contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- To undertake research into alpine resort issues;
- To contribute to and support the operation of the Alpine Resorts Co-ordinating Council;
- To prepare and implement a Strategic Management Plan for the resort;
- To expend or apply revenue of the board in accordance with a direction of the Minister under section 36(1A) of the Act;
- To manage the Crown land in Lake Mountain 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 resort;
- 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.

The Board

Members of the Lake Mountain Alpine Resort Management Board at 31 December 2016, appointed from 1 January 2016, were:

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

Board members holding office from 1 November 2015 to 31st December 2015 were:

- Tony Thompson (Chair)
- Kevin Ritchie (Deputy Chair)
- Deborah Culhane
- Tony Nippard
- Robert Thomason
- Haley Tudor-Harrop

| Meeting | Board Member | | | | | |
|--------------|---------------|---------------|-----------------|-----------------|--------------|--------------------|
| | Tony Thompson | Kevin Ritchie | Robert Thomason | Deborah Culhane | Tony Nippard | Haley Tudor-Harrop |
| 20-Nov-15 | ✓ | ✓ | ✓ | ✓ | A | ✓ |
| 18-Dec-15 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| TOTAL | 2/2 | 2/2 | 2/2 | 2/2 | 1/2 | 2/2 |

| Meeting | Board Member | | | | | | |
|--------------|--------------|-------------|---------------|--------------|---------------|----------------|---------------|
| | Allan Bawden | Kerry Irwin | Tony Thompson | Kerren Clark | Randall Cohen | Svetla Petkova | Joanna Walker |
| 19-Jan-16 | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| 26-Feb-16 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| 18-Mar-16 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 22-Apr-16 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 27-May-16 | ✓ | ✓ | A | ✓ | ✓ | ✓ | ✓ |
| 24-Jun-16 | ✓ | A | ✓ | A | ✓ | ✓ | ✓ |
| 22-Jul-16 | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ |
| 26-Aug-16 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 23-Sep-16 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 28-Oct-16 | ✓ | ✓ | ✓ | ✓ | ✓ | A | ✓ |
| 25-Nov-16 | ✓ | ✓ | ✓ | A | ✓ | ✓ | ✓ |
| 16-Dec-16 | ✓ | ✓ | A | ✓ | A | ✓ | ✓ |
| TOTAL | 12/12 | 11/12 | 10/12 | 9/12 | 11/12 | 10/11 | 10/10 |

✓ Attendance
 A Apology
 Not yet officially appointed but nominated to the board

GOVERNING BOARD

Allan Bawden – Chair

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

Kerry Irwin - Deputy Chair

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

For more than 20 years Kerry has been involved in creating environments that foster participation in community life 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.

Tony Thompson

Tony has run his own businesses for 30 years, mainly in hospitality. For the past 15 years, Tony and his wife Penni have owned and run Maryton Park B & B Country Cottages. Tony has also been a director of the Dandenong Ranges Banking Group (Bendigo Community Bank) since its inception for 17 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 (which is entering its tenth year of business), a senior consultant at the Clifton Group and a Trustee of the Caulfield Racecourse Reserve.

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 non-government boards, community committees and community groups.

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

Randall Cohen

Randall has a wealth of professional experience in commercial and legal project work for the public sector, the private sector and at the interface between the public and private sectors. Over the past 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 is a keen skier with a love for mountains, mother of two primary school boys who works in Gippsland. Over the past decade she has worked as a manager in the planning, capital works and asset management departments of two regional water corporations.

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 Lake Mountain and Mount Baw Baw Alpine Resorts.

Joanna Walker

Joanna is an experienced Chief Financial Officer qualified as a Chartered Accountant, who has a wealth of executive finance experience across retail, professional services and distribution enterprises. She has an MBA majoring in Strategy and is a member of the Australian Institute of Company Directors (completed AICD course in 2010). Her prior board appointments include non-executive director of the Amcor Superannuation Fund and member of the investment committee which, during Joanna's 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 their associated communities.

Kevin Ritchie

Kevin has extensive experience in management of public land and natural resources, having worked with the then Department of Sustainability & Environment and some of its predecessor organisations for many years, especially in North-East Victoria. Kevin was Regional Director in the Department's NE Region, and a senior project manager.

Kevin has been actively involved in planning matters relating to various Victorian Alpine Resorts, and worked with the Murrindindi Bushfire Recovery program after the Black Saturday fires. Kevin has experience in governance issues, as a board member of both the North-East and the Goulburn-Broken Catchment Management Authorities, and worked with a variety of other community, industry and indigenous groups in Northern and North-East Victoria in land use, water management and other key regional issues.

Kevin continues to maintain an active interest and involvement in outdoor activities as a (semi) regular cyclist and camper, and he continues to keep an active interest in environmental management and change, cultural and community interests, and public policy.

Deborah Culhane

Deborah brings to the board a strong commercial legal background, having practised for many years as a corporate lawyer with the tourism/entertainment-focused Village Roadshow group of companies. She is experienced in marketing law, events law, liquor licensing, commercial leasing, film and media law, employment law and workplace health and safety.

With strong family connections in Marysville, Deborah is passionate about the town. Deborah is a member of the Marysville and Triangle Community Foundation Board and enjoys taking an active role in the reigniting of tourism and commerce in the region. She is a keen viola player and a strong advocate of community music-making, serving as Treasurer on the board of the Murray Conservatorium of Music.

GOVERNING BOARD

Tony Nippard

Tony is a part-time public servant, governance professional and board director. Tony has had extensive experience as a senior executive in various roles primarily in the areas of health and human services. Tony has a BA, B Com (Hons) and MA from the University of Melbourne. He is a Fellow of the Australasian College Health Services Management, Fellow of Institute of Chartered Secretaries, Fellow Governance Institute of Australia and Graduate of the Australian Institute of Company Directors.

Tony has been a Director of not-for-profit and public entities since 1988 in the arts, mortgage finance, community health, health information management, children services, as well as advisory committees on child protection, public sector governance and tertiary education. He is currently on the Board of Westside Circus Inc. and a board director of Melbourne Polytechnic, Neami Ltd., the Alpine School and Vic Defence Reserves Support Council.

Robert Thomason

Rob has accumulated over 30 years' experience working in higher education, consulting and executive development, both in Australia and internationally.

He is currently on the Executive Leadership Team of CPA Australia, with responsibility for all education activities. Prior to that he was responsible for global business development and new market entry.

Rob has held a number of senior roles in the area of corporate learning over the past three decades, having commenced his career in university management. He has worked with and for professional associations, university corporate arms and the private sector and brings a wealth of knowledge and experience in designing, developing, promoting and delivering executive learning to assist organisations meet their goals.

Rob has worked with Fairfax Media, one of Australia's largest media organisations and was Director, Executive Education with the esteemed Melbourne Business School. Rob has held a number of senior directorships including with the United States-based International University Consortium for Executive Education and a successful Australian Financial Services training organisation and is currently Chairman of CPA Australia (Shanghai) Ltd.

Haley Tudor-Harrop

Haley is an experienced chartered accountant, having previously been a partner in a chartered accountancy practice. After taking a career break to have a family, she has recommenced in the accounting and taxation world with a local practice in Mansfield, Victoria.

Haley recently graduated from the Australian Institute of Company Directors. She is currently Company Secretary (four years) for Mansfield & District Community Enterprises (MDCE) Ltd, which operates the Mansfield & District Community Bank, and previously sat on that board as Treasurer for four years. Haley has also held a number of other voluntary positions with local committees over the past 10 years, mainly in the not-for-profit sector as Treasurer.



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 table.

Membership and Roles

Audit and Risk Committee

Membership of the committee as of 31 December, 2016 comprised of:

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

This committee succeeded the Audit and Finance Committee when the board restructured its committees. 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 resort.

The main responsibilities of the committee include the oversight of:

- Risk assessment, treatment strategies and monitoring.
- Setting of operational and capital works budgets and regular monitoring of financial performance and position.
- Achieving a high level of organisational governance.
- Having procurement procedures that provide for value for money, transparent and defensible purchasing outcomes.
- Reporting financial information to the users of financial reports.
- Ensuring quality and timeliness of information conveyed in financial reports.

- Application of accounting policies approved by the Board, including the valuation of non-cash assets.
- Financial management and obligations as outlined in the Financial Management Act 1994 and its compliance with Ministerial Directions.
- Internal control system.
- Contributions to and monitoring of Board performance management systems.
- Business policies, regarding setting of resorts gate entry fees, terms and conditions of arrangements.
- Responsible for ensuring policies, procedures and Asset Management Plan are in place to ensure management and security of resorts assets.
- Overseeing the external (VAGO) and internal audit functions and their independence.
- Reviewing and improving funding submissions prior to being lodged.
- Monitoring compliance with taxation obligations.

Workplace Arrangements and Executive Remuneration Committee

Membership of the committee as of 31 December, 2016 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 Boards 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.

BOARD COMMITTEES

Audit and Finance

| | Committee Member | | |
|--------------|------------------|--------------------|---------------|
| Meeting | Robert Thomason | Haley Tudor-Harrop | Tony Thompson |
| 17-Dec-15 | √ | √ | √ |
| Total | 1/1 | 1/1 | 1/1 |

Audit and Risk

| | Committee Member | | | |
|--------------|------------------|--------------|----------------|---------------|
| Meeting | Randall Cohen | Kerren Clark | Svetla Petkova | Joanna Walker |
| 18-Mar-16 | √ | √ | √ | √ |
| 22-Apr-16 | √ | √ | √ | √ |
| 12-Aug-16 | √ | √ | √ | √ |
| 11-Nov-16 | √ | √ | A | √ |
| Total | 4/4 | 4/4 | 3/4 | 4/4 |

Workplace Arrangements and Executive Remuneration

| | Committee Member | | | |
|--------------|------------------|--------------|-------------|----------------|
| Meeting | Tony Thompson | Allan Bawden | Kerry Irwin | Svetla Petkova |
| 21-Apr-16 | √ | √ | √ | √ |
| 25-Aug-16 | √ | √ | √ | √ |
| 19-Oct-16 | √ | √ | √ | √ |
| 24-Nov-16 | √ | √ | √ | √ |
| Total | 4/4 | 4/4 | 4/4 | 4/4 |

√ Attendance
 A Apology
 Not yet officially appointed but nominated to the board

Nature and range of services provided

In order to fulfil its functions prescribed by the Act, the Lake Mountain Alpine Resort Management Board ensures that a number of services are provided in the resort including:

- Water supply
- Sewerage and drainage
- Car park development and maintenance
- Garbage and waste disposal
- Electricity
- Commercial operations including products associated with food and beverage; ski and toboggan equipment hire; ski school; retail
- Snow clearance
- Traffic control and parking
- Trail grooming, construction and maintenance
- Ski-patrolling
- Snow-making
- Snow and weather reporting
- Tourism and education information
- Public shelters
- Toilets

Until 30 April 2016, the management of the provision of these services was contracted to Belgravia Leisure, with the board overseeing the delivery of the contracted services. From 1 May 2016, the board has opted to develop its own internally employed and managed staff to co-ordinate and deliver these services.

Key initiatives and projects

- The resort successfully trialled the following product initiatives in 2016:
- The 'riglets' introductory snow boarding program for young children.
- Programmed guided nature and environmental interpretation walks.



BOARD COMMITTEES

Performance Against Objectives

| Strategic Objective | Key element | Outcomes | Performance analysis | |
|---------------------|---|---|--|---|
| 1 | Arrange a management structure that provides financially sustainable outcomes | Service delivery model | <ul style="list-style-type: none"> Internal management and staffing model put in place to operate from 1 April 2016. Funding arrangements with Department of Environment, Land, Water & Planning to provide funds for essential operational expenditure requirements were in place and understood. DELWP have provided a letter of comfort to the Southern Alpine Resort Management Board to fund its operations including the financial obligations of the Lake Mountain ARMB it took responsibility for. | <ul style="list-style-type: none"> high level of visitor satisfaction, effective management of environmental values, improvements to facilities and financial performance results in line with expectations given the level of snow that fell in the white season. |
| | | Long-term asset and investment management | <ul style="list-style-type: none"> Proposals of capital investment have been identified, and a repair and maintenance program instigated. Projects to expand the resort year round activities and snow-making are being advanced to funding agencies and potential commercial partners. | <ul style="list-style-type: none"> Repairs and maintenance program performed as planned and within budget. Funding submissions supported by business cases for snow factories developed and submitted after VARDP process, and similarly for creation of a trees adventure and zip line year round attraction facility. |
| 2 | Achieve excellence in board governance and compliance | Organisational planning, monitoring and reporting | <ul style="list-style-type: none"> Board has developed and submitted plans and reports and has monitored performance of the Resort throughout the year. Effective sub-committee restructure implemented and good outcomes achieved. | <ul style="list-style-type: none"> Financial reports and implementation of ARSP 2012 status report lodged on time with ARCC. Strategy, Risk, Governance and the monitoring of performance regularly undertaken. Regular reviews of policies and adding of additional policies under guidance from DELWP and Public Sector Commission. |
| | | Policy development and monitoring of performance | <ul style="list-style-type: none"> Board has maintained its review and improvement of its suite of policies, and other governance documents. | <ul style="list-style-type: none"> Policies in place as required by Public Administration Act 2004 and Directions of Minister of Finance. Board performance appraisal program completed. |
| | | Compliance | <ul style="list-style-type: none"> Board's compliance responsibilities have been fulfilled. | <ul style="list-style-type: none"> Compliant with Financial Management Act and enabling legislation and Standing Directions. No known instances of failure to lodge documents and/or information and make payments as required. |
| 3 | Improve the experience for visitors coming to Lake Mountain | Business planning and marketing | <ul style="list-style-type: none"> Pro-active development of increased range of activities, events and service delivery improvements. | <ul style="list-style-type: none"> White season visitors was 100,104. \$23.83 spend per visitor in white season. |

BOARD COMMITTEES

| Strategic Objective | Key element | Outcomes | Performance analysis |
|---------------------|---|---|---|
| | Product offer and service | <ul style="list-style-type: none"> Reasonable visitation and spend given late start to green season management in 2013-2014 and poor quality of white season. | Results of customer satisfaction surveys coordinated by ARCC show an improvement in net promoter score. |
| 4 | Build partnerships with regional commercial operators and other groups | <p>Stakeholder Engagement</p> <ul style="list-style-type: none"> Strong relationships with the Department, and local Marysville business community and Murrindindi Shire Council. <p>Partnerships with land managers</p> <ul style="list-style-type: none"> New Parks Victoria agreement being negotiated. | <ul style="list-style-type: none"> Evidence of strong bonds and co-operation. New agreement has been finalised and awaits signature by Parks Victoria |
| | Maintain the alpine environment for which it has responsibility | <p>Environmental management</p> <ul style="list-style-type: none"> Environment protected, and consciousness of energy use and desire to minimise. | <ul style="list-style-type: none"> In 2016, diesel usage 1.03 litres per white season visitor (1.28 litres in 2015). In 2016, hardwaste rubbish removed from the resort amounted to 0.0011 cubic metres per white season visitor (0.0011 cubic metres in 2015) of waste was removed from the resort. Clear Water regulation audit report received and annual report to authorities lodged on time. |
| 6 | Fulfil the community service obligations that the ARMB has accepted | <p>Access, diversity and equity principles</p> <ul style="list-style-type: none"> Resort continues to attract visitors from a diverse range of cultural backgrounds and socio-economic groups. <p>Economic contribution to the region</p> <ul style="list-style-type: none"> Resort continues to contribute significantly to the Marysville region. | <ul style="list-style-type: none"> No measurement of visitor profile undertaken, but diversity is evident from observation of visitor population. ARCC² study indicates that white season activity provided \$17m of contribution to the Murrindindi Shire Council's gross regional product. |
| | Have clear resort management, risk, development, fire and emergency plans | <p>Strategic Management Resort Master Planning</p> <ul style="list-style-type: none"> A process to develop a Resort Master Plan process has been followed with stakeholder engagement. <p>Fire and Emergency Management</p> <ul style="list-style-type: none"> Fire management regime followed, and resort prepared in accordance with Plan for 2014-2015 fire season. <p>Risk Management</p> <ul style="list-style-type: none"> Risk Framework reviewed and modified and Profile of identified risks reassessed. WH&S policies reviewed and updated. | <ul style="list-style-type: none"> DELWP instructed that this project be put on hold pending finalisation of Southern Alpine Resorts Reform project. Fire plans followed and preparedness checklist completed. Continued Community Emergency Management Plan with Murrindindi Shire Council. Regular review of Risk Management System was undertaken to the satisfaction of the board. |

²Victorian Alpine Resorts Economic Contribution Study commissioned by the ARCC

ORGANISATIONAL STRUCTURE

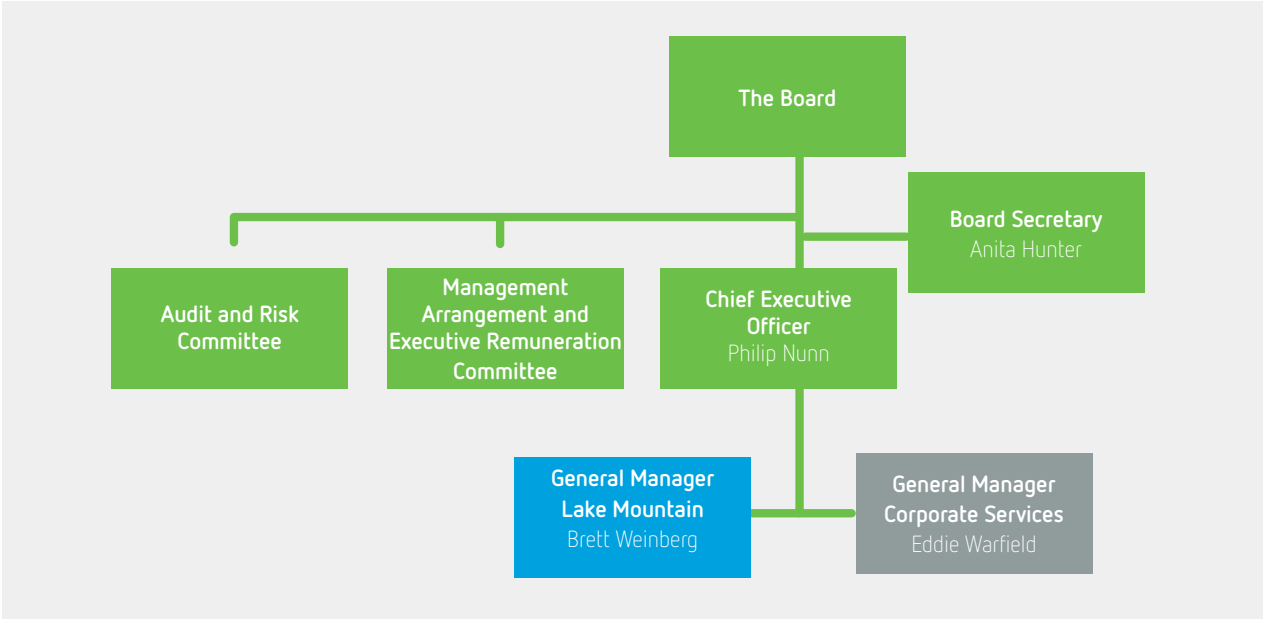
The Management Model

The board had previously re-engaged Belgravia Leisure to manage the operation of the resort. This one-year contract expired at the end of April 2016. The board adopted an internally managed and staffed model to deliver its functions.

The board appointed a Chief Executive Officer and Board Secretary as its executive staff team to provide administrative services to the board, to ensure that the board was able to fulfil its legislated functions and compliance obligations effectively.

Staff members are employed either appointed under a negotiated contract or under the terms of the Lake Mountain Alpine Resort Workplace Agreement, which is overdue for renegotiation.

TABLE 5 ORGANISATIONAL CHART³



³ 2016 white season

Comparative Workforce Data

The following data relates to staff members who were employed by the board. Aside from the Chief Executive Officer, staff members were managed by Belgravia Leisure until April, 2016 and were transferred to board employees. Belgravia Leisure employees are not included in the information contained in the table below.

TABLE 6

| | Ongoing employees | | | | Fixed-term & casual employed during the season | Fixed-term & casual employed at the end of year |
|------|-----------------------|--------------------------|--------------------------|------|--|---|
| | Number (headcount) | Full time (headcount) | Part time (headcount) | FTE | FTE | FTE |
| 2016 | 15 | 7 | 8 | 10.8 | | |
| 2015 | 8 | 4 | 4 | 6.6 | - | - |
| 2014 | 7 | 4 | 3 | 5.8 | - | - |
| 2013 | 6 | 4 | 2 | 5.6 | - | - |
| 2012 | 18 | 16 | 2 | 16.7 | 101 | 1 |

| | 2015-16 | | | 2014-15 | | |
|---------|-----------|-----|---------------------------------------|-----------|-----|---------------------------------------|
| | Ongoing | | Fixed-term & casual at end of year | Ongoing | | Fixed term & casual at end of year |
| | headcount | FTE | | headcount | FTE | |
| Male | 10 | 7.2 | - | 7 | 6.2 | 0 |
| Female | 5 | 3.6 | - | 1 | 0.4 | 0 |
| Age | | | | | | |
| 15-25 | 1 | 1 | - | 0 | 0 | |
| 25-34 | 3 | 2 | - | 1 | 1.0 | |
| 35-44 | 2 | 0.9 | - | 1 | 0.4 | |
| 45-54 | 3 | 2.8 | - | 3 | 3.0 | |
| 55-64 | 3 | 2.5 | - | 1 | 1.4 | |
| 65 plus | 3 | 1.6 | - | 1 | 0.8 | |

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 October 2015 and December 2016.

FTE means full-time staff equivalent.

Executive Officer Disclosures

The board has contracts of employment with two executives whose annual total remuneration exceeds \$100,000 per annum. The Chief Executive Officer remuneration is disclosed in Note 16 (b) of the Annual Financial Statements and have been approved by the GSERP Panel, whilst the remuneration of the other executive is disclosed in Note 16 (c).

COMPLIANCE INFORMATION

Risk management

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

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

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

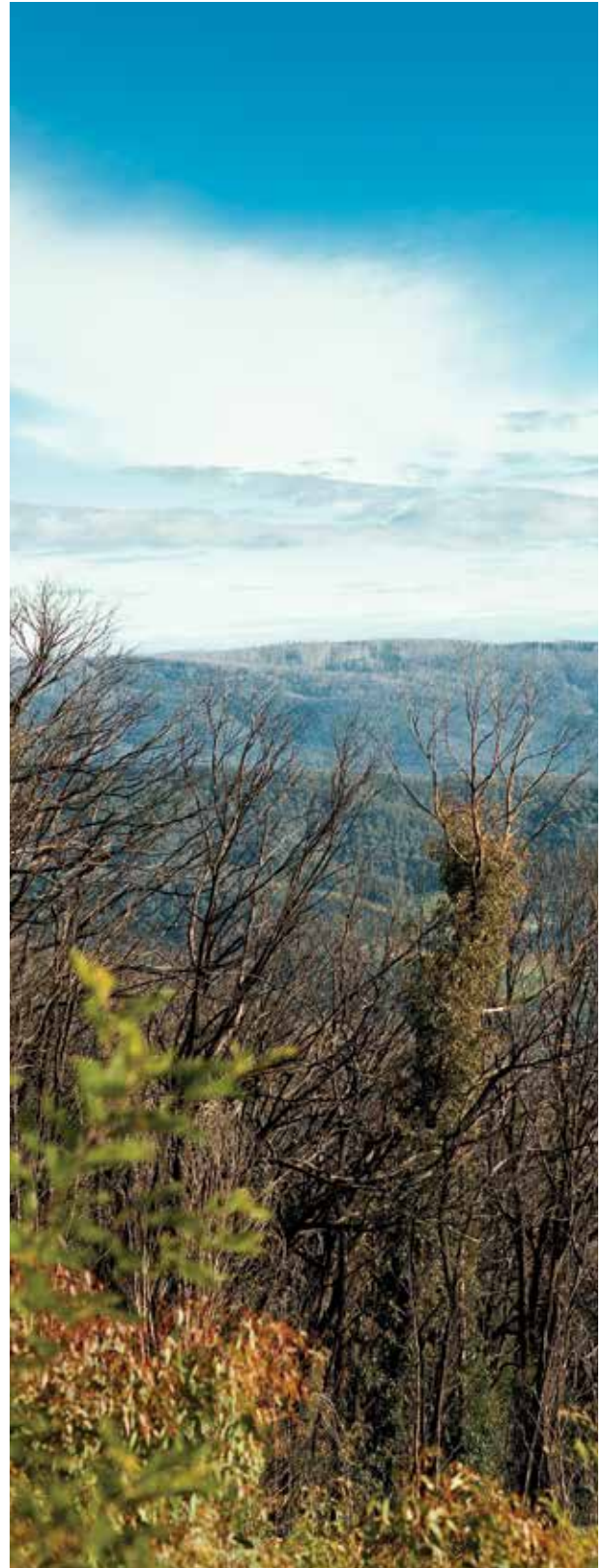
This includes the adequacy of the board's insurance. The Lake Mountain Alpine Resort Management Board is a participating body under Section 4 of the *Victorian Managed Insurance Authority (VMIA) Act 1996*, with all of its insurance, other than workcover and motor vehicle insurances, sourced through the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

I, Allan Bawden, certify that the Lake Mountain Alpine Resort Management Board has complied with the Ministerial Standing Direction 4.5.5 - Risk Management Framework and Processes. The Lake Mountain Alpine Resort Management Board's Audit and Risk Committee has verified this.



Allan Bawden PSM

Chair
Lake Mountain Alpine Resort Management Board



Public Administration Act 2004

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

Lake Mountain Alpine Resort Management Board staff work in accordance with the board's Code of Conduct and employment policies.

The recruitment and advancement of staff 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 board employees, contractors, and visitors to the resort. 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. The board also worked with Belgravia Leisure to ensure that appropriate health and safety measures are in place in the resort.

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 resort 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 and 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.

Following a workplace incident in September 2015, WorkSafe Victoria issued two Improvement Notices to the Lake Mountain Alpine Resort Management Board. In response to these Notices, the Lake Mountain Alpine Resort Management Board proposed improvements to which WorkSafe indicated satisfaction. Further legal action continues with WorkSafe.

COMPLIANCE INFORMATION

Disclosure Index

Application and Operation of *Freedom of Information Act 1982*

Lake Mountain 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 Lake Mountain Alpine Resort Management Board management matters;
- Any leasehold documents related to Lake Mountain Alpine Resort Management Board sites (currently none); and
- Plans, charts and other topographical data covering Lake Mountain Alpine Resort Management Board land.

Copies of the board's policy statements, annual reports, ministerially endorsed corporate plans and general information related to the board are available for inspection at the board's office and/or online at www.lakemountainresort.com.au. This literature is also available by mail at a minimum charge of \$27.20.

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

An application fee of \$27.20 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

Lake Mountain Alpine Resort Management Board
PO Box 40
Marysville VIC 3779
Phone: (03) 5957 7201

In the year ended 31 December 2016 there were no freedom of information requests, and there were no outstanding items from previous years.

Victorian Information Privacy policy

The Lake Mountain Alpine Resort Management Board is committed to ensuring that the *Victorian Information Privacy Act 2000* is adhered to. The Act applies to all the Lake Mountain Alpine Resort Management Board operations including websites and emails. Our Privacy Policy is available to all staff, visitors and stakeholders as requested. A summary of the policy is also available on our website lakemountainresort.com.au

Human rights

The Lake Mountain 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.

Gifts, benefits and hospitality

I, Allan Bawden certify that:

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



Allan Bawden PSM

Chair

Lake Mountain Alpine Resort Management Board



DECLARATION OF PECUNIARY INTERESTS

COMPLIANCE WITH PROTECTED DISCLOSURE ACT 2012

Application and Operation of the *Protected Disclosures Act 2012*

The *Protected Disclosures Act 2012* ("PD Act") enables people to make disclosures about improper conduct by public officers and public bodies. The 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.

Lake Mountain 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 Lake Mountain 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 Lake Mountain Alpine Resort Management Board is not able to receive protected disclosures.

How can I access Lake Mountain 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 Lake Mountain Alpine Resort Management Board or its employees. You can access DELWP's procedures on its website at <http://www.delwp.vic.gov.au/about-us/legislation/protected-disclosures>

Contacts

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

Telephone: 1300 735 135

DECLARATION OF PECUNIARY INTERESTS

VICTORIAN INDUSTRY PARTICIPATION POLICY DISCLOSURES

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

In 2015-2016 there were no tenders to disclose based on these expenditures.

STATEMENT ON NATIONAL COMPETITION POLICY

Competitive neutrality is a guiding principle of the National Competition Policy and requires that government-owned businesses should compete with private sector businesses on the same footing. Lake Mountain 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.

DETAILS OF SHARES HELD IN STATUTORY AUTHORITY OR SUBSIDIARY

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

CONSULTANCIES AND CONTRACTS

The board outsourced a significant number of its activities during this year. Contractors engaged included Belgravia Leisure Pty Ltd which continued to provide management services covering the operation of the resort until 30 April, 2016. LXD Business Solutions Pty Ltd was contracted to provide services in connection to the management and administration of the board's financial and accounting system. Chatterbox and Icon PR were engaged to provide marketing and public relations services. The quantum of payments made to these contractors is disclosed in Note 16 (d) of the Notes to the financial statements.

DISCLOSURE OF MAJOR CONTRACTS

There were no contracts greater than \$10 million entered into by the board during 2015-16.



DECLARATION OF PECUNIARY INTERESTS

Details of Consultancies in Excess of \$10,000

TABLE 7

| Consultant | Services provided | Expenditure in reporting period | Future commitment |
|--|--|---------------------------------|-----------------------|
| Capire Consulting Group Pty Ltd | Engaged to provide stakeholder consultation for SARRP. | \$24,481 | No future commitment |
| Essential Economics | Engaged to undertake an economic evaluation and draft business cases for proposals to be incorporated into the Lake Mountain Resort Master Plan. | \$19,325 | No further commitment |
| GHD | Engaged to provide engineering advice in respect to the resort's: <ul style="list-style-type: none">• Geo technical management• Fire damaged trees risk• Resort infrastructure to inform the Resort Master Plan.• Project Manager for SARRP | \$135,860 | No further commitment |
| Millar Merrigan | Engaged to provide consultancy advice to assist in the development of a Resort Master Plan. | \$40,562 | No future commitment |
| Victorian Chamber of Commerce and Industry | Engaged to provide consultancy advice to develop workplace policies. | \$13,890 | No future commitment |

Details of Consultancies under \$10,000

There were two consultancies, the expenditure on which was less than \$10,000. The total expenditure on these consultancies during 2015-16 was \$2,993.

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 Lake Mountain Alpine Resort Management Board during the 2015-16 reporting period.

Subsequent events

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

DECLARATION OF PECUNIARY INTERESTS

INFORMATION, COMMUNICATIONS AND TECHNOLOGY EXPENDITURE

The Lake Mountain Alpine Resort Management Board is required to disclose its total Information and Communications Technology (ICT) expenditure for the reporting period of \$60,410.

CAPITAL PROJECTS

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

COMPLIANCE WITH BUILDING ACT 1993

There are seven buildings owned by the board, all conforming to building standards as at 31 December 2016.

Building Standards

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

Buildings in the resort are subject to regular maintenance and use. There is no evidence to suggest that all recently constructed buildings within the resort 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 resort (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 2015-16.

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 Lake Mountain 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:

Lake Mountain Alpine Resort Management Board
PO Box 40
Marysville VIC 3779
Phone: (03) 5957 7201

GENERAL INFORMATION REQUIREMENTS

Section 4.2(g) of the Standing Directions of the Minister for Finance states:

'The report of operations should include qualitative and quantitative information on the operations of the public sector agency and should be prepared on a basis consistent with the financial statements prepared by the public sector agency pursuant to the FMA. 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 Lake Mountain Alpine Resort Management Board meets this requirement.

DECLARATION BY THE CHAIR AND THE ACCOUNTABLE OFFICER

DECLARATION BY THE CHAIR AND THE ACCOUNTABLE OFFICER

Sign-off requirement

The attached financial statements for Lake Mountain Alpine Resort Management Board ("the board") have been prepared in accordance with Standing Direction 4.2 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 comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement; and accompanying notes, presents fairly the financial transactions during the fourteen-month period year ended 31 December 2016 and financial position of the board at 31 December 2016.

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 18 April 2017.



Allan Bawden PSM

Chair
Lake Mountain Alpine Resort Management Board

Melbourne
18 April, 2017



Philip Nunn

Accountable Officer / Chief Executive Officer
Lake Mountain Alpine Resort Management Board

Melbourne
18 April, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of the Lake Mountain Alpine Resort Management Board

| | |
|--|---|
| Opinion | <p>I have audited the financial report of the Lake Mountain Alpine Resort Management Board (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 31 December 2016 • statement of comprehensive income for the period then ended • statement of changes in equity for the period then ended • cash flow statement for the period then ended • notes comprising a summary of significant accounting policies • declaration by the Chair and Accountable Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>The Auditor-General's 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 Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Emphasis of matter | <p>Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in note 1(q) and 23 to the financial statement, all Lake Mountain Alpine Resort Management Board's functions, employees, property and liabilities were transferred to Southern Alpine Resort Management Board on 1 January 2017, in line with the <i>Alpine Resorts (Management) Act 1997</i>.</p> |
| Board's responsibilities for the financial report | <p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Independent Auditor's Report (continued)

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 our 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.

MELBOURNE
18 April 2017



Anna Higgs
as delegate for the Auditor-General of Victoria



LAKE MOUNTAIN ALPINE RESORT
MANAGEMENT BOARD

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

Lake Mountain Alpine Resort Management Board

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

| | Note | 2016 \$ | 2015 Restated \$ |
|--|------|--------------------|------------------------|
| Income from transactions | | | |
| Visitor fees | 2(a) | 2,500,481 | 2,899,125 |
| Government funding | 2(b) | 725,673 | 2,599,234 |
| Other revenue | 2(c) | 131,191 | 219,389 |
| Interest | 2(d) | 18,053 | 32,413 |
| Total income from transactions | | 3,375,398 | 5,750,161 |
| Expenses from transactions | | | |
| Employee benefits | 3(a) | 2,122,880 | 560,245 |
| Depreciation expense | 3(b) | 1,299,349 | 1,084,880 |
| Interest expense | 3(c) | 2,098 | 2,990 |
| Contractor expenses | 3(d) | 586,003 | 1,959,244 |
| Supplies and services | | 876,953 | 813,648 |
| Marketing expenses | | 203,210 | 204,686 |
| Repairs and maintenance | | 257,026 | 290,533 |
| Utilities expenses | | 312,382 | 336,370 |
| Insurance | | 212,820 | 185,225 |
| Other operating expenses | 3(e) | 616,333 | 548,211 |
| Total expenses from transactions | | 6,489,054 | 5,986,032 |
| Net result from transactions (net operating balance) | | (3,113,656) | (235,871) |
| Other economic flows included in net result | | | |
| Net gain/(loss) on disposal of non-financial assets | | (889) | (120,573) |
| Other gain/(loss) from other economic activities | | (273) | (18) |
| Total other economic flows included in net result | | (1,162) | (120,591) |
| Net result | | (3,114,818) | (356,462) |
| Other economic flows – other comprehensive income | | | |
| Items that will not be reclassified to net result | | | |
| Changes in physical asset revaluation surplus | | 1,549,209 | - |
| Total other economic flows – other comprehensive income | | 1,549,209 | - |
| Comprehensive result | | (1,565,609) | (356,462) |

The above Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

Lake Mountain Alpine Resort Management Board

BALANCE SHEET AS AT 31 DECEMBER 2016

| | Notes | 2016 \$ | 2015 Restated(i) \$ | As at 1 Nov 2014 Restated(i) \$ |
|---|-------|-------------------|---------------------------|---------------------------------------|
| Financial assets | | | | |
| Cash and deposits | | 436,949 | 1,921,205 | 1,367,215 |
| Receivables | 4 | 66,380 | 136,275 | 153,522 |
| Total financial assets | | 503,329 | 2,057,480 | 1,520,737 |
| Non-financial assets | | | | |
| Inventories | 5 | 70,693 | 57,777 | 70,951 |
| Prepayments | 6 | 99,364 | 127,725 | 127,232 |
| Property, infrastructure, plant and equipment | 7 | 18,336,586 | 17,753,233 | 18,580,182 |
| Total non-financial assets | | 18,506,643 | 17,938,735 | 18,778,365 |
| Total assets | | 19,009,972 | 19,996,215 | 20,299,102 |
| Liabilities | | | | |
| Payables | 8 | 494,298 | 137,777 | 251,708 |
| Borrowings | 12 | 14,543 | 35,912 | 52,875 |
| Employee entitlement provisions | 9 | 310,035 | 226,613 | 192,142 |
| Total liabilities | | 818,876 | 400,302 | 496,725 |
| Net assets | | 18,191,096 | 19,595,913 | 19,802,377 |
| Equity | | | | |
| Accumulated surplus/(deficit) | | 2,430,228 | 5,545,046 | 5,901,510 |
| Physical asset revaluation surplus ¹ | 19 | 11,169,624 | 9,620,415 | 9,620,415 |
| Contributed capital | 11 | 4,591,244 | 4,430,452 | 4,280,452 |
| Net worth | | 18,191,096 | 19,595,913 | 19,802,377 |
| Finance Leases | 12 | | | |
| Commitments to expenditure | 13,14 | | | |
| Contingent assets and liabilities | 15 | | | |

¹The Board has corrected an error that is outlined in Note 1(r) that has caused a restatement of the fair value of land assets. Subsequent adjustments have been made to physical asset revaluation surplus and contributed capital as a result of the correction.

The above Balance Sheet should be read in conjunction with the notes to the financial statements.

Lake Mountain Alpine Resort Management Board

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

| | Note | Accumulated surplus / (deficit) \$ | Physical asset revaluation surplus \$ | Contributions by owner \$ | TOTAL \$ |
|--|------|---------------------------------------|--|------------------------------|-------------------|
| Balance at 31 October 2014 ¹ | 1(r) | 5,901,510 | 9,620,415 | 4,280,452 | 19,802,377 |
| Net result for the year | | (333,926) | - | - | (333,926) |
| Capital appropriations | | - | - | 150,000 | 150,000 |
| Prior period adjustments | 1(r) | (22,538) | - | - | (22,538) |
| Balance at 31 October 2015 | | 5,545,046 | 9,620,415 | 4,430,452 | 19,595,913 |
| Net result for the year | | (3,114,818) | - | - | (3,114,818) |
| Net revaluation movement | | - | 1,549,209 | - | 1,549,209 |
| Capital appropriations | | - | - | 160,792 | 160,792 |
| Balance at 31 December 2016 | | 2,430,228 | 11,169,624 | 4,591,244 | 18,191,096 |

¹ The Board has corrected an error that is outlined in Note 1(r) that has caused a restatement of the fair value of land assets. Subsequent adjustments have been made to physical asset revaluation surplus and contributed capital as a result of this correction.

The above Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Lake Mountain Alpine Resort Management Board

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

| | Notes | 2016 \$ | 2015 \$ |
|--|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from Government | | 738,240 | 2,599,234 |
| Receipts in the course of operations | | 2,904,560 | 3,448,006 |
| Interest received | | 20,729 | 32,413 |
| Total receipts | | 3,663,529 | 6,079,653 |
| Payments | | | |
| Payments to suppliers for goods and services | | (2,307,607) | (2,910,125) |
| Payments to and on behalf of employees | | (2,085,173) | (525,774) |
| Payments to contractors | | (643,209) | (2,155,169) |
| Interest paid | | (2,098) | (2,990) |
| Net GST (paid)/received | | 85,262 | 313,880 |
| Total payments | | (4,952,825) | (5,280,178) |
| Net cash flows from/(used in) operating activities | 18 | (1,289,296) | 799,475 |
| Cash flows from investing activities | | | |
| Sale of non-financial assets | | 5,100 | 6,500 |
| Purchase of non-financial assets | | (338,445) | (385,022) |
| Net cash flows from/(used in) investing activities | | (333,345) | (378,522) |
| Cash flows from financing activities | | | |
| Repayment of borrowings and finance leases | | (22,408) | (16,963) |
| Owner contributions by State Government – appropriation for capital expenditure purposes | | 160,792 | 150,000 |
| Net cash flows from/(used in) financing activities | | 138,384 | 133,037 |
| Net increase/(decrease) in cash and cash equivalents | | (1,484,257) | 553,990 |
| Cash and cash equivalents at beginning of financial year | | 1,921,205 | 1,367,215 |
| Cash and cash equivalents at end of financial year | | 436,948 | 1,921,205 |

The above Cash Flow Statement should be read in conjunction with the notes to the financial statements.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 1: Statement of significant accounting policies

The Lake Mountain Alpine Resort Management Board (the Board) was established pursuant to the *Alpine Resorts (Management) Act 1997* (the Act), which outlines the functions, responsibilities and requirements of the Board.

The annual financial statements represent the audited general purpose financial statements for the Board for the year ending 31 December 2016.

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

The reporting period covered in the Financial Statements is 1 November 2015 to 31 December 2016. There has been a ministerial directive from the Minister of Finance & Multicultural Affairs, Robin A Scott MP, to change the financial year from 31 October close to 31 December 2016. Therefore, the current reporting period is now 14 months against a 12 month comparative.

a) Statement of compliance

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

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

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

These annual financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions (SD) authorised by the Minister for Finance. The financial report has been prepared on a going concern basis despite the transfer of operations to Southern Alpine Resort Management Board on 1 January 2017 following legislative changes in the *Alpine Resorts Legislation Amendment Act 2016* to abolish the Board at that date. Refer to Note 23 for more information.

These annual financial statements were authorised for issue by the Board on 18 April 2017.

b) Basis of preparation

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, relate to

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j)); and
- superannuation expense (refer Note 1(f))

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention except for non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

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

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

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

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

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

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

c) Reporting entity

The financial statements cover the Board as an individual reporting entity. The Board is an entity established under the *Alpine Resorts (Management) Act 1997*. Its principal address was:

Lake Mountain Alpine Resort Management Board

Lake Mountain Road
Lake Mountain, Marysville, VIC 3779

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

Objectives

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

The objectives and funding that were previously the responsibility of Lake Mountain Alpine Resort Management Board were transferred to the Southern Alpine Resort Management Board in 2017. There will be no funding provided directly to Lake Mountain Alpine Resort Management Board post that date.

d) Scope and presentation of financial statements

Statement of Comprehensive Income

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

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

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

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

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

Balance Sheet

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

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

Cash Flow Statement

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

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

Statement of Changes in Equity

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

Rounding of amounts

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

e) Income from transactions

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

Resort Entry Fees

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

Government funding

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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

Other revenue

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

Sale of goods and services

Income from the sale of goods is recognised when:

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

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

Interest

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

f) Expenses from transactions

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

Employee benefits

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

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

Depreciation expense

All infrastructure assets, buildings, plant and equipment (excluding items under operating leases and land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

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

The following table indicates the typical estimated useful lives for the different asset classes used in 2015 and 2016 financial years:

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| | |
|-------------------------------|----------------|
| Buildings and improvements | 9 – 45 years |
| Trails | 17 – 50 years |
| Toboggan runs | 17 – 300 years |
| Water and sewerage | 10 – 40 years |
| Boardwalks | 20 years |
| Roads and car parks | 9 – 50 years |
| Plant and machinery | 5 – 20 years |
| Office equipment | 3 – 10 years |
| Rental equipment and clothing | 3 years |

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

Interest expense

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

Other operating expenses

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

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.

Utilities expenses

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

Marketing expenses

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

Other operational and administrative support

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

Contractor expenses

The Board continued to contract the management and operation of the resort to Belgravia Health & Leisure Group Pty Ltd, a private operator pursuant to the Short Term Management Agreement. The contractor expenses relating to Belgravia Health & Leisure Group Pty Ltd, included the management fee payable to that company, and payment for employee benefits by that company, and purchasing goods and services connected to the cost effective operation of the resort, this agreement ended on 30 April 2016. The Board engaged LXD Business Solutions to provide financial management services to the Board from 1 April 2016.

g) Other economic flows included in the net result

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

Net gain/(loss) on non-financial assets

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

- **Revaluation gains/(losses) of non-financial physical assets**
Refer to Note 1(j) Property, infrastructure, plant and equipment.
- **Net gain/(loss) on disposal of non-financial assets**
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Impairment of non-financial assets

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

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

Other gains/(losses) from other economic flows

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

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

h) Financial instruments

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

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

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

i) Financial assets

Cash and cash equivalents

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

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

Receivables

Receivables consist of:

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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

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

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

Impairment of financial assets

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

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

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

j) Non-financial assets

Inventories

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

Property, infrastructure, plant and equipment

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

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 7 Property, Infrastructure, plant and equipment.

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

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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

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

Subsequent to the initial recognition as assets, all non-current physical assets are measured at fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Values are assessed annually and supplemented by independent assessments. All assets are tested for indication of impairment on an annual basis. Such assets are tested to ascertain whether the carrying amount exceeds their recoverable amount. Revaluations are conducted in accordance with Financial Reporting Direction (FRD) 103F - *Non-current physical assets*. The most recent formal valuation was undertaken as at 31 December 2016.

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

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

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

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

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

Prepayments

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

k) Liabilities

Payables

Payables consist of:

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

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Borrowings

Interest bearing liabilities are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

Subsequent to initial recognition, interest bearing liabilities 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 the interest bearing liability using the effective interest rate method.

Provisions

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

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

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

Employee benefits provisions

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

(i) Annual leave

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

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

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

(ii) Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

(iii) Termination benefits

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

(iv) **Employee benefits on-costs**

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

l) Leases

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

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

Finance leases

The Board as lessee

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

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

Operating leases

The Board as lessor

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

The Board as lessee

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

m) Equity

Contributions by owners

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

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

n) Commitments

Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 13 Commitments) at their nominal value and inclusive of the GST payable.

o) Contingent assets and contingent liabilities

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

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

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

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

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

q) Going concern

Whilst these statements have been prepared on a going concern basis, the Alpine Resorts Legislation Amendment Act 2016 ("the Act") commenced from 1 January 2017. As a result of the Act, the Lake Mountain Alpine Management Resort Board ("the Board") was abolished as of 1 January and all rights, property, assets vested in the Board vest, from that date, in the Southern Alpine Resort Management Board ("the new Board"). All debt, liabilities and obligations of the Board are the debts, liabilities and obligations of the new Board. Similarly the new Board have become the party to any court or tribunal proceeding to which the Board was a party on 31 December 2016, and the new Board has replaced the Board as the party to any contract. Furthermore, all employees of the Board became employees of the new Board as from 1 January. The new Board have employed staff on the same terms and conditions that applied immediately prior to 1 January, and all accrued entitlements of the Board employees, transferred to the new Board.

r) Correction of a prior period error

During the 2014-15 financial year, Lake Mountain Alpine Resort Management Board inadvertently omitted some expenditure incurred prior to that year end. This error had the effect of overstating profit for the year ended 31 October 2015 by \$22,536. The error also had the effect of understating accrued expenses and accumulated surplus as at 31 October 2015 by \$22,536.

The error has been corrected by restating each of the affected financial statement line items for the year in which the error occurred, as described above.

During the 2015-16 financial period Lake Mountain Alpine Resort Management Board undertook a formal revaluation over its assets. This process identified a parcel of land that lie beyond the resort boundary and had been incorrectly included in the Board's land asset value for some years. Whilst the board has an Memorandum Of Understanding (MOU) with Parks Victoria to make use of, and carry out maintenance on that land, the land is not controlled by, nor within the boundary of the resort.

A prior period adjustment has been made to reflect the clarified allotment of land.

The value of this parcel of land written out of the board's assets was \$2,416,000. It is included in the revaluation amount detailed below.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

The table below illustrates the impact on the Balance Sheet as at 31 October 2015

| | As previously reported at 31 October 2014 | Prior period error | Restated 31 October 2014 |
|------------------------------------|---|-----------------------|-----------------------------|
| Non financial assets | | | |
| Property, plant and equipment | 20,996,182 | (2,416,000) | 18,580,182 |
| Total assets | 22,715,102 | (2,416,000) | 20,299,102 |
| Equity | | | |
| Physical asset revaluation surplus | 10,226,415 | (606,000) | 9,620,415 |
| Contributed capital | 6,090,452 | (1,810,000) | 4,280,452 |
| Total equity | 22,218,377 | (2,416,000) | 19,802,377 |

The table below illustrates the impact on the Statement of Changes in Equity as at 31 October 2014

| | As previously reported at 31 October 2014 | Prior period error | Restated 31 October 2014 |
|--|---|-----------------------|-----------------------------|
| Other comprehensive income for the year | | | |
| Physical asset revaluation surplus | 10,226,415 | (606,000) | 9,620,415 |
| Contributions by owners | 6,090,452 | (1,810,000) | 4,280,452 |
| Total equity | 22,218,377 | (2,416,000) | 19,802,377 |

s) Subsequent events

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

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to condition which arose after the reporting date that may have a material impact on the results of subsequent years.

t) New Accounting Standards for application in future periods

Certain new AASs have been published that are not mandatory for the 31 December 2016 reporting period. Department of Treasury and Finance assesses the impact of these new standards and advises of their applicability and early adoption where applicable.

As at 31 December 2016, all new accounting standards and interpretations that had been issued but classified as not mandatory for the financial year ended 31 December 2016 had been considered, and while the impact of some standards was still to be assessed, the likely impact is not considered to be significant.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|---|--|---|---|
| AASB 9 Financial Instruments | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1 Jan 2018 | <p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p> |
| ASB 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 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018) | <p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p> |
| AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments] | Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements. | 1 Jan 2018 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| | | | |
|-------------------|---|------------|--|
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet. | 1 Jan 2019 | Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. Cash paid for the principal portion of the lease liability will be presented within financing activities and the interest paid will be presented within operating activities in the cash flow statement. |
|-------------------|---|------------|--|

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| Note 2: Income from transactions | 2016 | 2015 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue includes: | | |
| (a) Visitor fees | | |
| Resort entry fees | 1,226,006 | 1,371,342 |
| Bistro and functions | 607,534 | 653,258 |
| Ski hire and ski school | 411,661 | 624,975 |
| Merchandise | 190,509 | 214,494 |
| Adventure activities | 62,861 | 33,125 |
| Miscellaneous revenue | 1,910 | 1,931 |
| Total visitor fees | 2,500,481 | 2,899,125 |
| (b) Government funding | | |
| Department of Environment, Land, Water and Planning support payments | 600,000 | 2,599,234 |
| Southern Alpine Resorts Project Funding | 125,673 | - |
| Total Government funding | 725,673 | 2,599,234 |
| (c) Other revenue | | |
| Telecommunication tower electricity supply | 30,355 | 26,282 |
| Fuel tax credit rebate | 93,594 | 93,391 |
| Other revenue | 7,242 | 99,716 |
| Total other revenue | 131,191 | 219,389 |
| (d) Interest | | |
| Interest on bank deposits | 18,053 | 32,413 |
| Total interest revenue | 18,053 | 32,413 |
| Note 3: Expenses from transactions | 2016 | 2015 |
| | \$ | \$ |
| (a) Employee benefits | | |
| Salaries, wages, annual leave and long service leave | 1,861,059 | 490,638 |
| Post employment benefits | | |
| Defined contributions superannuation expense | 150,535 | 28,747 |
| Defined benefits superannuation expense | 14,226 | 13,814 |
| FBT and payroll tax | 97,060 | 27,046 |
| Total employee benefits | 2,122,880 | 560,245 |
| (b) Depreciation expense | | |
| Buildings | 345,886 | 295,320 |
| Water and sewerage infrastructure | 22,573 | 19,355 |
| Roads and car parks | 368,559 | 315,912 |
| Plant and equipment | 346,065 | 295,404 |
| Office equipment | 23,068 | 8,273 |
| Rental equipment and clothing | 73,700 | 45,516 |
| Toboggan runs | 4,116 | 3,528 |
| Trails | 105,506 | 93,472 |
| Boardwalks | 9,876 | 8,100 |
| Total depreciation expense | 1,299,349 | 1,084,880 |
| (c) Interest expense | | |
| Hire purchase interest | 2,098 | 2,990 |
| Total interest expense | 2,098 | 2,990 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| Note 3: Expenses from transactions (cont) | 2016 | 2015 Restated |
|--|----------------|------------------|
| (d) Contractor expenses | \$ | \$ |
| Resort operations | 516,336 | 1,782,937 |
| Other operational & administrative support | 69,667 | 176,307 |
| Total contractor expenses | 586,003 | 1,959,244 |
| (e) Other operating expenses | | |
| Audit fees – Note 20 | 54,425 | 75,804 |
| Motor vehicle leases | 136,813 | 113,394 |
| Geotech expenses | 26,231 | 96,458 |
| Southern alpine resorts reform project | 123,906 | - |
| Auspiced programs | - | 65,736 |
| Other expenses from ordinary activities | 274,958 | 196,819 |
| Total other expenses | 616,333 | 548,211 |
| Note 4: Receivables | | |
| Receivables | | |
| <i>Contractual</i> | | |
| Debtors | 8,222 | 92,289 |
| Sundry debtors | 22,236 | 15,171 |
| | 30,458 | 107,460 |
| <i>Statutory</i> | | |
| GST receivable | 35,922 | 28,815 |
| Total receivables | 66,380 | 136,275 |
| Note 5: Inventories | | |
| <i>Inventories</i> | | |
| Supplies & consumables - fuel (at cost) | 30,176 | 17,228 |
| Merchandise held for sale (at cost) | 40,517 | 40,549 |
| Total inventories | 70,693 | 57,777 |
| Note 6: Prepayments | | |
| Prepaid insurance | 98,446 | 127,725 |
| Prepaid expenses - other | 918 | - |
| Total prepayments | 99,364 | 127,725 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 7: Property, infrastructure, plant and equipment

7a Gross carrying amount and accumulated depreciation

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|--|-----------------------|-------------------|--------------------------|--------------------|---------------------|-------------------|
| | 2016 \$ | 2015 \$ | 2016 \$ | 2015 \$ | 2016 \$ | 2015 \$ |
| Land at fair value | 1,465,000 | 1,674,000 | - | - | 1,465,000 | 1,674,000 |
| Buildings at fair value | 11,588,504 | 12,082,723 | (1,604) | (1,042,470) | 11,586,900 | 11,040,253 |
| Plant and equipment at fair value | 3,203,650 | 3,080,588 | (2,156,816) | (1,817,291) | 1,046,834 | 1,263,297 |
| Water and sewerage infrastructure at fair value | 378,056 | 502,500 | - | (77,429) | 378,056 | 425,071 |
| Roads and car parks infrastructure at fair value | 2,282,369 | 3,086,000 | - | (1,248,060) | 2,282,369 | 1,837,940 |
| Trails at fair value | 1,028,160 | 1,538,000 | - | (357,336) | 1,028,160 | 1,180,664 |
| Toboggan runs at fair value | 234,900 | 60,000 | - | (13,932) | 234,900 | 46,068 |
| Boardwalks at fair value | 132,240 | 169,305 | - | (32,114) | 132,240 | 137,191 |
| Office equipment at fair value | 168,754 | 57,757 | (69,754) | (46,685) | 99,000 | 11,072 |
| Rental equipment and clothing at fair value | 232,207 | 213,056 | (149,080) | (75,379) | 83,127 | 137,677 |
| Total property, infrastructure, plant and equipment | 20,713,840 | 22,463,929 | (2,377,254) | (4,710,696) | 18,336,586 | 17,753,233 |

7b Classification by 'purpose groups'

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

7c Movements in carrying amounts

| 2016 | Carrying amount - start of year | Additions | Disposals | Impairment of assets | Revaluation (i) | Depreciation on expense | Carrying amount - end of year |
|--|---------------------------------|----------------|----------------|----------------------|------------------|-------------------------|-------------------------------|
| | \$ | \$ | \$ | | \$ | \$ | \$ |
| Land at fair value | 1,674,000 | - | - | - | (209,000) | - | 1,465,000 |
| Buildings at fair value | 11,040,253 | 73,744 | - | - | 818,789 | (345,886) | 11,586,900 |
| Plant and equipment | 1,263,297 | 135,127 | (5,526) | - | - | (346,064) | 1,046,834 |
| Trails at fair value | 1,180,664 | - | - | - | (46,998) | (105,506) | 1,028,160 |
| Water and sewerage infrastructure | 425,073 | - | - | - | (24,444) | (22,573) | 378,056 |
| Roads and car parks infrastructure at fair value | 1,837,940 | - | - | - | 812,989 | (368,560) | 2,282,369 |
| Toboggan runs at fair value | 46,068 | - | - | - | 192,948 | (4,116) | 234,900 |
| Boardwalks at fair value | 137,191 | - | - | - | 4,925 | (9,876) | 132,240 |
| Office equipment at fair value | 11,072 | 110,996 | - | - | - | (23,068) | 99,000 |
| Rental equipment and clothing at fair value | 137,675 | 19,152 | - | - | - | (73,700) | 83,127 |
| Total | 17,753,233 | 339,019 | (5,526) | - | 1,549,209 | (1,299,349) | 18,336,586 |

| 2015 | \$ | \$ | \$ | | \$ | \$ | \$ |
|--|-------------------|----------------|-----------------|-----------------|----------|--------------------|-------------------|
| Land at fair value | 1,674,000 | - | - | - | - | - | 1,674,000 |
| Buildings at fair value | 11,341,233 | - | (5,660) | - | - | (295,320) | 11,040,253 |
| Plant and equipment | 1,362,134 | 239,041 | (16,331) | (26,143) | - | (295,404) | 1,263,297 |
| Trails at fair value | 1,322,332 | - | - | (48,196) | - | (93,472) | 1,180,664 |
| Water and sewerage infrastructure | 444,428 | - | - | - | - | (19,355) | 425,073 |
| Roads and car parks infrastructure at fair value | 2,153,852 | - | - | - | - | (315,912) | 1,837,940 |
| Toboggan runs at fair value | 49,596 | - | - | - | - | (3,528) | 46,068 |
| Boardwalks at fair value | 145,291 | - | - | - | - | (8,100) | 137,191 |
| Office equipment at fair value | 43,167 | 6,921 | (21,425) | (9,318) | - | (8,273) | 11,072 |
| Rental equipment and clothing at fair value | 44,149 | 139,042 | - | - | - | (45,516) | 137,675 |
| Total | 18,580,182 | 385,004 | (43,416) | (83,657) | - | (1,084,880) | 17,753,233 |

(i) Fair value assessments have been performed for all classes of assets in this purpose group.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

7d Fair value measurement hierarchy for assets as at 31 December 2016

There have been no transfers between levels during the period.

| | Carrying amount as at | Fair value measurement at end of reporting period using: | | | Carrying amount as at | Fair value measurement at end of reporting period using: | | |
|---|-----------------------|--|------------------|-------------------|-----------------------|--|------------------|-------------------|
| | 31-Dec-16 | Level 1 | Level 2 | Level 3 | 31-Oct-15 | Level 1 | Level 2 | Level 3 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land at fair value | | | | | | | | |
| Specialised land | 425,000 | - | - | 425,000 | 439,000 | - | - | 439,000 |
| Non-specialised land | 1,040,000 | - | 1,040,000 | - | 1,235,000 | - | 1,235,000 | - |
| Total of land at fair value | 1,465,000 | - | 1,040,000 | 425,000 | 1,674,000 | - | 1,235,000 | 439,000 |
| Buildings at fair value | | | | | | | | |
| Specialised buildings | 11,586,900 | - | - | 11,586,900 | 11,040,253 | - | - | 11,040,253 |
| Total of buildings at fair value | 11,586,900 | - | - | 11,586,900 | 11,040,253 | - | - | 11,040,253 |
| Plant and equipment at fair value | | | | | | | | |
| Plant and equipment | 1,046,834 | - | - | 1,046,834 | 1,263,297 | - | - | 1,263,297 |
| Office equipment | 99,000 | - | - | 99,000 | 11,072 | - | - | 11,072 |
| Ski equipment | 83,127 | - | - | 83,127 | 137,677 | - | - | 137,677 |
| Total of plant and equipment at fair value | 1,228,961 | - | - | 1,228,961 | 1,412,046 | - | - | 1,412,046 |
| Infrastructure at fair value | | | | | | | | |
| Trails | 1,028,160 | - | - | 1,028,160 | 1,180,664 | - | - | 1,180,664 |
| Toboggan runs | 234,900 | - | - | 234,900 | 46,068 | - | - | 46,068 |
| Water | 331,250 | - | - | 331,250 | 382,793 | - | - | 382,793 |
| Sewerage infrastructure | 46,806 | - | - | 46,806 | 42,278 | - | - | 42,278 |
| Boardwalks | 132,240 | - | - | 132,240 | 137,191 | - | - | 137,191 |
| Roads and carparks (sealed) | 2,011,254 | - | - | 2,011,254 | 1,518,820 | - | - | 1,518,820 |
| Roads and carparks (unsealed) | 271,115 | - | - | 271,115 | 319,120 | - | - | 319,120 |
| Total of infrastructure at fair value | 4,055,725 | - | - | 4,055,725 | 3,626,934 | - | - | 3,626,934 |
| Total Assets | 18,336,586 | - | 1,040,000 | 17,296,586 | 17,753,233 | - | 1,235,000 | 16,518,233 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Specialised land and specialised buildings

Specialised land is valued using the market approach, adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

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

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

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

An independent valuation of specialised land and buildings was performed by the Valuer-General Victoria (VGV). The effective date of the valuation is 31 December 2016.

Non-specialised land

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

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as Level 2.

Infrastructure

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

An independent valuation of the Board's infrastructure assets was performed by the VGV. The valuation was performed based on the depreciated replacement costs of the assets. The effective date of the valuation is 31 December 2016.

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

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 31 December 2016.

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

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

7e Reconciliation of Level 3 fair value

| 2016 | Land at fair value | Buildings at fair value | Trails at fair value | Toboggan runs at fair value | Water infrastructure at fair value | Sewerage infrastructure at fair value | Boardwalks at fair value | Roads & carparks (sealed) at fair value | Roads & carparks (unsealed) at fair value | Plant & equipment at fair value | Office equipment at fair value | Rental Equipment and clothing at fair value | Total |
|-------------------------------|--------------------|-------------------------|----------------------|-----------------------------|------------------------------------|---------------------------------------|--------------------------|---|---|---------------------------------|--------------------------------|---|-------------------|
| | \$ 439,000 | \$ 11,040,253 | \$ 1,180,664 | \$ 46,068 | \$ 382,793 | \$ 42,278 | \$ 137,191 | \$ 1,518,820 | \$ 319,120 | \$ 1,263,297 | \$ 11,072 | \$ 137,677 | \$ 16,518,233 |
| Purchase/(Sales) | - | 73,744 | - | - | - | - | - | - | - | 129,602 | 110,996 | 19,152 | 333,494 |
| Transfers in (out) of Level 3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (345,886) | (105,506) | (4,116) | (18,859) | (3,714) | (9,876) | (350,873) | (17,686) | (346,064) | (23,068) | (73,701) | (1,299,349) |
| Impairment loss | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Subtotal | 439,000 | 10,768,111 | 1,075,158 | 41,952 | 363,934 | 38,564 | 127,315 | 1,167,947 | 301,434 | 1,046,835 | 99,000 | 83,128 | 15,552,378 |
| Revaluation | (14,000) | 818,789 | (46,998) | 192,948 | (32,684) | 8,240 | 4,925 | 843,307 | (30,319) | - | - | - | 1,744,208 |
| Closing balance | 425,000 | 11,586,900 | 1,028,160 | 234,900 | 331,250 | 46,804 | 132,240 | 2,011,254 | 271,115 | 1,046,835 | 99,000 | 83,128 | 17,296,586 |
| | \$ 439,000 | \$ 11,341,233 | \$ 1,322,332 | \$ 49,596 | \$ 398,971 | \$ 45,457 | \$ 145,291 | \$ 1,819,564 | \$ 334,288 | \$ 1,362,134 | \$ 43,167 | \$ 44,149 | \$ 17,345,182 |
| Purchase/(Sales) | - | (5,660) | - | - | - | - | - | - | - | 222,710 | (14,504) | 139,044 | 341,590 |
| Transfers in (out) of Level 3 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (295,320) | (93,472) | (3,528) | (16,178) | (3,179) | (8,100) | (300,744) | (15,168) | (295,404) | (8,273) | (45,516) | (1,084,882) |
| Impairment loss | - | - | (48,196) | - | - | - | - | - | - | (26,143) | (9,318) | - | (83,657) |
| Subtotal | 439,000 | 11,040,253 | 1,180,664 | 46,068 | 382,793 | 42,278 | 137,191 | 1,518,820 | 319,120 | 1,263,297 | 11,072 | 137,677 | 16,518,233 |
| Revaluation | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 439,000 | 11,040,253 | 1,180,664 | 46,068 | 382,793 | 42,278 | 137,191 | 1,518,820 | 319,120 | 1,263,297 | 11,072 | 137,677 | 16,518,233 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

7f Description of significant unobservable inputs to Level 3 valuations

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

Note 8: Payables

| | 2016 \$ | 2015 \$ |
|-----------------------------------|----------------|----------------|
| <i>Contractual</i> | | |
| Creditors | 24,448 | - |
| Accruals | 145,534 | 124,419 |
| Total contractual payables | 169,982 | 124,419 |
| <i>Statutory</i> | | |
| PAYG-withholding payable | 61,509 | 9,958 |
| Superannuation payable | 13,087 | 2,244 |
| ATO Integrated client account | 249,720 | - |
| GST Payable | - | 1,156 |
| Total statutory payables | 324,316 | 13,358 |
| Total payables | 494,298 | 137,777 |

Maturity analysis of contractual payables

Please refer to Note 17 (b) for the maturity analysis of contractual payables.

- (i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.
- (ii) Loan agreement on residual payment for an expired finance lease.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| Note 9: Employee benefit provisions | 2016 | 2015 |
|---|----------------|----------------|
| Current provisions | \$ | \$ |
| Employee benefits | | |
| <i>Annual Leave</i> | | |
| Unconditional and expected to be wholly settled within 12 months | 50,744 | 44,497 |
| Unconditional and expected to be wholly settled after 12 months | 24,259 | 22,174 |
| <i>Long Service Leave</i> | | |
| Unconditional and expected to be settled after 12 months | 186,303 | 99,567 |
| Provisions related to employee benefits on-costs | | |
| Unconditional and expected to be wholly settled within 12 months | 37,427 | 6,832 |
| Unconditional and expected to be wholly settled after 12 months | 3,724 | 19,243 |
| Total current provisions | 302,457 | 192,313 |
| Non-current provisions | | |
| Employee benefits | 6,538 | 29,592 |
| Provisions related to employee benefit on-costs | 1,040 | 4,708 |
| Total non-current provisions | 7,578 | 34,300 |
| Total employee entitlement provisions | 310,035 | 226,613 |
| (a) Employee benefits and related on-costs | | |
| Current employee benefits | | |
| Annual leave entitlements (including leave loading) | 75,003 | 66,671 |
| Unconditional long service leave entitlements | 186,303 | 99,567 |
| Non-current employee benefits | | |
| Conditional long service leave entitlements | 6,538 | 29,592 |
| Total employee benefits | 267,844 | 195,830 |
| Current on-costs | 41,151 | 26,075 |
| Non-current on-costs | 1,040 | 4,708 |
| Total on-costs | 42,191 | 30,783 |
| Total employee benefits and related on-costs | 310,035 | 226,613 |
| (b) Movement in provisions (on-costs) | | |
| Opening balance | 30,783 | 18,943 |
| Additional provisions recognised | 22,264 | 18,454 |
| Reductions arising from payments/other sacrifices of future economic benefits | (10,583) | (5,570) |
| Reductions arising from re-measurement of settlement without cost | - | (1,026) |
| Effect of change in discount rates | (273) | (18) |
| Closing balance | 42,191 | 30,783 |
| Current | 41,151 | 26,075 |
| Non-current | 1,040 | 4,708 |
| Closing balance | 42,191 | 30,783 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 10. Superannuation

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.

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

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

| Name of fund | Contribution rate | Paid contribution for the period | | Contribution outstanding at 31 Dec 16 | |
|------------------------------------|-------------------|----------------------------------|--------------------|---------------------------------------|--------------------|
| | | 2016 2016 % | 2016 2015 \$ | 2016 2015 \$ | 2015 2016 \$ |
| Defined benefit plans: | | | | | |
| ESSS | 3% - 17% | 20,959 | 13,814 | 8,845 | - |
| Defined contribution plans: | | | | | |
| Australian Super | 9.5% | 7,808 | - | 207 | - |
| Bendigo Bank | 9.5% | 2,803 | - | 400 | - |
| BT | 9.5% | 11,621 | 4,649 | 163 | 1,241 |
| Care Super | 9.5% | 1,878 | - | 62 | - |
| Commonwealth Essential Super | 9.5% | 3,479 | - | - | - |
| First Superannuation | 9.5% | 4,064 | 3,229 | 158 | - |
| HOSTPLUS Superannuation | 9.5% | 3,378 | - | 226 | - |
| MTAA Super Fund | 9.5% | 13,686 | 4,826 | 210 | - |
| UniSuper | 9.5% | 10,092 | - | 378 | - |
| Vic Super | 9.5% | 74,535 | 13,068 | 1,700 | 385 |
| Vision Super | 9.5% | 8,710 | 645 | 243 | 260 |
| Other | 9.5% | 25,217 | 2,330 | 495 | 358 |
| Total | | 188,230 | 42,561 | 13,087 | 2,244 |

Note 11: Contributed capital

The equity from the Alpine Resorts was allocated during 1998 by the Minister for Conservation and Land Management pursuant to section 59 of the *Alpine Resorts (Management) Act 1997*. The allocation received from the Alpine Resorts Commission included revenue and capital items. An amount of \$2,582,889 represents the capital portion of the contribution received from the Alpine Resorts Commission as at 30 April 1998. This amount is included in the total contributed capital at 31 December 2016 of \$4,591,244. Equity and movements in equity are summarised in the Statement of Changes in Equity. Pursuant to Financial Reporting Direction No 2A (FRD 119A *Transfers through Contributed Capital*) under the Financial Management Act 1994, the Board received \$160,792 contributed capital from the Department of Environment, Land, Water and Planning during the reporting period (2015: \$150,000).

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 12: Leases

(a) Finance Leases - Board as lessee

Leasing arrangements

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

| | 2016 \$ | 2015 \$ |
|---|---------------|---------------|
| Finance leases | | |
| (i) Commitments in relation to finance leases are payable as follows: | | |
| - Not later than one year | 14,965 | 19,953 |
| - Later that one year but not later than five years | - | 18,290 |
| Minimum Lease payments | 14,965 | 38,243 |
| Less: Future finance charges | (422) | (2,331) |
| Total | 14,543 | 35,912 |
| Representing finance lease liabilities: | | |
| Current | 14,543 | 18,179 |
| Non-current | - | 17,733 |
| Total | 14,543 | 35,912 |

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

(b) Operating leases - Board as lessee

Operating leases relate to photocopiers with a lease term of 5 years, Point of Sales software and hardware with rental term of 3 years and vehicles with a lease term expiry of 3 years. The Board does not have an option to purchase the leased assets at the expiry of the lease period. These figures include GST.

| | | |
|---|----------------|----------------|
| Non-cancellable operating lease payables | | |
| Not longer than one year | 135,725 | 124,611 |
| Longer than one year and not longer than five years | 67,338 | 133,510 |
| | 203,063 | 258,121 |

The responsibility for any ongoing lease commitments will transfer from Lake Mountain Alpine Resort Management Board to Southern Alpine Resort Management Board from 1 January 2017.

Note 13. Commitments for expenditure

A supply and install agreement with Trinoda Nominees Pty Ltd was entered into for the service and maintenance of a switchboard and generators. This commitment involves the expenditure of \$435,000 over five years starting in the 2015-16 period. A new finance agreement was entered with Upstream Solutions for a 5 year term for photocopying equipment

| | 2016 \$ | 2015 \$ |
|---|----------------|----------------|
| Other expenditure commitments | | |
| Operation and maintenance commitments | | |
| Payable: | | |
| Not longer than one year | 94,134 | 309,435 |
| Longer than one year and not longer than five years | 347,536 | - |
| Total other expenditure commitments (inclusive of GST) | 441,670 | 309,435 |
| Less GST recoverable from the Australian Tax Office | 40,152 | 28,130 |
| Total other expenditure commitments (exclusive of GST) | 401,518 | 281,305 |

Note 14: Capital commitments

At balance date the Board had no capital commitments. (2015: \$nil).

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 15. Contingent assets and liabilities

At the reporting date, the Board are not aware of any other contingent assets or contingent liabilities (2015: Nil), other than any penalty imposed by the courts in connection with a legal case against the Board in respect to circumstances surrounding a workplace accident bought by Work Safe Victoria.

Note 16: Responsible persons related disclosures

(a) Responsible persons

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

| Responsible Minister | From | To |
|--|-------------|-------------|
| The Hon. Lisa Neville MP, Minister for Environment, Climate Change and Water | 01 Nov 2015 | 22 May 2016 |
| The Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change | 23 May 2016 | 31 Dec 2016 |
| Board Members | | |
| Mr A Thompson (Chair) | 01 Nov 2015 | 31 Dec 2015 |
| Ms D Culhane | 01 Nov 2015 | 31 Dec 2015 |
| Mr A Nippard | 01 Nov 2015 | 31 Dec 2015 |
| Mr K Ritchie | 01 Nov 2015 | 31 Dec 2015 |
| Mr R Thomason | 01 Nov 2015 | 31 Dec 2015 |
| Ms H Tudor-Harrop | 01 Nov 2015 | 31 Dec 2015 |
| Mr A Bawden (Chairperson) | 01 Jan 2016 | 31 Dec 2016 |
| Mr A Thompson | 01 Jan 2016 | 31 Dec 2016 |
| Mr R Cohen | 01 Jan 2016 | 31 Dec 2016 |
| Ms J Walker | 09 Mar 2016 | 31 Dec 2016 |
| Mrs S Petkova | 01 Jan 2016 | 31 Dec 2016 |
| Ms K Clarke | 01 Jan 2016 | 31 Dec 2016 |
| Ms K Irwin (Deputy Chair) | 01 Jan 2016 | 31 Dec 2016 |
| Accountable Officer | | |
| Mr P Nunn (Chief Executive Officer) | 01 Nov 2015 | 31 Dec 2016 |

(b) Remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Resort during the reporting period was in the range: \$190,000 – \$199,999 (2015: \$50,000-\$59,999).

The number of responsible persons whose remuneration from the Board was within the specified bands is as follows:

| | 2016 (14 Month Period) | 2015 (12 Month period) |
|------------------------|------------------------|------------------------|
| \$0 to \$9,999 | 10 | 3 |
| \$10,000 to \$19,999 | 2 | 3 |
| \$190,000 to \$199,999 | 1 | - |
| Total | 13 | 6 |

The remuneration received or due and receivable by the responsible persons in connection with the management of the resort during the reporting period was:

| | |
|------------------|-----------------|
| \$282,802 | \$65,454 |
|------------------|-----------------|

The relevant amounts relating to the Minister are reported separately in the Department of Premier and Cabinet's Financial Statements.

The accountable office was employed by both Mount Baw Baw and Lake Mountain Alpine Resort Management Boards, as such his wage is split between the two Boards.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

(c) Executive remuneration

The number of executives, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executives is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The number of executive officers whose remuneration falls within the specified bands below is as follows:

| | Total remuneration | | Base remuneration | |
|--------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016 (14 Month Period) | 2015 (12 Month period) | 2016 (14 Month Period) | 2015 (12 Month period) |
| Income band | No. | No. | No. | No. |
| \$30,000 to \$39,999 | 1 | - | 1 | - |
| \$100,000 to \$100,999 | - | 1 | - | 1 |
| \$160,000 to \$169,999 | 1 | - | 1 | - |
| Total | 2 | 1 | 2 | 1 |
| Annualised employee equivalent | 1.56 | 1 | 1.56 | 1 |
| Total remuneration | \$201,799 | \$104,830 | \$193,963 | \$104,830 |

Annualised full time equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

The General Manager of Corporate Services was employed in June 2016 by both Mount Baw Baw and Lake Mountain Alpine Resort Management Boards, as such his wage is split between the two Boards.

(d) Other transactions

The number of contractors charged with significant management responsibilities is disclosed within the \$10,000 expense band. These contractors are responsible for planning, directing, controlling, and/or reporting upon, whether directly or indirectly, a significant proportion of the Board's activities

| | Total expenses (GST-exclusive) | |
|----------------------------|--------------------------------|------------------|
| | 2016 | 2015 |
| \$60,000 to \$69,999 | 1 | - |
| \$170,000 to \$179,999 | - | 1 |
| \$510,000 to \$519,999 | 1 | - |
| \$1,820,000 to \$1,829,999 | - | 1 |
| Total | 2 | 2 |
| Total amount | 586,003 | 2,002,746 |

Belgravia Health & Leisure Group Pty Ltd had been contracted to manage the operation of the Resort and thus have significant management responsibilities pursuant to the agreement that is in place. During the year the Board paid \$516,336 (2015: \$1,826,439) for such services. LXD Business Solutions has been engaged by the Board to provide financial management services, during the year the Board paid \$69,667 (2015: nil)

(e) Related party transactions

Mr A Bawden is a council member of the Alpine Resorts Coordinating Council, a statutory body established under the Victorian Alpine Resorts (Management) Act 1997 to which the Board makes financial contributions for services provided by the Council. Total contributions paid during the reporting period (exclusive of GST) was \$50,660 (2015: \$40,389). Mr A Thompson was a member of the Alpine Resorts Coordinating Council from 1 November 2015 to 31 December 2016. From 1 January 2016, the seven members of the Board were also members of the Mount Baw Baw Alpine Resort Management Board. Charges between the two boards arising from a memorandum of understanding between the two entities amounted to \$225,680, these amounts were reimbursed by Mount Baw Baw Alpine Resort Management Board to Lake Mountain Alpine Resort Management Board.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 17: Financial Instruments

The Board's principal financial instruments comprise;

- Cash and cash equivalents;
- Receivables (excluding statutory receivables);
- Payables (excluding statutory payables); and
- Borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudently manage the Board's financial operations.

The carrying amounts of the Board's contractual financial assets and liabilities by category are in the table below.

| | <i>Note</i> | <i>Category</i> | 2016 \$ | 2015 \$ |
|--|-------------|---|-------------------|-------------------|
| Contractual financial assets | | | | |
| Cash and deposits | | Loans and receivables at amortised cost | 436,949 | 1,921,205 |
| Receivables (i): | 4 | | | |
| Debtors | | Loans and receivables at amortised cost | 8,222 | 92,289 |
| Sundry debtors | | Loans and receivables at amortised cost | 22,236 | 15,171 |
| Total contractual financial assets | | | 467,407 | 2,028,665 |
| Contractual financial liabilities | | | | |
| Payables (i): | 8 | | | |
| Creditors | | Financial liabilities at amortised cost | 24,448 | - |
| Other payables | | Financial liabilities at amortised cost | 145,534 | 124,419 |
| Borrowings: | 12 | | | |
| Finance lease liabilities | | Financial liabilities at amortised cost | 14,543 | 35,912 |
| Total contractual financial liabilities | | | 184,525 | 160,331 |

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

Net holding gain/(loss) on financial instruments by category

| | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| Contractual financial assets | | |
| Financial assets – cash and cash equivalents | | |
| Interest on cash and deposits | 18,053 | 32,413 |
| Total contractual financial assets | 18,053 | 32,413 |
| Contractual financial liabilities | | |
| Financial liabilities at amortised cost: | | |
| Interest on finance leases | 2,098 | 2,990 |
| Total contractual financial liabilities | 2,098 | 2,990 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

(a) Credit risk exposure

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

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

| | 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 |
| 2016 | \$ | \$ | \$ | \$ | \$ | \$ |
| Receivables: | | | | | | |
| Debtors | 8,222 | - | 6,084 | - | 2,138 | - |
| Sundry debtors | 22,236 | 22,236 | - | - | - | - |
| Total | 30,458 | 22,236 | 6,084 | - | 2,138 | - |
| 2015 | | | | | | |
| Receivables: | | | | | | |
| Debtors | 92,289 | - | 88,121 | - | 4,168 | - |
| Sundry debtors | 15,171 | 15,171 | - | - | - | - |
| Total | 107,460 | 15,171 | 88,121 | - | 4,168 | - |

(b) Liquidity risk

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

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

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

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

| | Carrying amount | Nominal amount | Maturity dates | | | |
|---------------------------|-----------------|----------------|-------------------|--------------|-------------------|---------------|
| | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1- 5 years |
| 2016 | \$ | \$ | \$ | \$ | \$ | \$ |
| Payables: | | | | | | |
| Creditors | 24,448 | 24,448 | 24,448 | - | - | - |
| Other payables | 145,536 | 145,536 | 145,536 | - | - | - |
| Borrowings: | | | | | | |
| Finance lease liabilities | 14,543 | 14,543 | 1,468 | 2,962 | 10,113 | - |
| Total | 184,527 | 184,527 | 171,452 | 2,962 | 10,113 | - |
| 2015 | | | | | | |
| Payables: | | | | | | |
| Creditors | - | - | - | - | - | - |
| Other payables | 124,417 | 124,417 | 124,417 | - | - | - |
| Borrowings: | | | | | | |
| Finance lease liabilities | 35,912 | 35,912 | 1,468 | 2,962 | 13,748 | 17,732 |
| Total | 160,329 | 160,329 | 125,885 | 2,962 | 13,748 | 17,732 |

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

(c) Market risk

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

Interest rate risk

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

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

| | Weighted average effective interest rate | Carrying amount | Interest rate exposure | | |
|-------------------------------------|--|------------------|------------------------|------------------------|----------------------|
| | | | Fixed interest | Variable interest rate | Non-interest bearing |
| 2016 | | \$ | \$ | \$ | \$ |
| Contractual financial assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 1.29% | 436,949 | - | 436,949 | - |
| Receivables | | 8,222 | - | - | 8,222 |
| Total financial assets | | 445,171 | - | 436,949 | 8,222 |
| Financial liabilities | | | | | |
| Payables | | 169,984 | - | - | 169,984 |
| Borrowings | | | | | |
| Finance lease liabilities | 6.15% | 14,543 | 14,543 | - | - |
| Total financial liabilities | | 184,527 | 14,543 | - | 169,984 |
| 2015 | | | | | |
| Contractual financial assets | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 3.35% | 1,921,205 | 1,815,536 | - | 105,669 |
| Receivables | | 15,171 | - | - | 15,171 |
| Total financial assets | | 1,936,376 | 1,815,536 | - | 120,840 |
| Financial liabilities | | | | | |
| Payables | | 124,419 | - | - | 124,419 |
| Borrowings | | | | | |
| Finance lease liabilities | 6.15% | 35,912 | 35,912 | - | - |
| Total financial liabilities | | 160,331 | 35,912 | - | 124,419 |

Sensitivity disclosure analysis and assumptions

The Board's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five year period, with all variables other than the primary risk variable held constant. The Board cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown are for illustrative purposes only. A movement of 50 basis points up and down (2015: 100 basis points up and down) in market interest rates is 'reasonably possible' over the next 12 months. The following table shows the impact on the Board's net result and equity for each category of financial instrument held by the Board at the end of the reporting period as presented to key management personnel, if the above movement were to occur.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

| | | Interest Rate Risk | | | |
|------------------------------|------------------------|---------------------------|-----------------|-------------------------|---------------|
| | | -50 basis points | | +50 basis points | |
| | Carrying Amount | Net Result | Equity | Net Result | Equity |
| 2016 | \$ | \$ | \$ | \$ | \$ |
| Financial Assets | | | | | |
| Cash | 436,949 | (2,185) | (2,185) | 2,185 | 2,185 |
| Financial Liabilities | | | | | |
| Interest bearing liabilities | (14,543) | 73 | 73 | (73) | (73) |
| Total | 422,406 | (2,112) | (2,112) | 2,112 | 2,112 |
| 2015 | | | | | |
| Financial Assets | | | | | |
| Cash | 1,815,536 | (18,155) | (18,155) | 18,155 | 18,155 |
| Financial Liabilities | | | | | |
| Interest bearing liabilities | (35,912) | - | - | - | - |
| Total | 1,779,624 | (18,155) | (18,155) | 18,155 | 18,155 |

(d) Fair value

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

| Note 18: Cash flow information | 2016 | 2015 |
|---|--------------------|----------------|
| Reconciliation of results to net cash flows from/(used in) operating activities | \$ | \$ |
| Net result | (3,114,818) | (333,926) |
| Non-cash movements | | |
| Depreciation | 1,299,349 | 1,084,880 |
| Loss/(gain) on disposal of non-financial physical assets | 889 | 36,916 |
| Loss/(gain) on impairment of non-financial physical assets | 273 | 83,657 |
| Other Loss/(gain) from other economic activity | | 18 |
| Movements in assets and liabilities | | |
| Decrease/(increase) in receivables | 69,623 | 17,247 |
| Decrease/(increase) in inventories | (12,916) | 13,174 |
| Decrease/(increase) in prepayments | 28,361 | (493) |
| Increase/(decrease) in payables | 356,521 | (136,469) |
| Increase/(decrease) in provisions | 83,422 | 34,471 |
| Net cash flows from/(used in) operating activities | (1,289,296) | 799,475 |

Note 19. Reserves

| Asset Type | Land & Buildings | Infrastructure assets | Total |
|-----------------------------------|-----------------------------|------------------------------|-------------------|
| Opening Balance | 4,602,306 | 5,018,109 | 9,620,415 |
| Revaluation increment/(decrement) | (209,000) | 1,758,209 | 1,549,209 |
| Closing Balance | 4,393,306 | 6,776,318 | 11,169,624 |

Notes:

- (i) The physical assets revaluation surplus arises on the revaluation of infrastructure, land and buildings.

Lake Mountain Alpine Resort Management Board

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 20. Remuneration of auditors

| | 2016 | 2015 |
|----------------------------------|---------------|---------------|
| | \$ | \$ |
| Internal Audit fees | 8,075 | 6,602 |
| External Audit fees paid to VAGO | 46,350 | 69,202 |
| | 54,425 | 75,804 |

Note 21. Ex-gratia expenses

There was no ex-gratia payments made during the 2015/16 period (2014/15: \$nil).

Note 22: Economic dependency

The Board was dependent on the continued financial support of the State Government and in particular, the DELWP which provided the Board adequate cash flow support to meet its current and future obligations as and when they fell due. Accordingly these financial statements have been prepared on a going concern basis.

Note 23: Events after reporting date

On 1 January 2017, pursuant to Alpine Resorts (Management) Act 1997 s 34 (2), the Premier of Victoria declared that all functions of Lake Mountain Alpine Resort Management Board together with all the employees necessary to carry out and support those functions are transferred to Southern Alpine Resort Management Board. As part of this legislation all property, rights and liabilities are to be transferred to Southern Alpine Resort Management Board to facilitate it performing its new functions. There will be no Government funding provided to Lake Mountain Alpine Resort Management Board in 2017, however the entity expects to be able to meet its expected obligations as and when they fall due

APPENDIX 1 - COMPLIANCE INDEX – REPORT OF OPERATIONS

The Annual Report of Lake Mountain 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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| Freedom of Information Act 1982 | | |
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| Building Act 1993 | | |
| Victorian Industry Participation Policy Act 2003 | | |
| Print and design | | |
| FRD 30B | Standard requirements for the design and print of annual reports | |





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ALPINE RESORT