

# MOUNT HOTHAM

ALPINE RESORT  
MANAGEMENT BOARD



2019  
ANNUAL REPORT

# MOUNT HOTHAM ALPINE RESORT TO SHARE AN AMAZING ALPINE EXPERIENCE

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# WELCOME MOUNT HOTHAM ALPINE RESORT MANAGEMENT ANNUAL REPORT 2019

In accordance with the *Financial Management Act 1994*, we are pleased to present the Mount Hotham Alpine Resort Management Board's Annual Report for the year ending 31st December 2019.

**Maxine Morand**  
**Chairperson**

Mount Hotham Alpine Resort  
Management Board

**Jon Hutchins**  
**Chief Executive Officer**

Mount Hotham Alpine Resort  
Management Board

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# INTRODUCTION OUR CHAIR'S REPORT



ONCE AGAIN  
IT HAS BEEN A  
SIGNIFICANT  
YEAR AT MOUNT  
HOTHAM WITH  
GREAT SNOW  
FALLS AND HIGH  
VISITATION OVER  
THE WINTER  
SEASON.

The largest number of visitor vehicles ever recorded at Mt Hotham occurred on August 17 with 2166 cars entering the resort. Our strong financial result reflects that visitation and responsible budget management.

A significant entrant to the Victorian Alpine sector occurred in early 2019 when Vail Resorts acquired the Mount Hotham Skiing Company (MHSC) and Falls Creek Ski Lifts from Merlin Entertainment. Vail Resorts has significant expertise in running highly successful, customer-focused, year-round resorts around the world. Mount Hotham Alpine Resort Management Board (MHARMB) looks forward to continuing our very positive relationship with the management and staff of the MHSC, as a subsidiary of Vail Resorts.

Summer visitation also increased with 171,373 visitors to Mount Hotham over the 2018/2019 summer. Digital track counters helped to gain a greater understanding of the volume of bush walkers visiting the resort each year. During November 2018 to April 2019 the counters captured over 20,000 guests enjoying the alpine trails, including over 1,700 walking along the Brabralung trail (Mount Hotham to Dinner Plain). The guided summer walking program delivered by MHARMB staff saw 137 guests participate over the 2018/2019 summer period.

To ensure we remain engaged with our diverse community, the MHARMB holds a stakeholder briefing at the beginning and end of the winter season. The invitation to attend our stakeholder briefings was extended to our land holders and lessees, to our commercial operators and local agencies, such as Tourism North East, Alpine Shire and East Gippsland Shire Council. In addition, MHARMB held consultation forums on mountain the evening prior to board meetings during the snow season with the Chamber of Commerce, Lift Company and Hotham Ski Association to improve engagement during the busy season. Thank you to all who participated.

Climate change poses an obvious challenge to the environment and our Alpine Resorts. The MHARMB is continually developing innovative processes to improve our local environment. Congratulations to our management team for its leadership in sustainable practice and achieving a Top 100 list of ecotourism destinations in October 2019. We will be introducing compostable coffee cups across all food and beverage outlets across the resort next year in an effort to encourage and increase recycling and to reduce the cost of waste removal. Another great initiative from MHARMB staff.

Maintaining the natural environment and protecting threatened species though sustaining their habitats are important environmental projects undertaken by MHARMB staff. We seek guidance from Traditional Owners, and a significant number of staff and board directors undertook cultural training early in 2019 by Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) in Bairnsdale during our visit to support the Mountain Pathway to the Sea Indigenous Art Show.

The Minister for Energy, Environment and Climate Change issued a Ministerial Direction that requested a review of the Northern Resorts business systems and services, overseen by the Alpine Resort Coordinating Council (ARCC) with Alpine Resort Management Board cooperation. Key findings included greater emphasis on asset management, financial planning and service planning. The Alpine Resorts are committed to implementing the recommendations of the review and have begun work on these actions, including combined asset management training.

Department of Environment, Land, Water and Planning (DELWP) and the ARCC have established a steering committee to review and provide recommendations regarding the current Alpine Leasing Policy. It is great to see the review being undertaken as this policy has not been reviewed for some time. MHARMB staff have actively participated in this process and there have been opportunities for stakeholders to provide comment through public consultation.

The Board said farewell to our CEO Jon Hutchins after five years of service. Jon had a passion for our Alpine environment and indigenous engagement. He helped establish the initial stages of the Growing Mount Hotham Project, launched the successful "True Alpine Spirit" nationwide marketing campaign and strengthened relationships between the mountain and local agencies. The Board wishes him all the best in his new endeavours.

I would like to thank my fellow board directors for their work and ongoing commitment to the MHARMB. I would also like to acknowledge our wonderful staff and the huge diversity of people who take an active interest in making Mount Hotham a great year-round destination for our visitors. I would also like to acknowledge the contribution of our board and staff to the development of the next Alpine Resorts Strategic Plan and look forward to its launch in 2020.

*Maxine Morand*

**Maxine Morand  
Chairperson**

Mount Hotham Alpine Resort  
Management Board



# INTRODUCTION OUR CEO'S REPORT



IN REFLECTION  
OF MY FIVE  
YEARS AS CHIEF  
EXECUTIVE  
OFFICER  
THE 'TRUE  
ALPINE SPIRIT'  
HAS SHINED  
THROUGH IN  
BOTH THE  
COMMUNITY  
AND OUR STAFF.

I feel very privileged to have worked alongside my team throughout my time at Mount Hotham. The growth of over 28% in visitation from 313,341 visitor days in 2015 to 402,385 in 2019 has been both challenging and rewarding, strategically and operationally. It has been achieved through a common vision to optimise the natural assets of the resort and the passion of all our stakeholders to share an amazing alpine experience.

## FINANCIAL RESULTS

The financial performance of the Board has been achieved through hard work and investment in a marketing program that maintained our brand position as Australia's highest alpine resort with the most down to earth people. The net result from continuing operations for 2019 of \$831k adds to the previous 4 years net result of \$1.075 million to give a total result of \$1.9m. During this same period the increased rate per FECA of annual service charges to site holders has been maintained at a modest 2.5%.

The income from resort entry has occurred not only through growth in daily visits but a significant increase in our value proposition on the season resort entry pricing.

Our cash position at the end of 2019 is \$5.2m compared with 2018 of \$5.5m. Having sufficient cash reserves enables the resort to undertake works when required. An example of this has been the replacing of the rising main from Swindlers Creek to the tanks on Mt Higginbottom. Initially installed in the 1970s, the new pipes will provide increased water flow and the ability to utilise off peak rates, plus provide additional snow making for the Big D area.

The new pipes have been installed using boring technology which not only provides for a safer workplace but also reduces the environmental impact on alpine flora in the heathland, and the risk of disturbing other remnant infrastructure such as snowmaking.

Significant investment in infrastructure has enabled the resort to meet all its regulatory controls and provide an optimum level of service to guests.

## SKIER SAFETY

Safety on the slopes is always paramount and we recognise that having good systems in place provides safe visitor experiences. Our ski patrol worked extensively throughout the season and upheld an exceptional standard. The efforts of our volunteer ski patrollers are very much appreciated. Thank you to all our patrollers for your hard work.

## NEW RESORT ENTRY SUPER SEASONS PASS

The new Super Seasons car permit was well received this year. The pass was available for purchase in 2019 with a deposit required during October/November and the remaining balance to be paid by the following March (2020).

## TRUE SPIRIT OF ALPINE AUSTRALIA CAMPAIGN

The True Spirit of Alpine Australia Campaign was released in 2017 with great results, highlighting our new brand and the essence of Hotham. Content for a new campaign refresh has been shot and will be released in 2020 in time for the up and coming season.

## VILLAGE TRANSPORT

Alpine Spirit Coaches was in its second year of running the intra-village bus service. Improvements were made from 2018 with more buses incorporated into the fleet to ensure the service ran well.

On August 17 the resort had a record car count with 2166 cars within the village. All car parks were full which was great to see.

## VILLAGE WORKS

Bus stop 8 has been revamped with a shelter, stairs, lighting, pavement and landscaping complementing the vicinity.

The tracks and trails crew completed the Dargo Court to Gallows Village Walking Loop, and installed a new bike pump track, trampoline and petanque pitch in the Davenport Drive area.

A new UV reactor was installed and commissioned in the Wastewater Treatment Plant to improve the purification process for the resorts Class A water.

The gas safety case was 100% compliant for its audit. Well done to Mick Cherry for his hard work on the case.

## ASSET MANAGEMENT

In response to the need to comply with Minister of Finance 2016 Strategic Direction 4.2.3 – Asset Management Accountability Framework, Management has engaged in further training of Asset Management to have better insight of the organisation's assets, and what is comprised with the depreciation of those assets. This forms a large part of the collaborative effort of the Alpine Resorts in utilising common software and naming conventions to share details of infrastructure performance and opportunities.

## ALPINE RESORTS COLLABORATION

As referred to above, the Victorian Alpine Resorts have continued to collaborate in a wide area of operations. Most apparent is the industry campaign conducted with Tourism North East and an activation at Southern Cross Station promoting mid-week visitation to the resorts. This also involved the lift companies and local Government agencies contributing to the campaign.

Ride High Country has also provided \$4.4million in advertising through Tourism North East and benefits the six valley shires in the North East and the three Alpine Resorts.

Operationally, the service provision for various regulatory functions and specific corporate services, have been delivered in conjunction with the other resorts such as: an internal audit, employee assistance programs, and online staff learning modules conducted with Mt Buller Mt Stirling Alpine Resort Management Board; the engagement of a joint building surveyor amongst all northern resorts; and prescribed accommodation services with the Indigo Shire Council under joint contract with Falls Creek Alpine Resort Management Board.

As the asset management program develops (refer above) core areas, a combined approach will become apparent offering reliability and economic returns to the resorts.

The collaboration across resorts expands to the other regional agencies including North East Victorian Regional Water Management Group (NEWRRG), North East Catchment Management Authority (NECMA), alpine nursery at Ovens and local land care groups, DELWP Biodiversity, Zoos Victoria, Parks Victoria and Regional Roads Victoria.

## ECOTOURISM DESTINATION CERTIFICATION

In 2019, Mt Hotham attained a position on Green Destinations' Top 100 List of ecotourism destinations. This process required MHARMB to demonstrate sustainable practices and policies in the areas of operations, corporate services and policy, particularly regarding land use planning and environmental management. The Ecotourism Australia Green Destinations Top 100 list recognises destinations that have committed to and are undertaking constant improvement measures in order to become more sustainable. As a result, we were also awarded a place in the prestigious 2019 Sustainable Destinations Top 100 list. Congratulations to our team, especially Adam Galvin, in achieving this outcome.

## TRADITIONAL OWNERS

In May, MHARMB was proud to support 'Woorara Wanik Waring - Mountain Pathway to the Sea', an Aboriginal Art Show being held by the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC). There was so much talent with beautiful artworks displayed in their headquarters. MHARMB purchased the People's Choice Award winning art piece called "People's Mountain" and have displayed the work in the administration office.

The Board and staff were also involved in a cultural awareness day delivered by GLaWAC. It was a very informative excursion, including some sacred sites and a trip to their museum. The MHARMB extends its gratitude to GLaWAC and supports more training in the future.

It was also a great privilege for Mr Wayne Thorpe of the Gunaikurnai to provide a 'Welcome to Country' at the opening of the 2019 Winter season. His knowledge and messages of custodianship of country was well received with stakeholders and continues the strong dialogue with Traditional Owners.

## MOUNTAIN PYGMY POSSUM - BOGONG MOTH MONITORING

The monitoring of the Bogong Moth ecology and biology is one crucial avenue that has been highlighted through the Mountain Pygmy Possum Operational Contingency Plan, endorsed by the members of the State Recovery Team in 2019. The Board continue to work to support on ground biodiversity actions as well as research opportunities to increase understanding of specific threatened species ecology.

## ENTERPRISE BARGAINING AGREEMENT (EBA)

MHARMB's EBA was due for renewal in 2019. An agreement was received from all staff representatives to proceed with an EBA rollover of the existing agreement for 12 months with a 2.5% pay increase.

## WORKFORCE PLAN

Our new workforce plan was implemented during the year to optimise performance and strengthen our capability, and is designed to align with our Sustainable Growth Plan 2017. By applying the plan, we proactively alleviate some risk and enable a sustainable workforce going forward.

We have had considerable changes to our team this year. Sadly, we said goodbye to Kevin Raymond, after 13 years with resort management and a valuable member of our Executive team, and Claire Stevens, another longstanding employee of over 10 years' service; along with Rodney

Hodson, Stephanie Houlahan and Naomi Monk. We thank them for their contributions and wish them every success in the future.

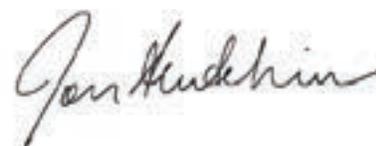
We welcome three new Senior Managers to the executive team;

Jason Nightingale – Guest Engagement, Nick Malkin – Resort Operations and Bronwen Young – People, Culture and Guest Attraction. We also greet new team members Erika Patroni – People & Culture Administration Assistant, Justin Jenvey – Communications Officer, Mary Bird in a new role – Team Leader People & Culture, Jodi White – Executive Assistant, Jenny Pearce – Office Administration Corporate Services, Charmaine Dachs in a maternity leave position – Payroll & Finance Officer, and Aviya Naccarella – Environment Officer.

## THANK YOU

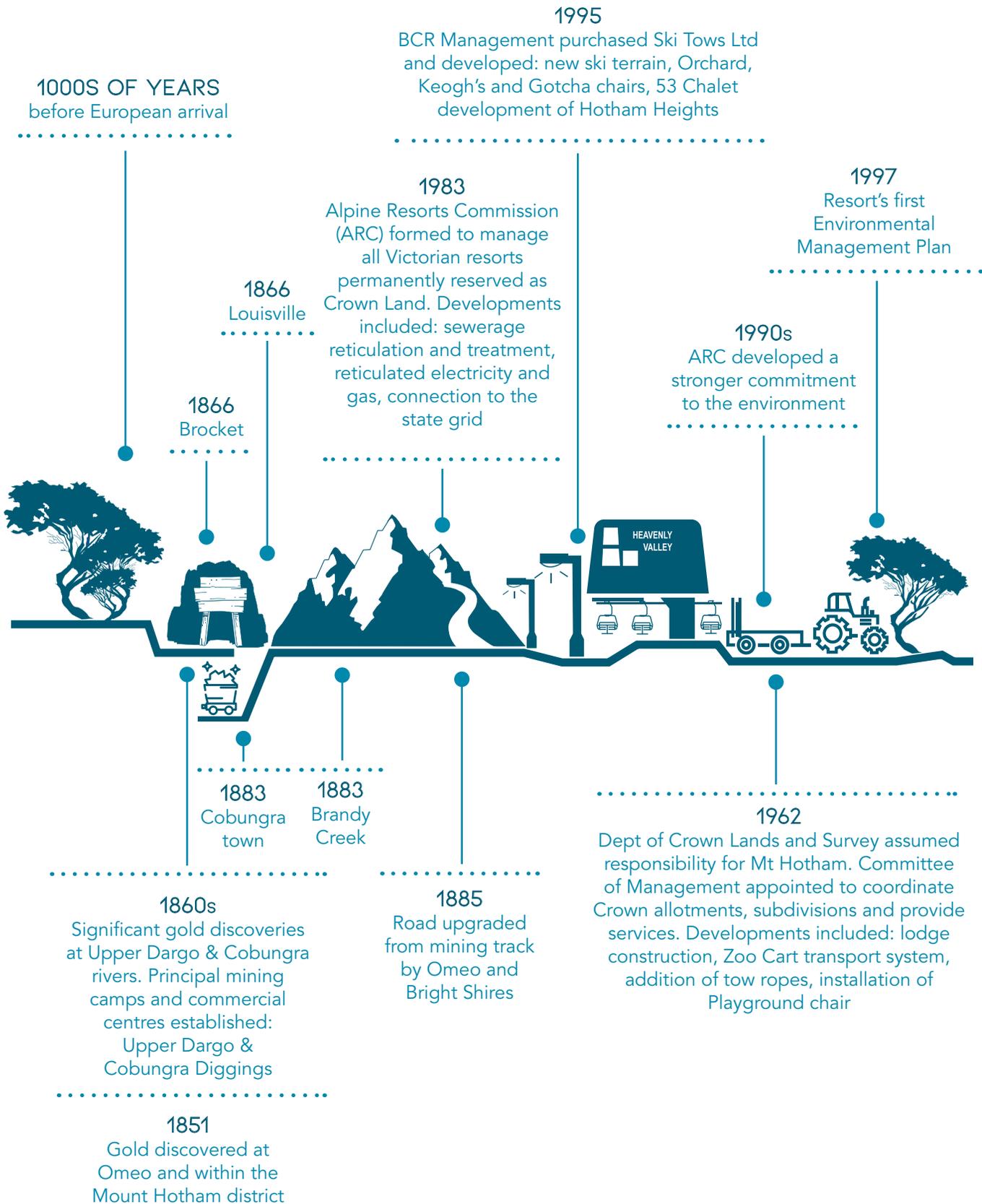
I would like to recognise the incredible staff and what they have contributed to the organisation. Your commitment to the tasks at hand is admirable. Together we have accomplished projects from their conception to final completion, delivering results and producing valuable outcomes. Thank you.

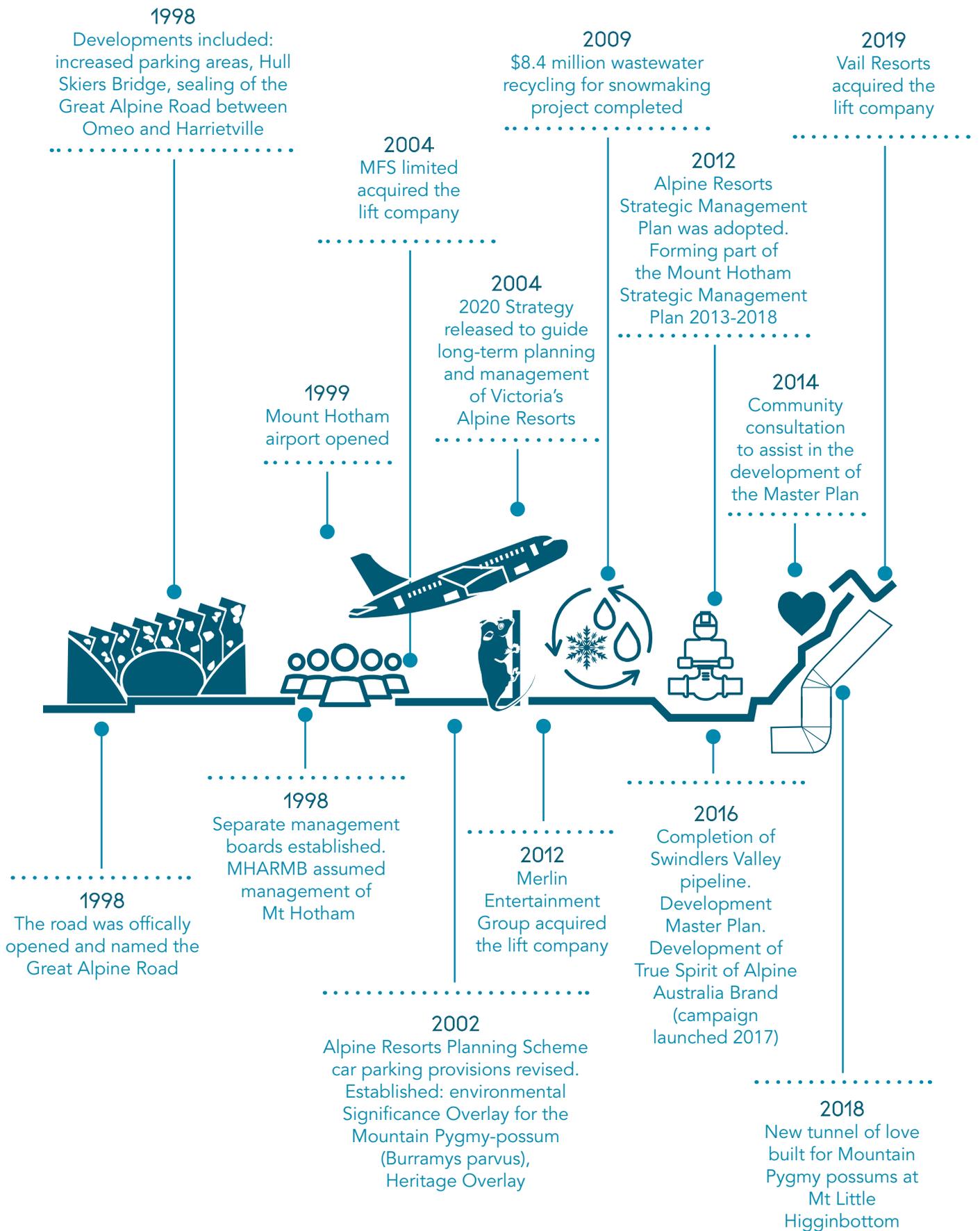
Finally, thank you to our stakeholders who have shown support and encouragement in my time as CEO. You have been passionate and honest in seeking the best for our mountain, which is commendable. Your community collaboration has been integral to our operations.



**Jon Hutchins**  
**Chief Executive Officer**  
Mount Hotham Alpine Resort  
Management Board

# OUR HISTORY





# OUR BOARD MEMBERS

## MAXINE MORAND CHAIRPERSON



Maxine was appointed to the Board in January 2016 and re-appointed as Chair on March 30, 2018. Maxine brings extensive experience in government, not-for-profit management, stakeholder engagement and public health. Maxine was a Member of the Victorian Parliament and the Minister for Children and Early Childhood Development and Women's Affairs, and later held the position of Chief Executive of Breast Cancer Network Australia. Maxine is currently Chair of Peter MacCallum Cancer Centre, has an appointment at Monash University as a Professorial Fellow in the School of Public Health and Preventative Medicine. Maxine has a Bachelor of Arts, is a graduate of the Australian Institute of Company Directors and is also a Director on the Peter MacCallum Cancer Foundation and the Association of Australian Medical Research Institutes. Maxine has been a keen skier and visitor to Mount Hotham with her family for over 30 years.



## ANDREW SKEWES DEPUTY CHAIR

Andrew was appointed to the Board in January 2016 and re-appointed as Deputy-Chair on March 30, 2018. Andrew has a wide range of professional work experience, including over 12 years in government as a senior executive at Commonwealth and State levels, a consultant in his own practice and as a lecturer and senior executive in higher education. Andrew is a member of the Australian Institute of Company of Directors and has been a director of companies in the water and information technology sectors. He holds a Bachelor of Science, a Graduate Diploma in Education and a Master of Commerce (Economics Hons 1st), all from the University of Melbourne. He is a member of Anton Huetter Ski Lodge at Mount Hotham.



## MICHELLE CROUGHAN BOARD MEMBER

Michelle was appointed to the Board on March 30, 2018. Michelle has worked in Local and State Government as a planner, with a particular focus on the management of the planning system, for over 20 years. Michelle was the Manager of Alpine Planning for the Victorian Government for several years. For over the last 15 years she has spent considerable periods of time with her family in ski resorts in Australia and Japan. She is currently working with the Department of Transport providing advice and advocacy about planning policy and strategy. Michelle is a graduate member of the Australian Institute of Company Directors, has an Honours Degree in Planning and Design at Melbourne University and a Diploma in Business Management at RMIT.



## SUE LEBISH BOARD MEMBER

Sue was appointed to the Board on March 30, 2018. Sue has over 20 years professional and senior management experience in Local Government, university, defence and the banking sectors providing finance, governance, project and risk management roles in Queensland, Canberra and Victoria. She is on the Winton Wetlands Committee of Management, Chair of the Audit Committee for the Alpine Shire, and has held various other board appointments in government owned corporations and university research corporations. Sue's formal qualifications include being a graduate of the Australian Institute of Company Directors and a Certified Practising Accountant, holding a Master of Business Administration and Bachelor of Commerce, and being a member of the Australian Risk Policy Institute. She is a keen skier who has a strong belief in the commercial, ecological and social value of the alpine regions to the local and regional communities.

# RESPONSIBILITY FOR THE DAY-TO-DAY MANAGEMENT OF THE MOUNT HOTHAM ALPINE RESORT WAS TRANSFERRED TO THE MHARMB ON APRIL 1998. OUR BOARD REPRESENTATIVES COME FROM A DIVERSE RANGE OF BACKGROUNDS AND INDUSTRY EXPERIENCE.



**PETER VALERIO**  
BOARD MEMBER

Peter was appointed to the Board on March 30, 2018. Peter has over 30 years' experience in commercial, public sector and business roles within the tourism sector and is widely respected for his destination marketing expertise. In his early career he was General Manager for one of Australia's largest ski tour operators and accommodation providers. He then joined the Australian Tourist Commission (ATC) where he was responsible for the evaluation of the ATC's global marketing efforts, strategic analysis and budget allocation framework. With the ATC he co-founded the concept of 'destination branding' and played a pivotal role in the development of a national approach to tourism forecasting. Since leaving the ATC Peter has headed Tourism Development Strategy Services, a consultancy firm specialising in destination marketing and market analysis. He has assisted over 50 destinations develop tourism marketing strategies and policy in addition to work on numerous other tourism market analysis projects. These destinations range from precincts to countries. He has a formal qualification in Economics (B Econ. Syd) and has written and delivered MBA subjects in tourism planning and international tourism marketing. He is married with four children and lives in North Eastern Victoria.



**ANTHEA PACKER**  
BOARD MEMBER

Ant was appointed to the Board on March 30, 2018. Ant is a regular visitor to Mount Hotham to hike, bike and ski. She is passionate about regional development and sustainably growing the economic value of the alpine resorts to the North East Victorian economy. Ant's qualifications are in Commerce, Community Development and Conservation and she has nearly two decades of professional experience in public land management. She brings to the leadership team a commitment to ensure a balance between connecting communities with nature, and protection of the unique natural and cultural heritage values of our alpine country.



**HELEN MORAN**  
BOARD MEMBER

Helen was appointed to the Board on March 30, 2018. Helen is an accomplished executive leader, possessing extensive business and commercial knowledge and expertise within the ski resort and tourism industries. Helen has a demonstrated track record of providing tangible results that positively impact on organisational performance. She has initiated strategic change that positively impacted efficiency and bottom-line profitability, without compromising quality of service or standards. Helen is adept at providing organisational leadership and is recognised as a strategic thinker and leader within the industry. Her past experience on various committees and boards in the alpine resort area and in the tourism sector influence her valuable contributions to the future direction of Victorian Alpine Resorts.

# RESORT GOVERNANCE REVIEW

## THE BOARD STRUCTURE WAS REVISED IN 2018.

The Board structure comprises:

- three board members unique to MHARMB
  - Maxine Morand (Chair)
  - Andrew Skewes (Deputy Chair)
  - Anthea Packer
- four board members appointed in common to the three northern Alpine Resort Management Boards.
  - Michelle Croughan
  - Sue Lebish
  - Helen Moran
  - Peter Valerio

The responsible Minister for the period from 1 January 2019 to 31 December 2019 was the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

## ESTABLISHMENT OF BOARDS

The MHARMB was established by Section 34 of the *Alpine Resorts (Management) Act 1997*. The inaugural Board officially took over control of the resort on 30 April 1998. Prior to this, the Alpine Resorts were managed collectively under the jurisdiction of the Alpine Resorts Commissioner. The current management structure comprises an independent seven-

member skill-based Board who were appointed by the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

## FUNCTIONS OF THE BOARD AND CORPORATE GOVERNANCE

- Plan for the development, promotion, management and use of the resort;
- Develop and promote or facilitate the development or promotion by others of the use of the resort;
- Manage the resort;
- Contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- Undertake research into alpine resort issues;
- Contribute to and support the operation of the ARCC;
- Prepare and implement a Strategic Management Plan for the resort;
- Expend and apply revenue of the Board in accordance with the Minister under section 31(1A);
- Manage the Crown Land in Mount Hotham by acting as a Committee of Management under the *Crown Land (Reserves) Act 1978*;
- Contribute; together with *Tourism Victoria Act 1992*, and the ARCC, to the overall promotion of alpine resorts;
- Develop a tourism and marketing strategy and to promote the resort;

- Provide services in the nature of:
  - garbage disposal
  - water supply
  - gas
  - drainage
  - sewerage
  - electricity
  - roads
  - fire protection
  - snowmaking
  - transport for the resort
- Charge user-pays contributions for the provision of these services;
- Collect fees prescribed by the regulations for the resort;
- Attract investment for the improvement of the resort; and
- Carry out any other function conferred on the Board by the *Alpine Resorts Management Act* or any other Act

\*Amended from Section 38 of the *Alpine Resorts (Management) Act 1997*.



## BOARD STRUCTURE

4

Common board members

3

Unique board members

## 2019 SUB-COMMITTEES

| MARKETING & DEVELOPMENT   | PEOPLE, CULTURE & REMUNERATION  |
|---|---|
| <ul style="list-style-type: none"> <li>Peter Valerio (Chair)</li> <li>Anthea Packer</li> <li>Helen Moran</li> </ul>   | <ul style="list-style-type: none"> <li>Helen Morand (Chair)</li> <li>Anthea Packer</li> <li>Maxine Morand</li> </ul>  |
| Supports the Board in developing board policy and monitoring corporate activity and makes recommendations on matters relating to the Board's Sustainable Growth Plan.   | Establishes the organisation's policy and practice for executive remuneration, reviews and makes recommendations to the Board on Strategic Workforce Planning and ensures compliance with relevant legislation, public sector policy and reporting requirements.  |
| FINANCE, RISK & AUDIT   | GROWING MT HOTHAM   |
| <ul style="list-style-type: none"> <li>Andrew Skewes (Chair)</li> <li>Sue Lebish</li> <li>Michelle Croughan</li> </ul>  | <ul style="list-style-type: none"> <li>Andrew Skewes (Chair)</li> <li>Helen Moran</li> <li>Ross Passalacqua (external member)</li> </ul>  |
| Responsibility for internal and external audit, finances, risk management and monitoring compliance with the Financial Management Compliance Framework. All members are deemed independent under the Financial Management Act 1994. | Supports the Board's strategic oversight of the Growing Mount Hotham Project – with a particular focus on the Corral Car Park development - establishing a risk framework for the project, facilitating funding, loan applications or internal resources to complete the project and defining the outcomes for all stakeholders. The committee comprises of a Chair, Deputy Chair and an external member with appropriate property development expertise. |

## MEETING ATTENDANCE

| 2019 BOARD        | BOARD    | FINANCE, RISK & AUDIT | PEOPLE, CULTURE & REMUNERATION | MARKETING | GROWING MT HOTHAM |
|-------------------|----------|-----------------------|--------------------------------|-----------|-------------------|
| TOTAL MEETINGS    | <b>8</b> | <b>5</b>              | <b>4</b>                       | <b>4</b>  | <b>6</b>          |
| MAXINE MORAND     | 8        | 4                     | 4                              | 1         | 2                 |
| ANDREW SKEWES     | 8        | 5                     |                                |           | 6                 |
| MICHELLE CROUGHAN | 8        | 5                     |                                |           | 1                 |
| SUE LEBISH        | 7        | 3                     |                                |           | 1                 |
| HELEN MORAN       | 8        | 4                     | 4                              | 4         | 6                 |
| ANT PACKER        | 8        | 3                     | 3                              | 3         | 2                 |
| PETER VALERIO     | 8        |                       |                                | 4         | 1                 |

# ABOUT THE RESORT

OUR STRATEGY  
THESE  
PROGRAM  
AREAS LINK  
OUR STRATEGY  
WITH  
GOVERNMENT  
LEGISLATION  
AND OUR  
OPERATIONS

OUR CUSTOMER AND  
COMMUNITY FOCUS

OUR YEAR ROUND  
RESORT

OUR SERVICES

OUR DEVELOPER  
SERVICES

OUR ENVIRONMENT ON  
THE RIDGE

OUR STRATEGIC  
PARTNERSHIPS

OUR CORPORATE  
GOVERNANCE

OUR VISION  
THE TRUE  
SPIRIT OF  
ALPINE  
AUSTRALIA.

OUR MISSION  
TO DELIVER  
AUSTRALIA'S  
PREMIER  
ALPINE RESORT  
THROUGH  
THE OPTIMAL  
MANAGEMENT  
OF THIS  
UNIQUE CROWN  
ASSET.



## OUR FOCUS AREAS



### THE CROWN

- Managing the public assets of the resort
- Attracting investment for development and improvement



### OUR VISITORS

- Transport
- Ski patrol
- Resort entry sales
- Visitor information
- Traffic and parking management
- Snow clearing
- Cross country trails
- Urban amenities

## VICTORIAN PUBLIC SECTOR VALUES



HUMAN RIGHTS



INTEGRITY



IMPARTIALITY



ACCOUNTABILITY



RESPECT



LEADERSHIP



RESPONSIVENESS



### OUR PROPERTY

- Measure & monitor performance



### OUR STAKEHOLDERS, INVESTORS AND DEVELOPERS

- Deliver consistency, certainty, transparency in decision-making
- Resort planning and development
- Reliable utility services
- Effective marketing
- Business and product development
- Land and lease management
- Efficient revenue collection



### OUR CORPORATE PERFORMANCE

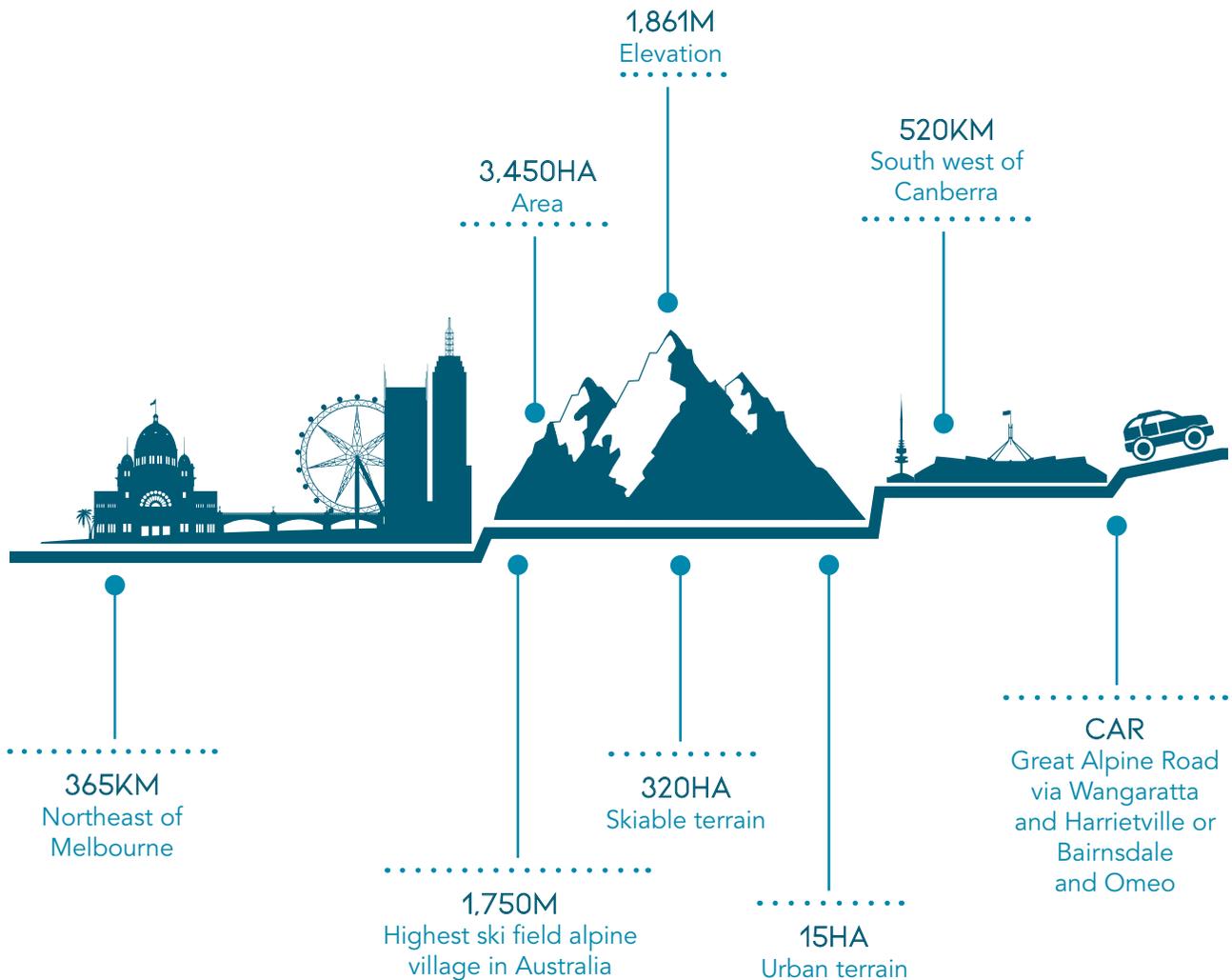
- Transparency in decision making
- Compliance with legislative obligations and good corporate governance
- Financial sustainability through long term financial planning.



### OUR ENVIRONMENT

- Manage the biodiversity, ecology and catchment
- Consider climate change

# NATURE & SCOPE OF ACTIVITIES



## UTILITIES

- Water
- Sewerage
- Drainage
- Waste management
- Snowmaking infrastructure
- Plant/vehicle & workshops



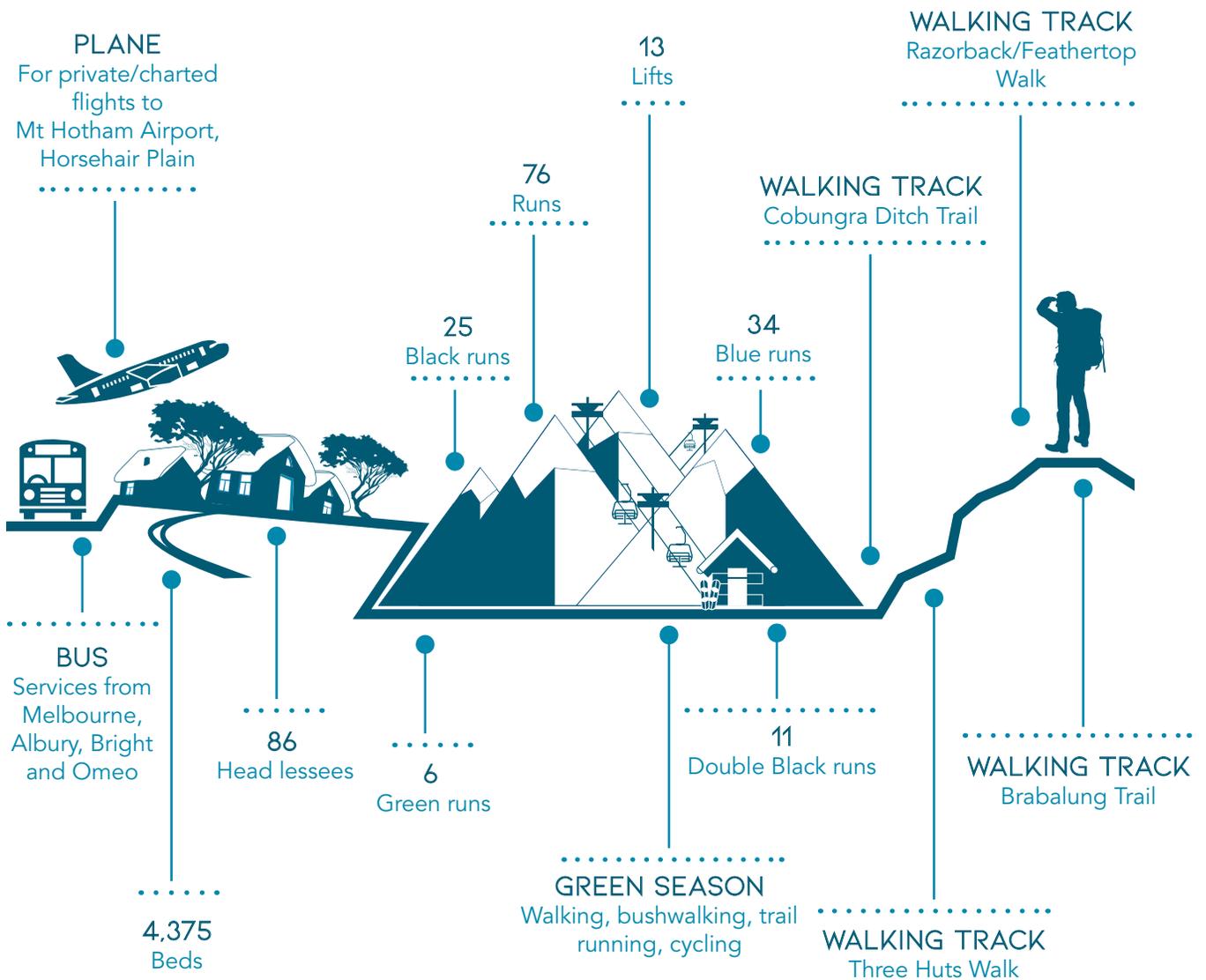
## PUBLIC ACCESS, SAFETY & EDUCATION

- Ski patrol
- Public infrastructure
- Guest safety
- Village maintenance
- Car parks & roads
- Resort entry & guest information
- Traffic control
- Transport
- Trails & snowplay
- Snow clearing
- Cross country trails
- Public liability insurance



## CORPORATE SERVICES

- Strategic, business & resort master planning
- Administration
- Stakeholder management
- Risk management
- Human resources
- Board administration
- Compliance
- Corporate governance
- OH&S
- Financial management
- IT



**LAND MANAGEMENT & ENVIRONMENTAL SERVICES**

- Property development
- Environmental
- Stewardship
- Property & leasing
- Licences
- Planning
- Building
- Health

**RISK MANAGEMENT**

- Risk register
- Asset maintenance
- Risk management
- Capital works and operations

**BUSINESS UNDERTAKINGS**

- Gas supply
- Victorian Alpine Nursery

**BUSINESS & PRODUCT DEVELOPMENT**

- Product development
- Business development
- Website development
- Weather & snow reporting
- Walking trail products

# FINANCIAL SUMMARY

The 2019 financial year recorded a comprehensive surplus of \$830,971 (2018 surplus \$607,565). 2019 was a good season for snow cover with higher than average visitation. Opening weekend started with the great snow falls which had not been experienced for many years, however was washed away with significant rain. Snow making infrastructure supported an offering to guests until regular snow fall started from July throughout the season. Mt Hotham experienced revenue growth of 6.2% on 2018 whilst expenditure only rose .08%.

The 2019 budget objectives included: securing a new payment system that enables dynamic and variable pricing; refining the intra-village bus transport system; continuing to work with MHSC to optimise efforts and minimise costs of ski patrol services;

integration of fatigue management and emergency management resources into our workforce plan; outsourcing of infringement processing; continuation of support for after-hours medical service delivery through 3rd party funding; review of improvements from an operational perspective to find improvements in the board's parking strategies and snow clearing services; support of alternate product offerings and investment in walking trails; research and lobbying for sourcing of funding opportunities to enable projects within the resorts Master Plan and Growing Mt Hotham Project to be realised; ranger services within the resort during winter to monitor and manage the resorts dog policy more efficiently; commencement on development of a cultural tourism strategy based on Tourism North East (TNE) research that

incorporates indigenous culture (Gunai Kurnai); and continuation of the 4th year of the resorts' collaborative marketing campaign True Spirit Alpine Australia.

Other operational objectives included; the board's responsibilities for essential infrastructure and utilities including compliance and accreditation of wastewater operations; potable water, gas, garbage collection including organics collections; the EPA requirements at the Board's landfill through implementing innovate processes; and exploring opportunities to streamline operations in a cost effective manner whilst focusing on reducing, reusing, and recycling all waste on Mt Hotham responsibly.

Other objectives included a review and assessment on improvements of the board's asset management systems and frameworks.

|   | FY14/15         | FY15/16         | FY 2017         | FY 2018         | FY 2019         |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 12 month period | 14 month period | 12 month period | 12 month period | 12 month period |
| <b>FINANCIAL SUMMARY</b>                          |                 |                 |                 |                 |                 |
| Total Assets                                      | \$88,666        | \$82,824        | \$82,977        | \$83,905        | \$84,971        |
| Total Liabilities                                 | 3,288           | 3,347           | 3,535           | 3,644           | 3,878           |
| Net Assets  | 85,378          | 79,477          | 79,442          | 80,261          | 81,093          |
| <b>EXPENDITURE</b>                                |                 |                 |                 |                 |                 |
| Operating expenses                                | 8,414           | 9,355           | 9,637           | 10,369          | 10,447          |
| Depreciation                                      | 1,373           | 1,684           | 1,548           | 1,583           | 1,610           |
| Finance Expenses                                  | 105             | 116             | 92              | 85              | 81              |
| Support Payments                                  | 398             | 466             | 441             | 212             | 286             |
| Total Expenditure                                 | 10,290          | 11,621          | 11,718          | 12,249          | 12,424          |
| <b>FIVE YEAR REVENUE AND EXPENDITURE OVERVIEW</b> |                 |                 |                 |                 |                 |
|   | FY14/15         | FY14/16         | FY 2017         | FY 2018         | FY 2019         |
| Revenue   | 12 month period | 14 month period | 12 month period | 12 month period | 12 month period |
| Site Rental                                       | 1,440           | 1,583           | 1,391           | 1,326           | 1,284           |
| Annual Service Charges                            | 4,343           | 5,181           | 4,565           | 4,791           | 4,800           |
| Service Charges - Infrastructure fees             | 134             | 41              | -               | 48              | 64              |
| Visitors  | 2,731           | 2,816           | 3,270           | 3,714           | 3,945           |
| Grants  | 74              | 152             | 205             | 161             | 408             |
| Other Sources                                     | 2,065           | 1,990           | 2,113           | 2,817           | 2,754           |
| Total Revenue                                     | 10,787          | 11,763          | 11,546          | 12,856          | 13,255          |
| <b>ASSETS ARE COMPRISED BY CLASS</b>              |                 |                 |                 |                 |                 |
| Land  | 41,815          | 30,821          | 30,821          | 30,821          | 30,821          |
| Financial   | 7,036           | 4,997           | 5,329           | 6,655           | 6,072           |
| Other Non-Financials                              | 39,815          | 47,005          | 46,827          | 46,429          | 48,079          |
| Total Assets                                      | 88,666          | 82,823          | 82,977          | 83,905          | 84,972          |

## SUBSEQUENT EVENTS : COVID – 19

On 16 March 2020 a state of emergency was declared in Victoria to deal with the spread of Coronavirus (COVID-19) pandemic. This continues to impact both communities and businesses throughout the world including Australia and the community where the Board operates. This pandemic will likely have a financial impact for the Board in the 2020 financial year and beyond. The scale, timing and duration of the potential impacts on the Board is unknown, however it is expected that there will be an increase in the provisioning for future bad and doubtful debts, a reduction in revenues associated with winter operations, possibility of leasing revenue streams being impacted in the event there is no ski season or significantly reduced visitation, impact on lessee's ability to meet Site Rent, Service Charges, Gas supply and other charges and liabilities owed to the Board and other non-government suppliers, increased compliance

## CONSULTANTS

There were 20 consultants engaged in projects with MHARMB for the 2019 year. The total of 8 consultancies valued less than \$10,000 was \$48,124.80 excluding GST. The following table lists the 12 consultants where total remuneration was \$10,000 or above. Details of individual consultancies are outlined on MHARMB website at [www.developmthotham.com.au](http://www.developmthotham.com.au)

| CONSULTANCIES                    | PROJECT                                       | QTY       | \$ (EXCL GST)    |
|----------------------------------|---|-----------|------------------|
| 10 Feet Tall Pty Ltd             | True Spirit of Australia Campaign             |           | \$168,941        |
| Kokkin & Brown Pty Ltd           | Workforce Consultancy                         |           | \$ 61,301        |
| Coffey Geotechnics Pty Ltd       | Report BC Alpine Rigi access                  |           | \$ 58,145        |
| The Design Nook Studio           | Marketing Consulting                          |           | \$ 47,455        |
| Horizon Studio                   | Architectural Design                          |           | \$ 44,698        |
| ATF The Davern Family Trust      | Building Consultant Fees                      |           | \$ 37,400        |
| Miss Julia Ann Hunter            | Marketing Consulting                          |           | \$ 34,450        |
| Roy Morgan Research Ltd          | Market Research                               |           | \$ 29,419        |
| Dean Heinze                      | Monitoring, Predator Control Planning         |           | \$ 28,068        |
| GHD Pty Ltd                      | Letter Report on Basin Services               |           | \$ 24,820        |
| On Tap Consulting Pty Ltd        | Growing Mt Hotham Project and Property advise |           | \$ 22,374        |
| Biosis Research                  | Land and Environment Consulting               |           | \$ 15,009        |
| Subtotal (greater than \$10,000) |   | 12        | \$572,081        |
| Subtotal (less than \$10,000)    |   | 8         | \$48,125         |
| <b>TOTAL CONSULTANTS</b>         |   | <b>15</b> | <b>\$179,547</b> |

## MAJOR CONTRACTS

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

## DISCLOSURE OF GOVERNMENT ADVERTISING EXPENDITURE

MHARMB did not have any government campaign expenditure through Master Entity Media Services media-buying contract during the 2019 reporting period.

## DISCLOSURE OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2019 reporting year, the Board had a total ICT expenditure of \$287,824, with the details shown below.

| TOTAL ICT EXPENDITURE FOR THE 2019 PERIOD |             |                  |
|---|-------------|------------------|
| Expenditure category                      | Description | \$               |
| Business as usual                         | Opex        | \$236,040        |
| Non-business as usual                     | Capex       | \$51,784         |
| <b>TOTAL ICT</b>                          |             | <b>\$287,824</b> |

Note:

ICT expenditure refers to MHARMB's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

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

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

# KEY PERFORMANCE INDICATORS

|   | FY14/15 | FY15/16 | 2017    | 2018    | 2019    |
|---|---------|---------|---------|---------|---------|
| <b>CUSTOMER SERVICE</b>                                     |         |         |         |         |         |
| Total Visitor Days (Winter)                                 | 313,341 | 328,602 | 368,313 | 389,401 | 403,063 |
| Market Share (Victorian majors visitor days)                | 26.95%  | 26.85%  | 26.24%  | 26.87%  | 28.25%  |
| Accident Rate/'000 visitor days (Hotham Historical average) | 1.77    | 1.54    | 1.4     | 1.2     | 1.5     |
| <b>OPERATIONS</b>   |         |         |         |         |         |
| Property Revenue/FECA                                       | 68.08   | 79.56   | 70.19   | 71.05   | 73.63   |
| Infrastructure and Admin Costs/FECA                         | 78.78   | 85.87   | 80.18   | 81.69   | 80.11   |
| Village, Visitor and Marketing costs/Visitor Day            | 11.15   | 11.42   | 11.28   | 10.66   | 10.65   |
| <b>RESORT INVESTMENT</b>                                    |         |         |         |         |         |
| Total Village Size (FECA)                                   | 84,941  | 85,013  | 84,868  | 86,095  | 82,629  |
| Total CAPEX ('000) (includes Geotech and WIP)               | 5.19    | 3.94    | 1.4     | 1.2     | 2.5     |
| <b>FINANCIAL</b>  |         |         |         |         |         |
|   | \$'000  | \$'000  | \$'000  | \$'000  | \$'000  |
| Outstanding Debtors as % of revenue                         | 6.47    | 9.09    | 8.9     | 9.32    | 6.41    |
| Closing cash  | \$6,338 | \$3,928 | \$4,301 | \$5,456 | \$5,222 |
| Operating Cash Flow/Total Assets                            | 2.12    | 1.99    | 1.99    | 2.63    | 3.27    |
| Current Assets/Current Liabilities                          | 4.38    | 2.87    | 2.66    | 3.09    | 2.39    |

\*Comparatives changed to incorporate Board and governance costs.

## ECONOMIC KEY PERFORMANCE INDICATORS

|   | 2015/16         | 2017            | 2018            | 2019            |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 14 month period | 12 month period | 12 month period | 12 month period |
| <b>E.1 NET CASH FLOW</b>  |                 |                 |                 |                 |
| Net Operating Cash Flow plus Net Investing Cash Flow as reported in Cash Flow Statement   | (-996,296)      | 492,213         | 2,827,559       | 890,905         |
| <b>E.2 NET ACCRUAL SURPLUS</b>  |                 |                 |                 |                 |
| Net Profit before allocation to Reserves as reported in the Statement of Financial Performance  | 142,113         | -172,691        | 607,565         | 830,971         |
| <b>E.3 BUSINESS CYCLE SUSTAINABILITY</b>  |                 |                 |                 |                 |
| Ratio of Total Financial Assets less Net Accounts Payable less Total Accrued Employee Entitlements to Snow Drought Reserve Target   | 3.96            | 3.68            | 3.67            | 4.06            |
| <b>E.4 ASSET CYCLE OF SUSTAINABILITY</b>  |                 |                 |                 |                 |
| Ratio of Total Financial Assets less Net Accounts payable less Total Accrued Employee Entitlements less Snow Drought fund to Total Accumulated Depreciation of all Assets | 0.52            | 0.34            | 0.24            | 0.22            |
| <b>E.5 ALL SEASON RESORT</b>  |                 |                 |                 |                 |
| Ratio of non-winter visitors to winter visitors   | 1.23            | 0.97            | 0.96            | 1.12            |
| <b>E.6 AVERAGE VISITOR SPEND</b>  |                 |                 |                 |                 |
| Ratio of Total Revenues to Total Visitors (winter and non-winter)   | 43.76           | 39.18           | 44.11           | 40.87           |

## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

|     |   |         |        |        |        |
|-----|---|---------|--------|--------|--------|
| N.1 | COMPLIANCE WITH WATER LICENCE CONDITIONS  | 2015/16 | 2017   | 2018   | 2019   |
|     | a) Safe Water Drinking Act standards  | 100%    | 100%   | 100%   | 100%   |
|     | b) EPA licence conditions   | 100%    | 89%    | 89%    | 100%   |
|     | c) GMW licence conditions   | 100%    | 100%   | 100%   | 100%   |
| N.2 | POTABLE WATER CONSUMPTION   |         |        |        |        |
|     | Winter total potable water usage  | 61ML    | 61ML   | 65ML   | 61.5ML |
|     | Annual total potable water usage  | 110ML   | 117ML  | 97ML   | 91ML   |
|     | Winter total potable water usage (ltr/visitor days)   | 187     | 167    | 167    | 152.6  |
| N.3 | RENEWABLE ENERGY CONSUMPTION BY BOARD   |         |        |        |        |
|     | Renewable energy as a proportion of total energy consumption (Joules) by Board related activities per annum Unit: % (Joules/Joules) | 0%      | 0%     | 0%     | 0%     |
| N.4 | GREENHOUSE GAS EMISSIONS  |         |        |        |        |
|     | Greenhouse gas emissions from electricity, diesel and ULP consumption by MHARMB activities  | 2052t   | 1910t  | 1872t  | 1749t  |
| N.5 | SOLID WASTE DISPOSED TO LANDFILL  |         |        |        |        |
|     | Solid waste disposed to landfill based on truck tonnage figures   |         |        |        |        |
|     | a) Annual tonnage   | 214t    | 165.8t | 170.2t | 153.2t |
|     | b) Winter tonnage   | 163t    | 125.6t | 136.3t | 132.9t |
|     | c) Winter kilograms/visitor day   | 0.5     | 0.34   | 0.35   | 0.33   |
| N.6 | ACTIVITIES IMPLEMENTED THAT PROTECT THREATENED SPECIES POPULATION AND COMMUNITIES   |         |        |        |        |
|     | Activities implemented that protect threatened species action plans to protect threatened species populations and communities       | 100%    | 100%   | 100%   | 100%   |

## SOCIAL KEY PERFORMANCE INDICATORS

| THEME              | INDICATOR  | MEASUREMENTS  |
|--------------------|--|---|
| Community strength | S3 Supporting community participation and consultation | <p>Good community participation in resort sponsored/co-sponsored events, programs and activities including:</p> <ul style="list-style-type: none"> <li>- Razorback Run</li> <li>- Opening Weekend events</li> <li>- Mum's the Word Rail Jam - 300+ participants</li> <li>- Victorian &amp; Australian Biathlon Championship - 90+ competitors</li> <li>- Volunteer Ski Patrol Big Gig - 150+ participants</li> <li>- Retro Day - 300+ participants</li> <li>- The Genny Rail Jam - 150+ participants</li> <li>- 7 Peaks Program - 1500+ registrations</li> <li>- Alpine Challenge (running events)</li> <li>- Backcountry Festival</li> </ul> |
|                    | S3B Supporting community participation - consultation  | <p>Marketing committee with key business operators to provide regular consultation on marketing.<br/>(Three meetings held with varying attendance)</p> <p>Consultative Forum. (Four meetings held – Melbourne &amp; Hotham)</p> <p>Stakeholder meeting<br/>(Two meetings held – one in Melbourne &amp; one at Hotham)</p> <p>Lodge managers annual workshop. (Annually on mountain - winter)</p> <p>Volunteer Ski Patrol program<br/>(Volunteer patrollers performed 596 shifts during the 2019 season)</p>   |

# OUR CUSTOMER & COMMUNITY FOCUS

## OUR WORKFORCE DATA

MHARMB has introduced policies and practices that are consistent with the Victorian Public Service Commission (VPSC) employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. All employees are provided with the VPSC Code of Conduct at induction. MHARMB provides training for its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

### 2019 POLICY UPDATES

A review of all Human Resources and Workplace Health and Safety policies and procedures was commenced in the fourth quarter of 2019. The aim of this was to rationalise the documents and present them in a clearer and more concise format.

The following table discloses the headcount and full-time staff equivalent (FTE) of all active employees of the MHARMB employed at the last full pay

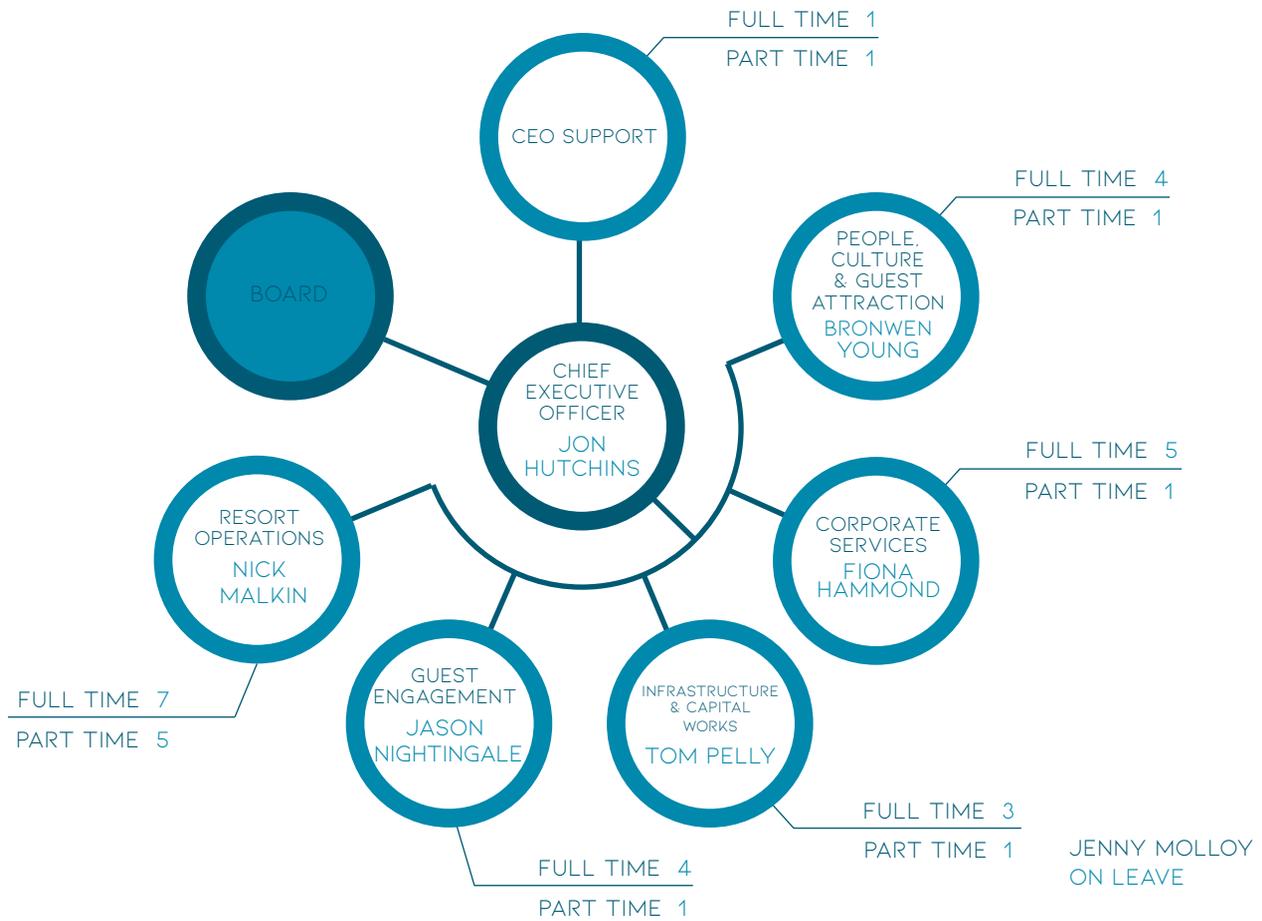
period in June of the current reporting period and in the last full pay period in June (2018) of the previous reporting period. The data is extracted in this way to report to VPSC annually.

In accordance with FRD 29B, workforce data has been included for the Executive Officer and senior non-executive employees. Financial data for these positions is included at tables 9.4 of the financial reports.

### DETAILS OF EMPLOYMENT LEVELS 2018 AND 2019 (I)(II)

|   | DECEMBER 2019       |      |                        |                        |      |                       | DECEMBER 2018 |                     |      |                        |                        |      |                       |     |
|---|---------------------|------|------------------------|------------------------|------|-----------------------|---------------|---------------------|------|------------------------|------------------------|------|-----------------------|-----|
|   | ALL EMPLOYEES       |      | ONGOING(III)           |                        |      | FIXED TERM AND CASUAL |               | ALL EMPLOYEES       |      | ONGOING                |                        |      | FIXED TERM AND CASUAL |     |
|   | NUMBER (HEAD-COUNT) | FTE  | FULL TIME (HEAD-COUNT) | PART TIME (HEAD-COUNT) | FTE  | NUMBER (HEAD-COUNT)   | FTE(V)        | NUMBER (HEAD-COUNT) | FTE  | FULL TIME (HEAD-COUNT) | PART TIME (HEAD-COUNT) | FTE  | NUMBER (HEAD-COUNT)   | FTE |
| GENDER                                  |                     |      |                        |                        |      |                       |               |                     |      |                        |                        |      |                       |     |
| Male                                    | 23                  | 22.8 | 17                     | 1                      | 17.8 | 5                     | 5             | 23                  | 21   | 16                     | 1                      | 16.8 | 6                     | 4.2 |
| Female                                  | 21                  | 17.8 | 11                     | 8                      | 15.8 | 2                     | 2             | 18                  | 13.2 | 8                      | 9                      | 12.7 | 1                     | .5  |
| AGE                                     |                     |      |                        |                        |      |                       |               |                     |      |                        |                        |      |                       |     |
| 15-24                                   | 2                   | 1.8  | 0                      | 1                      | 0.8  | 1                     | 1             | 1                   | 1    | 0                      | 0                      | 0    | 1                     | 1   |
| 25-34                                   | 7                   | 7    | 4                      | 0                      | 4    | 3                     | 3             | 5                   | 4.9  | 4                      | 0                      | 4    | 1                     | .9  |
| 35-44                                   | 14                  | 12.5 | 9                      | 3                      | 10.5 | 2                     | 2             | 15                  | 11.9 | 7                      | 4                      | 9.6  | 4                     | 2.3 |
| 45-54                                   | 9                   | 8.6  | 7                      | 1                      | 7.6  | 1                     | 1             | 10                  | 8.7  | 7                      | 3                      | 8.7  | 0                     | 0   |
| 55-64                                   | 9                   | 8.1  | 7                      | 2                      | 8.1  | 0                     | 0             | 8                   | 6.1  | 6                      | 1                      | 5.6  | 1                     | 0.5 |
| 65+                                     | 3                   | 2.6  | 1                      | 2                      | 2.6  | 0                     | 0             | 2                   | 1.6  | 0                      | 2                      | 1.6  | 0                     | 0   |
| CLASSIFICATION(VI)                      |                     |      |                        |                        |      |                       |               |                     |      |                        |                        |      |                       |     |
| Clerical & administration               | 9                   | 8.4  | 5                      | 1                      | 5.4  | 3                     | 3             | 7                   | 5.4  | 5                      | 1                      | 4.4  | 2                     | 1.5 |
| Mobile plant operators                  | 6                   | 6    | 4                      | 0                      | 3    | 2                     | 2             | 5                   | 4.3  | 3                      | 0                      | 3    | 2                     | 1.3 |
| Nursery workers                         | 3                   | 1.6  | 0                      | 3                      | 1.6  | 0                     | 0             | 3                   | 2.1  | 0                      | 3                      | 2.1  | 0                     | 0   |
| Professionals                           | 7                   | 6.4  | 3                      | 2                      | 5.4  | 1                     | 1             | 6                   | 4.5  | 3                      | 3                      | 4.8  | 0                     | 0   |
| Technical, waste & environment services | 9                   | 8.2  | 7                      | 3                      | 9.2  | 0                     | 0             | 11                  | 9.5  | 7                      | 3                      | 8.2  | 1                     | .5  |
| Tourism/visitor services                | 3                   | 3    | 2                      | 0                      | 2    | 1                     | 1             | 4                   | 3.4  | 2                      | 0                      | 2    | 2                     | 1.4 |
| SENIOR EMPLOYEES (VII)                  |                     |      |                        |                        |      |                       |               |                     |      |                        |                        |      |                       |     |
| Executive Officer                       | 1                   | 1    | 1                      |                        | 1    | 1                     | 0             | 1                   | 1    | 1                      |                        | 1    | 1                     |     |
| Senior Managers                         | 6                   | 6    | 6                      |                        | 6    | 3                     | 3             | 4                   | 4    | 3                      |                        | 4    | 2                     | 2   |
| TOTAL EMPLOYEES(IV)                     | 44                  | 40.6 | 28                     | 9                      | 33.6 | 7                     | 7             | 41                  | 34.2 | 24                     | 10                     | 29.5 | 7                     | 4.7 |

# OUR ORGANISATIONAL STRUCTURE



Notes:

- (i) All figures reflect employment levels during the last full pay period in December of each year.
- (ii) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.
- (iii) Ongoing employees include people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of December.
- (iv) The increase in employment headcount levels between December 2018 and December 2019 is a result of an increase in employment following the implementation of a new Workforce Plan.
- (v) 31.3 fixed term and casual FTE staff were employed to fill short term seasonal contracts for 2019 Winter Snow Season operations (June-Sept). This included an entire category of emergency workers (ski patrol).
- (vi) Employees have been correctly classified in workforce data collections. They are classified in accordance with ANZSCO2019 advice to Alpine resorts, distributed by the Victorian Public Sector Commission annually;
- (vii) Mount Hotham Alpine Resort Management Board's senior employees are classified as follows: Executive Officer and Senior Manager.

## OUR WORKFORCE STATISTICS



52%  
Workforce

57%  
Executive team



48%  
Workforce

43%  
Executive team



# OUR PEOPLE, CULTURE & ORGANISATIONAL DEVELOPMENT

MT HOTHAM RESORT MANAGEMENT BOARD IS ONE OF THE MAJOR EMPLOYERS IN THE RESORT.

The Board aims to provide effective ongoing management of organisational development, OH&S, Work Cover, human resource management, emergency management and administrative systems and processes.

A new organisation workforce plan was introduced in early 2019 to ready the organisation for further development. Additional Senior Managers joined the team throughout the year. An increase in seasonal staff in the Ski Patrol and Guest Engagement area enhanced guest experience in sharing an Amazing Alpine Experience. The Guest Engagement team also engaged volunteers during peak periods.

## STAFF ENGAGEMENT

86% of staff participated in the 2019 People Matter Survey. This was less than 100% due to staff on annual leave at the time the survey was completed. A shorter, locally organised interim survey was conducted later in the year. Results were collated with those from all Victorian alpine resorts and comparative analyses were conducted. This will enable the resorts to collaborate on addressing staff engagement challenges for those working in alpine regions.

## INDUSTRIAL RELATIONS

In November, our 2019 Enterprise Agreement was ratified by the Fair Work Commission. This is a twelve-month roll-over of the previous agreement. In 2020, a new agreement will be negotiated with the process starting in January.



## HIGHLIGHTS

62%  
seasonal  
staff return

38%  
new  
seasonal staff

## EQUAL EMPLOYMENT OPPORTUNITY

The Board is an equal opportunity employer and all appointments and promotions are merit-based and established on the principles of the Public Administration Act 2004. The Board has fulfilled its obligations under Section 7, and in upholding the public-sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

## OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Occupational Health and Safety (OH&S) is a significant component of our Risk Management Policy. The Board is fully committed to establishing a healthy and safe work environment for our permanent staff, seasonal staff, contractors and guests by:

- providing information, instruction and training in the use of safe systems of work;
- pre-commencement medical and physical assessments of staff as appropriate;
- provision of safe plant and equipment for use by appropriately licenced operators; and
- compliance with legislative requirements and current industry standards.

## EMPLOYEE ASSISTANCE PROGRAM (EAP)

The Board launched an Employee Assistance Program (EAP) in January. This platform is a shared arrangement with Mount Buller ARMB. This initiative provides employees with access to resources to support mental, physical, social and financial well-being.

## OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

The OH&S Committee held eight meetings during the 2019 reporting period and has:

- written policies and procedures, including management and action plans;
- conducted workplace inspections;
- identified and recommended action to address hazards in the workplace;
- facilitated training sessions; and
- reviewed the OH&S Management System.

## TRAINING AND DEVELOPMENT

Training and development is an important part of our People & Culture activities to provide skill development and compliance training. In 2019, 452 hours of participation provided by external training with the addition of online resources was available through a cloud-based learning platform. This platform is a joint arrangement with Mount Buller ARMB. The Learning Management System (LMS) provides online courses, modules and training programs and retains records of completed courses.

More than fifty online courses were completed throughout the year. These covered topics including Customer Service, Manual Handling, Stress Management, Working in Hot and Cold Conditions and Policy Compliance.

Training was delivered onsite, locally, online and through TAFE. Where appropriate, other organisations, on mountain businesses or other Victorian alpine resorts were involved.

MHARMB hosted two work experience students who were engaged across a range of internal and external work areas including ski patrol.



## TRAINING UNDERTAKEN

Accounting Standards Training

AgVet Chemical Users Course

Alpine Fire Safety training

Annual Ski Patrol Refresher Units

Asset Management Program

Certificate III in Water Industry Treatment

Confined Space Training

CPA training courses

Hazardous Area Authority

Introduction to Emergency Management

Licence to Operate a Forklift

Mental Health First Aid

Microsoft Training

Leadership Analysis - Myers Briggs Type Indicator

Plain language workshop

Provide First Aid

Sample & Test Wastewater - water industry standards, guidelines & legislation NWPGEN008

Tagging & Testing

Taxation & Payroll training

White Card

## OCCUPATIONAL HEALTH AND SAFETY STATISTICS

|   | 2019     | 2018     | 2017     |
|---|----------|----------|----------|
| Number of reported hazards/ incidents for the year per 100 full-time equivalent staff members.                                      | 17       | 34       | 34       |
| Number of lost time standard claims for the year per 100 full-time equivalent staff members.  | 238      | 293      | 158      |
| Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe); | \$73,375 | \$45,301 | \$73,070 |

The time lost to injury reported has varied over the last three years due to environmental factors. In 2017 and 2018 physical injuries sustained were attributed fatigue experienced from a long ski season with plentiful snow. The effect of 2017 injuries carried over to lost work time the following year. A change in rostering and resourcing was correlated with a significant reduction in lost time from these sorts of injuries. Claim costs rose again from mental health concerns associated with organisational and structural change. This was the underlying cause of significant lost work time from 2018 through to 2019.



# SKI PATROL

THE 2019 WINTER WAS A GOOD SEASON FOR SNOW COVER, HIGHER THAN AVERAGE VISITATION, SLIGHTLY LOWER THAN AVERAGE ACCIDENT CALLOUT RATES AND SEVERAL SIGNIFICANT EVENTS.

## THE PATROL

The patrol team consisted of paid and volunteer Patrollers, volunteer Trail Crew and a newly formed paid Mountain Safety team. The Trail Crew assists with the deployment and maintenance of on-slope safety equipment (fences, nets, signs etc). The Mountain Safety team is tasked with driving the patient transfer vehicle within the resort and performing mountain awareness duties (slope behaviour monitoring) as well as assisting with on-slope equipment, training programs and other duties.

- Paid Patrol – 25 (full time and part time)
- Volunteer Patrol – 35 (10-25 days)
- Volunteer Trail Crew – 10 (20 x 4 hr shifts)
- Mountain Safety – 6 (part time)

## THE SNOW

The season started with the best snow for opening weekend in many years, until significant rain washed away the cover until July. There were two more significant snow events evenly spaced (early August and early September), and several smaller snowfalls interspersed between them. Apart from the early season snow loss, there were only a few days of moderate rainfall and we enjoyed mostly classic spring conditions throughout September until the extended closing date of October 5. The accumulated snowfall and resort cover were above average, and there were many days of excellent skiing and boarding due to the generally great surface conditions.



## 2019 SKI PATROL

25  
Paid Patrollers  
(full time & part time)

35  
Volunteer Patrollers  
(10 - 25 days)

10  
Trail crew  
Volunteers  
(20 x 4 hr shifts)

6  
Mountain Safety  
(part time)

## SNOWMAKING

Snowmaking considerably helped throughout the season. With significant snow being washed away after opening weekend, the snowmaking and grooming efforts had Heavenly Valley open on solely machine-made snow. Good coverage was maintained in the core areas right up until the final day of lift operations.

## LIFT OPERATIONS

Big D, Summit, Summit Trainer, Road Runner and Village Chair were running for the Opening Weekend.

Only Summit Trainer and Big D remained open after the significant rain in the following week. Summit, Road Runner and Village Chair re-opened on June 22, followed by Heavenly Valley on July 4. Blue Ribbon and Gotcha opened on July 16, and all lifts and terrain were open by July 25. Heavenly Valley, Village, Summit, Summit Trainer and Big D remained open until October 5.

## LIFT STATISTICS

The 2019 season had a total of 1,169 operational lifting days, down on the 2018 season resulting primarily from the delayed opening of Heavenly and Orchard area due to insufficient early snow cover.

## SKIER AND BOARDER SAFETY CALLOUTS

Visitation and skier days were higher than previous years however accident callout rates were slightly down. The soft snow conditions and more days of precipitation or wind can equate to slower speed and less time spent on the slopes for visitors, hence the lower callout figures. Of note, is that there was more skier/skier collisions and guests caught out of their depth in the Extreme Area. (First time Hotham visitors accounted for many of these.)

The patrol responded to 1,132 callouts with 486 requiring further treatment at the medical centre, and 6 airlifted to trauma centres. Most accidents attended to were minor injuries at the beginner areas of The Summit and The Big D, followed by the high traffic area of Slalom Gully (10%). In comparison, the Extreme Zone accounted for only 1% of all accidents. The accident rate per thousand skier days was 1.5%, which is well below the accepted average of 2.4%.

We are very sad to report that there was one fatality. A female skier suffered a cardiac arrest while riding Blue Ribbon Lift alone. She was given treatment at the top of the lift and regained breathing and circulation, however unfortunately she passed away 10 days later in hospital.

## TOBOGGANING AND SNOWPLAY

Abundant natural snow helped maintain a safe environment for snow play. Two designated snow play and toboggan areas operated at Wire Plain and Mount Little Higginbotham for most of the season. No accidents were reported at either location.

## AVALANCHE HAZARD

Each of the significant snow events throughout the winter produced avalanche hazard. Ski Patrol performed mitigation works within the resort throughout these periods to reduce the risk to the public. An Avalanche Hazard alert was posted on the Snow Report page of the website at times of significant hazard in the back-country to ensure the public were aware.

There was a significant post-mitigation avalanche involvement in the Mary's Slide area. No burial was reported however a full search of the area was conducted using various rescue technologies (including a recently acquired Recco device). An avalanche of that scale had not been seen or reported on that slope for at least 50 years.

There were no reported avalanche involvements in the nearby back-country.

MHARMB received recognition from Victoria Police regarding the collaborative work on avalanche awareness between Falls Creek and Mount Hotham.

## BACK-COUNTRY

Back-country skiing and boarding is thriving. This season saw hundreds of people heading into the terrain surrounding Hotham. MHSC began conducting back-country lessons, and there was a weekend long Back-Country Festival that was attended by over 300 participants. This is the fastest growing aspect of the sport and is expected to keep growing substantially in the coming years. The increase in back-country use equates to more exposure to risk in remote areas, with often very difficult and lengthy extractions.

One rescue this year involved a male with a very significant leg injury sustained low in Avalanche Gully. The rescue took 3 hours, and required many patrollers using crampons, ice axes and a 300 meter rope assisted extraction.

We anticipate more of these types of rescues in the coming years associated with the increase in back-country activity.



## SNOW DEPTH

402CM

Total Snowfall  
(299cm 10-year average)

149CM

Deepest Base  
(on 11 August)

34CM

Deepest 24hr Snowfall  
(recorded 8th August) Several 24-hour periods with 20+cm

91CM

Largest Storm  
(8th-12th August)

90CM

Second Largest Storm  
(28th May -5th June)

71CM

Third Largest Storm  
(10th -15th July)

49CM

Fourth Largest Storm  
(7th -10th September)

46

Total Snowfall Days

230MM

Rain Total  
(over 12 days)

140MM

Rain Total  
(over 6 days)



## LIFT OPERATIONS

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**120** DAYS  
Big D, Summit & Summit  
Trainer  
Open: 8 June Closed: 6 Oct

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**120** DAYS  
Audi Quattro & Road  
Runner  
Open: 8 June Closed: 6 Oct

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**95** DAYS  
Heavenly Valley  
Open: 4 July Closed: 6 Oct

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**61** DAYS  
Blue Ribbon  
Open: 16 July Closed: 15 Sept

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**68** DAYS  
Gotcha  
Open: 16 July Closed: 20 Sept

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**58** DAYS  
Keogh's & Orchard  
Open: 26 July Closed: 20 Sept

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## SEARCHES

There were no prolonged searches for lost people in the resort or nearby back-country this season.

## MOUNTAIN AWARENESS

Ski Patrol monitors slope behaviour and educates or reprimands those who are not skiing or snowboarding within the Alpine Code and weather conditions. The focus is on the high traffic areas (specifically Slalom Gully) and known high incident locations. The newly established Mountain Safety Team assists Ski Patrol with this duty.

## SCHOOL TALKS

Ski Patrol continued the School Education program with weekly presentations delivered to visiting school groups. The focus is on all aspects of safety in the alpine area and accepted/expected on-slope behaviour.

## PATIENT TRANSFERS

Ambulance Victoria no longer transfer patients to the medical centre unless medical intervention is required. Ski Patrol now transfers more than 95% of patients using the MHRMB patient transfer vehicle. A Mountain Safety member is rostered each day for vehicle operations.

## EVENTS AND VISITING TEAM TRAINING

The number of events that require patrol on-course has grown in recent years. This requires extra personnel and hours to be rostered to ensure adequate cover across the whole resort.

There has also been an increase in various visiting teams spending extended periods training at Hotham. This has seen an increase in management pressures and regular language difficulties at accident scenes.

## JUNIOR OPEN DAY

The Junior Open Day program again proved very popular for its sixth consecutive year. The patrol facilitated two open days this year, with local and visiting school children attending the four-hour programs. They were introduced to ski patrol operations, shown several practical skills that patrol use, and participated in the sweep of the mountain at the end of the day. The children love the experience and it is great PR for the patrol.

## TRAINING

Initial training, ongoing refresher training and new skills development training account for a considerable amount of Ski Patrol time and resources.

Training has become more regulated and accountable in recent years, so all training programs are in the process of being developed or refreshed to sit

within the Australian Quality Training Framework Standards. This is a very time-consuming role however once completed, will ensure the effectiveness and efficiency of future patrol training.

## SEASON TRAINING FOCUS

In recent years there has been an increased need for patrol to employ some of the less used but more highly skilled and hazardous methods required to perform a rescue.

The focus this year was delivering comprehensive training to all the paid patrollers in the areas of Avalanche Rescue and Roped Evacuation. Several weeks during the early part of the season were dedicated to intensive training in both skill sets. This resulted in a much more capable group and was demonstrated during several critical incident responses during the season.

The volunteer patrol training weekend also focussed on the foundations of the same skill sets.

Two patrollers attended the 4 day 'Steep Snow and Ice' training facilitated by Victoria Police at Falls Creek.

Five patrollers attended a 4 day 'Avalanche Rescue' training program facilitated by a Swiss Avalanche Expert at Perisher Valley.

The Ski Patrol Director attended the Southern Hemisphere Alpine Safety Conference in Christchurch.

## ONGOING TRAINING

- New trainees require 40 days of one-on-one training.
- All patrollers recertify ASPA (First Aid) every 3 years.
- All patrollers recertify rescue sled handling annually.
- Experienced patrollers receive refresher training in specific skill sets:
  - Avalanche rescue;
  - Roped rescue;
  - Search and Rescue;
  - Steep and ice; and
  - Snowmobile operations.

## TRAINERS

Five patrollers retained Certificate IV in Training and Assessment through completing the required extra units to maintain currency.

This helps to:

- Develop more effective programs;
- Train in-house trainers thoroughly;
- Ensure legal credibility to the in-house training program;

- Enable delivery of certified training on mountain for CPR, AED and Analgesics; and
- Train and assess at ASPA First Aid courses.

## TRAINEES

This year saw two previous Trail Crew members commence ski patrol (Alpine and Cross Country) training. Also, 2 members of the Mountain Safety team were given intensive training throughout the winter and joined the paid patrol before the season ended. All trainees proved to be very capable and will be great assets to the team.

## VOLUNTEER PATROL

Volunteer patrol numbers were ideal to ensure sufficient resort cover, adequate training and hands on experience for each member. The volunteer patrol contributed 611 shifts for the winter, which is equivalent to approximately 25% of the total patrol shifts. The volunteers also bring many external skills and experience (medical professionals etc.) that are very beneficial to the whole patrol team.

## TRAIL CREW

The volunteer Trail Crew program continues to be a great asset to the patrol. Members assist with on-slope equipment deployment and maintenance and is a good steppingstone into the patrol program.

## MOUNTAIN SAFETY TEAM

The 2019 season saw the introduction of paid Mountain Safety staff. Staff were rostered on to manage and drive the patient transfer vehicle or assist patrol with mountain awareness (slope behaviour monitoring) among other duties. These shifts allowed exposure to daily operations for those aspiring to join the patrol.

## 2019 PRE-SEASON WORKS

The main focus pre-season was on the upgrading, repair and maintenance of the resort area boundary and signage. Significant signage has been identified for upgrading pre-winter 2020.



Photography: Traverse Hotham

# CROSS COUNTRY SKIING

EARLY SNOW FALLS AT THE START OF THE SKI SEASON ENSURED GROOMING OF THE BRABRALUNG TRAIL FOR OPENING WEEKEND.

2019 was a great year for cross country skiing at Mount Hotham. Early snow falls at the start of the ski season ensured grooming of the Brabralung (Hotham-Dinner Plain) trail for opening weekend. Whilst the following rain events impacted on snow coverage there were still opportunities for snow making in Davenport once the weather cleared. Good snow falls throughout the remainder of the season ensured cross country skiing was available for the duration of the winter period.

The natural snow falls and the work of the MHARMB trail grooming staff resulted in

great conditions across the trail network with grooming continuing late into the season. Grooming on the Brabralung trail continued until the last week of September with snow available in the Davenport area until the last weekend of the season.

The unrestricted cross country trail network provided by MHARMB consisted of several exclusive trails, catering to both beginners and the more advanced. This includes the iconic Brabralung trail and several shared multi-use trails which cater to snow shoeing, fat tyre bikes, guided snow mobile tours and dog sled tours.

Mount Hotham's cross country trail network hosted several events and 8,903 trail users during winter. These events boasted strong fields of competitors including international participants.

Hotham to Dinner Plain Pub to Pub race, in its 30th year, was once again well supported with 135 people taking part in the event. The event was again held on a complete snow covered course following work by a number of volunteers and the MHARMB grooming team.

Victorian and Australian biathlon championships attracted 90 plus registrations. The Biathlon Facility plays a key role in the development of the sport with an active committee increasing participation rates and the announcement of athletes to attend the Luusanne 2020 winter youth Olympic games.

The Back Country Festival was held over

the weekend of September 7-8 with over 400 people registering for the event. Assistance was provided to facilitate the Back-country Bar and BBQ at the Village Lookout on Christmas Hill. Additionally, ski patrol presented at the festival. The event had 355 pre-registrations and a further 80 registrations on the day. The festival was supported by 31 separate programs from avalanche awareness through to introduction to cross country skiing.

Summer trail maintenance works including a number of drainage improvements ensured snow retention was maximised during the season, these works continue during the summer months.

The Australian Biathlon Association (ABA) and Mount Hotham Biathlon range played host to international coach Luca Bormolini (based at Mount Hotham) who worked closely with the Australian Biathlon team.

Traverse Hotham continued to provide introductory cross country ski lessons, guided cross country ski tours and guided snowshoe tours.



## HIGHLIGHTS

8,903  
Cross Country Trail users

# SNOW PLAY THE SNOW PLAY AND TOBOGGAN AREA IS LOCATED AT WIRE PLAIN.



## HIGHLIGHTS

Growing attractions at  
Wire Plain

The Mount Hotham snow play and toboggan areas continue to provide a popular attraction for first time guests to the resort. The sites are protected from extreme weather conditions and provide a safe natural area for guests to enjoy the snow for the first time. Hazardous tree removal continues in the Wire Plain area and a designated emergency helicopter landing zone was established at the top of the Wire Plain car park prior to the 2019 winter.

Little Higgi Park located in the Davenport Village again provided a safe alternative in both the early and latter part of the winter, and as a safe area for overnight visitors to enjoy snow play. This area had the advantage of snow making in the early part of the season allowing some snow play product to be available from the commencement of the season. The public playground at Little Higgi Park, fire pits, trampoline and picnic tables throughout the Davenport Village provide further amenity for guests of the resort.

Having joined the two operators based at Wire Plain in 2017, Alpine Nature Experience again added to its offer for the 2019 season with the provision of the first commercial igloo available for overnight accommodation. The first igloo opened on July 20 with a second on August 8, available for 42 nights in total and having 50 guests stay in this unique accommodation.

Traverse Hotham - in its second year of operation - again offered snowshoe experiences, cross country ski lessons and tours, continuing to provide an alternate offer to resort visitors. Demand is increasing for snowshoe experiences with a number of guests enjoying the sunset snowshoe tour atop Mount Higginbotham. These services are primarily offered at Wire Plain, Davenport Village and Mount Higginbotham with grooming support being provided by MHARMB.

Other services offered in the Wire Plain shared trail area included dog sled tours, snowmobile tours, toboggan hire, refreshments and kids' snowmobiles. These facilities were supported by the MHARMB with access by the intra-village bus service, and grooming of the toboggan slope and multi-use trail network (snow conditions permitting).





# TRANSIT OPERATIONS

## 2019 WAS THE SECOND YEAR OF AN OUTSOURCED INTRA-VILLAGE BUS SERVICE.

A number of improvements implemented prior to 2019 season benefited the service, particularly the joint induction that was held prior to the start of the season, along with increased driver training, bus preparations and staff return rates.

The operator purchased 8 Mercedes buses prior to the 2019 season providing better access and improved reliability. There were periods when bus frequency and carrying capacity were lacking, however the operator responded promptly to address these delays with the support of MHARMB.

MHARMB staff worked closely with the operator and assisted in a new approach to load management, effectively increasing the throughput of buses at Stop 1. This was also supported by the use of express services during peak periods and the provision of additional MHARMB buses to assist. These MHARMB vehicles were used on several occasions during 2019 and will be retained to assist with peak load management as required in the future.

The tracking facility allowed guests to monitor the location of buses as they travelled through the resort and approached bus stops. It allowed guests to track the location of the next bus. If required, they could 'hail a bus' online, alerting the operator of a request at a particular location. During the 2019 winter season, there were more than 580 such service requests for more than 1,400 passengers. This is an average six hails per night, which would have equated to 25 full buses over the season.

The tracking facility again worked well providing timely updates on the location of buses. However, the 'hail a bus' facility for the 2019 season had a significant reduction in utilization from the 2018 season partly due to a system outage experienced, and highlights that needed to improve communication to increase the awareness and use of the feature. Additionally, the bus tracking feature had 299 requests made for the transport of 840 people, requests being down almost 50% on the 2018 season. The majority of users used the facility more than once, indicating that there is a reasonable level of uptake with

the local and staff community however limited uptake by guests in the resort.

The topographical layout of the resort requires the provision of an efficient and effective transport and car parking service. The resort transport and parking service is provided between the hours of 6.45am and 2.00am (3.00am Friday for late night arrivals). The service is provided for both day and overnight guests, with peak loads being influenced by lift opening times, Friday night arrivals and increased weekend visitation. The bus transport network extends from Hotham Central to Whiskey Flat. Parking services extend to Loch Carpark.

At Ski Patrol's request, transport was provided for guests with injuries or broken equipment from Loch Carpark to the village precinct.

MHARMB continues to work closely with Disabled Wintersport Australia (DWA) and assist with transportation of mobility-impaired guests within the resort. DWA activity doubled in 2018, possibly assisted by an increase in disabled parking spaces and the accessibility of the new buses.

Alpine Spirit Coaches, the transport service operator, and MHARMB's Guest Services staff built relationships and worked together closely throughout the winter to ensure a smooth guest arrival experience.



## RESORT TRANSPORT

### HIGHLIGHT

Improved throughput and bus stop management

### SIGNIFICANT BENEFITS

Disabled access

Improved bus capacity

Better loading at stop 1

Express services

## OUR SERVICES

### POTABLE WATER THE VILLAGE WATER SUPPLY COMES FROM THE UPPER REACHES OF SWINDLERS CREEK.

As defined by the Alpine Resorts (Management) Act 1997, MHARMB is responsible for, and strives to provide, a range of quality reliable key infrastructure services that meet customer needs and contribute to the ongoing viability of the resort in accordance with relevant regulatory requirements. The Board is defined as a water supplier under the Safe Drinking Water Act 2003 and aims to provide reliable and high-quality safe drinking and emergency firefighting water supply.

The source of the Mount Hotham village water supply is the upper reaches of Swindlers Creek.

Approximately 177 hectares, the catchment provides high quality raw water from several small spring-fed tributaries flowing into the weir created by the headwall at the inlet structure to Swindlers Valley drainage pipeline. Raw water flows under gravity to the pump station before being pumped up a rising main to the storage tanks on the summit of Mount Higginbotham. Stored raw water flows to one of two ultraviolet (UV) facilities for treatment immediately prior to distribution for consumers. The Board holds an annual diversion licence with Goulburn Murray Water for extraction of water from this point.

During 2019 91ML of potable water was consumed within the Mount Hotham Resort.

The existing rising main that carries raw water from the Swindlers Valley pump station to the storage tanks on Mt Higginbotham is approximately 1.6 kilometres long and was constructed in 1972. During 2019, the Board commenced construction of a staged replacement of this critical piece of water supply infrastructure. The aged lower high-pressure section of the existing pipeline extending from the Swindlers Valley pumphouse to the Hotham Village was the highest priority



## HIGHLIGHTS

100%  
Compliance Safe  
Drinking Water Quality  
Standards for the seventh  
consecutive year.

for replacement. Project planning and design for the upper section of the pipeline between the Hotham Village and storage tanks on the peak of Mt Higginbotham was commenced during the reporting period. It is anticipated full replacement of the pipeline will take up to three years to complete.

The Board achieved 100 per cent compliance with the Safe Drinking Water Quality Standards again in 2019, for the seventh year in a row. A copy of the 2018-2019 Drinking Water Annual Report can be found on the publications page of the website

<http://www.develophotham.com.au>



# WASTE WATER

## THE BOARD COLLECTS AND TREATS WASTE WATER WITHIN THE VILLAGE.

2019 was a demanding year for the Mount Hotham Wastewater Treatment Plant (WWTP) due to replacement of equipment and consistent cold temperatures, however the team excelled and met environmental, social and license obligations to achieve full compliance for the year.

The 2019 season saw the installation of a new LBX 850 Ultraviolet (UV) unit for the Mount Hotham Class A Ultrafiltration (UF) plant. The old LBX 1000 UV unit was at its end of life and the installation of the new LBX 850 unit meant no longer having to rely on maintaining a chlorine residual, which was problematic during the peak season flows. This new unit will create more long-term Class A water flows for snowmaking.

Due to the timing of the new UV unit's arrival and installation, and some technical issues arising during commissioning, there was no Class A recycled water produced during the 2019 ski season. However, the Mount Hotham UF plant will be fully operational by winter 2020.

A major advance in the Mount Hotham WWTP systems over the past year was the concreting of the Cobungra evaporation pan. This has made the solar sludge drying and handling process far more efficient and operator friendly. Since sludge management is a major ongoing issue for all wastewater treatment systems, it is a credit to the MHARMB that it was able to solar dry 100% of its activated sludge solids, which can then be incorporated into landfill cell capping. With some testing and analysis, these dried solids may be able to be mixed with the composted green waste and used for planting or environmental rehabilitation projects.

The lead into the 2019 winter was not an ideal one for WWTP with the lowest temperatures recorded in the last 10 years. The temperatures in the bioreactors reduced to around 4 degrees Celsius and gradually warmed as visitation increased to the season

average of 10 degrees Celsius. The consistent low temperatures presented a problem for the WWTP process before the resort had higher visitation throughout the ski season, therefore more research will be conducted in summer around heating the mixed liquors or bioreactors during the months of May and June to improve the overall winter plant operations.



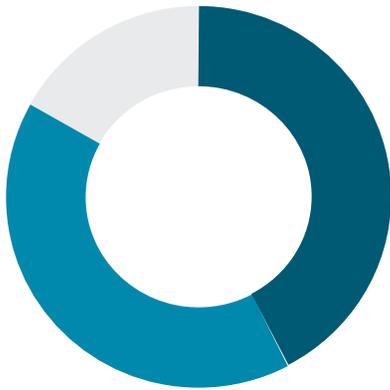
## HIGHLIGHTS

7<sup>ML</sup>  
Class A recycled water  
produced

Waste Water Treatment  
Plant upgrades

# SOLID WASTE MANAGEMENT WORKS

## PRODUCTION, WASTE AND CONSUMPTION.



- Organics (t), 60, 17%
- Cardboard and Comingled (t), 148, 41%
- Landfill (t), 152.775, 42%

MHARMB is constantly reviewing ways to decrease landfill and restrict the use of certain plastics. With this dynamically changing field, the MHARMB will continue to respond to ongoing policy changes by making innovations to the waste processing system.

The extension for e-waste at Danny's Shed was completed for the 2019 season with one full truck load of e-waste collected and delivered to an off-mountain facility.

During 2019, approximately 360 tonnes of waste was collected and processed by the MHARMB team with a recovery rate of nearly 60%. Of all waste, nearly 20% was composted at the organisation's Cobungra facility, 41% was recycled and 42% went to landfill. MHARMB is confident in significantly decreasing the landfill component by a combination of increasing the organics diverted from the resort's commercial operators, improved recyclable sorting in 2020, and continued education for guests and operators.

MHARMB has approved funding to proceed with upgrading the waste sorting and processing facility at Danny's Shed and will be purchasing a sorting station, glass pulveriser and expanded polystyrene (EPS) foam compactor for the 2020 snow season. This will significantly reduce costs, improve OH&S practices and produce a valuable resource to be used within the resort for sealing road verges and car parks in the form of glass aggregate.

### ATMOSPHERE – EMISSIONS RESEARCH AND INITIATIVES

Recent trials at Hotham on bi-facial solar power generation resulted in an Australian record being set. This has provided confidence to continue with investigations in this area and combined with knowledge gained from the successful geothermal energy project at Brush lodge, MHARMB is excited about the possibility of moving towards a fully sustainable resort by the end of the next decade.

# GAS OPERATIONS

MHARMB IS THE GAS SUPPLY AUTHORITY AT MT HOTHAM AND OWNS, OPERATES AND MAINTAINS THE LIQUEFIED PETROLEUM (L.P) GAS SYSTEM WITHIN THE RESORT.

L.P. gas is a safe, clean, efficient and cost-effective energy source. As one of its core functions under the Alpine Resort Management Act 1998, Section 38, MHARMB undertakes the supply of L.P. gas to resort stakeholders. In 2019, MHARMB received a bulk gas supply of 654.04 tonnes for the resort's utilisation.

MHARMB understands and accepts its requirements to be compliant with the Gas Safety Act 1997, Gas Safety (Gas Quality) Regulations 2017 and Gas Safety (Safety Case) Regulations 2018.

Energy Safe Victoria (ESV) is the regulatory authority that oversees the operations of all gas companies in Victoria and routinely conducts audits to ensure regulatory compliance. The "Mt Hotham L.P. Gas Safety Case" is the key document that describes all aspects of gas company operations and ensures compliance with the Act. ESV requires MHARMB to demonstrate ongoing reviews, updates and improvements to its gas safety case and also undertake a full and comprehensive review of the gas safety case at least every 5 years.

MHARMB commenced the full 5-year review process in early 2019, in preparation for the ESV audit process that took place on September 3. The ESV audit findings confirmed there was no non-compliance issues. ESV made some observations for improvements, which MHARMB is currently implementing to further benefit operations.

MHARMB also produced a detailed emergency preparedness document, the "Mt. Hotham L.P. Gas Emergency Action Plan" which was audited by ESV back in November 2018. The updated version was submitted on August 9. The audit was closed out and the document accepted by ESV on August 20.

During the reporting period, MHARMB undertook all mandatory and recurrent maintenance procedures and inspections as detailed in the gas safety case. There were no reportable incidents to ESV in 2019.

Other Gas Operations maintenance and administrative undertakings in 2019 included:

- Annual Reticulation: Cathodic Protection Testing and Leakage Survey;
- Minor equipment repairs to Tank Compound Water Deluge Air System;
- Annual Type B Vaporiser Boiler Service;
- Checklist item recurrent maintenance procedures;
- Installation of new customer consumer meter installations;
- Implementation of revised L.P. Gas fitting "Start Work and Completion Notices" and their availability on the Develop Mt Hotham website; and
- Preliminary enquiries for industry specific staff training courses.



## HIGHLIGHTS

Gas Safety Case Audit - No compliance issues (consecutive 5th year)

Regulatory acceptance of the Mt Hotham L.P. Gas Emergency Action Plan.

There were no Reportable Incidents to ESV in 2019.

# ASSET MANAGEMENT WELL-MAINTAINED INFRASTRUCTURE AND EQUIPMENT ARE A CRITICAL SUCCESS FACTOR FOR THE RESORT.

The provision of compliant and well-maintained infrastructure and equipment is a critical success factor for the resort, particularly given its remote geographic and climatic profile.

The key objective of the asset management process is to use and maintain all available information to allow the Board to make informed risk assessments and decisions against four key criteria:

1. Compliance with relevant Acts, regulations and Australian standards;
2. Fit for purpose;
3. Capacity to meet current and future demand; and
4. Whole of life-cycle planning.

During 2019, MHARMB in conjunction with the other northern resorts met on several occasions in an effort to standardise asset management planning, management and reporting across all resorts.

The result is that all northern resorts are rapidly moving towards a common asset strategy and plan, and MHARMB will be moving across to a new asset management software system early in 2020. This will improve the recording of asset locations and conditions, and streamline preventative maintenance and long-term asset renewal planning.

Several key asset related projects were commenced during 2019 and will continue through 2020. These include:

- The commencement of installation and upgrade of the potable water rising main extending from the Swindlers pump station to the upper Sun Run;
- Construction of a sewer rising main servicing Edelweiss lodge;
- Realigning the Great Alpine Road in the Davenport precinct to improve safety and pedestrian movements;
- Upgrading of the gas supply deluge system; and
- Upgrading the solid waste processing system with a sorting station and glass pulveriser.

# GEO-TECHNICAL PROGRAM

MHARMB WORKS COOPERATIVELY WITH THE DEPARTMENT OF ENVIRONMENT, LAND, WATER AND PLANNING TO MANAGE LAND STABILITY RISKS.

Since 1998, MHARMB has worked co-operatively with DELWP to manage land stability risks across the resort. The main objective of the resort's geotechnical program is to mitigate the risks originally identified through the land stability survey (conducted by Snowy Mountain Engineering Corporation in 1997) and address any known or emerging high-risk issues.

During 2018, DELWP announced the Alpine Geotechnical Risk Assessment 2018-2020 Project. Golder was commissioned by DELWP to undertake a geotechnical portfolio risk assessment relevant to each of the four resort management boards covering the six resorts, and the portfolio as-a-whole. The Project will allow the DELWP and individual boards to understand, manage, and prioritise their geotechnical risk profile as it relates to land stability and risk to life.

During the reporting period, Golder visited the Mount Hotham Alpine Resort on several occasions with the Board providing significant reference documentation to support the Project. The Board understands a number of outputs will be available during 2020 and look forward to working with DELWP and Golder on any future identified actions flowing from the Project.

The MHAMB has been monitoring the Arlberg retaining wall to facilitate remediation works and mitigate future geotechnical and public safety risks. These risks are associated with a timber tiered retaining wall, located adjacent to the Great Alpine Road (GAR) in front of the Arlberg apartment building which was built in the mid 1980's.

Preliminary works are due to commence during 2020.

# CAPITAL WORKS

EACH YEAR THE MHARMB ADOPTS A PRIORITISED THREE-YEAR CAPITAL WORKS PROGRAM.

Capital works are funded from the annual depreciation charge, capital ingoings and any Board surplus, so investment in capital works varies from year to year. From time to time the Board secures third party funds for specific projects as contributed capital. Projects are selected to meet the highest priorities based on seven key drivers:

- Asset replacement
- Infrastructure maintenance and development
- Opportunistic
- Regulatory
- Village aesthetics
- Geotech/land stability
- Risk management

During 2019 the Board undertook a significant capital works program valued at \$3,669,675 excluding GST. This amount included \$529,307 of external funding sourced from State Government and third parties.

The existing raw water rising main was constructed in 1972, the lower section from Swindlers creek to the top of Sunrun is 150 mm diameter Victaulic jointed cement lined steel pipe and the upper section was constructed from cast iron cement pipe. The raw water rising main is approximately 1,592 metres in length and runs from elevation 1,501 metres at the pump station to elevation 1,802 metres at the water tanks on Mt Higginbotham.

The rising main is a 47-year-old infrastructure and has reached the end of its useful service life, highlighted by a series of recent pipeline failures that have occurred the past three years. Given the extensive nature of the project, staff proposed a staged approach that was adopted by the Board following a briefing at the July 2019 Board meeting. The works program was developed around a risk assessment that identified the most vulnerable sections of the rising main.

The pipe line is being installed utilising two different techniques, with the section under Sun Run being bored to avoid impact on important Alpine She Oak Skink habitat. This technique reduces the impact on existing services, including snowmaking, electricity, gas and communications, whilst avoiding complications from extensive fill located in this area. This boring technique is based on laser guided tunnelling equipment and the Board is working with specialist company, Pezzimenti Tunnel Bore, to complete these works. The pipeline from Swindlers creek up to the Sunrun, which is located on much steeper terrain, will be installed using more traditional open cut technique.

Village amenity and operational safety were key themes of several infrastructure projects. Stormwater drainage, a new stairwell and a bus stop shelter were installed at Bus Stop 8 to improve public access and transport services for lodges at the

eastern end of the Davenport Village. Further work to seal the bus stop and extend the walkway is in future CAPEX planning. New LED street lighting along the Great Alpine Road between the Hull Skier Bridge and Zirkys was also installed.

The Board removed the Davenport bridge near the old Tantani Lodge site. This also enabled the repair of existing damaged underground assets including electrical, communication and sewerage services. Reinstatement of Davenport Drive included fabrication and installation of a new facility to transfer waste from oversnow collection from the Davenport Village for road collection.

The Board co-funded a project with the Victorian Government under the E-waste Infrastructure Support Program for a new storage bay to be constructed to the Mount Hotham Resource Recovery Transfer Station (Danny's Shed). The new bay added approximately 119m<sup>2</sup> of covered internal floor space to the transfer station and will allow for improved separation and storage of e-waste materials, cooking oil and hard waste during the winter period at Mount Hotham.

During the reporting period construction of a new cell at the Cobungra landfill facility managed by the Board was undertaken. The cell creates new airspace to ensure landfilling operations can continue. The Board will remain focused on improving recovery rates to reduce the levels being sent to the site, thereby extending the usable lifespan of the waste facility.

At the sewerage treatment plant a new LBX 850 Ultraviolet (UV) unit for the Class A Ultrafiltration (UF) plant was installed. The old LBX 1000 UV unit was at its end of life and the installation of the new LBX 850 unit will reduce the UF plant reliance on maintaining a chlorine residual. The new UV unit will see more treated Class A water, recycled from waste water, flow from the village for snowmaking.

The Wire Plain carpark received some re-working during 2019 to double as the Mount Hotham Alpine Resort's Emergency Helipad. This new helipad meets the requirements of Ambulance Victoria's new larger AW-139 twin engine helicopters for landing, and will ensure visitors to the resort can receive the quickest medical response available when required.

During 2019, MHARMB began implementing the Pygmy Possum Habitat Protection - drainage and roadside improvements project. This two year project is supported by the Australian Government's

National Landcare Program and saw installation of a new concrete spoon drain and stormwater inlet pits as well as a frost free sealing pavement to a 250 metre car parking section of the Great Alpine Road verge at Mount Little Higginbotham for year one. The project improves stormwater management from the Great Alpine Road to provide long term outcomes for Mountain Pygmy Possum habitat below the road. Possums live in the gaps or spaces between the boulderfields. Over the long term, gravel sediments from poor stormwater management fill these spaces and reduce the quality of the habitat. The completed section will be extended to Bus Stop 8 in 2020.

The Mount Little Higginbotham new rock culvert tunnel installed in 2018 to reduce fragmentation of Mountain Pygmy Possum habitat by the Great Alpine Road saw the installation of the monitoring equipment in early 2019. Funding received from the Victorian Government and Zoos Victoria during 2018, provided four microchip readers which were installed 2019, one reader at each end of the two culverts. The readers provide information on the date, time and identify which individual entered the tunnel. Two remote sensing cameras were also installed to provide additional information on other small mammals that may utilise the tunnel.



# CAPITAL EXPENDITURE & EXTERNAL FUNDING REPORT AS AT DECEMBER 2019

|  | ESTIMATED PROJECT COST | CAPEX ALL. AT 1 JANUARY | EXTERNAL BUDGET FUNDING | FUNDING RECEIVED  | PRIOR YEARS EXP. | 2019 EXP.          | TOTAL EXP.         | EST. TO          | WIP C/F AT 31 DEC 2019 |
|--|------------------------|-------------------------|-------------------------|-------------------|------------------|--------------------|--------------------|------------------|------------------------|
| <b>ASSET REPLACEMENTS</b>  |                        |                         |                         |                   |                  |                    |                    |                  |                        |
| Prior year fleet replacement   | \$30,000               | \$14,500                | -                       | -                 | -                | \$11,152           | \$11,152           | -                | -                      |
| Gas Reticulation - Shut off Valves   | \$30,000               | \$30,000                | -                       | -                 | \$2,832          | -                  | \$2,832            | -                | \$2,832                |
| Waste Water UF Plant OHS Upgrade   | \$40,000               | \$40,000                | -                       | -                 | \$19,580         | \$3,542            | \$23,121           | -                | \$23,121               |
| *Medical Centre asset replacement program  | \$42,000               | \$30,000                | \$5,000                 | (\$5,000)         | -                | \$42,000           | \$42,000           | -                | -                      |
| *Other assets unbudgeted office, accomm etc  | \$20,000               | \$0.00                  | \$25,000                | (\$25,000)        | -                | \$34,454           | \$34,454           | -                | -                      |
| Rising Main Replacement - Stage 1  | \$670,000              | \$670,000               | -                       | -                 | -                | -                  | -                  | -                | -                      |
| GIS Mapping equipment replacement  | \$22,000               | \$22,000                | -                       | -                 | \$19,276         | \$95               | \$19,371           | -                | \$19,371               |
| Fleet replacements - Motor Vehicle & Plant   | \$85,000               | \$85,000                | \$53,000                | (\$53,000)        | -                | \$134,305          | \$134,305          | -                | -                      |
| UBIPARK online software upgrade  | \$30,000               | \$30,000                | -                       | -                 | -                | \$36,000           | \$36,000           | -                | -                      |
| IT Computers & iPad replacement  | \$40,000               | \$40,000                | -                       | -                 | -                | \$15,784           | \$15,784           | -                | -                      |
| <b>SUB TOTAL ASSET REPLACEMENT</b>   | <b>\$1,009,000</b>     | <b>\$961,500</b>        | <b>\$83,000</b>         | <b>(\$83,000)</b> | <b>\$260,212</b> | <b>\$1,428,598</b> | <b>\$1,688,810</b> | <b>\$0.00</b>    | <b>\$1,415,114</b>     |
| <b>STRATEGIC INITIATIVES</b>   |                        |                         |                         |                   |                  |                    |                    |                  |                        |
| Inner village multipurpose shared  | \$50,000               | \$22,649                | -                       | -                 | -                | \$9,858            | \$9,858            | \$12,791         | \$9,858                |
| Cultural Heritage  | \$20,000               | \$20,000                | -                       | -                 | -                | -                  | -                  | \$20,000         | -                      |
| Great Alpine Village project works   | \$200,000              | \$200,000               | -                       | -                 | -                | -                  | -                  | \$200,000        | -                      |
| Whiskey Flat - renewable energies,   | \$10,000               | \$10,000                | -                       | -                 | -                | -                  | -                  | \$10,000         | -                      |
| <b>SUB TOTAL STRATEGIC INITIATIVES</b>   | <b>\$280,000</b>       | <b>\$252,649</b>        | <b>\$0.00</b>           | <b>\$0.00</b>     | <b>\$0.00</b>    | <b>\$9,858</b>     | <b>\$9,858</b>     | <b>\$242,791</b> | <b>\$9,858</b>         |
| <b>INFRASTRUCTURE DEVELOPMENT</b>  |                        |                         |                         |                   |                  |                    |                    |                  |                        |
| Davenport planning - Preliminaries Bus Stop 8, Jack Frost, The General                         | \$30,000               | \$30,000                | -                       | -                 | \$1,615          | -                  | \$1,615            | -                | \$1,615                |
| Loch Carpark Upgrade/Alpine Gateway  | \$4,200,000            | \$0.00                  | -                       | -                 | \$95,294         | -                  | \$95,294           | -                | -                      |
| Street Lighting: Skier Tunnel to Zirky's   | \$28,000               | \$28,000                | -                       | -                 | \$39,260         | \$3,970            | \$43,230           | -                | -                      |
| Waste utilities - transfer stations within Davenport and identify 2 sites and building design. | \$80,000               | \$48,826                | -                       | -                 | -                | \$14,342           | \$14,342           | -                | -                      |
| Bus stop 8 - amenity public access upgrades  | \$140,000              | \$140,000               | -                       | -                 | \$2,644          | \$199,016          | \$201,661          | -                | \$201,661              |
| E-Waste storage extension  | \$100,000              | \$50,000                | \$50,000                | (\$50,000)        | \$18,854         | \$133,496          | \$152,350          | -                | -                      |
| Pygmy Possum Habitat Protection - drainage and roadside improvements                           | \$249,000              | \$83,000                | \$166,000               | (\$211,780)       | \$288            | \$382,234          | \$382,522          | -                | \$382,234              |
| UV upgrade - Class A water treatment   | \$120,000              | \$120,000               | -                       | -                 | \$144            | \$184,951          | \$185,095          | -                | -                      |
| Emergency Helipad - rework Wire Plain carpark  | \$45,000               | \$45,000                | -                       | -                 | -                | \$7,685            | \$7,685            | -                | -                      |
| Risk Management capex replacements   | \$150,000              | \$150,000               | -                       | -                 | -                | \$7,566            | \$7,566            | -                | -                      |
| Replacement of ABB flow meter for Dargo UV reactor #4  | \$12,000               | \$0.00                  | -                       | -                 | -                | \$7,840            | \$7,840            | -                | -                      |
| Cobungra Landfill - new cell   | \$145,000              | \$145,000               | -                       | -                 | -                | \$188,802          | \$188,802          | -                | -                      |
| Edelweiss sewer connection to reticulated system   | \$180,000              | \$180,000               | \$150,000               | (\$110,000)       | \$4,877          | \$88,031           | \$92,908           | \$87,092         | -                      |
| Microchip Scanners MPP   | \$30,307               | -                       | \$30,307                | (\$30,307)        | -                | \$40,587           | \$40,587           | -                | -                      |
| Communication - Install fibre optical cable from Workshop to Slateys                           | \$15,000               | \$15,000                | -                       | -                 | -                | -                  | -                  | -                | -                      |

## CAPITAL EXPENDITURE & EXTERNAL FUNDING REPORT AS AT DECEMBER 2019 CONT.

|   | ESTIMATED PROJECT COST | CAPEX ALL. AT 1 JANUARY | EXTERNAL BUDGET FUNDING | FUNDING RECEIVED   | PRIOR YEARS EXP. | 2019 EXP.          | TOTAL EXP.         | EST. TO COMPLETE | WIP C/F AT 31 DEC 2019 |
|---|------------------------|-------------------------|-------------------------|--------------------|------------------|--------------------|--------------------|------------------|------------------------|
| <b>INFRASTRUCTURE DEVELOPMENT CONT.</b>                                       |                        |                         |                         |                    |                  |                    |                    |                  |                        |
| Davenport Bridge Removal  | \$45,000               | \$45,000                | -                       | -                  | -                | \$33,607           | \$33,607           | -                | \$33,607               |
| Wire Plain Snow Play - Drainage & Bus Stop Sealing improvements               | \$50,000               | \$50,000                | -                       | -                  | -                | \$2,114            | \$2,114            | -                | \$2,114                |
| Hull Skier Bridge drainage and landscape improvements                         | \$28,000               | \$15,000                | -                       | -                  | \$773            | \$30,550           | \$31,322           | -                | \$31,322               |
| Walking Track - Corral Car park to General Store over Mt Higginbotham         | \$20,000               | \$20,000                | -                       | -                  | -                | -                  | -                  | \$20,000         | -                      |
| Viewing Platforms   | \$25,000               | \$25,000                | -                       | -                  | -                | \$15,227           | \$15,227           | \$9,773          | \$15,227               |
| Camping provisions of RV dump point and provision of toilet facilities - 2018 | \$0.00                 | \$0.00                  | -                       | -                  | \$4,790          | -                  | \$4,790            | -                | \$4,790                |
| Dannys Look Out - Site Amenity and Interpretation upgrade                     | \$10,000               | \$10,000                | -                       | -                  | -                | \$340              | \$340              | \$9,660          | \$340                  |
| Snowmaking Dam - Upgrade of the Safety Fence                                  | \$25,000               | \$25,000                | -                       | -                  | -                | \$7,000            | \$7,000            | -                | \$7,000                |
| Snowmaking Dam - Snow fence construction                                      | \$15,000               | \$15,000                | -                       | -                  | -                | -                  | -                  | -                | -                      |
| <b>SUB TOTAL INFRASTRUCTURE</b>   | <b>\$5,742,307</b>     | <b>\$1,239,826</b>      | <b>\$396,307</b>        | <b>(\$402,087)</b> | <b>\$168,538</b> | <b>\$1,347,358</b> | <b>\$1,515,896</b> | <b>\$126,526</b> | <b>\$679,910</b>       |
| <b>GEO-TECHNICAL</b>  |                        |                         |                         |                    |                  |                    |                    |                  |                        |
| Arlberg/Fountains retaining wall  | \$100,000              | \$100,000               | \$50,000                | (\$50,000)         | \$501            | \$159,608          | \$160,109          | -                | \$160,109              |
| GAR cut batter works 2017   | \$0.00                 | \$0.00                  | -                       | -                  | \$32,398         | -                  | \$32,398           | -                | \$32,398               |
| <b>TOTAL GEO-TECHNICAL</b>  | <b>\$100,000</b>       | <b>\$100,000</b>        | <b>\$50,000</b>         | <b>(\$50,000)</b>  | <b>\$501</b>     | <b>\$159,608</b>   | <b>\$160,109</b>   | <b>\$0.00</b>    | <b>\$192,507</b>       |
| <b>TOTAL CAPITAL EXPENDITURE FOR 2019</b>                                     | <b>\$7,131,307</b>     | <b>\$2,553,975</b>      | <b>\$529,307</b>        | <b>(\$535,087)</b> | <b>\$429,251</b> | <b>\$2,945,421</b> | <b>\$3,374,672</b> | <b>\$369,317</b> | <b>\$2,297,389</b>     |

## FLEET MAINTENANCE SUMMER STAFF CARRY OUT PERIODIC PLANT FLEET AND EQUIPMENT SERVICING AND REPAIRS IN PREPARATION FOR WINTER.

Summer was a busy time for the Workshop, with staff carrying out servicing and repairs in preparation for winter, maintaining the plant and light fleet vehicles used during summer and assisting the Rising Main project with repairs and labour to ensure the continual supply of potable water within the resort.

The heavy snow falls during the 2019 ski season resulted in the busy operation of the snow fleet. The plant, including five Kässbohrers and several snowmobiles, were required to have additional maintenance during this time.

Snow clearing Caterpillar plant were well utilized, with repairs carried out. Annual work on these machines is essential for the preparation of the coming ski season. Ongoing maintenance on the resort's garbage trucks is also vital to the year-round waste management service.

Two ford Rangers were acquired to replace some older light fleet vehicles, and a new zero turn mower and PTO driven wood chipper were purchased to assist in village grass reduction, trail maintenance and fuel reduction.

Summer maintenance and external inspection audits were carried out on the three remaining Mercedes Benz buses to ensure their availability as supplementary transport during the winter peak times.



### HIGHLIGHT

minimal downtime on fleet vehicles and plant



# OUR DEVELOPER SERVICES MASTER PLAN

THE PLAN  
AIMS TO  
ENSURE THE  
DEVELOPMENT  
OF MOUNT  
HOTHAM IS  
ALIGNED WITH  
OUR STRATEGY.

The Master Plan sets out the future development of Mount Hotham within a clear strategic plan and policy framework. MHARMB continues to implement the Master Plan through its own works and as a part of the development process.

The Master Plan has driven the Growing Mount Hotham Project, a package of works that will drive the ongoing evolution of Mount Hotham as one of Victoria's premier alpine resorts. This includes a continued winter season focus and expanded and economically sustainable, year-round activity.

The Master Plan design for the Hotham Central precinct has been incorporated into the Alpine Resorts Planning Scheme as a part of the now complete C28 Planning Scheme Amendment. This realigns the Municipal Strategic Statement and Comprehensive Development Plans with the new Master Plan vision and the Growing Mount Hotham Project, and applies new design guidelines to the Hotham Central area.

The Master Plan identifies the medium to long-term vision for Mount Hotham. It does not seek to nominate fixed or mandatory outcomes and provides a flexible 'road map' to guide future development initiatives.

As prescribed by the Alpine Resorts Strategic Plan 2012, other elements in the Master Plan contain information dealing with:

- Infrastructure planning
- Native vegetation provisions
- Fire and Emergency Management Plan

# SUSTAINABLE GROWTH PLAN

THE SUSTAINABLE GROWTH PLAN EMPHASISES THE IMPORTANCE OF CO-CREATION WITH STAKEHOLDERS.

In 2019, the Board continued to update its Sustainable Growth Plan. This aims to identify a common vision, direction and purpose for capital works and development activities, centred around the aim:

“TO SHARE AN AMAZING ALPINE EXPERIENCE”

The Sustainable Growth Plan outlines the parameters, timelines and process required to implement the Master Plan, and has driven the ongoing Growing Mount Hotham Project, with the brand and property projects. Crucially, the plan emphasises the importance of co-creation with stakeholders.





# GROWING MT HOTHAM

THIS PROJECT  
WILL INCREASE  
VISITATION AND  
PROVIDE FUNDING  
FOR OTHER  
PROJECTS IN THE  
RESORT.

The Growing Mount Hotham project is derived from the Mount Hotham Master Plan which was approved in 2016. The Master Plan was developed in consultation with stakeholders and provides a direction for the resort for the next 25 years.

There are 40 individual projects on the 25-year project list. These are estimated to require funding of over \$72 million over a 25-year time frame, of which the resort will only be able to generate about \$40 million with its current capacity and facilities.

Several key projects identified in the Master Plan were highlighted to not only increase visitation but also to provide the necessary funding for the other projects. Four of these projects are encapsulated in the Growing Mount

Hotham Project. Their status at the end of 2019 is listed here:

## CORRAL CAR PARK

The C28 Planning Scheme amendment, which has now been passed, serves to facilitate redevelopment of the Corral Car Park. Negotiation with the selected developer continues for this site.

## REALIGNMENT OF THE GREAT ALPINE ROAD

The C28 Planning Scheme amendment, which has now been passed, serves to facilitate redevelopment of the Corral Car Park. Planning approval is being sought for this initiative.

## BUSHFIRE MANAGEMENT

There were no significant bush fire events in 2019. The Bushfire Management Overlay (BMO) within the planning scheme is a planning control which aims to implement the State Planning Policy for Bushfire. Its objective is to prioritise the protection of human life.

MHARMB has the necessary emergency management arrangements in its Mount Hotham Community Bushfire Emergency Management Plan (BEMP). This plan gives practical effect to the modified standards of the Schedule to the BMO.

This means that the modified standards apply where an application to construct a building or carry out works is accompanied by a letter from the CFA. The letter states that, in its view, MHARMB has implemented satisfactory emergency management

arrangements which aim to prioritise the protection of human life. The modified requirements provide that construction of works must be one of the following:

1. BAL-40 construction in accordance with AS3959.
2. Determined by a fire safety engineer that the building will be capable of withstanding an equivalent level of predicted bushfire attack and levels of exposure. (The definition of fire safety engineer under Building Regulations 2006 means a registered building practitioner in the category of engineer, class of fire safety engineer.)
3. Determined using an alternative methodology to the satisfaction of the relevant fire authority.

Buildings must also be provided with defensible space to the satisfaction of the CFA.

Major bushfires rarely commence in the alpine area within the resorts but are subject to ember attack from lower forest areas. MHARMB continues to maintain the BEMP and through this applies measures to reduce the bushfire risk within the resort. These measures include conducting annual inspections of all sites and assisting stakeholders in maintaining sites in a defensible manner. To facilitate this, the Board provides two green waste collection weekends, maintains MHARMB managed land and infrastructure, and ensures compliance with the BMO, Municipal Fire Management Plan (MFMP) and MEMP.

MHARMB facilitates training to ensure staff have basic level training of fire behaviour and how to respond.

# NATIVE VEGETATION

## MHARMB UNDERTAKES NUMEROUS REVEGETATION PROJECTS ACROSS THE RESORT.

Plants are of native provenance, with seeds and cuttings sourced from the Mount Hotham area, and grown at the Victorian Alps Nursery. Species are selected based on the reference area for each site. In the summer of 2018-2019 two revegetation projects were undertaken: Eastern Summit Offset Site Revegetation Project and Loch Batter Revegetation Project.

2,884 plants were hand planted in February and March 2019 by MHARMB staff into the historically disturbed un-vegetated areas within the Eastern Summit Offset site. Opportunistic rain periods provided the establishing seedlings with good growing conditions, which was supplemented by hand watering on only a few required occasions. In the weeks following the planting, most plants were healthy with only some grasses and forbs showing signs of stress. On assessment after winter 2019, the majority of plants appeared healthy and to be thriving. MHARMB has begun to plant an additional 1,400 plants in the spring of 2019 to increase density and extend the plantings to higher sections of the grass bowl area.

An additional 2,696 plants were hand planted in the Loch Batter. This batter opposite Loch carpark was part of the road widening process to allow safer access to the carpark. Planting focussed on increasing plant density and creating patches of plant communities that would restore habitat to the batter. Most plants from 2018-19 had increased substantially in size, with some of the plants from 2017-18 flowering. Natural recruitment was occurring on the slope from seed in the topsoil, species included native grasses and *Asterolasia trymalioides*. To increase density an additional 540 plants have been planted during the 2019 spring.

Revegetation along with straw mulching was conducted at the Fountains/Arlberg/GAR wall slope to reduce erosion.



**Figure 1.** Loch batter revegetation site looking north (left side) and students from the Alpine School assisting with watering the new plants at Eastern Summit (right side).

| WEEDS TARGETED                                | LOCATION   |
|---|--|
| Apple ( <i>Malus pumila</i> )                 | Throughout the village                           |
| Blackberry ( <i>Rubus fruticosus</i> )        | Cobungra Tip                                     |
| Black Knapweed ( <i>Centaurea nigra</i> )     | Biathlon shooting mound                          |
| English Broom ( <i>Cytisus scoparius</i> )    | Below Loch carpark, along the Great Alpine Rd    |
| Greater Mullien ( <i>Verbascum thapsus</i> )  | Along the Great Alpine Rd                        |
| Ox-Eye Daisy ( <i>Leucanthemum vulgare</i> )  | Brabralung Trail, Wire Plain, Police Offset Site |
| Scotch Thistle ( <i>Onopordum acanthium</i> ) | Along the Great Alpine Rd                        |
| Stink Weed ( <i>Navarretia squarrosa</i> )    | Cobungra Tip                                     |
| Twiggy Mullien ( <i>Verbascum virgatum</i> )  | Along the Great Alpine Rd                        |
| Willow ( <i>Salix cineria</i> )               | Zirky's Gully, along the Great Alpine Rd         |

**Table 1.** Weeds targeted in 2018-2019 summer and location.

MHARMB environmental staff assisted the Victorian Alps Nursery with seed collection at Mount Buller for the Buller Water Storage project.

A vegetation and weed assessment were conducted for the Summit Offset site. To preserve existing vegetation, signs alerting walkers to stay on the trail have been ordered.

Weed control work occurs near or among many sensitive plants using low impact methods – hand pulling and cut and paint, are used to ensure protection of surrounding vegetation and fauna. Weeds targeted in 2018-2019 summer are shown in the table above.



## HIGHLIGHT

Approximately 7500 plants planted in revegetation sites.



# LEASING

## THE ALPINE RESORTS LEASING POLICY, PROVIDES THE FRAMEWORK FOR LEASING IN ALPINE RESORTS.

The Alpine Resorts Leasing Policy, including the standardised lease documentation, provides the framework for the leasing of Crown land in Alpine Resorts. The policy, which was approved in 2002, accounts for probity, conflict of interest, public interest and competition requirements. It is based on the principles of demonstrated public and economic benefit, transparent lease allocation and process, appropriate lease terms and conditions, consistent lease documentation and approval processes.

A review of the Alpine Resorts Leasing Policy is underway. MHARMB is part of the Working Group which has been tasked with consulting stakeholders and making recommendations to a Steering Group, who will design the amended policy. It is anticipated that the Policy review will be finalised in 2020.

Key opportunities for reform include:

- Consideration of factors other than cost of development in the determination of lease terms;
- Consideration of climate change; and
- Improvements in process efficiency to facilitate faster turn-over of leasing matters.

While the Policy review is underway, Leasing continues to be administered under the 2002 Policy.

# BUILDING SERVICES

## BUILDING INSPECTIONS FOCUS ON ACHIEVING FIRE AND LIFE SAFETY.

MHARMB has a legislative obligation under s212 of the Building Act 1993 to administer the provisions of the Act, the Building Regulations 2006 and the Building Code of Australia within its area of jurisdiction. During its last reporting period, MHARMB continued the engagement of the services of Alpine Building Permits, to fulfil the role of Municipal Building Surveyor to carry out its responsibilities under the legislation.

The inspection program continued the focus on ensuring existing buildings achieve a satisfactory level of fire and life safety. A priority has also been to provide guidance on the administrative obligations imposed on owners and managers to maintain nominated essential safety measures within their building. During the inspection process, the Fully Enclosed Covered Area (FECA) of all buildings is measured for rating purposes.

A total of 33 premises have been inspected in 2019, with most issues identified relating to minor deficiencies in exit signage, door furniture and smoke alarm/detector coverage.

### COMPLIANCE WITH BUILDING ACT 1993

The MHARMB owns or controls seventeen government building located throughout Mt Hotham Resort and Bright. The MHARMB is required to include a statement on its compliance with the building and maintenance provisions of the Building Act 1993 in relation to those buildings.

The MHARMB requires that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by the MHARMB and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the Building Act 1993, Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, MHARMB's Property Department is responsible for ensuring mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventive maintenance routine of mechanical services and monthly and annual fire service audits.

In 2019, there were no significant changes to any MHARMB owned or controlled buildings. All buildings continue to comply with the Building Act 1993.



## HIGHLIGHT

33  
premises inspected

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# STATUTORY PLANNING

THERE WERE  
23 CHANGES  
TO THE ALPINE  
RESORTS  
PLANNING  
SCHEME  
IN 2019.

The Alpine Resorts Planning Scheme sets out the policies and requirements for the use, development and protection of land at Mount Hotham. The Minister for Planning is both the planning authority and responsible authority for the scheme, which is administered on his behalf by the Department of Environment, Land, Water and Planning. MHARMB has referral authority powers in relation to servicing and land stability and it can also provide comments on planning applications more generally as the land manager.

There have been 23 changes to the Alpine Resorts Planning Scheme in 2019. Most are technical in nature and relate to the implementation of the state-wide 'Smart Planning' program.

The VC28 amendment, gazetted in July 2019 amends the Mount Hotham Comprehensive Development Plan to facilitate development of the Corral area. This will allow the Growing Mount Hotham Project to proceed.

A list of these amendments can be accessed at:

<http://www.planning.vic.gov.au/schemes-and-amendments/browse-amendments>

# PROPERTY SALES

IN 2019, THERE WAS AN INCREASE IN THE VALUE OF PROPERTY SALES.

In 2019, the volume of property sales decreased by 5%, although the combined value of sales increased by 6.3%. This can be attributed to a greater relative volume of apartment sales.

In the ten years before 2019, sales volume ranged from \$3.83m to \$14.07m.

The period 1 January 2019 to 1 January 2020 saw transactions total \$12.85m, compared with \$11.4m for the same period in 2018. Turnover in real estate sales for the last 20-years is shown graphically below.

The median price for property transactions for 2019 was \$173,750, representing an average unit price of \$3,553/m<sup>2</sup>.



## HIGHLIGHTS

54  
Properties sold

6.3%  
Increase in sales value

## MOUNT HOTHAM PROPERTY SALES





# ENVIRONMENTAL HEALTH SERVICES

ENVIRONMENTAL HEALTH FOCUSES ON DISEASE PREVENTION AND CREATING HEALTH-SUPPORTIVE ENVIRONMENTS.

Environmental Health encompasses the aspects of the physical, chemical and biological factors that have the potential to affect health. The focus is on preventing disease and creating health-supportive environments.

Indigo Shire Council provided Environmental Health Service to Mount Hotham to carry out regulatory duties under the Food Act 1984, Public Health and Wellbeing Act 2008, Public Health and Wellbeing Regulations 2009 and Tobacco Act 1987.

This service requires full compliance and a high standard of public health within the resort, with assessments and inspections of food premises, accommodation facilities, health premises, educational visits to ensure tobacco compliance and the investigation of received complaints. MHARMB continue to handle the registration and payments component of the registration. Indigo Shire Council conducts inspections and issues certificates.

## INSPECTIONS DURING THE SEASON:

- 25 food premises
- 63 accommodation facilities
- 2 premises selling tobacco
- 1 health premises

Two food premises changed ownership, Chill Bar & Café and The Restaurant at Jack Frost.

One food premises closed, The Last Run Bar.



## HIGHLIGHTS

100%  
Compliance  
food premises inspections

0  
Food related  
complaints

0  
Accommodation related  
complaints

0  
Health related  
complaints

## ROUTINE INSPECTIONS

- 25 Food premises inspections (10 follow-up inspections)
- 1 Class 1 audit by third party (legislative requirement).
- No complaints were received.
- No food samples were taken during this season.

## TOBACCO ACT COMPLIANCE

Tobacco education visits were provided to two tobacco retailers, licensed premises and eating establishments. Two retailers were educated on sales to minors, signage and visibility of tobacco products.

## FOOD PREMISES

| 2019 REGISTERED<br>FOOD PREMISES | REGISTRATIONS |
|----------------------------------|---------------|
| Class 1                          | 1             |
| Class 2                          | 15            |
| Class 3                          | 2             |
| Class 4                          | 7             |
| <b>Total</b>                     | <b>25</b>     |

Classes represent food handling risk categories. For details:

<https://www2.health.vic.gov.au/public-health/food-safety/food-businesses>

## ACCOMMODATION FACILITIES

### REGISTRATION

Accommodation facilities are required to be registered under the Public Health and Wellbeing Act 2008 as prescribed accommodation if payment is made for a person or persons to be accommodated.

### ROUTINE INSPECTIONS

Facilities were inspected for overcrowding, maintenance and cleanliness of facilities, number of fixtures available, refuse collection and disposal.

- 63 accommodation inspections
- No complaints were received

### HEALTH PREMISES

The Public Health and Wellbeing Regulations 2009 control potential infectious diseases that may occur in the health premises. Regulations set out the requirements that proprietors of premises registered under the Public Health & Wellbeing Act 2008 must observe. All premises are required to be maintained in a clean hygienic manner.

### ROUTINE INSPECTIONS

- 1 premise was registered and inspected
- No complaints were received

| 2019 REGISTERED<br>ACCOMMODATION<br>FACILITIES | REGISTRATIONS |
|--|---------------|
| Accommodation facilities                       | 63            |
| <b>Total</b>                                   | <b>63</b>     |



# OUR YEAR-ROUND RESORT GUEST SERVICES

THE TEAM ENJOYED A VERY BUSY WINTER WITH GOOD SNOW FALLS AND HIGH VEHICLE VISITATION.

Many cold snow falls occurring far down the mountain resulted in major traffic and carparking management operations. 2019 resulted in setting a new parking record at 2,166 vehicles on a single day in the resort. Many weekly totals surpassed previous records without compromising public safety in the resort. These achievements are testament to the team's dedication and their ability to adapt and respond to increased visitation.

Car parks were fully utilised on a number of occasions, and over two weekends in August some previously unused locations for day and short-term parking were employed. The resort again saw increased visitation and utilisation through the DWA program, in addition to a number of teams attending the resort for training programs.



## HIGHLIGHT

151,474  
Winter visitors

RESORT ENTRY ALPINE EASY ACCESS IS THE RESORT'S ONLINE RESORT ENTRY SYSTEM AND IS IN ITS NINTH YEAR OF DEPLOYMENT.

The 2019 season included the integration of the UbiPark payment platform for day and multi day permits, which has the capacity to allow variable pricing. Variable pricing was offered during the final week of the season and was well received. Further platform upgrades will be implemented for winter 2020 with season and group bookings included.

Resort entry compliance continues to improve, and this is supported through the use of Tenix for the provision of infringement processing services. The UbiPark payment platform resulted in a 70% reduction in over the counter assisted transactions as the guest can more easily manage the resort entry process.



## HIGHLIGHTS

402,385  
Winter visitor days

3%  
Increase on 2018

# THE GREAT ALPINE ROAD

ROAD CLOSURES, SEVERE WEATHER EVENTS, HAZARDOUS SNOW-COVERED TREES AND SUMMER SNOW FALLS - 2019 HAD IT ALL.

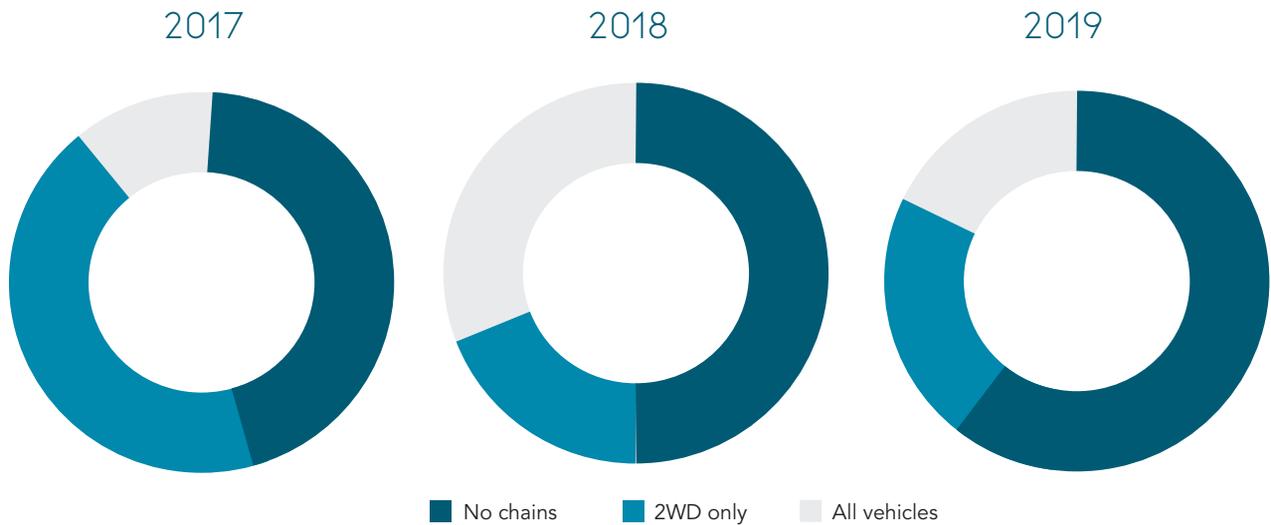
The MHARMB's guest services team continues to play an active role in assisting Vic Roads and other emergency services in the management of the GAR during the season. Staff members were stationed in chain fitting bays during peak times to welcome guests, provide visitor information, and ensure guests' vehicles were ready to travel safely to Mount Hotham. Communications were targeted to provide timely updates on current road conditions through the use of the website, Facebook, email and text messaging.

2019 saw a 25% reduction in the number of days requiring chains to be fitted - 45 days in total. Similar to 2018, there were a number of occurrences of fitting chains at low altitudes. Weekly meetings were held between the MHARMB, Vic Roads and Stadlemanns (the Vic Roads contractor). Extra meetings with the inclusion of the emergency services were held as

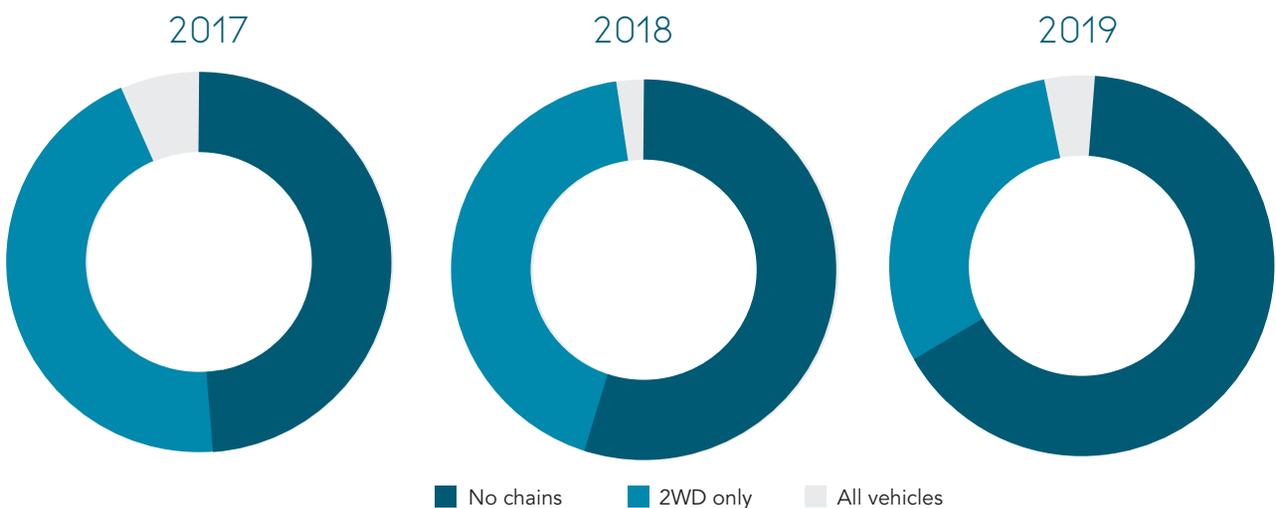
required prior to severe weather events to assist in planning and resourcing to minimise the impact of these events. There were 3 road closures on the Harrietville approach during winter 2019 and on occasion short delays for traffic management purposes.

The MHARMB also contracted the services of a Road Safety Patrol Officer (RSPO) to ensure that guests requiring assistance with breakdowns, accidents and snow chain issues were able to continue their journey. The RSPO also coordinated vehicle recovery and the transportation of guests to their destination in a timely manner. This proactive approach ensured guests were prepared and well informed for entering and exiting the resort, while successfully minimising road closures and the length of closures due to traffic issues along the GAR.

## HARRIETVILLE APPROACH



## OMEQ APPROACH





# MARKETING

## 2019 SAW THE MATURATION OF OUR DESTINATION MARKETING STRATEGY – TRUE SPIRIT OF ALPINE AUSTRALIA.

2019 represented a successful third season of MHARMB's destination marketing strategy, with growth in visitation up 15% on the 10-year average and 2% on the 2018 season. As well as overall growth, Mount Hotham was able to attract more new visitors to the mountain, growing the future generations of Mount Hotham snowsports participants.

The 2019 snow campaign again leveraged

the True Spirit brand and spanned digital and traditional mediums, including for the first-time cinema advertising, which featured Mount Hotham on the big screen more than 67,000 times. The digital advertising resulted in nearly 3.9 million digital impressions and a radio audience that exceeded 2 million listeners.

Feedback from stakeholders regarding the advertising program was overwhelmingly positive, with many on-mountain partners reporting strong interest in their promotional offers and another very busy snow season.

### REGIONAL MARKETING

Tourism North East (TNE) coordinated a cooperative snow marketing campaign on behalf of the Victorian Alpine Resorts. The campaign aimed to raise awareness of the benefits of visiting midweek, driving conversion to the resorts by way of compelling midweek snow offers.

Central to the snow campaign was the delivery of a 'Station Domination' at Southern Cross Station, over a four-week period reaching over 5 million commuters in central Melbourne. Additional elements included outdoor, radio, digital and social media.

MHARMB has fostered relationships

with neighbouring districts in the East Gippsland and Alpine Shires along with the Falls Creek and Mt Buller Alpine Resort Management Boards and their respective lift companies.

### WEBSITE

MHARMB operates the main destination website for Mount Hotham ([www.mthotham.com.au](http://www.mthotham.com.au)), in collaboration with the MHSC and other mountain stakeholders.

The site aims to:

- Compel visitors to consider Mount Hotham as a holiday destination;
- Communicate current snow conditions;
- Create a clear pathway to purchase;
- Showcase a breadth of year-round and seasonal experiences; and
- Provide a platform for on-mountain stakeholders and business operators to be well-represented.

During the Winter 2019 campaign, website statistics continued to be strong. These indicate strong user engagement

| PERFORMANCE                         | 2019       | 2018      | 2017       |
|-------------------------------------|------------|-----------|------------|
| Impressions                         | 3,891,448  | 5,106,348 | 30,879,717 |
| Clicks                              | 57,027     | 86,646    | 89,164     |
| Video Views                         | 662,990    | 381,369   | 2,627,776  |
| Radio Listeners 18+                 | 2,010,000  | 985,000   | 835,000    |
| Website Sessions (June – September) | 1,262,640* | 849,589   | 941,502    |
| Website Users (June – September)    | 599,818*   | 331,689   | 352,144    |

\* A website traffic anomaly impacted website traffic from 15 July 2019 and was under investigation at the time of writing this report. This figure therefore is subject to rectification of the anomaly and may change.

with the website. It also illustrates the effectiveness of the True Spirit of Alpine Australia campaign in driving interest and visitation to both the website and the resort.

## COMMUNICATIONS AND PUBLICATIONS

MHARMB continues its focus on clear and consistent communication to stakeholders, the Mount Hotham community, government, industry bodies and the wider public. MHARMB distributed regular communications via print, digital and face-to-face. These included:

- Media releases (print and online);
- Multi-use shared trail guide (print and online);
- Multicultural visitor guides in Hindi and simplified Chinese (print and online);
- Disabled Winter visitor guide (print and online);
- Getting Here visitor guide (print and online);
- Tracks and Trails summer guide (print and online);
- Weekly winter 'What's On' flyer (email and print);
- Monthly Community News (email);
- Weekly Hotham Herald in winter, monthly Hotham Herald during 'green season' from October 2018 (email); and
- Social media:
  - Facebook and Instagram for domestic audiences and to amplify our web-based advertising campaigns; and
  - Twitter to engage media and related organisations locally and globally.

## SOCIAL MEDIA

Social media channels continued to grow due to effective management and quality content, in terms of imagery and stories. During 2019, the resort's Facebook audience grew by 19% and the Instagram audience by over 54%, with an uplift predictably occurring from the start of the winter advertising campaign.

The Instagram increase was boosted by a stronger strategy around highquality images with strong cut-through and appeal to our target audiences.

Twitter was less of a focus but was used to commence engagement with domestic and global media and related

businesses, rather than targeting visitors. There was continued growth in audience numbers and their engagement.

## MEDIA

In 2019, Mount Hotham received over 250 mentions in the mass media and continued strong relationships developed in 2019 with ABC Gippsland, The Age, and local media outlets. The key driver for media interest was the excellent snow conditions. Also noted were the increase of interest in climate change and its impact on the alpine environment. There were no negative media issues in 2019.

## EVENTS

MHARMB supported and promoted a range of events across the year in conjunction with stakeholders.

### SUMMER EVENTS

MHARMB continued to provide free guided bushwalks in summer, and promoted and supported TNE's 7 Peaks program, Running Wild's Great Alpine Running Festival, and the opening of the Dinner Plain mountain bike park.

### WINTER EVENTS

MHARMB was involved in ensuring the winter events calendar provided guests a range of events across the snow season especially in shoulder season periods.

A significant new event in 2019 was the Backcountry Festival, coordinated by Cam Walker and supported by partners both on and off mountain. This festival proved very successful and will be hosted at Mount Hotham in 2020.

MHARMB also worked alongside stakeholders to deliver a range and number of daytime events, including Opening Weekend, the Victorian and Australian Biathlon Championships, East Gippsland Biathlon Championships, NSW Biathlon Championships, the Genny Rail Jam, the Junior Free Ride series, Interschools training and trials, Women's Ski Week, Chix with Stix, SBX Futures Camp & Groms Nationals, Hotham Hammer Moguls event (juniors), RAAF Games, Mum's the Word fundraising rail jam, Spring Cup, Banked Slalom, Slopestyle Junior Series, Pub to Pub cross country ski race, Australian Masters Ski event, and the ever popular Retro Day.

For après, MHARMB supported and promoted a large range of music gigs at different venues.



## HIGHLIGHT

19%  
growth of Facebook  
audience



## HIGHLIGHT

20%  
growth in Twitter  
audience



## HIGHLIGHT

54%  
growth in Instagram  
audience

Fundraising events were also a feature promoted by MHARMB, with DWA experiencing continued support from the local community with the Spag Bol Toll (initiated by a student and picked up by the lodge network and The Genny) and the Chill Bar sessions.

2019 saw an increase in food and beverage-based events including collaborations between operators such as Alpine Nature Experience and Frankie at the Big D, including the Pop-Up Raclette Night. The Board look forward to more innovation in this space.

MHARMB worked with operators to provide increased activities during the school holidays, particularly the July school holidays as rain impacted the snow conditions.

# SHARED TRACKS & TRAILS

OUR SHARED SUMMER/WINTER TRACKS AND TRAILS NETWORK ENHANCE OUR PRODUCT OFFERING AT MOUNT HOTHAM.

The trail network is continually being improved and is maintained to ensure quality of product, user safety, and is of a recognisably high standard.

## TRAIL MARKETING

The free guided bushwalking program is now in its eighth year and continues to grow in popularity with over 130 people taking part. Tours have been conducted over holiday periods and long weekends, offering attendees further insight into Mount Hotham's iconic tracks and trails. The guided walking program includes information about local flora and fauna and continues to provide an insight into the remarkable history of the region.

Track notes and tracks & trails guides continue to be published and updated with new content. They are available at Mount Hotham and regional visitor information centres. This is supported by the digital tour guide, showcasing information on a range of activities in the resort during the summer months.

The Great Alpine Road summer touring route signage program continues to be rolled out. Signage associated with the chain fitting bays between Harrierville and Hotham, in addition to video content and photo galleries, continue to play an important role in describing the history behind the names of each location.

The success of the tracks & trails network is highlighted by the continued increase in usage. Trail use is captured by several strategically placed track counters throughout the resort. In the summer 7,634 people passed the track counters on the Brabralung trail, Diamantina Summit link track, Wonderland and the Cobungra Ditch trail. This was a 24% increase in track

users from 2018. Trail use numbers are now recorded on the Razor Back trail. During both summer and winter periods there were in excess of 22,000 users recorded.

## TRACK AND TRAIL EVENTS

The Mount Hotham tracks & trails network continues to support several events each year. In 2019 the resort's trail network was included in the Bogong to Hotham Trail run, the Alpine Challenge and the Dinner Plain Mile High Trail Run.



## HIGHLIGHTS

7,634  
Summer trail users

## PLAYGROUND, PUMP TRACK AND PÉTANQUE

The playground and trampoline are available for use throughout the year, whilst the small pump track, that boasts several small berms and rollers (suitable for all skill levels) is only available outside the winter season.

Trail head shelters, picnic shelters, fire pits and resort signage continue to be maintained and enhanced, providing a point of engagement and information for guests to the resort. These augment the facilities available to guests of the resort.

## SHORT WALKS AND HOTHAM BACK TRACKS

Trail surface works were completed on the Hotham back tracks in the Davenport Village to make it more suited to cycling and accessible to people of all abilities. Accessible from Davenport Drive, Dargo Court and Gallows Court, the Village back tracks provide alternative short trails and safe access for walkers and cyclists and have opened up vistas to the south and west overlooking the Dargo surrounds.

Works continue across the walking and cycling trail network to improve quality, as well as upkeep on strategic fire and fuel breaks.

## CULTURAL HERITAGE

2019 has seen the return of the renovated 'Zoo Cart' situated adjacent to playground area within the Davenport Village. Some of the fondest memories people have at Mt Hotham are from riding zoo carts. The Hotham zoo carts were simply a tractor pulling an open trailer with rows of seats. They were an iconic part of the winter experience between the late 1970s and late 1990s and at the time of their use, they were the main form of transport provided within the resort.

Planning for work on Spargo's Hut continues with both the Spargo family and the Victorian High-Country Huts Association being included in the planning stages. Inspections of the hut continue, and a register of artifacts is held by the Board.

Preliminary discussions for the restoration of Boondoo lodge have been held, and several offers of historical items have been made for donation to the resort, and the Board continues its involvement with the Australian Alpine Snowsports Association (AASA).



# OUR ENVIRONMENT ON THE RIDGE

## OUR STATE OF THE ENVIRONMENT REPORT FORMS THE BASIS FOR OUR ENVIRONMENTAL MANAGEMENT PLAN TARGETS.



### THREATENED SPECIES

Mountain pygmy possum

*Burrhamys parvus*

Broad-toothed rat

*Mastacomys fuscus mordicus*

Ngooran/Dingo

*Canis dingo*

Alpine she-oak skink  
*Cyclodomorphus praealtus*

Alpine bog skink  
*Pseudemoia cryodroma*

Alpine tree frog  
*Litoria verreauxii alpine*

### SUSTAINABILITY

Much attention has been focused on reducing waste within the resort with ongoing education conducted with stakeholders and guests regarding composting and recycling. The Board has approved an exciting project that will improve waste management even further in 2020, with the supply of compostable coffee cups throughout the resort. The introduction of compostable coffee cups will significantly decrease landfill volumes & costs, and remove confusion over what cups can be recycled, composted or thrown into landfill.

The proposed upgrade to waste processing for 2020 will reduce overall costs and make a huge step towards "closing the loop" in an effort to create a true circular economy.

Regular litter runs were conducted along the Great Alpine Road (GAR) and throughout the village. Bottles and cans were most prevalent followed closely by plastic items, including bags and wrappers.

People are using the cigarette butt bins at bus stops; however, a lot are discarded in-between. These get picked up by the MHARMB team and along with those from the butt bins will be sent to Terracycle. To help reduce Cobungra land fill, they are turned into items such as shipping pallets.

The annual Hotham clean-up day was delayed after adverse weather, including snow, and finally held on November 28. It was a highly successful day with 20 attendees from MHSC and MHARMB. A total of 40 bags of rubbish and multiple ute loads of hard rubbish were collected from around the village and slopes. A brilliant collaborative effort by the teams followed by a BBQ lunch.

### BIODIVERSITY & THREATENED SPECIES

The new Pygmy Possum tunnel was constructed during the 2018/19 summer

and has been successfully facilitating a safe passage between Mount Little Higginbotham and below the GAR. With the assistance of tunnel cameras and chip readers, as well as spring capturing, it has shown an excellent population of young offspring in the female pouches.

As part of the Biodiversity Response Planning (BRP) program DELWP provided \$39,500 in funding for 2018/2019, MHARMB is aiming to protect biodiversity in Victoria's Alpine



### HIGHLIGHTS

7,520  
Plants used in revegetation and landscape projects

On track to achieve  
50%  
recycling target by 2021.

Greenhouse gas emissions reduced by  
123T

Construction of the second Pygmy Possum "tunnel of love"

Resorts focusing on pest plants and predator control. This included removal of large well-established willows. Fox control was carried out in conjunction with a co-funded BRP partnership project with Parks Victoria (along with cat control) and a federal Regional Landcare Program. Workshops were held at Mount Hotham with wildlife specialists, DELWP and MHARMB staff. Additional workshops were used to inform a landscape scale integrated predator control plan developed in collaboration with North East Catchment Management Authority (NECMA), Parks Victoria and wildlife specialists. This funding was also used to purchase equipment (remote sensing cameras) to expand existing monitoring to inform for and cat control.

As part of the Regional Land Partnerships (RLP) funding program the MHARMB has developed the Mountain Pygmy Possum Recovery in the Victorian Alps Project. In year one of this project MHARMB focused on pest predator control (ground shooting, cage trapping, predator camera monitoring), developing a rehabilitation plan for Mount Little Higginbotham Quarry, and sediment control in habitat zones through road sealing and installing concrete spoon drains along a section of the Great Alpine Road.

As part of the predator control program, MHARMB uses remote sensing cameras to monitor pest predator activity. 21 cameras were set up across tracks in the Mount Hotham resort area. Regularly checked between Spring and Autumn, the results are shown in the figure below. The camera monitoring informs the predator control contractor who uses cage trapping and ground shooting in specific areas. A total of 5 cats were removed throughout 2019. Another environmental positive is the welcome return of good numbers of Bogong Moths to the Alps during spring 2019.

### WATER- RIVERS AND CATCHMENT

The annual water assessment survey was conducted in 'Catchment Area B: Big Slope Gully'.

The findings:

- excellent native vegetation cover;
- minimal rubbish;
- minimal soil disturbance; and
- minimal weeds.



MHARMB and MHSC staff with collected rubbish.

### TOTAL PEST SIGHTINGS

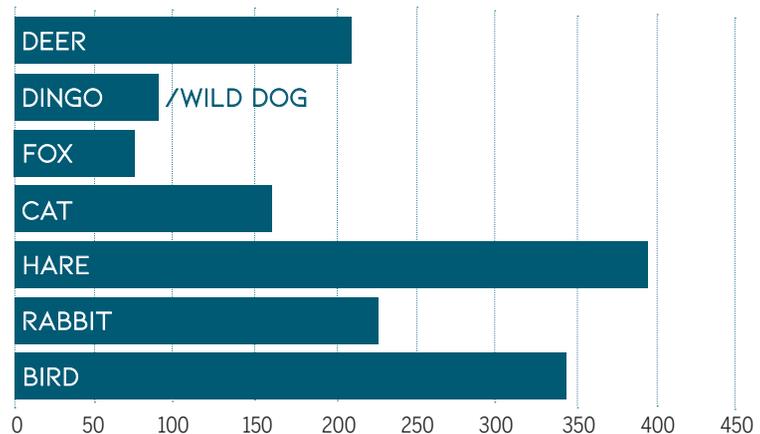


Figure 3. Total pest sightings recorded along tracks between November 8, 2018 and June 6, 2019.



# THE VICTORIAN ALPS NURSERY

## WE SPECIALISE IN PROPAGATING AND PRODUCING ALPINE FLORA.

The Victorian Alps Nursery (the Nursery) specialises in propagating and producing alpine flora and sold over 30,000 plants in the last financial year.

The Nursery propagates a large variety of alpine and sub-alpine species for rehabilitation and restoration projects at all major Victorian ski resorts, Mt Buffalo, Kosciuszko National Park and NSW National Parks. Specialising in the production and propagation of the alpine flora makes the Nursery unique in Australia.

In 2019 an extension of the Nursery was completed with new ground surface laid and new irrigation system, resulting in a 30% increase to the outdoor growing area.

The Nursery increased seed collection harvests and propagation for Mount Buller & Mount Stirling Resort Management. The increased collection is in preparation to supply seedlings for the revegetation requirements of the new Mt Buller Water Security Project-Off-stream Storage that commenced in October. The Alpine Nursery is the only organisation that holds a seedbank for Mt Buller, enabling it to satisfy its revegetation requirements using its own local provenance seed.

A new seed collection project was established for the Mudgegonga & District Landcare group. This involved

collecting seed from quality mature farm trees. As bushfires have affected much of the bushland in the Mudgegonga area, old trees have died, and the seed crop has been substantially reduced. The Landcare group now has a seedbank to draw on for environmental projects in the future.

The contract with NECMA was completed in 2019 with propagation and planting of 3,000 riparian species along the Ovens River. This contract aided the restoration of the riverbanks following large scale willow removal along the Freeburgh and Smoko banks. 1,200mm tall deer guards were also used to ensure protection of each plant.



## HIGHLIGHTS

30,000  
plants sold in 2019

# OUR CORPORATE GOVERNANCE OUR STRATEGIC PARTNERSHIPS

## THE BOARD HAS CONTINUED TO BUILD PARTNERSHIPS WITH ON-MOUNTAIN STAKEHOLDERS AND SURROUNDING COMMUNITIES.

The Consultative Forum has continued its engagement platform with major stakeholders to communicate and share knowledge. MHARMB hosted two Stakeholder Briefings in March and October, inviting all stakeholders on Mount Hotham to participate.

Discussions and agenda items:

- Growing Mount Hotham Project
- Tracks and trails for Mount Hotham
- Review and update of business systems and services
- Stakeholder engagement
- Village bus
- Wastewater treatment facility upgrade
- Rising water main repairs
- Upgrading bus stop 8
- New e-waste shed

- Vail Resorts acquisition
- Sustainable Growth Plan
- Climate change
- Alpine Leasing Policy guidelines and review
- Alpine Resorts Management Regulations
- Marketing campaign
- Arlberg retaining wall upgrade

MHSC and the Board continued their partnership with Audi Australia for their sponsorship and associated advertising within the resort.

Engaging with the community and stakeholders is an integral part of MHARMB's operating processes.

During 2019 the group met on 3 occasions. All Board members are encouraged to participate when possible. Other representatives include Tourism North East (TNE), Mt Hotham Chamber of Commerce, Hotham Ski Association (HSA), Mt Hotham Skiing Company (MHSC) and Alpine Shire Council.

MHARMB is reviewing its stakeholder engagement and communications approach, in line with the ARCC stakeholder engagement action plan being implemented across all resorts. The stakeholder engagement policy was endorsed by stakeholders in 2019.

There was a focus on communication of road conditions this winter, with an improved and consistent process used to advise visitors and on-mountain stakeholders. This process prioritised timely and accurate advice that visitors rely on for trip planning and engaged surrounding councils, visitor information centres and local radio.

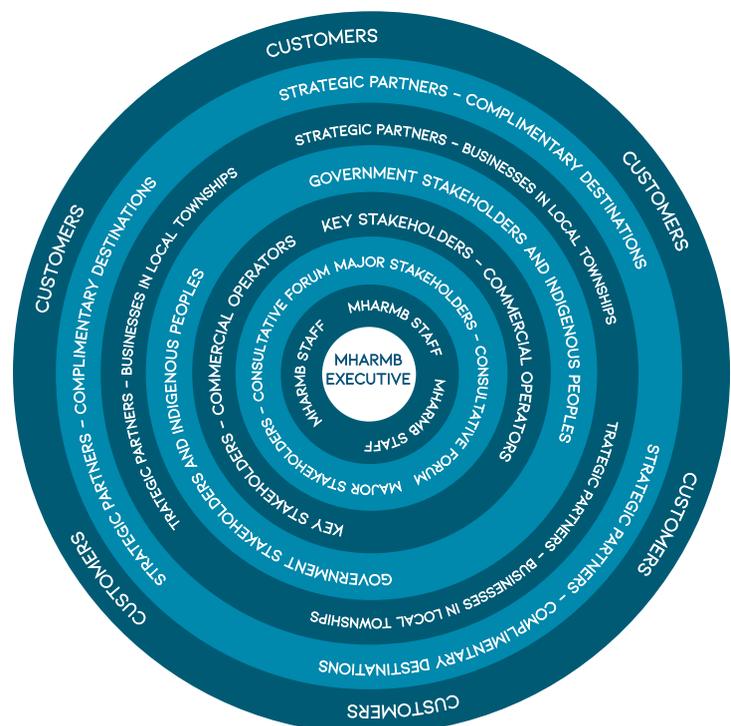
Working closely with the MHARMB Guest Services and Resort Operations teams, the Communications team was able to respond quickly to changes in conditions and provide appropriate advice. Feedback from guests and stakeholders about road event communications was positive and the improvements were noted.

The new website was a key tool in this process and will continue to be refined over the upcoming winter seasons.

## STAKEHOLDER COMMUNICATIONS FRAMEWORK

MHARMB uses a concentric circle model of consultation where input is progressively sought from all levels of involvement with the Board. This is an iterative process that relies on the Board providing its core stakeholders with the tools and confidence to receive and share queries and feedback from its customers and partners.

The model recognises that the Board needs to consider the views of all stakeholders in a staged manner that first seeks endorsement from its most vital partners before continuing to take an idea forward to the public.



# STAKEHOLDER ENGAGEMENT

This framework provides avenues for Board consultation with different stakeholder groups. It enables the development of relationships by:

- keeping stakeholders informed, and
- seeking their input into what the Board does in the resort.

This framework indicates the ways in which MHARMB engages with the different stakeholder groups.

| STAKEHOLDER CATEGORY   | STAKEHOLDER GROUP   | HOW WE ENGAGE WITH THEM  |
|--|---|--|
| MHARMB   | MHARMB executives   | <ul style="list-style-type: none"> <li>• Executive meetings</li> <li>• Actively involved in stakeholder engagement activities and events</li> <li>• Available as required and appropriate</li> </ul>   |
|  | MHARMB staff  | <ul style="list-style-type: none"> <li>• Tool box meetings (staff meetings)</li> <li>• Departmental meetings</li> <li>• Ad hoc workshops</li> </ul>  |
| Major stakeholders - Consultative forum                                    | Mt Hotham Skiing Company (MHSC), Tourism North East (TNE), Mt Hotham Chamber of Commerce, Hotham Ski Association (HAS), Alpine Shire Council              | <ul style="list-style-type: none"> <li>• Regular forums – in resort or other location eg Melbourne</li> </ul>  |
| Key stakeholders – commercial operators                                    | Individual business operators   | <ul style="list-style-type: none"> <li>• Stakeholder Briefing (annual)</li> <li>• Marketing Committee (monthly in season)</li> <li>• Direct communication on specific issues (as required)</li> <li>• Invitation to attend relevant official events</li> <li>• MHARMB attendance at their events</li> <li>• Community News (monthly)</li> </ul>  |
| Government stakeholders & traditional land owners                          | DELWP<br>Vic Roads<br>Emergency management agencies<br>Alpine Resorts Coordinating Council<br>Gunaikurnai Land and Waters Aboriginal Corporation (GLAWAC) | <ul style="list-style-type: none"> <li>• Regular reporting obligations</li> <li>• Participation in the leasing reform workgroup</li> <li>• Ongoing operational meetings</li> <li>• Indigenous Land Use Agreement (ILUA)</li> <li>• Consultation re policy development</li> <li>• Ongoing discussions for contracting Gunaikurnai into our trail management program</li> <li>• Annual support of 'Woorara Wanik Waring - Mountain Pathway to the Sea' Art Show</li> </ul> |
| Strategic partners – businesses in local townships, partner in the journey | TNE<br>East Gippsland Marketing   | <ul style="list-style-type: none"> <li>• Regular operational meetings</li> </ul>   |
| Strategic partners – complementary destinations                            | Destinations with potential for coordinating complementary offerings  | <ul style="list-style-type: none"> <li>• Sourcing synergistic relationships</li> </ul>   |
| Customers  | Visitors/guests   | <ul style="list-style-type: none"> <li>• Website (ongoing)</li> <li>• Emails (promotions, newsletters)</li> <li>• MHARMB information desk</li> <li>• Social media</li> <li>• Regular surveys eg Woolcott</li> </ul>  |

# INFORMATION & COMMUNICATION SYSTEMS

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THE BOARD PROVIDES TOOLS FOR THE EFFICIENT RUNNING OF THE INFORMATION TECHNOLOGY (IT) DEPARTMENT.

## SYSTEM IMPROVEMENTS

### HARDWARE AND SOFTWARE UPGRADES

- Upgraded main server OS and migrated all services off legacy servers;
- Virtualised all business-critical services;
- Organisation wide Windows 10 Roll out in preparation for win 7 end of support;
- Cloud based data replication and backups;
- New resort entry payment system;
- Handheld ticket printers for VAO's;
- Installed latest generation computers; and
- Maintained daily, weekly and monthly data backups.

## BUSINESS PROCESSES

- Further refinements to infringement processing; and
- Negotiated new iPad plans including upgraded iPads.

IT staff assist in the ongoing support of the resort wide Business Continuity Plan, Records Management, Emergency Management Plan and the induction of winter staff.

## SYSTEM DOWNTIME

No system failures on business-critical systems were recorded.



# EMERGENCY MANAGEMENT

## MHARMB PLAYS AN IMPORTANT ROLE IN EMERGENCY MANAGEMENT.

The MHARMB continues to play an important role in emergency management and the planning for both response and recovery from emergencies. The Emergency Management Act 1986 and the Emergency Management Manual Victoria (EMMV) requires the Board to have a Municipal Emergency Management Planning Committee (MEMPC) and a documented Municipal Emergency Management Plan (MEMP). The MEMP is required to be audited every three years.

The resort's MEMPC conducts formal meetings three times a year and assists with the planning and coordination of emergency services for both response and recovery within the resort.

The Committee comprises:

- Board staff;
- Victorian State Emergency Service (SES);
- Department of Health and Human Services;
- Victoria Police;
- Country Fire Authority;
- Resort stakeholders; and
- Other agencies as required.

A detailed review of the MEMP was completed in 2018 taking into consideration changes in Emergency Management Legislation, Committee meetings and Pre-Audit Meetings. The reviewed MEMP was endorsed by the Committee and the CEO and presented

to the SES for audit in October 2018. It received Audit Compliance and positive feedback from the audit panel. The MEMP will continue to be a living document. A current version is available on the Develop Mount Hotham websites.

[www.developmthotham.com.au/publications-plans/plans/](http://www.developmthotham.com.au/publications-plans/plans/)

One of the resort's challenges is access over the winter months during inclement weather events. The Board and the MEMPC have developed a 'severe weather protocol' to assist in the management of the Great Alpine Road during these weather events. Preplanning meetings were held in anticipation of inclement weather with representatives of the MHARMB, Vic Police, Vic Roads, Stadelmann (VicRoads contractor), SES and CFA. These meetings highlight the agencies' commitment to emergency management and to maintaining business as usual for the resort.

During 2019 there were several road closures due to snowstorms, hazardous snow effected trees, bus breakdowns and vehicle accidents. These events were managed by Vic Roads and Vic Police with MHARMB support to ensure public safety.

## PLAN REVIEWS

The Board maintains a Municipal Fire Management Plan and Community Bushfire Emergency Management Plan to support the MEMP. All plans are reviewed annually, and copies are available on the Develop Mount Hotham website.

## MUNICIPAL FIRE MANAGEMENT PLAN

Mount Hotham Municipal Fire Management Planning Committee (MFMP) was formally established in 2011. This is a subcommittee of the Emergency Management Planning Committee and the terms of reference endorsed were based on those in Part 6A of the Emergency Management Manual of Victoria. Membership of the Mount Hotham MFMP consists of MHARMB, CFA, DELWP and Parks Victoria.

The resort's Municipal Fire Management Plan (MFMP) was developed through the risk-based planning process described by ISO 3100: 2018 Risk Management – Principles and Guidelines. As a sub plan of the MFMP, MHARMB has developed the Community Bushfire Emergency Management Plan (BEMP). This draws on the risk assessment and risk analysis process already undertaken through the broader fire management planning process.



## HIGHLIGHTS

Staff completing 'Intro to Emergency Management Training'

Participation in Incident Emergency Management Team (IEMT) Meetings (including the March 2019 Mayford Tuckalong spur fire)

Road Closure IEMT meetings

Event debriefs

Plan reviews



OUR  
COMMUNITY  
AREAS  
WE ARE  
COMMITTED  
TO WORKING  
CLOSELY WITH  
COMMUNITY  
GROUPS TO  
ENSURE THEY  
HAVE AN  
AMAZING  
ALPINE  
EXPERIENCE.

## ACCESS AND DIVERSITY INDIGENOUS AFFAIRS

The Board is committed to working closely with the local indigenous community in developing partnerships to achieve Aboriginal aspirations for land, culture, heritage, family and community. MHARMB liaises with various leaders and councils in both capital works and planning projects within the resort. During 2019, MHARMB completed cultural awareness training with the GuraniKurani GlaWac. There is also further opportunities to explore the development of indigenous cultural tourism through interpretation of walks and sites. MHARMB looks forward to working with the Mount Hotham indigenous community on its future projects.

## CULTURAL DIVERSITY

The Board has maintained the signage systems which use graphic symbols to advise guests of important features about resort use. This has been particularly appropriate in alerting non-English speaking visitors to the existence of safety hazards and to any limitations on the use of particular areas within the resort and is in line with the government's multicultural policy. Visitor welfare has been further enhanced with the use of Hindi and Mandarin versions of the Mount Hotham Village Guide.

## DISABLED VISITORS

In collaboration with DWA the resort has a village guide specifically for disabled users, disabled parking facilities, intra-village buses with low floors and disabled access ramps. This improves accessibility in and around the resort with minimal need for the wheel-chair friendly VW transporter.

## WOMEN

MHARMB's executive management team has four male and two female staff. The Board is committed to providing equal opportunity advancement for all employees and has adopted a recruitment structure on a merit-based selection process. MHARMB is also committed to facilitating the balance between work and family responsibilities for all employees. This is consistent with the Victorian Government's Gender Equality Strategy.

## YOUTH

The MHARMB employs work experience youth as opportunities arise. It actively encourages participation by the Alpine Leadership School. MHARMB also provides regular environmental and safety student talks throughout the winter. The organisation seeks trade-based apprentices in line with the Government's vision for young people.

# STATUTORY REPORTING

## RECORD MANAGEMENT

The MHARMB is committed to cataloguing and filing records according to the *Public Records Act 1973*.

## RISK MANAGEMENT

MHARMB's aim is to ensure visitors and staff have a safe and enjoyable experience. The Board does this by providing operational services including fleet management and maintenance, transport, car parking and traffic control, snow clearing, cross-country and ski field safety, public amenities, visitor safety, resort entry, snow play, insurance (public liability) and plant/vehicle workshops.

## CORPORATE PLAN

The Board prepares an annual Corporate Plan for Ministerial approval. It must include:

- a statement of corporate intent;
- a business plan; and
- estimates of the receipts and expenditure of the Board for the period of the plan.

The Business Plan is developed on an annual basis to specify objectives and measure performance of the organisation against these. MHARMB's Corporate Plan is structured on a set of core responsibilities:

- Our Customer and Community Focus;
- Our Year-Round Resort;
- Our Services;
- Our Developer Services;
- Our Environment of the Ridge;
- Our Strategic Partnerships; and
- Our Corporate Governance

## OBLIGATIONS OF THE BOARD

As a Committee of Management under the Crown Lands (Reserves) Act 1978, MHARMB has obligations to manage the land in accordance with the purpose for which the land has been reserved and may exercise the powers conferred to Committees of Management under that Act.

The Board's obligations are to discharge its functions effectively and efficiently.

Under section 34(7), the Board's incumbent attributes and authorities mean it:

1. Is a body corporate with perpetual succession;
2. Has a common seal;
3. May sue and be sued in its corporate name;
4. May acquire hold and dispose of real and personal property; and

5. May do and suffer all acts and things that a body corporate may by law do or suffer.

The Board carries out its functions and powers on behalf of the Crown.

## FUNCTIONS OF THE BOARD

- To plan for the development, promotion, management and use, of each such 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 each such alpine resort in accordance with the object of the Act; To manage each such 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 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);
- To manage the Crown Land in Mount Hotham by acting as a Committee of Management under the Crown Land (Reserves) Act 1978;
- To contribute, together with Tourism Victoria, established under the Tourism Victoria Act 1992, and the Council, to the overall promotion of alpine resorts;
- To develop a tourism and marketing strategy and to promote the resort;
- To provide services in the nature of: garbage disposal, water supply, gas, drainage, sewerage, electricity, roads, fire protection, snowmaking, transport for the resort and to charge user pays contributions for the provision of those services;
- To collect fees prescribed by the regulations for the resort;
- To attract investment for the improvement of the resort; and
- To carry out any other function conferred on the Board by this or any other Act.

## COMMONWEALTH PRIVACY ACT 1988

The MHARMB is committed to providing quality service. As such, its privacy policy outlines the Board's ongoing obligations in respect of how it manages Personal Information and Sensitive Information.

The Board is subject to the Victorian Privacy and Data Protection Act 2014. The Board has also adopted the Australian Privacy Principles (APPs) contained in the Commonwealth Privacy Act 1988, and Privacy Amendment (Enhancing Privacy Protection) Act 2012. The APPs govern the way in which we collect, use, disclose, store, secure and dispose of Personal Information.

A copy of the Australian Privacy Principles may be obtained from the website of The Office of the Australian Information Commissioner at [www.oaic.gov.au](http://www.oaic.gov.au)

## COMPETITIVE NEUTRALITY POLICY

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government business may experience, simply as a result of government ownership, should be neutralised. The Board continues to implement and apply this principle in its business undertakings.

MHARMB is one of five independent alpine resort management Boards within Victoria. MHARMB has established its own pricing regime within the ceiling prescribed by the Alpine Resort (Management) Regulations 2009. The Board, as the independent manager of the resort's assets, purchases services and goods in line with Government Board Purchasing guidelines. MHARMB complies with the Government's Competitive Neutrality Policy.

## FAIR TRADING ACT

The Fair Trading (Recreational Services) Regulations 2004 make it possible for suppliers of recreational services to obtain consent from customers to waive their rights under the Act, including their right to take legal action against the supplier if they die or are injured while using the services.

In compliance with these regulations, the Board has installed warning signs at both resort entry gates to alert visitors that they are being asked to agree to waive their rights under the *Fair Trading Act 1999*.

# 2019 SUB-COMMITTEES STATUTORY REPORTING CONT.

## LOCAL JOBS FIRST ACT 2003

(FORMERLY THE VICTORIAN  
INDUSTRY PARTICIPATION POLICY  
ACT 2003)

Strengthened in August 2018, the Local Jobs First (LJF) Act 2003 amends the Major Project Skills Guarantee (MPSG) under the former Victorian Industry Participation Policy Act 2003. This Act was established to actively encourage greater local industry participation in major Victorian Government procurement contracts, projects and infrastructure, investment attraction and community facilities grants. The Victorian Industry Participation Policy (VIPP) sits within the LJF Act, and the Board implements policies to tenders over \$1 million as required for Regional Victoria.

During 2019, MHARMB commenced one outsourced work contract. Although the VIPP was not required, the successful tenderer was a local business and local staff were employed on a seasonal basis. This contract will run for three years. It is currently in its second year.

## FREEDOM OF INFORMATION

The Board is considered to be a 'Government Agency' under the terms of the Freedom of Information Act 1982. Accordingly, it is required to comply with the procedures that have been prescribed under which members of the public may gain access to information held by agencies.

A decision to release information is made by either the principal officer or an authorised officer. There were no FOI requests in the reporting period. Due to the Board's authorised officer being on leave, the principal officer for the resort is the Board Chair.

Requests under the FOI can be made to the principal officer. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material is time consuming.

### Maxine Morand

#### Board Chair/ Principal Officer

PO Box 188, Bright 3741

Ph: 03 5759 3550 Fax: 03 5759 3693

Email: mhar@mthotham.com.au

## RELEVANT INFORMATION

The following is retained by the principal officer and is available to the relevant Minister, Members of Parliament and the public on request;

- Statement declaring pecuniary interests completed by all relevant officers;
- Details of publications produced and where available;
- Details of changes in prices, fees, charges, rates and levies;
- Details of any major external reviews;
- Details of major research and development activities;
- Details of major promotional public relations and marketing activities;
- Details of assessments and measures undertaken to improve occupational health and safety of employees;
- General statement on industrial relations and details of time lost through industrial accidents and disputes; and
- Major committees sponsored, purposes of committees and achievements.
- details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

## PROTECTED DISCLOSURE ACT 2012

MHARMB is subject to the Protected Disclosure Act, which enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. The Protected Disclosure Act 2012 (Act) was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-Corruption Commission (IBAC).

MHARMB has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Board or its employees. You can access MHARMB's procedures [www.mthotham.com.au](http://www.mthotham.com.au)

## HOW TO MAKE A 'PROTECTED DISCLOSURE'

MHARMB is committed to the aims and objectives of the Act and values integrity and accountability in its administrative and management practices. It fully supports the processes of disclosure that

reveal corrupt conduct, mismanagement of public resources or conduct involving a substantial risk to public health and safety, or the environment. You can make a protected disclosure about the Board, its Board members, officers or

employees by contacting IBAC on the contact details provided below.

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

## PROTECTED DISCLOSURE CONTACTS

Independent Broad-Based Anti-Corruption Commission (IBAC)

Victoria Level 1, North Tower, 459 Collins Street

Melbourne Victoria 3001

GPO Box 24234, Melbourne Victoria 3000

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

Ph: 1300 735 135

Email: See the website (above) for the secure email disclosure process (provides for anonymous disclosures).

## DATA VIC ACCESS POLICY

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in a machine-readable format that will minimise access costs and maximise use and reuse. The MHARMB made one data set available on the DataVic website in 2019.

## MHARMB FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Maxine Morand, on behalf of the Responsible Body, certify that the MHARMB has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and Instructions.



MAXINE MORAND | CHAIRPERSON  
MOUNT HOTHAM ALPINE RESORT  
MANAGEMENT BOARD  
31ST DECEMBER 2019

# INDEPENDENT AUDITOR'S REPORT

**VAGO**

Victorian Auditor-General's Office

## Independent Auditor's Report

### To the Board of the Mount Hotham Alpine Resort Management Board

|  |   |
|--|---|
| <b>Opinion</b>   | <p>I have audited the financial report of the Mount Hotham Alpine Resort Management Board (the entity) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 31 December 2019</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Chairman's, Accountable Officer's and Senior Manager Corporate Service's declaration.</li></ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| <b>Basis for Opinion</b>                                       | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>  |
| <b>Emphasis of Matter - COVID-19 Pandemic Subsequent Event</b> | <p>I draw attention to Note 1.2 in the financial report, which describes the impact of the COVID-19 pandemic as a material subsequent event. My opinion is not modified with respect to this matter.</p>  |
| <b>Board's responsibilities for the financial report</b>       | <p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>  |

# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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MELBOURNE  
1 May 2020



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

# MHARMB COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

|  | Note            | 2019<br>\$        | 2018<br>\$        |
|--|-----------------|-------------------|-------------------|
| <b>Continuing operations</b>                                       |                 |                   |                   |
| <b>Income from transactions</b>                                    |                 |                   |                   |
| Site rent  | 2.2.1           | 1,284,272         | 1,318,597         |
| Sale of goods and services   | 2.2.2           | 10,192,410        | 10,043,971        |
| Other income   | 2.2.3           | 1,223,568         | 1,277,080         |
| Grant income   | 2.2.4           | 433,472           | 113,159           |
| Interest income  | 2.2.5           | 94,596            | 92,962            |
|  |                 | -                 | -                 |
| <b>Total income from transactions</b>                              | <b>2.1, 4.1</b> | <b>13,228,317</b> | <b>12,845,769</b> |
| <b>Expenses from transactions</b>                                  |                 |                   |                   |
| Employee expenses  | 3.1.1           | 4,539,285         | 4,288,982         |
| Operating expenses   | 3.2             | 6,178,545         | 6,291,967         |
| Depreciation on Property, Plant and Equipment                      | 5.1.1           | 1,596,094         | 1,582,922         |
| Depreciation on right-of-use assets                                | 5.1.2           | 13,780            | -                 |
| Interest expense on loans  | 7.1.1           | 78,468            | 84,752            |
| Interest expense on leases   | 7.1.1           | 2,490             | -                 |
| <b>Total expenses from transactions</b>                            | <b>4.1</b>      | <b>12,408,662</b> | <b>12,248,623</b> |
| <b>Net result from transactions</b>                                |                 | <b>819,656</b>    | <b>597,146</b>    |
| <b>Other economic flows included in net result</b>                 |                 |                   |                   |
| Net gain/(loss) on non-financial assets <sup>(a)</sup>             | 9.1             | 26,476            | 10,589            |
| Net gain/(loss) arising from revaluation of long service liability | 9.1             | (15,161)          | (170)             |
| <b>Total other economic flows included in net result</b>           |                 | <b>11,315</b>     | <b>10,419</b>     |
| <b>Net result from continuing operations</b>                       |                 | <b>830,971</b>    | <b>607,565</b>    |
| <b>Other economic flows - other comprehensive income</b>           |                 |                   |                   |
| <b>Items that will not be reclassified to net result</b>           |                 |                   |                   |
| Changes in physical asset revaluation deficit                      | 9.2             | -                 | (20,800)          |
| <b>Total other economic flows - other comprehensive income</b>     |                 | <b>-</b>          | <b>(20,800)</b>   |
| <b>Comprehensive result</b>  |                 | <b>830,971</b>    | <b>586,765</b>    |

The accompanying notes form part of these financial statements.

Notes:

(a) Net gain/(loss) on non-financial assets<sup>(a)</sup> includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

# MHARMB BALANCE SHEET AS AT 31 DECEMBER 2019

|  | Note  | 2019<br>\$        | 2018<br>\$        |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>                                |       |                   |                   |
| <b>Financial assets</b>                      |       |                   |                   |
| Cash and cash equivalents                    | 7.2   | 5,222,118         | 4,456,375         |
| Receivables                                  | 6.1   | 849,462           | 1,198,479         |
| Investments and other financial assets       | 5.3   | -                 | 1,000,000         |
| <b>Total financial assets</b>                |       | <b>6,071,579</b>  | <b>6,654,856</b>  |
| <b>Non-financial assets</b>                  |       |                   |                   |
| Inventories                                  | 6.3   | 134,671           | 146,508           |
| Right-of-use assets                          | 6.4   | 69,535            | -                 |
| Investment property                          | 5.2   | 70,000            | 70,000            |
| Other non-financial assets                   | 6.5   | 213,857           | 189,608           |
| Property, plant & equipment                  | 5.1   | 78,411,739        | 76,844,406        |
| <b>Total non-financial assets</b>            |       | <b>78,899,802</b> | <b>77,250,522</b> |
| <b>TOTAL ASSETS</b>                          |       | <b>84,971,381</b> | <b>83,905,377</b> |
| <b>LIABILITIES</b>                           |       |                   |                   |
| Payables                                     | 6.2   | 1,604,100         | 1,432,466         |
| Borrowings and lease liabilities             | 7.1   | 1,188,307         | 1,228,249         |
| Employee related provisions                  | 3.1.2 | 1,086,293         | 978,533           |
| Other provisions                             | 6.6   | -                 | 5,000             |
| <b>TOTAL LIABILITIES</b>                     |       | <b>3,878,700</b>  | <b>3,644,249</b>  |
| <b>NET ASSETS</b>                            |       | <b>81,092,682</b> | <b>80,261,128</b> |
| <b>EQUITY</b>                                |       |                   |                   |
| Accumulated surplus                          |       | 10,153,827        | 9,322,272         |
| Physical asset revaluation surplus           | 9.2   | 30,680,016        | 30,680,016        |
| Contributed capital                          |       | 40,258,840        | 40,258,840        |
| <b>NET WORTH</b>                             |       | <b>81,092,682</b> | <b>80,261,128</b> |
| Commitments for expenditure                  | 7.3   |                   |                   |
| Contingent assets and contingent liabilities | 8.2   |                   |                   |

The accompanying notes form part of these financial statements.

## MHARMB CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

|   | Note  | 2019<br>\$          | 2018<br>\$          |
|---|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                       |       |                     |                     |
| <b>Receipts</b>   |       |                     |                     |
| Receipts from Government  |       | 496,389             | 113,159             |
| Receipts from customers and other entities                        |       | 13,049,267          | 12,468,620          |
| Net GST received <sup>(a)</sup>                                   |       | -                   | (13,962)            |
| Interest received   |       | 94,596              | 92,962              |
| <b>Total receipts</b>   |       | <b>13,640,251</b>   | <b>12,660,778</b>   |
| <b>Payments</b>   |       |                     |                     |
| Payments to suppliers and employees                               |       | (10,765,816)        | (10,370,439)        |
| Net GST paid  |       | (19,663)            | -                   |
| Interest paid on government loans                                 | 7.1.1 | (78,468)            | (84,752)            |
| <b>Total payments</b>   |       | <b>(10,863,947)</b> | <b>(10,455,191)</b> |
| Net cash (used in)/provided by operating activities               | 7.2.1 | <b>2,776,303</b>    | <b>2,205,588</b>    |
| <b>Cash flows from investing activities</b>                       |       |                     |                     |
| Cash transferred out of Term Deposits                             |       | 600,000             | 3,100,000           |
| Cash transferred into Term Deposits                               |       | -                   | (1,300,000)         |
| Payments for non-financial assets                                 |       | (2,530,876)         | (1,178,028)         |
| Proceeds from sales of non-financial assets                       |       | 45,478              | -                   |
| Net cash (used in)/provided by investing activities               |       | <b>(1,885,398)</b>  | <b>621,972</b>      |
| <b>Cash flows from financing activities</b>                       |       |                     |                     |
| Proceeds from capital contributions                               |       | -                   | 232,112             |
| Payment of lease liabilities                                      |       | (13,439)            | -                   |
| Repayment of borrowings from Treasury Corporation Victoria        |       | (111,723)           | (104,669)           |
| Net cash (used in)/provided by financing activities               |       | <b>(125,162)</b>    | <b>127,443</b>      |
| <b>Net Increase/(Decrease) in cash held</b>                       |       | <b>765,743</b>      | <b>2,955,003</b>    |
| <b>Cash at the beginning of the financial year</b>                |       | 4,456,375           | 1,501,372           |
| <b>Cash and cash equivalents at the end of the financial year</b> | 7.2   | <b>5,222,119</b>    | <b>4,456,375</b>    |

## MHARMB STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

|  | Note | Physical Asset      |                     |                        | Total             |
|--|------|---------------------|---------------------|------------------------|-------------------|
|  |      | Revaluation Surplus | Accumulated Surplus | Contributions by Owner |                   |
| <b>Balance at 1 January 2018</b>                         |      | 30,700,816          | 8,714,707           | 40,026,728             | 79,442,251        |
| Contributions or Transfers by Owners                     |      | -                   | -                   | 232,112                | 232,112           |
| Net result for the year                                  |      | -                   | 607,565             | -                      | 607,565           |
| Other comprehensive income for the year                  |      | (20,800)            | -                   | -                      | (20,800)          |
| <b>Balance at 31 December 2018</b>                       |      | <b>30,680,016</b>   | <b>9,322,272</b>    | <b>40,258,840</b>      | <b>80,261,128</b> |
| Contributions or Transfers by Owners                     |      | -                   | -                   | -                      | -                 |
| Net result for the year                                  |      | -                   | 830,971             | -                      | 830,971           |
| Other comprehensive income for the year                  |      | -                   | -                   | -                      | -                 |
| Adjustment to opening balance due to adoption of AASB 16 | 1.5  | -                   | 585                 | -                      | 587               |
| <b>Balance at 31 December 2019</b>                       |      | <b>30,680,016</b>   | <b>10,153,826</b>   | <b>40,258,840</b>      | <b>81,092,682</b> |

The accompanying notes form part of these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

## **SECTION 1: ABOUT THIS REPORT**

The Mount Hotham Alpine Resort Management Board (MHARMB or the Board) is constituted under the *Alpine Resorts (Management) Act 1997*.

The Board is deemed to be a Committee of Management under the *Crown Land (Reserves) Act 1978* acting on behalf of the Crown, and is subject to Ministerial directions and guidelines.

The Board's principal address is:  
Mount Hotham Alpine Resort Management Board  
28 Great Alpine Road  
Hotham Heights VIC 3741

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

### **Note 1.1 Basis of preparation**

These financial statements are presented in Australian dollars, the functional and presentation currency of the MHARMB, and the historical cost convention has been used unless a different measurement basis is specifically disclosed in the note associated with any item measured on a different basis. The reporting period covered in the financial statements is 1 January 2019 to 31 December 2019 with a 12 month comparative period.

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

Judgements, estimates and assumptions are required to be made about financial information being presented. 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. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 8.3); and
- employee benefit provisions (refer to Note 3.1.2).

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes.

The financial statements cover MHARMB as an individual reporting entity and include all the controlled activities of the Board.

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 due to rounding.

### **Note 1.2 Subsequent Events**

During December 2019 and January 2020 there were significant bushfire events which may have impacted the Mount Hotham Alpine Resort stakeholders due to reduced visitation to the area. This may have an impact on visitation which in turn may have an effect on the 2020 accounts.

The Chief Executive Officer's (CEO) (Jon Hutchins) contract expired on 19 January 2020 and the new CEO (Amber Gardner) commenced on 3 February 2020.

### **COVID - 19**

On 16 March 2020 a state of emergency was declared in Victoria to deal with the spread of Coronavirus (COVID-19) pandemic. This continues to impact both communities and businesses throughout the world including Australia and the community where the Board operates. This pandemic will likely have a financial impact for the Board in the 2020 financial year and beyond. The scale, timing and duration of the potential impacts on the Board is unknown, however it is expected that there will be an increase in the provisioning for future bad and doubtful debts, a reduction in revenues associated with winter operations, possibility of leasing revenue streams being impacted in the event there is no ski season or significantly reduced visitation, impact on lessee's ability to meet Site Rent, Service Charges, Gas supply and other charges and liabilities owed to the Board and other non-government suppliers, increased compliance obligations and costs associated with sanitisation and cleaning.

The Committee and Management of the Board have formulated plans to address the COVID 19 threat through the implementation of the following initiatives.

#### Financial:

- Review of the 2020 annual budget and impacts on the 10-year Long term financial planning forecast
- Ongoing assessment of the adequacy of the provision for doubtful debts and expected credit losses under AASB 9
- Deferral of non-essential capital expenditure / projects
- Deferral of non-routine maintenance
- Identification of eligible government subsidies, economic stimulus and relief packages
- Staff retention and recruitment plans
- Department Environment Land Water Planning (DEWLP) has committed to seek state support to offer additional financial support during 2020

#### Operational:

- Finance Risk & Audit Committee increased focus on operational risk
- Tightened health and increased cleaning protocols
- Assessment of essential services and reduced guest servicing in accordance with government guidelines on social distancing and non-essential travel
- Changes to operating hours and encouraging working from home arrangements where applicable

In the short term (next 12 months) subsequent to receipt of the letter of commitment by DEWLP, management have assessed that the going concern assumption continues to be appropriate.

### Note 1.3 Compliance information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include interpretations issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies 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.

#### *Comprehensive operating statement*

The comprehensive operating statement 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 sum of the former two represents the net result.

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 of non-financial assets
- Revaluation of Long Service Leave liability; and
- Revaluations and impairments of non-financial physical and intangible assets.

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 (non-current being those assets or liabilities expected to be recovered or settled after more than 12 months) are disclosed in the notes, where relevant.

#### *Cash flow statement*

Cash flows are classified according to whether they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

#### *Statement of changes in equity*

The statement of changes in equity presents reconciliations of 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 'transaction with owners in the capacity as owners'.

Any contributions received from the Victorian State Government that are deemed as being in the nature of owner's contributions (appropriations) are accounted for as Equity - Contributed Capital in accordance with Financial Reporting Direction (FRD) 119A Transfers through Contributed Capital. Transfers with consideration that is significantly less than fair value primarily to enable MHARMB to further its objectives are called grants and are recognised as income in the profit and loss statement when MHARMB has satisfied its obligations under the transfer per AASB 1058 *Income for Not-for-Profit Entities*.

In the determination of whether an asset or liability is financial or non-financial, consideration is given to the extent of the asset's ability to be converted into liquid (cash) funds.

#### *Goods and Services Tax*

Income, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except where the amount of GST is not recoverable from the taxation authority. In this case, the GST payable 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 component of cash flows arising from investing and financing activities which are recoverable from, or payable to the taxation authority, are presented as an operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

#### **Note 1.4 New accounting standards**

AASB 15: Revenue from Contracts with Customers

AASB 16: Leases

AASB 1058: Income for Not-for-profit entities

There were no significant impacts on our financial results from adopting the above standards. Key changes in the accounting policies resulting from adoption of the new accounting standards are detailed below and relate to revenue recognition of grants and right of use asset additions to the balance sheet along with recognition of associated operating lease liabilities.

**Adoption of AASB 15** establishes the principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers, and requires revenue to be recognised in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected in exchange for transferring those goods or services. Step one is to identify relevant contracts with customers. This step showed that the MHARMB had no customer contracts in place that were within the scope of the Standard.

**Adoption of AASB 16** requires the lessee to recognise its leases in the statement of financial position as an asset (the right to use the leased item) and a liability reflecting future lease payments. Depreciation of the right-of-use asset and interest on the lease liability will be recognised over the lease term. There is a low value exception amount of \$10,000. Upon assessment of MHARMB operating leases in place, it was found that the low value exception did not apply and therefore right-of-use assets and lease liabilities have been recognised in the statement of financial position. MHARMB has three leases identified as impacting the accounts which relate to accommodation and equipment. The effects of these leases are disclosed in Note 7.3 Commitments for expenditure.

AASB 16 impacts have been brought to account retrospectively with the cumulative effect of initially applying the Standard at the date of initial application being 1 January 2019. There is no requirement to restate comparative information but the cumulative effect of initially applying this Standard is to make an adjustment to the opening balance of retained earnings. AASB 1058 has been applied using the modified retrospective approach. Applying this method, the comparative information for the 2018 financial year will not be restated in our 31 December 2019 financial statements. Instead, the cumulative effect of initially applying this standard will be adjusted as at 1 January 2019 to amend the opening balance of retained earnings and the respective line items in the statement of financial position.

**Adoption of AASB 1058** supersedes AASB 1004 Contributions. Previously under AASB 1004 any grant funding received for capital expenditure purposes was recognised as contributed capital (an equity item) in the statement of financial position. AASB 1058 requires the grants to be recognised as income in the statement of performance once any associated performance obligations have been met. MHARMB received a number of grants during the 2019 financial year which had specific performance obligations associated with receipt of the funding. An analysis of the grant agreements was undertaken along with an analysis of the completeness of performance obligations and it was determined that all performance obligations were completed during the financial year. The grants have therefore been recognised as income in the statement of performance. Refer to Note 2.2.3 for disclosures relating to Grants.

Adoption of AASB 1058 also requires any volunteer services to be brought to account as income when the fair value of those services can be measured reliably and the services have been expended during the financial year. MHARMB has recognised Volunteer Ski Patroller services as services that can be measured reliably and disclosure relating to the impact of the volunteer services are included in Note 2.2.2.

### Note 1.5 Adjustment to opening balance of accumulated surplus as a result of Accounting Standard changes

From 1 January 2019, AASB 16: *Leases* had a transitional affect on the accounts. MHARMB has applied AASB 16 using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 January 2019, with no restatement of comparative information. There are three leases which were previously not recognised on the balance sheet and which have been brought onto the balance sheet at 1 January 2019. These right-of-use assets have been measured at cost which comprises the initial amount of the lease liability adjusted for:

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

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

The table below summarises the effect of this transitional treatment.

|  | AASB 16<br>Impacts<br>\$ | 2019<br>Movement<br>\$ | 2019<br>Closing balance<br>\$ |
|--|--------------------------|------------------------|-------------------------------|
| <b>Non-financial assets</b>                          |                          |                        |                               |
| Right-of-use assets recognised                       | 6.4                      | -13,780                | 69,535                        |
| <b>Borrowing and lease liabilities</b>               |                          |                        |                               |
| Operating lease liabilities                          | 7.1                      | -10,949                | 71,781                        |
| <b>Equity</b>  |                          |                        |                               |
| Adjustment to opening balance of accumulated surplus | 1.3                      | 585                    |                               |

MHARMB has applied AASB 1058 *Income of Not-for-Profit Entities* on 1 January 2019, using the modified retrospective approach. There has been no adjustment required to the opening balance of retained earnings at 1 January 2019 as a result of application of the standard.

## SECTION 2: FUNDING DELIVERY OF OUR SERVICES

### Introduction

MHARMB's overall objective is to provide a premier Alpine Resort visitor experience while also conserving and enhancing the Resort's environment through the optimal management of the Crown Asset.

To enable the Board to fulfil its objective and provide the necessary infrastructure and services, it receives income from levies of site rent and service charges, gate entry and gas usage.

### Structure

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Income from transactions
- 2.3 Future site rent lease revenue

**Note 2.1 Summary of income that funds the delivery of our services**

|                                       | Notes | 2019              | 2018              |
|---------------------------------------|-------|-------------------|-------------------|
|                                       |       | \$                | \$                |
| Site rent                             | 2.2.1 | 1,284,272         | 1,318,597         |
| Sale of goods and services            | 2.2.2 | 10,192,410        | 10,043,971        |
| Other Income                          | 2.2.3 | 1,223,568         | 1,277,080         |
| Grant revenue                         | 2.2.4 | 433,472           | 113,159           |
| Interest                              | 2.2.5 | 94,596            | 92,962            |
| <b>Total income from transactions</b> |       | <b>13,228,317</b> | <b>12,845,769</b> |

Income is recognised when or as the performance obligation has been completed and the customer has received the benefit of the goods or services being provided per AASB 15 *Revenue from contracts with customers*.

**Note 2.2 Income from transactions**

**Note 2.2.1 Site rental**

|             | Notes | 2019      | 2018      |
|-------------|-------|-----------|-----------|
|             |       | \$        | \$        |
| Site rental |       | 1,284,272 | 1,318,597 |

Site rental is recognised under the terms and conditions of each lease and in accordance with the MHARMB's role as a Committee of Management of any Crown Land deemed to be permanently reserved under the *Crown Lands Reserve Act 1978*. Rental income from Crown leases is recognised on a straight line basis over the term of the relevant lease. Revenue is recognised per AASB 16 *Leases*. No adjustments have been identified for our operating leases where MHARMB is a lessor.

**Note 2.2.2 Sale of goods and services**

|   | Notes | 2019              | 2018              |
|---|-------|-------------------|-------------------|
|   |       | \$                | \$                |
| Service charges                         |       | 4,799,964         | 4,672,211         |
| Transport contribution                  |       | 156,968           | 166,649           |
| Gas trading operations                  |       | 1,142,697         | 1,356,896         |
| Gate entry                              |       | 3,944,540         | 3,713,603         |
| Horticultural supplies                  |       | 148,240           | 134,611           |
| <b>Total sale of goods and services</b> |       | <b>10,192,410</b> | <b>10,043,971</b> |

All of the above revenue is accounted for under AASB 15 *Revenue from contracts with customers*.

Service Charge revenue is brought to account when a rate/tariff is levied or determined for service charges leviable under Section 13 of the *Alpine Resorts (Management) Act 1997*. The performance obligation is the provision of services over the billing period. Service charges are levied only a quarterly basis but the revenue is recognised on a monthly basis as the services have been provided.

Gate entry revenue (including from the sale of season passes) is recognised when received and when the entitlement is in the current financial year. Season pass receipts received for an entitlement to resort entry are recognised as income at the beginning of the ski season in the year that the pass relates to. Early Bird Season's passes are treated as unearned revenue until the next ski season commences. MHARMB's performance obligations in relation to gate entry and season passes incorporates: ensuring access to the resort, snow clearing, provision of parking and transportation, ski patrol services and on mountain medical services during the declared ski season. These performance obligations are treated as satisfied at the beginning of the ski season upon opening day. This is because closing of the resort during ski season would only occur in extreme weather situations and there is no obligation on MHARMB to refund gate entry under these circumstances.

Gas revenue is recognised when LPG has physically been delivered through a meter and the meter is read, invoiced to the customer and collectability is reasonably assured and revenue can be measured reliably. Performance obligations are met as gas is provided to the end user.

**Note 2.2.3 Other Income**

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | \$               | \$               |
| Infringement revenue <sup>(a)</sup>                  | 422,553          | 428,665          |
| Rental Income - Investment properties <sup>(v)</sup> | 81,241           | 59,985           |
| Service Charges - Infrastructure fee <sup>(c)</sup>  | 64,322           | 48,315           |
| Marketing Revenue <sup>(v)</sup>                     | 112,805          | 118,679          |
| Property related Fees and charges <sup>(e)</sup>     | 26,849           | 58,762           |
| Contracted income <sup>(f)</sup>                     | 340,206          | 340,206          |
| Volunteer services income <sup>(g)</sup>             | 106,972          | -                |
| Sundry Income <sup>(h)</sup>                         | 68,621           | 222,469          |
| <b>Total Other Income</b>                            | <b>1,223,568</b> | <b>1,277,080</b> |

(a) Infringement notices are recognised as revenue when the penalty has been imposed. Infringements are issued to visitors who enter and stay in the resort during the declared ski season without paying an entry fee.

(b) Rental Income from leasing of investment properties are recognised on a straight line basis over the lease term. This revenue falls under AASB 140 *Investment Property*.

(c) Service Charges - Infrastructure fee relates to capital ingoings which are costs recovered from new developments that require new connections of services. Obligations are met once the services have been connected and paid for by MHARMB and a reimbursement invoice has been issued to recover the costs incurred.

(d) Marketing revenue relates to income received from website advertising of on-mountain businesses. Performance obligations are met once the advertising is loaded onto the website. Income is recognised once the customer has been invoiced.

(e) Property related fees and charges - this income relates to consent fees, building act fees and business permit fees which are levied to resort building owners and businesses. Performance obligations are met once the various permits and consents have been obtained. Income is recognised once an invoice has been raised for payment.

(f) Contracted income relates to a contracts for transport provision during the ski season for other business operators on the mountain. Income is recognised per the contract throughout the ski season based on the number of skier days in the season.

Revenue from c, d, e, f and h falls under AASB 15 *Revenue from contracts with customers*.

(g) Volunteer services income is recognised for Volunteer Ski Patrol hours supplied during the ski season per AASB 1058. Ski Patrolling is a service provided as a compulsory requirement of operating the Alpine Resort during winter and the fair value of the services can be reliably determined. MHARMB recognises the dependence on these volunteer services and has disclosed the value of these services in the financial statements as income and expenditure. These services would have been purchased if not donated.

#### Note 2.2.4 Grant income

|  | 2019<br>\$     | 2018<br>\$     |
|--|----------------|----------------|
| Sustainability Victoria  | 50,000         | -              |
| Government tax rebates   | 25,445         | 44,561         |
| Parks Victoria   | 62,853         | -              |
| North East Catchment Management Authority (NECMA)              | 178,180        | -              |
| Department of Environment, Land, Water and Planning (DELWP)    | 48,724         | -              |
| Murray PHN after hours funding                                 | 62,420         | 60,600         |
| Alpine Shire Council contribution to Hotham Dinner Plain Trail | 5,850          | 7,998          |
| <b>Total grant income</b>                                      | <b>433,472</b> | <b>113,159</b> |

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

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

The above grants have been recognised as revenue under AASB 15 where performance obligations have been met or where they have been assessed as meeting the criteria of AASB 1058 as consideration has been provided to acquire an asset and the consideration is significantly less than the fair value of that asset as the grants are principally to enable the MHARMB to further its objectives of sustainable development of the Alpine Resort.

#### Note 2.2.5 Interest Income

|   | 2019<br>\$    | 2018<br>\$    |
|---|---------------|---------------|
| <b>Interest from financial assets not at fair value through profit and loss</b> |               |               |
| Interest on bank deposits   | 88,973        | 85,660        |
| Penalty Interest  | 5,622         | 7,300         |
| <b>Total interest income</b>  | <b>94,596</b> | <b>92,962</b> |

Interest income includes interest received on bank and term deposits and penalty interest on overdue debtors. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Where necessary interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2019 the Penalty Interest Rate was 10% (2018 10%).

#### Note 2.3 Future Site Rent Lease Revenue

Crown Land is recorded in the accounts of the Board at the Valuer-General's valuation. Commitments for future rental revenue in relation to the leased sites under Section 38 of the *Alpine Resorts (Management) Act 1997* are disclosed at their nominal value and exclusive of GST receivable. The leases cover periods up to 75 years and represent 87 managed Crown leases with site holders.

|   | 2019<br>\$        | 2018<br>\$        |
|---|-------------------|-------------------|
| Non-cancellable operating lease receivables | 1,218,177         | 1,220,484         |
| Not longer than 1 year                      | 5,121,264         | 5,156,415         |
| Longer than 5 years                         | 23,797,011        | 27,762,645        |
|   | <b>30,136,452</b> | <b>34,139,544</b> |

### SECTION 3: THE COST OF DELIVERING SERVICES

#### Introduction

This section provides an account of the expenses incurred by the MHARMB in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

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

#### Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Other operating expenses

#### Note 3.1 Expenses incurred in delivery of services

|  | Notes | 2019              | 2018              |
|--|-------|-------------------|-------------------|
| Employee benefit expenses                              |       | \$                | \$                |
| Other operating expenses                               | 3.1.1 | 4,539,285         | 4,288,982         |
|  | 3.2   | 6,178,545         | 6,291,967         |
| <b>Total expenses incurred in delivery of services</b> |       | <b>10,717,830</b> | <b>10,580,949</b> |
| <b>Note 3.1.1 Employee benefit expenses</b>            |       |                   |                   |
|  |       | 2019              | 2018              |
| Salaries, wages and other on costs                     |       | \$                | \$                |
| Superannuation expense                                 |       | 4,179,181         | 3,929,996         |
| <b>Total employee expenses</b>                         |       | <b>360,104</b>    | <b>358,986</b>    |
|  |       | <b>4,539,285</b>  | <b>4,288,982</b>  |

These expenses include all forms of consideration related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. The amount recognised in the Comprehensive Operating Statement in relation to superannuation consists of employer contributions for members of both defined benefit and defined contribution plans that are paid or payable during the reporting period. Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

### Note 3.1.2 Employee benefit provisions

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

|   | 2019<br>\$       | 2018<br>\$     |
|---|------------------|----------------|
| <b>Current provisions:</b>                                |                  |                |
| <b>Annual leave</b>                                       |                  |                |
| Unconditional and expected to be settled within 12 months | 307,354          | 213,555        |
| Unconditional and expected to be settled after 12 months  | 26,790           | 18,408         |
| <b>Long service leave</b>                                 |                  |                |
| Unconditional and expected to be settled within 12 months | 65,393           | 55,194         |
| Unconditional and expected to be settled after 12 months  | 511,815          | 453,300        |
| <b>Provisions related to employee benefits on-costs</b>   |                  |                |
| Unconditional and expected to be settled within 12 months | 9,190            | 80,989         |
| Unconditional and expected to be settled after 12 months  | 71,928           | 78,424         |
| <b>Total current provisions for employee benefits</b>     | <b>992,470</b>   | <b>899,870</b> |
| <b>Non-current provisions:</b>                            |                  |                |
| Employee Benefits   | 82,262           | 67,868         |
| On-costs  | 11,561           | 10,795         |
| <b>Total non-current provisions for employee benefits</b> | <b>93,823</b>    | <b>78,663</b>  |
| <b>Total Provisions for employee benefits</b>             | <b>1,086,293</b> | <b>978,533</b> |
| <b>Reconciliation of movement in on-costs provisions</b>  |                  |                |
| <b>Opening balance</b>                                    | <b>170,208</b>   | <b>116,712</b> |
| Additional provisions recognised/(reduced)                | (77,530)         | 53,496         |
| <b>Closing balance</b>                                    | <b>92,679</b>    | <b>170,208</b> |
| <b>Current</b>  | <b>81,118</b>    | <b>159,413</b> |
| <b>Non-current</b>  | <b>11,561</b>    | <b>10,795</b>  |

**Wages and salaries, annual leave and time in lieu leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating time in lieu leave), are all recognised in the provision for employee benefits as 'current liabilities', because the MHARMB does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and time in lieu leave are measured at:

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

**Long service leave:** Liability for LSL is recognised in the provision for employee benefits.

**Unconditional LSL** is disclosed in the notes to the financial statements as a current liability, even where the MHARMB 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 MHARMB expects to wholly settle within 12 months; and
- Present value if the MHARMB does not expect to wholly settle within 12 months.

**Conditional LSL** 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.

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

**Termination benefits:** Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The MHARMB 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.

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

### Note 3.1.3 Superannuation contributions

Employees of MHARMB are entitled to receive superannuation benefits and the Board contributes to both defined benefit and defined contribution plans.

The defined benefit plan(s) provides benefits based on years of service and final average salary.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the MHARMB.

There were no unfunded liabilities in regard to the Board's membership of defined benefit superannuation schemes. The Board has no responsibility for an unfunded superannuation liability in respect to the defined benefit plans listed below. The Board does not recognise a defined benefit liability in respect to any of the plan(s) because the entity 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.

|   | Paid contribution for the year |                | Contribution outstanding at year end |               |
|---|--------------------------------|----------------|--------------------------------------|---------------|
|   | 2019                           | 2018           | 2019                                 | 2018          |
| <b>Defined benefit plan<sup>(a)</sup></b> |                                |                |                                      |               |
| GSO                                       | 11,925                         | 22,478         | 1,578                                | 3,972         |
| <b>Defined contribution plans</b>         |                                |                |                                      |               |
| Aust Super                                | 42,660                         | 50,563         | 5,795                                | -             |
| Vic Super                                 | 136,780                        | 194,789        | 14,540                               | 43,432        |
| Other                                     | 162,373                        | 79,578         | 22,678                               | -             |
| <b>Total</b>                              | <b>353,738</b>                 | <b>347,408</b> | <b>44,591</b>                        | <b>47,404</b> |

Note:

<sup>(a)</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plan.

**Note 3.2 Other operating expenses**

|  | 2019<br>\$       | 2018<br>\$       |
|--|------------------|------------------|
| <b>Contract payments, materials and services</b>   |                  |                  |
| Contractors (Cleaning, Transportation and general) | 1,351,192        | 1,639,679        |
| Consultants  | 236,001          | 160,545          |
| Consumables  | 301,970          | 252,097          |
| Energy consumption                                 | 488,344          | 537,456          |
| Insurance  | 274,566          | 270,393          |
| Maintenance  | 642,458          | 641,234          |
| ARCC Contributions                                 | 285,933          | 283,615          |
| Waste Services (Hard and recyclable waste)         | 45,263           | 56,132           |
| Volunteer Ski Patrol Services                      | 106,972          | -                |
| Other administration and compliance costs          | 1,381,130        | 1,286,528        |
| <b>Subtotal</b>                                    | <b>5,113,828</b> | <b>5,127,679</b> |
| Bad debts from transactions                        | 116,375          | 159,142          |
| Cost of Goods Sold - Gas operations                | 630,187          | 772,037          |
| Cost of Goods Sold - Horticultural operations      | 105,821          | 38,374           |
| Legal  | 212,334          | 194,736          |
| <b>Total other operating expenses</b>              | <b>6,178,545</b> | <b>6,291,967</b> |

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

**ARCC Contributions** are Ministerial Directive payments to the Alpine Resorts Co-ordinating Council.

**Supplies and services** are recognised as an expense in the reporting period in which they are incurred. The carrying amount of any inventories held for distribution are expensed when the inventories are distributed.

**Consultants** represent specialists engaged to assist operational and strategic requirements.

**Contractors** include the major contract for the provision of intra-village bus services during the ski season, cleaning services and other short term projects.

**Other administration and compliance costs** include bad debts expense from infringements that are no longer collectable.

**Supplies and services** are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

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

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

#### SECTION 4: DISAGGREGATED FINANCIAL INFORMATION BY CORE FUNCTIONS

The Board is predominantly self-funded by contributions from head lessees and the collection of gate entry fees. The expenses from transactions are presented by way of function which relate to the core services provided by the Board.

##### Note 4.1 Comprehensive Operating Statement by core function

|   | 2019              | 2018              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Continuing operations</b>  |                   |                   |
| <b>Income from transactions</b>   |                   |                   |
| Gate entry  | 3,944,540         | 3,713,603         |
| Service charges   | 4,799,964         | 4,672,211         |
| Gas trading operations  | 1,142,697         | 1,356,896         |
| Site rental   | 1,284,272         | 1,318,597         |
| Transport Contribution  | 156,968           | 166,649           |
| Grant revenue   | 433,472           | 113,159           |
| Horticultural supplies  | 148,240           | 134,611           |
| Interest  | 94,596            | 92,962            |
| Volunteer Services  | 106,972           | -                 |
| Other income  | 1,116,596         | 1,277,080         |
| <b>Total income from transactions</b>   | <b>13,228,317</b> | <b>12,845,769</b> |
| <b>Expenses from transactions</b>   |                   |                   |
| Village operations  | 3,501,156         | 3,541,618         |
| Infrastructure services   | 1,673,895         | 2,094,732         |
| Administration & Corporate Services   | 1,675,090         | 1,997,361         |
| Visitor services  | 1,554,891         | 1,191,649         |
| Depreciation  | 1,596,094         | 1,582,922         |
| Marketing   | 765,840           | 511,380           |
| Cost of Goods Sold - Trading operations   | 736,008           | 810,411           |
| Alpine Resorts Co-ordinating Council contributions                                | 285,933           | 283,615           |
| Board & CEO costs <sup>(a)</sup>  | 431,824           | 150,182           |
| Volunteer Services  | 106,972           | -                 |
| Interest Expense  | 80,958            | 84,752            |
| <b>Total expenses from transactions</b>   | <b>12,408,662</b> | <b>12,248,623</b> |
| <b>Net result from transactions (net operating balance)</b>                       | <b>819,655</b>    | <b>597,146</b>    |
| <b>Other economic flows included in net result</b>                                |                   |                   |
| Net gain/(loss) on non-financial assets <sup>(b)</sup>                            | 26,476            | 10,589            |
| Net gain/(loss) arising from revaluation of long service liability <sup>(c)</sup> | (15,161)          | (170)             |
| <b>Total other economic flows included in net result</b>                          | <b>11,315</b>     | <b>10,419</b>     |
| <b>Net result from continuing operations</b>                                      | <b>830,970</b>    | <b>607,565</b>    |
| <b>Other economic flows - other comprehensive income</b>                          |                   |                   |
| <b>Items that will not be reclassified to net result</b>                          |                   |                   |
| Changes in physical asset revaluation deficit <sup>(d)</sup>                      | -                 | (20,800)          |
| <b>Total other economic flows - other comprehensive income</b>                    | <b>-</b>          | <b>(20,800)</b>   |
| <b>Comprehensive result</b>   | <b>830,970</b>    | <b>586,765</b>    |

#### Notes:

- Due to an organisational restructure undertaken in 2019 Board and CEO costs are combined in the 2019 figures (2018 CEO costs are included in Administration and Corporate Services).
- Sale of vehicle at auction
- Increase in Long Service Leave Deferred Liability based on discounted cash flow model for LSL provision calculation
- Revaluation of specialised building

## SECTION 5: KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

### Introduction

The Board controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities.

### Structure

- 5.1 Total property, plant and equipment
- 5.2 Investment properties
- 5.3 Investments and other financial assets

#### Note 5.1 Total property, plant and equipment

|  | Gross carrying amount |                   | Accumulated depreciation |                    | Total             |                   |
|--|-----------------------|-------------------|--------------------------|--------------------|-------------------|-------------------|
|  | 2019                  | 2018              | 2019                     | 2018               | 2019              | 2018              |
|  | \$                    | \$                | \$                       | \$                 | \$                | \$                |
| Land - leased                                      | 30,821,000            | 30,821,000        | -                        | -                  | 30,821,000        | 30,821,000        |
| Land held for sale at fair value                   | 42,208                | 42,208            | -                        | -                  | 42,208            | 42,208            |
| Buildings at fair value <sup>(a)</sup>             | 7,575,761             | 7,409,070         | (743,217)                | (500,280)          | 6,832,544         | 6,908,789         |
| Village and Community Infrastructure at fair value | 5,345,234             | 5,071,201         | (632,649)                | (425,312)          | 4,712,585         | 4,645,889         |
| Roads and Carparks at fair value                   | 7,705,624             | 7,386,993         | (255,337)                | (172,811)          | 7,450,287         | 7,214,182         |
| Water at fair value                                | 15,910,820            | 15,725,725        | (1,103,834)              | (734,786)          | 14,806,986        | 14,990,939        |
| Sewerage at fair value                             | 8,928,002             | 8,920,162         | (872,719)                | (587,184)          | 8,055,283         | 8,332,978         |
| Gas at fair value                                  | 2,156,800             | 2,156,800         | (223,281)                | (148,972)          | 1,933,519         | 2,007,828         |
| Plant, Equipment & Motor Vehicles at fair value    | 4,561,382             | 4,539,919         | (3,371,232)              | (3,295,926)        | 1,190,148         | 1,243,993         |
| Capital Works in Progress at cost                  | 2,567,179             | 636,601           | -                        | -                  | 2,567,179         | 636,600           |
| <b>Total</b>                                       | <b>85,614,008</b>     | <b>82,709,678</b> | <b>(7,202,269)</b>       | <b>(5,865,271)</b> | <b>78,411,739</b> | <b>76,844,406</b> |

**Acquisition:** Property, plant and equipment includes Crown leasehold land, buildings, roads and car parks, community and village infrastructure, water, sewerage, gas, plant, equipment, furniture and motor vehicles. Items with a cost or value in excess of \$2,000 and a useful life to the MHARMB of more than one year are capitalised.

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.

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. All other assets acquired are expensed.

**Valuation of Property, Plant and Equipment:** Non financial physical assets are measured at fair value on a cyclical basis, in accordance with the FRDs issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors. Any interim revaluations are determined in accordance with the requirements of the FRDs.

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

The most recent valuation was undertaken as at 31 December 2016. The fair value of buildings, roads and infrastructure has been determined by reference to the assets current replacement cost recognising the residual value apparent in the valuation.

Net revaluation increases (where the carrying amount of a class of assets is increased, as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of property, plant and equipment previously recognised as an expense (other economic flows) in the net result.

Net revaluation decrease is recognised in 'other economic flows – other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease, recognised in 'other economic flows – other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets in a class of property, plant and equipment, are offset against one another in that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

**Sale of Property, Plant and Equipment:** 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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 8.3.2 *Fair Value Determination*.

In the Board's view, asset values do not exceed their recoverable amount from their continued use and their subsequent disposal and as such, no adjustment to these values was made in the reporting period.

**Valuation of Land:** The Board undertook a revaluation of its land assets for 31 December 2016 using the 'fair value' methodology. The revaluation was performed by the Valuer-General Victoria. Under fair value the MHARMB'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 land value areas of the MHARMB's controlled area based on comparable sales evidence methodology. The addition of these represents the fair value of the land assets under the MHARMB's control. As per financial note 8.3.2, MHARMB land has been classified as per the 'Fair Value Hierarchy' levels to account for the effects of the Community Services Obligation (CSO). The figures do not include any improvement values.

**Note 5.1.1 Depreciation and impairment charge on Property, Plant, Infrastructure and Equipment for the year**

|  |                  |                  |
|--|------------------|------------------|
| Buildings  | 2019             | 2018             |
| Infrastructure   | \$               | \$               |
| Plant, equipment and motor vehicles  | 242,936          | 241,480          |
|  | 1,023,376        | 1,014,506        |
|  | 329,782          | 326,936          |
| <b>Total Depreciation on Property, Plant, Infrastructure and Equipment</b> | <b>1,596,094</b> | <b>1,582,922</b> |

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding assets held for sale and land) that have finite useful lives are depreciated. Depreciation is always 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. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be, capable of operating in the manner intended by management.

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. Depreciation rates currently applied to each class of asset are as follows:

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. Depreciation rates currently applied to each class of asset are as follows:

|                                    |            |
|------------------------------------|------------|
| Buildings                          | 1.67%- 20% |
| Community & Village Infrastructure | 1.25%- 50% |
| Roads & Car Parks                  | 1.25%- 10% |
| Water                              | 1%- 30%    |
| Sewerage                           | 1.25%- 5%  |
| Gas                                | 2%-6.67%   |
| Plant, Equipment & Motor Vehicles  | 5%- 50%    |

The above rates have remained unchanged from the previous year.

**Note 5.1.2 Depreciation on right-of-use assets (ROU)**

|  |               |          |
|--|---------------|----------|
| Right-of-use asset - Dell Computers              | 2019          | 2018     |
| Right-of-use asset - Fuji Xerox Printer          | \$            | \$       |
| Right-of-use asset - Moritz Apartments           | 5,619         | -        |
|  | 6,802         | -        |
|  | 1,359         | -        |
| <b>Total Depreciation on right-of-use assets</b> | <b>13,780</b> | <b>-</b> |

MHARMB recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

Note 5.1.3 Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current financial year are set out below.

| 2019                                 | Carrying amount at start of year \$ | Additions \$     | Disposals at Cost \$ | Disposals Accumulated Depreciation \$ | Revaluation Movement | Transfers \$ | Depreciation Expense \$ | Total \$          |
|--------------------------------------|-------------------------------------|------------------|----------------------|---------------------------------------|----------------------|--------------|-------------------------|-------------------|
| Land - leased                        | 30,821,000                          | -                | -                    | -                                     | -                    | -            | -                       | 30,821,000        |
| Land held for sale                   | 42,208                              | -                | -                    | -                                     | -                    | -            | -                       | 42,208            |
| Buildings                            | 6,908,789                           | 166,691          | -                    | -                                     | -                    | -            | (242,936)               | 6,832,544         |
| Village and Community Infrastructure | 4,645,889                           | 278,654          | -                    | -                                     | -                    | -            | (211,958)               | 4,712,585         |
| Roads and carparks                   | 7,214,182                           | 318,631          | -                    | -                                     | -                    | -            | (82,526)                | 7,450,287         |
| Water                                | 14,990,939                          | 185,095          | -                    | -                                     | -                    | -            | (369,048)               | 14,806,986        |
| Sewerage                             | 8,332,978                           | 7,840            | -                    | -                                     | -                    | -            | (285,535)               | 8,055,283         |
| Gas                                  | 2,007,828                           | -                | -                    | -                                     | -                    | -            | (74,309)                | 1,933,519         |
| Plant, Equipment & Motor Vehicles    | 1,243,993                           | 301,441          | (149,580)            | 124,076                               | -                    | -            | (329,782)               | 1,190,148         |
| Capital Works in Progress            | 636,600                             | 1,930,579        | -                    | -                                     | -                    | -            | -                       | 2,567,179         |
|                                      | <b>76,844,406</b>                   | <b>3,188,931</b> | <b>(149,580)</b>     | <b>124,076</b>                        | <b>-</b>             | <b>-</b>     | <b>(1,596,094)</b>      | <b>78,411,739</b> |

| 2018                                 | Carrying amount at start of year \$ | Additions \$     | Disposals at Cost \$ | Disposals Accumulated Depreciation \$ | Revaluation Movement | Transfers \$ | Depreciation Expense \$ | Total \$          |
|--------------------------------------|-------------------------------------|------------------|----------------------|---------------------------------------|----------------------|--------------|-------------------------|-------------------|
| Land - leased                        | 30,821,000                          | -                | -                    | -                                     | -                    | -            | -                       | 30,821,000        |
| Land held for sale                   | 42,208                              | -                | -                    | -                                     | -                    | -            | -                       | 42,208            |
| Buildings                            | 7,055,796                           | -                | -                    | -                                     | (20,800)             | 115,274      | (241,480)               | 6,908,789         |
| Village and Community Infrastructure | 4,497,876                           | -                | -                    | -                                     | -                    | 351,984      | (203,971)               | 4,645,889         |
| Roads and carparks                   | 7,239,039                           | -                | -                    | -                                     | -                    | 58,042       | (82,899)                | 7,214,182         |
| Water                                | 15,205,708                          | -                | -                    | -                                     | -                    | 153,187      | (367,956)               | 14,990,939        |
| Sewerage                             | 8,618,349                           | -                | -                    | -                                     | -                    | -            | (285,371)               | 8,332,978         |
| Gas                                  | 2,082,137                           | -                | -                    | -                                     | -                    | -            | (74,309)                | 2,007,828         |
| Plant, Equipment & Motor Vehicles    | 1,461,306                           | -                | (19,647)             | 19,647                                | -                    | 109,623      | (326,936)               | 1,243,993         |
| Capital Works in Progress            | 236,092                             | 1,188,618        | -                    | -                                     | -                    | (788,110)    | -                       | 636,600           |
|                                      | <b>77,259,510</b>                   | <b>1,188,618</b> | <b>(19,647)</b>      | <b>19,647</b>                         | <b>(20,800)</b>      | <b>-</b>     | <b>(1,582,922)</b>      | <b>76,844,406</b> |

**Note 5.2 Investment properties**

Balance at beginning of financial year  
**Balance at end of financial year**

| 2019          | 2018          |
|---------------|---------------|
| \$ 70,000     | \$ 70,000     |
| <b>70,000</b> | <b>70,000</b> |

**Investment Property:** Investment properties represent properties held to earn rentals and recorded as buildings in the asset register. Investment properties exclude properties held to meet service delivery objectives of the MHARMB. Rental income from the leasing of investment properties is recognised in the Comprehensive Operating Statement on a straight-line basis over the lease term.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Board.

Subsequent to initial recognition at cost, investment properties are revalued at fair value with changes in the fair value recognised as other economic flows in the comprehensive operating statement in the period they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties.

**Note 5.3 Investments and other financial assets**

**Current term deposit investments**

Term deposits <sup>(a)</sup>

**Total current investments**

**Non-current investments**

Term deposits

**Total non-current investments**

**Total investments and other financial assets**

Notes:

(a) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

| 2019 | 2018             |
|------|------------------|
| \$ - | \$ 1,000,000     |
| -    | <b>1,000,000</b> |
| -    | -                |
| -    | -                |
| -    | <b>1,000,000</b> |

**Term Deposits** are classified as Other Financial Assets.

Any interest earned on the financial asset is recognised in the Comprehensive Operating Statement as a transaction.

## SECTION 6: OTHER ASSETS AND LIABILITIES

### Introduction

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

### Structure

- 6.1 Receivables
- 6.2 Payables
- 6.3 Inventory
- 6.4 Other non-financial assets
- 6.5 Other provisions

### Note 6.1 Receivables

|   | 2019<br>\$     | 2018<br>\$       |
|---|----------------|------------------|
| <b>Contractual</b>                        |                |                  |
| Trade debtors                             | 586,207        | 251,524          |
| Infringement debtors                      | 360,495        | 406,323          |
| Less Allowance for expected credit losses | (205,955)      | (249,569)        |
| <b>Statutory</b>                          |                |                  |
| GST input tax credit recoverable          | 108,715        | 108,560          |
| Other receivables                         | -              | 681,642          |
| <b>Total receivables</b>                  | <b>849,462</b> | <b>1,198,479</b> |

### Receivables consist of:

- Contractual receivables, are classified as financial instruments and are categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. MHARMB holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment. Contractual receivables include debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable. These are not classified as financial instruments for disclosure purposes.

Debtors are carried at amounts due. Where necessary, interest is charged on overdue debts in accordance with the *Penalty Interest Rates Act 1983* or in accordance with relevant legislation and/or lease terms. At 31 December 2019 the Penalty Interest Rate was 10% (2018: 10%). The carrying value of debtors approximates fair value.

The MHARMB's stated terms in respect of amounts receivable are payment in full within 30 days.

### Allowance for expected credit losses and bad debts

The Board has applied the simplified approach to measuring expected credit losses under AASB 9, which uses a lifetime expected loss allowance. The allowance for expected credit losses assessment made for trade debtors and infringement debtors requires a degree of estimation and judgement. Trade debtors are based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. Infringement debtors are based on the lifetime expected credit loss, grouped based on percentage of infringements expected to be withdrawn, percentage of infringements expected to be paid and the collectability of the infringements expected to be paid. The expected credit loss model makes assumptions to allocate an overall expected credit loss rate for each group. Other receivables and statutory receivables are recognised at amortised costs less any allowance for expected credit loss.

At the end of each reporting period, the MHARMB assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable is reduced, and a bad debt expense for the write-off is recognised in the net result as a transaction. Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the net result.

**Movement in Allowance for expected credit losses**

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
|                                       | <b>2019</b>      | <b>2018</b>      |
|                                       | \$               | \$               |
| Balance at the beginning of the year  | (249,569)        | (108,827)        |
| New provisions recognised             | (60,807)         | (159,142)        |
| Amounts written off as uncollectible  | 104,421          | 18,399           |
| <b>Balance at the end of the year</b> | <b>(205,955)</b> | <b>(249,569)</b> |

All debtors have been reviewed by management at year end and a provision for doubtful debts has been raised to reflect collectability of infringement debtors of \$205,955 (2018 \$249,569).

Receivables are written off when there is not reasonable a expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan and no active enforcement activity.

**Note 6.2 Payables**

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
|                                       | <b>2019</b>      | <b>2018</b>      |
|                                       | \$               | \$               |
| <b>Contractual</b>                    |                  |                  |
| Trade creditors                       | 234,742          | 226,155          |
| Accrued expenses                      | 453,181          | 329,689          |
| Contract liabilities                  | 61,792           | 681,642          |
| Other payables                        | 644,016          | 681,642          |
| <b>Statutory</b>                      |                  |                  |
| PAYG, FBT and GST liabilities payable | 210,368          | 194,979          |
| <b>Total current payables</b>         | <b>1,604,100</b> | <b>1,432,466</b> |

All trade and other creditors are non-interest bearing. The carrying amount of creditors approximates fair value.

**Payables consist of:**

- Contractual payables, such as accounts payable and unearned income including deferred income from concession arrangements. Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Accounts payable represent liabilities for goods and services provided to the MHARMB prior to the end of the financial year that are unpaid, and arise when the RMB becomes obliged to make future payments in respect of the purchase of those goods and services; and

- Contract liabilities which represents unearned revenue from season passes purchased for the next ski season.

- Statutory payables, such as PAYG tax deducted from wages, goods and services tax and fringe benefits tax payables. 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.

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

|                  | <b>2019</b>            | <b>Maturity dates</b> |                          |                   |                  |                  |
|------------------|------------------------|-----------------------|--------------------------|-------------------|------------------|------------------|
|                  | <b>Carrying amount</b> | <b>Nominal amount</b> | <b>Less than 1 month</b> | <b>1-3 months</b> | <b>1-5 years</b> | <b>5 + years</b> |
| Trade creditors  | 234,742                | 234,742               | 234,742                  | -                 | -                | -                |
| Accrued expenses | 453,181                | 453,181               | 453,181                  | -                 | -                | -                |
| Other payables   | 644,016                | 644,016               | 644,016                  | -                 | -                | -                |
| <b>Total</b>     | <b>1,331,940</b>       | <b>1,331,940</b>      | <b>1,331,940</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>         |
| <b>2018</b>      |                        |                       |                          |                   |                  |                  |
| Trade creditors  | 226,155                | 226,155               | 226,155                  | -                 | -                | -                |
| Accrued expenses | 329,689                | 329,689               | 329,689                  | -                 | -                | -                |
| Other payables   | 681,642                | 681,642               | 681,642                  | -                 | -                | -                |
| <b>Total</b>     | <b>1,237,486</b>       | <b>1,237,486</b>      | <b>1,237,486</b>         | <b>-</b>          | <b>-</b>         | <b>-</b>         |

**Note:**

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

**Note 6.3 Inventories**

|                                   | 2019<br>\$     | 2018<br>\$     |
|-----------------------------------|----------------|----------------|
| <b>Current inventories</b>        |                |                |
| <b>Supplies and consumables:</b>  |                |                |
| Fuel at cost                      | 43,941         | 33,026         |
|                                   | <b>43,941</b>  | <b>33,026</b>  |
| <b>Inventories held for sale:</b> |                |                |
| Gas at cost                       | 54,781         | 78,333         |
| Horticultural Plants at cost      | 35,949         | 35,149         |
|                                   | <b>90,730</b>  | <b>113,482</b> |
| <b>Total inventories</b>          | <b>134,671</b> | <b>146,508</b> |

**Inventories** comprise goods for resale and goods for consumption in the ordinary course of operations. All inventories are valued at the lower of cost and net realisable value. The carrying amounts of any inventories held for distribution are expensed when distributed.

**Note 6.4 Right-of-use assets**

|                                    | 2019<br>\$    | 2018<br>\$ |
|------------------------------------|---------------|------------|
| Balance at 1 January 2019          | 83,315        | -          |
| Additions                          | -             | -          |
| Depreciation charge                | (13,780)      | -          |
| <b>Balance at 31 December 2019</b> | <b>69,535</b> | <b>-</b>   |

**Right-of-use assets.** The above right-of-use assets have been recognised for the first time on the 2019 Statement of Financial Position as a result of first-time adoption of AASB 16 *Leases*. MHARMB recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**Note 6.5 Other non-financial assets**

|   | 2019<br>\$     | 2018<br>\$     |
|---|----------------|----------------|
| Prepayments                                     | 213,857        | 189,608        |
| <b>Total current other non-financial assets</b> | <b>213,857</b> | <b>189,608</b> |

**Prepayments.** Other non-financial assets include prepayments which 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.

**Note 6.6 Other Provisions**

|                               | 2019<br>\$ | 2018<br>\$   |
|-------------------------------|------------|--------------|
| Provisions                    | -          | 5,000        |
| Non-current provisions        | -          | -            |
| <b>Total other provisions</b> | <b>-</b>   | <b>5,000</b> |

Other provisions are recognised when MHARMB has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

## SECTION 7: HOW WE FINANCED OUR OPERATIONS

### Introduction

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

### Structure

- 7.1 Borrowings and lease liabilities
- 7.2 Cash flow information and balances
- 7.3 Commitments for expenditure

#### Note 7.1 Borrowings and lease liabilities

|   | 2019             | 2018             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Current</b>                            |                  |                  |
| Fixed interest loan from TCV              | 119,255          | 84,752           |
| Lease liabilities                         | 2,211            |                  |
| <b>Non-Current</b>                        |                  |                  |
| Lease liabilities                         | 69,570           |                  |
| Fixed interest loan from TCV              | 997,271          | 1,143,497        |
| <b>Total fixed interest loan from TCV</b> | <b>1,188,307</b> | <b>1,228,249</b> |

#### Maturity analysis of borrowings

|                | Carrying amount  | Nominal amount   | Maturity dates    |               |                |                |
|----------------|------------------|------------------|-------------------|---------------|----------------|----------------|
|                |                  |                  | 3 months - 1 year | 1-3 months    | 1-5 years      | 5 + years      |
| <b>2019</b>    |                  |                  |                   |               |                |                |
| Loans from TCV | 1,116,526        | 1,116,526        | 29,088            | 90,167        | 563,022        | 434,249        |
| <b>Total</b>   | <b>1,116,526</b> | <b>1,116,526</b> | <b>29,088</b>     | <b>90,167</b> | <b>563,022</b> | <b>434,249</b> |
| <b>2018</b>    |                  |                  |                   |               |                |                |
| Loans from TCV | 1,228,249        | 1,228,249        | 27,251            | 57,501        | 382,427        | 761,070        |
| <b>Total</b>   | <b>1,228,249</b> | <b>1,228,249</b> | <b>27,251</b>     | <b>57,501</b> | <b>382,427</b> | <b>761,070</b> |

**Borrowings:** All interest-bearing liabilities are initially measured at fair value of the consideration received, being the cost of the borrowings, net of directly attributable transaction costs. The measurement basis, subsequent to, initial recognition depends on whether MHARMB has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost.

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

**Lease liabilities:** Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate as provided by Treasury Corporation of Victoria (TCV). An incremental borrowing rate of 2% has been used in 2019.

#### Maturity analysis - contractual undiscounted cash flows

|   | 2019           | 2018           |
|---|----------------|----------------|
|   | \$             | \$             |
| Less than one year  | 13,479         | 13,439         |
| One to five years   | 19,595         | 42,052         |
| More than five years  | 90,595         | 81,616         |
| <b>Total undiscounted lease liabilities as at 31 December</b> | <b>123,669</b> | <b>137,107</b> |

#### Lease liabilities included in the Statement of Financial Position at 31 December

|                                | 2019          |
|--------------------------------|---------------|
|                                | \$            |
| Current                        | 2,211         |
| Non Current                    | 69,570        |
| <b>Total lease liabilities</b> | <b>71,781</b> |

**Note: 7.1.1 Interest on borrowings**

**Interest expense:** Interest expense on loans and leases

|                               | 2019          | 2018          |
|-------------------------------|---------------|---------------|
| <b>Interest expense</b>       |               |               |
| Interest on government loans  | \$ 78,468     | \$ 84,752     |
| Interest on leases            | 2,490         | -             |
| <b>Total interest expense</b> | <b>80,958</b> | <b>84,752</b> |

**Interest expense** includes costs incurred in connection with the borrowing of funds. It is recognised in the period in which it is incurred.

**Note 7.2 Cashflow information and balances**

**Current**

Cash and cash equivalents

**Balance as per cash flow statement**

|  | 2019             | 2018             |
|--|------------------|------------------|
|  | \$ 5,222,118     | \$ 4,456,375     |
|  | <b>5,222,118</b> | <b>4,456,375</b> |

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.

**Note 7.2.1 Reconciliation of net results for the period to cash flow from operating activities**

**Net Result for the reporting period**

|  | 2019             | 2018             |
|--|------------------|------------------|
| <b>Non-Cash Movements</b>  |                  |                  |
| Depreciation on PPE  | 1,596,094        | 1,582,922        |
| Depreciation of ROU  | 13,780           | -                |
| Interest on Leases   | 2,490            | -                |
| Sale / Write down of Assets  | (149,580)        | -                |
| Fair Value of assets and services received free of charge or for nominal consideration (Gain)/loss on sale of disposal of non-current assets | (106,972)        | -                |
| <b>Change in operating assets and liabilities :</b>  | <b>(26,476)</b>  | <b>(10,589)</b>  |
| Decrease/(increase) in receivables   | 349,017          | (171,028)        |
| Decrease/(increase) in inventories   | 11,837           | 751              |
| Decrease/(increase) in prepayments   | (24,249)         | (18,132)         |
| Increase/(decrease) in payables  | 48,141           | 73,704           |
| Increase/(decrease) in accrued expenditure   | 123,492          | 22,448           |
| Increase/(decrease) in employee entitlements   | 107,759          | 117,946          |
| <b>Net Cash Inflow from operating activities</b>   | <b>2,776,304</b> | <b>2,205,588</b> |

**Note 7.3 Commitments for expenditure- total commitments payable**

| 2019   | Less than 1 year | 1 - 5 years   | 5+ years      | Total            |
|--|------------------|---------------|---------------|------------------|
| Expenditure commitments payable              | \$ 984,824       | \$ 21,555     | \$ 99,655     | \$ 1,106,034     |
| Operating commitments payable <sup>(a)</sup> |                  |               |               |                  |
| Walking trails and geo-technical works       |                  |               |               |                  |
| <b>Total commitments (inclusive of GST)</b>  | <b>984,824</b>   | <b>21,555</b> | <b>99,655</b> | <b>1,106,034</b> |
| Less GST recoverable                         |                  |               |               | 100,549          |
| <b>Total commitments (exclusive of GST)</b>  |                  |               |               | <b>1,206,583</b> |

| 2018   | Less than 1 year | 1 - 5 years    | 5+ years       | Total            |
|--|------------------|----------------|----------------|------------------|
| Expenditure commitments payable                        | \$ 1,115,929     | \$ 940,263     | \$ 101,822     | \$ 2,158,014     |
| Operating and lease commitments payable <sup>(b)</sup> |                  |                |                |                  |
| Walking trails and geo-technical works                 | 111,678          | -              | -              | 111,678          |
| <b>Total commitments (inclusive of GST)</b>            | <b>1,227,607</b> | <b>940,263</b> | <b>101,822</b> | <b>2,269,692</b> |
| Less GST recoverable                                   |                  |                |                |                  |
| <b>Total commitments (exclusive of GST)</b>            |                  |                |                | <b>2,269,692</b> |

**Notes:**

- (a) Operating lease commitments include finance leases and the final bus contract amount for the contract ending in October 2020.  
 (b) Operating lease commitments relate to office equipment with lease terms between three and seven years and apartment leases with a 37 year remaining lease term. These contracts do not allow MHARMB to purchase the facilities after the lease ends, but the lease can be renewed. Operating commitments also include the bus contract with Alpine Spirit Pty Ltd which is a three year contract ending in October 2020.

Table B provides information about operating leases held as at 31 December 2019 and their weighted average remaining lease term per asset type.

| Table B   | As at 31 December |       |
|-----------|-------------------|-------|
|           | 2019              | 2018  |
| MHARMB    | Years             | Years |
| Printers  | 3                 | 4     |
| Computers | 2                 | 3     |
| Buildings | 37                | 38    |

On transition to AASB 16, the above operating leases were recognised as right-of-use assets and lease liabilities, with the difference recognised in retained earnings.

|  | 01 Jan 2019   |
|--|---------------|
| <b>Reconciliation of operating leases disclosed as at 31 December 2018 under AASB 117 and initial application of AASB 16</b> | <b>\$</b>     |
| Operating lease commitment at 31 December 2018 per Note 7.1  | 137,107       |
| Discounted using the incremental borrowing rate at 1 January 2019  | -54,377       |
| <b>Operating lease liability recognised as at 1 January 2019</b>   | <b>82,730</b> |

The Board awarded a bus contract with commitments over three years. The bus contract commitment balance as at 31 December 2019 was \$969,997 <sup>(e)</sup>.

The Mt Hotham Alpine Resort Management Board and the Bright Medical Centre have an ongoing relationship to provide essential medical services in Mt Hotham. To aid this service the MHARMB provide adequate consulting rooms and the provision of essential assets to ensure Mt Hotham can provide an adequate medical service to its guests and residence.

**Commitments** for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of GST payable.

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

## SECTION 8: RISK, CONTINGENCIES AND VALUATION JUDGEMENTS

### Introduction

The MHARMB is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied. For the MHARMB, judgement was primarily applied to fair value determination.

### Structure

- 8.1 Financial instruments specific disclosures
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination

Mount Hotham Alpine Resort Management Board's principal financial instruments comprise:

- cash assets;
- term deposits;
- receivables;
- 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 8.3 to the financial statements.

The main purpose for holding financial instruments is to prudentially manage the Board's financial risks within the government policy parameters. The Board's main financial risks include credit risk, liquidity risk and interest rate risk which are managed in accordance with the financial risk management policy. The Board uses different methods to measure and manage the different risks to which it is exposed.

Interest rate risk exposure is insignificant and might arise primarily through the Board's interest bearing liabilities. Minimisation of risk is achieved by using fixed rate or non-interest bearing financial instruments. The Board mainly incurs financial liabilities with relatively even maturity profiles. There has been no change to MHARMB's credit risk profile in the 2019 financial year. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired.

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

### 8.1 Financial instruments specific disclosures

MHARMB's financial instruments consist of cash and cash equivalents, trade debtors and trade creditors. Under the new standard MHARMB uses the simplified approach and continues to measure financial instruments at amortised cost. This is shown in Note 8.1.1.

The following refers to financial instruments unless otherwise stated.

**Loans and receivables** are financial 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, term deposits with maturity greater than three months, trade receivables, and other receivables, but not statutory receivables.

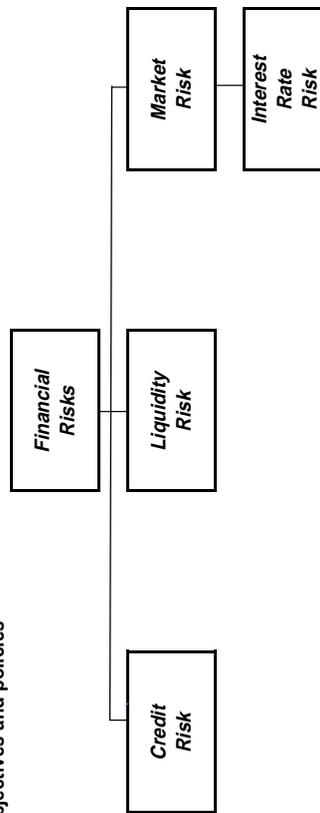
Note 8.1.1 Financial instruments: Categorisation

|  | Contractual financial assets - loans and receivables | Contractual financial liabilities at amortised cost | Total            |
|--|--|---|------------------|
| <b>2019</b>                                    |  |   |                  |
| <b>Contractual financial assets</b>            |  |   |                  |
| Cash and deposits                              | \$   | \$  | \$               |
| (i) Receivables                                | 5,222,118  | -   | 5,222,118        |
| Other receivables                              | 586,207  | -   | 586,207          |
| Term Deposits                                  | -  | -   | -                |
| <b>Total contractual financial assets</b>      | <b>5,808,325</b>                                     | -   | <b>5,808,325</b> |
| <b>Contractual financial liabilities</b>       |  |   |                  |
| (i) Accounts Payable                           | -  | 1,393,732   | 1,393,732        |
| Fixed Rate Borrowings - TCV                    | -  | 1,188,307   | 1,188,307        |
| <b>Total contractual financial liabilities</b> | -  | <b>2,582,038</b>                                    | <b>2,582,038</b> |
| <b>2018</b>                                    |  |   |                  |
| <b>Contractual financial assets</b>            |  |   |                  |
| Cash and deposits                              | 4,456,374  | -   | 4,456,374        |
| (i) Receivables                                | 251,524  | -   | 251,524          |
| Other receivables                              | 681,642  | -   | 681,642          |
| Term Deposits                                  | 1,000,000  | -   | 1,000,000        |
| <b>Total contractual financial assets</b>      | <b>6,389,541</b>                                     | -   | <b>6,389,541</b> |
| <b>Contractual financial liabilities</b>       |  |   |                  |
| (i) Accounts Payable                           | -  | 1,237,487   | 1,237,487        |
| Fixed Rate Borrowings - TCV                    | -  | 1,228,249   | 1,228,249        |
| <b>Total contractual financial liabilities</b> | -  | <b>2,465,736</b>                                    | <b>2,465,736</b> |

**Note:**

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

Note 8.1.2 Financial risk management objectives and policies



Interest rate exposure of financial instruments

|  | Weighted Average Interest Rate | Carrying amount  | Fixed Interest   | Variable Interest | Non-Interest Bearing |
|--|--------------------------------|------------------|------------------|-------------------|----------------------|
| <b>2019</b>                                      |                                |                  |                  |                   |                      |
| <b>Financial Assets</b>                          |                                |                  |                  |                   |                      |
| Cash and deposits                                |                                | \$               | \$               | \$                | \$                   |
| <sup>(1)</sup> Receivables and other receivables | 1.68%                          | 5,222,118        | -                | -                 | 5,222,118            |
| Other financial assets                           |                                | 586,207          | -                | -                 | 586,207              |
|  |                                | <b>5,808,325</b> | -                | -                 | <b>5,808,326</b>     |
| <b>Financial Liabilities</b>                     |                                |                  |                  |                   |                      |
| <sup>(1)</sup> Accounts Payable                  |                                | 1,393,732        | -                | -                 | 1,393,732            |
| Fixed Rate Borrowings - TCV                      | 6.58%                          | 1,188,307        | 1,188,307        | -                 | -                    |
|  |                                | <b>2,582,038</b> | <b>1,188,307</b> | -                 | <b>1,393,732</b>     |
| <b>2018</b>                                      |                                |                  |                  |                   |                      |
| <b>Financial Assets</b>                          |                                |                  |                  |                   |                      |
| Cash and deposits                                |                                | \$               | \$               | \$                | \$                   |
| <sup>(1)</sup> Receivables and other receivables | 1.67%                          | 4,456,375        | 3,400,000        | 1,026,002         | 30,372               |
| Other financial assets                           | 1.70%                          | 933,166          | -                | -                 | 933,166              |
|  |                                | <b>1,000,000</b> | <b>1,000,000</b> | -                 | -                    |
|  |                                | <b>6,389,542</b> | <b>4,400,000</b> | <b>1,026,002</b>  | <b>963,539</b>       |
| <b>Financial Liabilities</b>                     |                                |                  |                  |                   |                      |
| <sup>(1)</sup> Accounts Payable                  |                                | 1,237,487        | -                | -                 | 1,237,487            |
| Fixed Rate Borrowings - TCV                      | 6.58%                          | 1,228,249        | 1,228,249        | -                 | -                    |
|  |                                | <b>2,465,736</b> | <b>1,228,249</b> | -                 | <b>1,237,487</b>     |

Note:

<sup>(1)</sup> The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Infringements, Victorian government and GST input tax credit recoverable, and taxes payable)

|  | Ageing                         |                  |                               |                   |                |                             |                |                |
|--|--------------------------------|------------------|-------------------------------|-------------------|----------------|-----------------------------|----------------|----------------|
|  | Weighted Average Interest Rate | Nominal Amount   | Not past due and not impaired | Less than 1 month | 1-3 months     | More than 3 months - 1 year | 1-5 years      | > 5 years      |
| <b>2019</b>                                      |                                |                  |                               |                   |                |                             |                |                |
| <i>Financial Assets</i>                          |                                |                  |                               |                   |                |                             |                |                |
| Cash and deposits                                |                                | \$               |                               |                   |                |                             |                |                |
| <sup>(i)</sup> Receivables and other receivables | 1.68%                          | 5,222,118        | 5,222,118                     | -                 | -              | -                           | -              | -              |
| Other financial assets                           |                                | 586,207          | 586,207                       | 444,453           | 17,363         | 9,826                       | -              | -              |
|  |                                | <b>5,808,325</b> | <b>5,808,325</b>              | <b>444,453</b>    | <b>17,363</b>  | <b>9,826</b>                | -              | -              |
| <i>Financial Liabilities</i>                     |                                |                  |                               |                   |                |                             |                |                |
| <sup>(i)</sup> Accounts Payable                  |                                | 1,393,732        | 1,393,732                     | -                 | -              | -                           | -              | -              |
| Fixed Rate Borrowings - TCV                      | 6.58%                          | 1,188,307        | 1,188,307                     | -                 | 29,088         | 90,167                      | 563,022        | 434,249        |
|  |                                | <b>2,582,039</b> | <b>2,582,039</b>              | -                 | <b>29,088</b>  | <b>90,167</b>               | <b>563,022</b> | <b>434,249</b> |
| <b>2018</b>                                      |                                |                  |                               |                   |                |                             |                |                |
| <i>Financial Assets</i>                          |                                |                  |                               |                   |                |                             |                |                |
| Cash and deposits                                |                                | 4,456,375        | 4,456,375                     | -                 | -              | -                           | -              | -              |
| <sup>(i)</sup> Receivables and other receivables | 1.67%                          | 933,166          | 569,633                       | 126,952           | 236,581        | -                           | -              | -              |
| Other financial assets                           | 1.70%                          | 1,000,000        | -                             | -                 | -              | 1,000,000                   | -              | -              |
|  |                                | <b>6,389,541</b> | <b>5,026,008</b>              | <b>126,952</b>    | <b>236,581</b> | <b>1,000,000</b>            | -              | -              |
| <i>Financial Liabilities</i>                     |                                |                  |                               |                   |                |                             |                |                |
| <sup>(i)</sup> Accounts Payable                  |                                | 1,237,487        | 1,237,487                     | 1,237,487         | -              | -                           | -              | -              |
| Fixed Rate Borrowings - TCV                      | 6.58%                          | 1,228,249        | 1,228,249                     | -                 | 20,197         | 66,292                      | 520,960        | 620,800        |
|  |                                | <b>2,465,736</b> | <b>2,465,736</b>              | <b>1,237,487</b>  | <b>20,197</b>  | <b>66,292</b>               | <b>520,960</b> | <b>620,800</b> |

**Note:**

<sup>(i)</sup> The total amount disclosed here exclude statutory amounts (e.g. amounts owing from Infringements, Victorian government and GST input tax credit recoverable, and taxes payable)

**Sensitivity disclosure analysis.** The following table details the sensitivity to movements in interest rates based on a parallel shift of -1% and +1% from market rates at year end.

**Interest rate risk sensitivity**

| <b>Financial Assets</b>   | <b>Carrying Amount</b> | <b>-1.0%<br/>Surplus</b> | <b>-1.0%<br/>Equity</b> | <b>1.0%<br/>Surplus</b> | <b>1.0%<br/>Equity</b> |
|---|------------------------|--------------------------|-------------------------|-------------------------|------------------------|
| <b>2019</b>   |                        |                          |                         |                         |                        |
| Cash exposed to variable interest rates and short term deposits | \$ 5,222,118           | (52,221)                 | (52,221)                | 52,221                  | 52,221                 |
| <b>2018</b>   |                        |                          |                         |                         |                        |
| Cash exposed to variable interest rates and short term deposits | 1,026,002              | (10,260)                 | (10,260)                | 10,260                  | 10,260                 |

**Interest rate risk sensitivity:** Taking into account past performance and future expectations, a 1% increase or decrease in interest rates is reasonably possible over the next 12 months. The effect on cash assets would be an increase or decrease in fair value of \$52,221 (2018: \$42,100).

**Credit risk exposures:** The credit risk on financial assets of the Board which have been recognised on the balance sheet is the carrying amount, net of any provision for doubtful debts. The Board's maximum exposure to credit risk at reporting date in respect to financial assets is limited to the carrying amount in the balance sheet.

**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 payments policy of settling financial obligations within 30 days. In the event of a dispute, the Board makes payment within 30 days from the date of resolution. The Board also continuously manages risk through monitoring future cash flows and planning deposit maturities to ensure an adequate holding of high quality liquid assets. In addition, the Board only invests in highly liquid markets.

## **Note 8.2 Contingent assets and contingent liabilities**

There are no unquantifiable contingent liabilities.

There are no contingent assets (2018 Nil).

## **Note 8.3 Fair value determination**

### **Net fair values of financial assets and liabilities**

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

- (i) The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- (ii) The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Board considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

### **Note 8.3.1 Fair value determination of financial assets and liabilities**

All assets and liabilities 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 and liabilities on the basis of the nature, characteristics and risks of the asset or liability 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 input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VG) is the Board's independent valuation agency.

The Board, in conjunction with VG, monitors changes in the fair value of each asset through relevant data sources to determine whether revaluation is required.

A fair value assessment is conducted annually to ensure that property, plant and equipment reflects the fair value at the end of the year. The assessment considers all fair value indicators, including land and building indices, the highest and best use indicators and other relevant indicators.

In the event that the assessment triggers a change in value, adjustments are made to reflect the fair value of the asset.

**Note 8.3.2 Fair value determination: non-financial physical assets**

| Fair value measurement hierarchy                                     | Carrying amount as at 31 December 2019 |                  |                  |
|--|--|------------------|------------------|
|  | Level 1(i)<br>\$                       | Level 2(i)<br>\$ | Level 3(i)<br>\$ |
| Land at fair value   | -                                      | -                | -                |
| Non-specialised land   | 30,863,208                             | -                | 30,863,208       |
| Specialised land   | 30,863,208                             | -                | 30,863,208       |
| <b>Total of Land at fair value</b>                                   | -                                      | -                | -                |
| Non-specialised buildings  | 6,832,544                              | -                | 6,832,544        |
| Specialised buildings  | 6,832,544                              | -                | 6,832,544        |
| <b>Total of Buildings at fair value</b>                              | -                                      | -                | -                |
| Village & Community Infrastructure at fair value                     | 4,712,585                              | -                | 4,712,585        |
| Village & Community Infrastructure at fair value                     | 4,712,585                              | -                | 4,712,585        |
| <b>Total of Village &amp; Community Infrastructure at fair value</b> | -                                      | -                | -                |
| Roads & carparks at fair value                                       | 7,450,287                              | -                | 7,450,287        |
| Roads & carparks at fair value                                       | 7,450,287                              | -                | 7,450,287        |
| <b>Total of Roads &amp; Carparks at fair value</b>                   | -                                      | -                | -                |
| Water Assets at fair value   | 2,961,000                              | -                | 2,961,000        |
| Headworks  | 1,114,948                              | -                | 1,114,948        |
| Distribution works   | 306,622                                | -                | 306,622          |
| Treatment  | 2,867,943                              | -                | 2,867,943        |
| Water Storage  | 1,658,227                              | -                | 1,658,227        |
| Water Reticulation   | 5,898,247                              | -                | 5,898,247        |
| Drains   | 14,806,986                             | -                | 14,806,986       |
| <b>Total of Water Assets at fair value</b>                           | -                                      | -                | -                |
| Sewerage Assets at fair value  | 3,500,813                              | -                | 3,500,813        |
| WWTP   | 543,051                                | -                | 543,051          |
| Sewer Pump wells   | 1,925,337                              | -                | 1,925,337        |
| Sewer Reticulation   | 2,086,081                              | -                | 2,086,081        |
| Ultrafiltration  | 8,055,283                              | -                | 8,055,283        |
| <b>Total of Sewerage Assets at fair value</b>                        | -                                      | -                | -                |
| Gas Assets at fair value   | 697,002                                | -                | 697,002          |
| Gas Storage  | 1,198,267                              | -                | 1,198,267        |
| Gas Reticulation   | 38,250                                 | -                | 38,250           |
| Customer Supply  | 1,933,519                              | -                | 1,933,519        |
| <b>Total of Gas Assets at fair value</b>                             | -                                      | -                | -                |
| Plant, Equipment & Vehicles at fair value                            | 310,692                                | -                | 310,692          |
| Vehicles   | 879,454                                | -                | 879,454          |
| Plant & equipment  | 1,190,146                              | -                | 1,190,146        |
| <b>Total of Plant, Equipment &amp; Vehicles at fair value</b>        | -                                      | -                | -                |

**Notes:**

(i) Classified in accordance with the fair value hierarchy, see note 1 (b)  
Assets under construction are excluded from the table above as they are measured at cost.

|  | Carrying amount<br>as at<br>31 December<br>2018 |                  |                   |
|--|---|------------------|-------------------|
|  | \$  | Level 2(i)<br>\$ | Level 3(i)<br>\$  |
| Land at fair value   | -   | -                | -                 |
| Non-specialised land   | 30,863,208                                      | -                | 30,863,208        |
| Specialised land   | 30,863,208                                      | -                | 30,863,208        |
| <b>Total of Land at fair value</b>                                   | <b>61,726,416</b>                               | <b>-</b>         | <b>61,726,416</b> |
| Non-specialised buildings  | -   | -                | -                 |
| Specialised buildings <sup>(i)</sup>                                 | 6,908,789                                       | -                | 6,908,789         |
| <b>Total of Buildings at fair value</b>                              | <b>6,908,789</b>                                | <b>-</b>         | <b>6,908,789</b>  |
| Village & Community Infrastructure at fair value                     | 4,645,889                                       | -                | 4,645,889         |
| Village & Community Infrastructure at fair value                     | 4,645,889                                       | -                | 4,645,889         |
| <b>Total of Village &amp; Community Infrastructure at fair value</b> | <b>4,645,889</b>                                | <b>-</b>         | <b>4,645,889</b>  |
| Roads & carparks at fair value                                       | 7,214,182                                       | -                | 7,214,182         |
| Roads & carparks at fair value                                       | 7,214,182                                       | -                | 7,214,182         |
| <b>Total of Roads &amp; Carparks at fair value</b>                   | <b>7,214,182</b>                                | <b>-</b>         | <b>7,214,182</b>  |
| Water Assets at fair value   | 14,990,939                                      | -                | 14,990,939        |
| Headworks  | 3,024,000                                       | -                | 3,024,000         |
| Distribution works   | 1,149,109                                       | -                | 1,149,109         |
| Treatment  | 133,886   | -                | 133,886           |
| Water Storage  | 2,957,476                                       | -                | 2,957,476         |
| Water Reticulation   | 1,601,683                                       | -                | 1,601,683         |
| Drains   | 6,124,784                                       | -                | 6,124,784         |
| <b>Total of Water Assets at fair value</b>                           | <b>14,990,939</b>                               | <b>-</b>         | <b>14,990,939</b> |
| Sewerage Assets at fair value  | 3,595,071                                       | -                | 3,595,071         |
| WWTP   | 562,711   | -                | 562,711           |
| Sewer Pump wells   | 1,977,896                                       | -                | 1,977,896         |
| Sewer Reticulation   | 2,197,301                                       | -                | 2,197,301         |
| Ultrafiltration  | 8,332,978                                       | -                | 8,332,978         |
| <b>Total of Sewerage Assets at fair value</b>                        | <b>8,332,978</b>                                | <b>-</b>         | <b>8,332,978</b>  |
| Gas Assets at fair value   | 720,259   | -                | 720,259           |
| Gas Storage  | 1,248,194                                       | -                | 1,248,194         |
| Gas Reticulation   | 39,375  | -                | 39,375            |
| Customer Supply  | 2,007,828                                       | -                | 2,007,828         |
| <b>Total of Gas Assets at fair value</b>                             | <b>2,007,828</b>                                | <b>-</b>         | <b>2,007,828</b>  |
| Plant, Equipment & Vehicles at fair value                            | 352,053   | -                | 352,053           |
| Vehicles   | 891,940   | -                | 891,940           |
| Plant & equipment  | 1,243,993                                       | -                | 1,243,993         |
| <b>Total of Plant, Equipment &amp; Vehicles at fair value</b>        | <b>1,243,993</b>                                | <b>-</b>         | <b>1,243,993</b>  |

**Notes:**

(i) Classified in accordance with the fair value hierarchy, see note 8.3.1. Assets under construction are excluded from the table above as they are measured at cost.

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

The market approach is used for owner occupied land and the present value (PV) of future cash flows is used for leased land. Specialised land is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued as at 31 December 2016. Prior to this there was no information available regarding the exact amount attributable to Level 1.

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

The Fair Value for the land under lease at the resort is based upon the individual site lease information. It is then assessed by determining a site value for each particular site and calculating the present value of the income stream (the site rental), combined with the reversion of the site, based on the remaining term of the lease. In other words, a valuer's discount rate is applied to the calculations of site rental and is based on the valuer's judgement of factors at the resort such as current conditions, expected activity and assessed risks. As there are significant unobservable inputs involved in lease valuation, leased land is classified as Level 3 fair value measurements.

An independent valuation of the Board's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO for specialised land and the depreciated replacement cost for specialised buildings. The effective date of the valuation is 31 December 2016.

### **Village and community infrastructure, roads and car parks, water, sewerage and gas**

All village & community infrastructure, roads & car parks, water, sewerage & gas assets are valued using the current 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.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the buildings, roads and carparks, water, sewerage and gas infrastructure assets.

An independent valuation of the Board's infrastructure, roads and car parks was performed by HLB Mann Judd on behalf of the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2016.

### **Vehicles**

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

### **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 current replacement cost method.

There were no changes in valuation techniques throughout the period to 31 December 2019.

For all assets measured at fair value, the current use is considered the highest and best use. Management have deemed, as part of the Asset Management Accounting Framework, that there has been no material movement in values of asset classes to the year ended 31 December 2019.

**Plant, Equipment & Vehicles**

**Reconciliation of Level 3 fair value movements**

| 2019                                 | Opening balance | Purchases (sales) | Transfers in (out) of Level 3 | Gains or losses recognised in net result | Depreciation | Subtotal   | recognised in other economic flows - other comprehensive income | Subtotal   | Closing balance |
|--------------------------------------|-----------------|-------------------|-------------------------------|--|--------------|------------|---|------------|-----------------|
|                                      | \$              | \$                | \$                            | \$                                       | \$           | \$         | \$  | \$         | \$              |
| Specialised land                     | 30,863,208      | -                 | -                             | -  | -            | 30,863,208 | -   | 30,863,208 | 30,863,208      |
| Specialised buildings                | 6,908,789       | -                 | 166,691                       | -  | (242,936)    | 6,832,544  | -   | 6,832,544  | 6,832,544       |
| Village and Community Infrastructure | 4,645,889       | -                 | 278,656                       | -  | (211,958)    | 4,712,587  | -   | 4,712,587  | 4,712,587       |
| Roads and car parks                  | 7,214,182       | -                 | 318,631                       | -  | (82,526)     | 7,450,287  | -   | 7,450,287  | 7,450,287       |
| Headworks                            | 3,024,000       | -                 | -                             | -  | (63,000)     | 2,961,000  | -   | 2,961,000  | 2,961,000       |
| Distribution works                   | 1,149,109       | -                 | -                             | -  | (34,161)     | 1,114,948  | -   | 1,114,948  | 1,114,948       |
| Treatment                            | 133,886         | -                 | 185,095                       | -  | (12,359)     | 306,622    | -   | 306,622    | 306,622         |
| Water Storage                        | 2,957,476       | -                 | -                             | -  | (89,534)     | 2,867,943  | -   | 2,867,943  | 2,867,943       |
| Water Reticulation                   | 1,754,875       | -                 | -                             | -  | (96,647)     | 1,658,229  | -   | 1,658,229  | 1,658,229       |
| Drains                               | 5,971,595       | -                 | -                             | -  | (73,348)     | 5,898,247  | -   | 5,898,247  | 5,898,247       |
| WWTP                                 | 3,595,071       | -                 | -                             | -  | (94,258)     | 3,500,813  | -   | 3,500,813  | 3,500,813       |
| Sewer Pump wells                     | 562,711         | -                 | -                             | -  | (19,659)     | 543,051    | -   | 543,051    | 543,051         |
| Sewer Reticulation                   | 1,977,896       | -                 | -                             | -  | (52,559)     | 1,925,337  | -   | 1,925,337  | 1,925,337       |
| Ultrafiltration                      | 2,197,300       | -                 | 7,840                         | -  | (119,059)    | 2,086,081  | -   | 2,086,081  | 2,086,081       |
| Gas Storage                          | 720,259         | -                 | -                             | -  | (23,257)     | 697,002    | -   | 697,002    | 697,002         |
| Gas Reticulation                     | 1,248,194       | -                 | -                             | -  | (49,927)     | 1,198,267  | -   | 1,198,267  | 1,198,267       |
| Customer Supply                      | 39,375          | -                 | -                             | -  | (1,125)      | 38,250     | -   | 38,250     | 38,250          |
| Plant, Equipment & Vehicles          | 1,243,993       | -                 | 275,835                       | -  | (329,782)    | 1,190,046  | -   | 1,190,046  | 1,190,046       |

**Reconciliation of Level 3 fair value movements**

| 2018                                 | Opening balance | Purchases (sales) | Transfers in (out) of Level 3 | Gains or losses recognised in net result | Depreciation | Subtotal   | recognised in other economic flows - other comprehensive income | Subtotal   | Closing balance |
|--------------------------------------|-----------------|-------------------|-------------------------------|--|--------------|------------|---|------------|-----------------|
|                                      | \$              | \$                | \$                            | \$                                       | \$           | \$         | \$  | \$         | \$              |
| Specialised land                     | 30,863,208      | -                 | -                             | -  | -            | 30,863,208 | -   | 30,863,208 | 30,863,208      |
| Specialised buildings                | 7,055,796       | -                 | 115,273                       | (20,800)                                 | (241,480)    | 6,908,789  | -   | 6,908,789  | 6,908,789       |
| Village and Community Infrastructure | 4,497,876       | -                 | 351,982                       | -  | (203,971)    | 4,645,887  | -   | 4,645,887  | 4,645,889       |
| Roads and car parks                  | 7,239,039       | -                 | 58,043                        | -  | (82,899)     | 7,214,183  | -   | 7,214,182  | 7,214,182       |
| Headworks                            | 3,087,000       | -                 | -                             | -  | (63,001)     | 3,023,999  | -   | 3,024,000  | 3,024,000       |
| Distribution works                   | 1,183,507       | -                 | -                             | -  | (34,400)     | 1,149,107  | -   | 1,149,109  | 1,149,109       |
| Treatment                            | 146,243         | -                 | -                             | -  | (12,359)     | 133,884    | -   | 133,886    | 133,886         |
| Water Storage                        | 3,047,011       | -                 | -                             | -  | (89,534)     | 2,957,477  | -   | 2,957,476  | 2,957,476       |
| Water Reticulation                   | 1,697,001       | -                 | -                             | -  | (95,315)     | 1,601,686  | -   | 1,601,683  | 1,601,683       |
| Drains                               | 6,044,944       | -                 | 153,188                       | -  | (73,348)     | 6,124,784  | -   | 6,124,784  | 6,124,784       |
| WWTP                                 | 3,689,329       | -                 | -                             | -  | (94,258)     | 3,595,071  | -   | 3,595,071  | 3,595,071       |
| Sewer Pump wells                     | 582,370         | -                 | -                             | -  | (19,658)     | 562,711    | -   | 562,711    | 562,711         |
| Sewer Reticulation                   | 2,030,455       | -                 | -                             | -  | (52,559)     | 1,977,896  | -   | 1,977,896  | 1,977,896       |
| Ultrafiltration                      | 2,316,196       | -                 | -                             | -  | (118,895)    | 2,197,301  | -   | 2,197,301  | 2,197,301       |
| Gas Storage                          | 743,516         | -                 | -                             | -  | (23,257)     | 720,259    | -   | 720,259    | 720,259         |
| Gas Reticulation                     | 1,298,121       | -                 | -                             | -  | (49,927)     | 1,248,194  | -   | 1,248,194  | 1,248,194       |
| Customer Supply                      | 40,500          | -                 | -                             | -  | (1,125)      | 39,375     | -   | 39,375     | 39,375          |
| Plant, Equipment & Vehicles          | 1,461,306       | -                 | 109,622                       | -  | (326,936)    | 1,243,992  | -   | 1,243,992  | 1,243,993       |

|  | 2019          | 2018          |
|--|---------------|---------------|
| Investment properties                  |               |               |
| Balance at beginning of financial year | \$ 70,000     | \$ 70,000     |
|  | <u>70,000</u> | <u>70,000</u> |

Fair value measurement hierarchy for assets as at 31 December 2019

|                                    | Carrying amount<br>as at<br>31 December<br>2019 | Level 2(i)<br>\$ | Level 3(i)<br>\$ |
|------------------------------------|---|------------------|------------------|
| Investment Property <sup>(i)</sup> | \$ 70,000                                       | -                | 70,000           |

(i) Classified in accordance with the fair value hierarchy, recognised value as at 31 December 2016 due to revaluation of buildings

## SECTION 9: OTHER DISCLOSURES

### Introduction

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

### Structure

- 9.1 Other economic flows included in net result
- 9.2 Reserves
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related Parties
- 9.6 Remuneration of auditors
- 9.7 Australian Accounting Standards issued that are not yet effective

### Note 9.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

|  | 2019          | 2018          |
|--|---------------|---------------|
|  | \$            | \$            |
|  | 26,476        | 10,589        |
|  | <b>26,476</b> | <b>10,589</b> |
|  | (15,161)      | (170)         |
|  | <b>11,315</b> | <b>10,419</b> |

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

Net gain on disposal of property plant and equipment

#### Total net gain/(loss) on non-financial assets

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

Net gain/(loss) arising from revaluation of long service liability<sup>(a)</sup>

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

Note:

(a) Revaluation gain/(loss) due to changes in bond rates.

### Note 9.2 Reserves

#### Physical Asset Revaluation Surplus:

Balance at beginning of financial year

Revaluation increments/(decrements)<sup>(a)</sup>

#### Balance at end of financial year

#### Net Changes in reserve

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

|  | 2019              | 2018              |
|--|-------------------|-------------------|
|  | \$                | \$                |
|  | 30,680,016        | 30,700,816        |
|  | -                 | (20,800)          |
|  | <b>30,680,016</b> | <b>30,680,016</b> |
|  | -                 | <b>(20,800)</b>   |

**Note 9.3 Responsible persons**

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

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The relevant Minister's remuneration is reported separately in the financial statements of the Department of Environment, Land, Water and Planning.

**Responsible Persons**

The names of persons who were Responsible Persons during the financial year were:

**Responsible Minister**

Hon Liliana (Lily) D'Ambrosio, MP Minister for Energy, Environment and Climate Change from May 2016 to 31 Dec 2019

**Board (Key Management Personnel)**

Michelle Croughan, Board Member from 30 March 2018 to 31 December 2019.

Susan Lebish, Board Member from 30 March 2018 to 31 December 2019.

Helen Moran, Board Member from 30 March 2018 to 31 December 2019.

Maxine Morand, Board Member. Deputy Chairman of the Board from 1 Jan 2016 to 31 Dec 2018. Chairman of the Board from 30 March 2018 to 31 December 2019.

Anthea Packer, Board Member from 30 March 2018 to 31 December 2019.

Andrew Skewes, Board Member from 1 January 2016 to 31 December 2018. Deputy Chairman of Board from 30 March 2018 to 31 December 2019.

Peter Valerio, Board Member from 30 March 2018 to 31 December 2019.

**Accountable Officer**

Jon Hutchins, Chief Executive Officer and Accountable Officer from 1 Nov 2015 to 31 Dec 2019.

**Remuneration of Responsible Persons**

Remuneration received, or due and receivable by Responsible Persons in connection with the management of the Board for the financial period ended 31 December 2019 was \$327,083.

|   | 2019      |                | 2018      |                |
|---|-----------|----------------|-----------|----------------|
|   | \$        | No.            | \$        | No.            |
| Remuneration Bands                              |           |                |           |                |
| \$ 0 - \$ 9,999                                 |           | 1              |           | 6              |
| \$ 10,000 - \$ 19,999                           |           | 6              |           | 5              |
| \$ 250,000 - \$259,999                          |           | 1              |           | 1              |
| <b>Total Responsible persons <sup>(a)</sup></b> |           | <b>8</b>       |           | <b>12</b>      |
| <b>Total Remuneration</b>                       | <b>\$</b> | <b>354,960</b> | <b>\$</b> | <b>339,714</b> |

Note:

(a) 2018 includes four outgoing Board members.

#### Note 9.4 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

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

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

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

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

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

There were no retirement benefits paid by the Board, in connection with, the retirement of Responsible Persons of the Board during the financial year.

#### Remuneration of executive officers (including Key Management Personnel disclosed in Note 9.3)

The **Senior Management Team** of Mt Hotham Alpine Resort Management Board includes:

- Chief Executive Officer, Jon Hutchins
- General Manager, Jenny Molloy (on leave)
- Senior Manager Infrastructure, Capital Works and Resort Operations, Tom Pelly
- Senior Manager Guest Engagement, Jason Nighthale
- Senior Manager Corporate Services, Fiona Hammond
- Senior Manager Resort Attraction & People and Culture, Bronwen Young
- Senior Manager Resort Operations, Nick Malkin

|  | 2019             | 2018           |
|--|------------------|----------------|
|  | \$               | \$             |
| Short-term employee benefits                               | 900,139          | 832,064        |
| Post-employment benefits                                   | 83,044           | 69,498         |
| Other long-term benefits                                   | 26,634           | 1,530          |
| Termination benefits                                       |                  |                |
| <b>Total remuneration<sup>(a)</sup></b>                    | <b>1,009,817</b> | <b>903,092</b> |
| <b>Total number of executives</b>                          | 14               | 16             |
| <b>Total annualised employee equivalents<sup>(b)</sup></b> | 6                | 6              |

#### Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.3).

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

### Note 9.5 Related parties

**Key management personnel** of Mt Hotham Alpine Resort Management Board include the Honourable Liliانا D'Ambrosio, MP Minister for Energy, Environment and Climate Change, the Board and the Accountable Officer.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The relevant Minister's remuneration is reported separately in the financial statements of the Department of Environment Land Water and Planning.

| <b>Remuneration of key management personnel</b> | <b>2019</b>    | <b>2018</b>    |
|---|----------------|----------------|
|   | \$             | \$             |
| Short-term employee benefits                    | 334,533        | 312,916        |
| Post-employment benefits                        | 21,635         | 20,322         |
| Other long-term benefits                        | 5,954          | 6,476          |
| Termination benefits                            | -              | -              |
| <b>Total remuneration</b>                       | <b>362,122</b> | <b>339,714</b> |

**Loans:** At 31 December 2019 there were no loans in existence that have been made, guaranteed or secured by the Board to a Responsible Person of the Board or a related party of a Responsible Person (2018 – nil).

#### **Commercial and property interests:**

Michelle Croughan is a Director of Jacodia Pty Ltd and Rising Sun Investments Pty Ltd and a Board Member of both the Falls Creek and Mt Buller & Mt Stirling Resort Management Boards

Fiona Hammond is a CPA Australian and AICD member, 3rd Lieutenant in the Harrietville CFA and Secretary/Treasurer of the Harrietville Recreation Reserve and Cricket Club.

Jonathan Hutchins has an owner's interest in property at Moritz, Mount Hotham (Units 16 and 17). Jonathan is a Board Member of the National Alpine Museum Association, a CPA Australia, Mt Hotham CFA, Hotham Ski Association and AICD member and holds a number of Directorships.

Susan Lebish is a Board Member of both the Falls Creek and Mt Buller & Mt Stirling Resort Management Boards. Susan is also a Committee Member of the Winton Wetlands Committee of Management, Member of the AICD and Australian Risk Policy Institute and Chair of the Alpine Shire Audit Committee.

Nick Malkin is a Director of Alluvial Land Rehabilitation Pty Ltd and a Trustee of the Malkin Consulting Arjoni Trust trading as Foresight Engineering Services.

Janette Molloy is a member of the AICD.

Helen Moran is a Board Member of both the Falls Creek and Mt Buller & Mt Stirling Resort Management Boards and a Member of the AICD.

Maxine Morand is the Board Chair of the Peter MacCallum Cancer Centre, Director of the Peter MacCallum Cancer Foundation and Australian Association of Medical Researchers. In addition, Maxine is a professional fellow of teaching at Monash University and is Trustee for Mermor Trust. Maxine also confirmed that her husband was the chair of the WorkSafe Board.

Anthea Packer is an employee of Parklands Albury Woodonga and the Treasurer of Murray Valley Sanctuary Refugee Group. In addition, Anthea is Secretary of Mbelinge Mwashite Australia, President of High Country Rail Trail Horse Ride and is on the Committee for Southern Ranges Regional Advisory Committee.

Andrew Skewes is a Member and debenture holder of Anton Huefte Mt Hotham, a member of the AICD, and an employee of the Department of Health and Human Services (DHHS). Andrew's partner is an employee of the DELWP.

Peter Valerio is on the Board of both the Falls Creek and Mt Buller & Mt Stirling Resort Management Boards and is a Director of the Mansfield and District Community Bank.

Bronwen Young has an owner's interest in property at White Crystal Apartments, Hotham Heights (Apartment 201).

**Related party transactions:**

All transactions are conducted on an arm's length commercial basis between the Board and the organisations listed below. During the year, the Board received/paid the following amounts:

**Related party transactions:** The following additional transactions have been entered into with related party entities:

|  | Revenue           | Expenditure       | Outstanding Debtors at 31/12/2019 | Outstanding Creditors at 31/12/2019 |
|--|-------------------|-------------------|-----------------------------------|-------------------------------------|
|  | \$                | \$                | \$                                | \$                                  |
| Alpine Shire   | 165,300.20        | 3,568.56          | -                                 | -                                   |
| Anton Huette (Hotham Heights) Inc.                     | 61,100.10         | -                 | 413.62                            | -                                   |
| Australian Institute of Company Directors (AICD)       | -                 | 665.00            | -                                 | -                                   |
| BL Investments   | 140.61            | -                 | 12.45                             | -                                   |
| Country Fire Authority                                 | 49,955.09         | -                 | 556.38                            | -                                   |
| Department of Environment, Land, Water and Planning    | 4,803.00          | 23,843.80         | -                                 | -                                   |
| Department of Health and Human Services                | -                 | 1,918.00          | -                                 | -                                   |
| Falls Creek Alpine Resort Management Board             | 21,014.63         | 22,698.50         | -                                 | -                                   |
| Foresight Engineering                                  | -                 | 26,135.95         | -                                 | -                                   |
| Monash University                                      | -                 | 845.00            | -                                 | 845.00                              |
| Moritz Mt Hotham Pty Ltd                               | 125,097.58        | 24,760.00         | -                                 | -                                   |
| Mt Buller & Mt Stirling Alpine Resort Management Board | 26,084.60         | 10,383.00         | 14,463.57                         | -                                   |
| Southern Alpine Resorts Management Board               | -                 | -                 | -                                 | -                                   |
| Tourism North East                                     | -                 | 131,181.60        | -                                 | -                                   |
| Vic Roads  | 20,900.00         | 25,888.60         | -                                 | 1,810.70                            |
| Victoria Tourism Industry Council (VTIC)               | -                 | 770.00            | -                                 | -                                   |
| White Crystal Apartments                               | 366,176.98        | -                 | -                                 | -                                   |
| <b>Total</b>   | <b>840,572.79</b> | <b>272,658.01</b> | <b>15,446.02</b>                  | <b>2,655.70</b>                     |

**Note 9.6 Remuneration of auditors**

|  |               |               |
|--|---------------|---------------|
| VAGO Audit of the financial statements | 2019          | 2018          |
| Internal Auditors                      | \$ 29,300     | \$ 28,750     |
| <b>Total remuneration of auditors</b>  | <b>14,787</b> | <b>22,842</b> |
|  | <b>44,087</b> | <b>51,592</b> |

**Note 9.7 Australian Accounting Standards issued that are not yet effective**

The following AASs become effective for reporting periods commencing after the operative dates stated:

**Future reporting periods**

The table below outlines the accounting pronouncements that have been issued but not effective for 2018, which may result in potential impacts on public sector reporting for future reporting periods.

| <b>Issued but not yet effective Australian accounting and reporting pronouncements</b>  |   |  |  |
|---|---|--|--|
| Particular new AAS have been published that are not mandatory for the 31 December 2019 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Board of their applicability and early adoption where applicable. The table below lists AAS that become effective for reporting periods commencing after the operative dates stated. |   |  |  |
| Standard/Interpretation   | Summary   | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements  |
| AASB 17 Insurance Contracts   | AASB 17 eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts.  | 1 January 2021                                       | This does not apply to not-for-profit public sector entities.  |
| AASB 2018-7 Amendments to AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> .  | This Standard amends AASB 101 and AASB 108. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB standards.  | 1 January 2020                                       | This standard is not expected to have a significant impact on the public sector.   |
| AASB 1059 Service Concession Arrangements: Grantor  | This Standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor known as Service Concession Arrangements (SCA). Arrangements within the scope of AASB 1059 involve an operator constructing assets used to provide a public service or upgrading assets or operating and maintaining assets for a specified time. These are known as public-private partnerships (PPPs). | 1/01/2020<br>deferred from<br>1/1/2019               | This Standard prescribes the accounting for SCAs. The Standard is applicable to MHARMB and requires the Board to identify all service concession assets, reclassify them as such in the books and measure them at current replacement cost. The Grantor must then depreciate the asset according to AASB 116 or AASB 138. In addition, any related service concession liabilities such as a financial liability or an accrued revenue liability or combination of both that arise from the arrangement must be recognised. At the end of an SCA term the Grantor must then reclassify the asset based on its nature or function. Impact will be: Social infrastructure projects will be recorded progressively as the projects are being constructed; and economic PPPs will need to be recorded on the balance sheet at transition. As an initial step MHARMB will determine whether any SCAs exist and identify the associated assets. Initial analysis indicates that MHARMB has no SCAs. |

***Chairman's, Accountable Officer's and Senior Manager Corporate Service's declaration.***

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 31 December 2019 and financial position of the Mount Hotham Alpine Resort Management Board at 31 December 2019.

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

We authorise the attached financial statements for issue on 24 April 2020.



Maxine Morand  
CHAIRPERSON



Fiona Hammond  
SENIOR MANAGER CORPORATE SERVICES  
and Acting CEO

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| <i>Building Act 1993</i>                    | IFC – Inside Front Cover            |
| <i>Protected Disclosure Act 2012</i>        | IFC - Inside Front Cover            |
| <i>Local Jobs First Act 2003</i>            | FC - Inside front cover             |
| <i>Financial Management Act 1994</i>        | MRO – Model Report of Operations    |
|   | PC – Premier’s Circular             |

# **HOTHAM**

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