



HOTHAM

Mount Hotham Resort Management Board

CAPITAL INGOINGS POLICY

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INTRODUCTION

This policy deals with the application and timing of payments of Capital Ingoings ('Ingoings') as approved by the Mount Hotham Alpine Resort Management Board (MHARMB).

CAPITAL INGOINGS

Capital Ingoings are a fee levied by MHARMB in order to support the delivery of the functions assigned to it by the *Alpine Resorts (Management) Act 1997*. This includes the provision of services in the nature of garbage disposal, water and gas supply, drainage, sewerage, electricity, roads, and fire protection. Capital Ingoings is intended to fund infrastructure and service expansion necessitated by increased demand arising out of the development and expansion of properties at the Resort.

In recognition of the cost of expanding services and in order to maintain services to meet demand, such a charge is applicable to development on any land within the Mount Hotham Alpine Resort, or to any extension of an existing development.

In recognition of the varying degree of amenity and benefit that will be received from the development of activity centres at the Resort, MHARMB applies a differential policy that uses three different rates: *Hotham Central Activity Node*, *Davenport Activity Node*, and *Rest of Resort*. These areas have been determined on the basis of anticipated infrastructure needs and development potential.

APPLICATION

Ingoings are levied on all new building construction, renovations, extensions or other works that result in an increase of the *Fully Enclosed Covered Area* (FECA) of property within the areas identified in the map section of this policy.

This policy applies on all such development commencing at the Mount Hotham Alpine Resort on or after 1 January 2017. Development commencing prior to this date attract a Capital Ingoings Charge at the full rate to all eligible FECA.

FEE

The Capital Ingoings Charge rates are designated in the Board's annual Corporate Plan. Notwithstanding exemptions and variations, this charge is levied per square metre of FECA built within the Mount Hotham Alpine Resort.

The charges for each area are outlined below. Capital Ingoings fees are used to fund the development of infrastructure that will support growth in visitation at the Resort. There are two levels of charges, **a commercial rate**, and **a rate for all other forms of development (the 'regular rate')**. The rates for each area have been determined using a model anticipating potential growth and commensurate needs.

Commercial Rate

A separate rate applies to areas which fall under the land use functions of: Shop, Restaurant, Office and Indoor Recreation Facility. This is in recognition of the need to create more diverse non-skier activities at the resort. Land use will be determined off plans at the granting of a Building Permit, and verified at the time of granting an Occupancy Permit. Commercial land use must also be reflected in the terms of lease applying to the premises.

TIMING OF PAYMENTS

The timing of Capital Ingoings payments may vary in consideration of the size of development:

Minor Developments (less than 300m² of improvements):

Ingoings are to be invoiced in two equal instalments;

- The first instalment will be invoiced on the issue of an Occupancy Permit;
- The second instalment may be paid within two years of the issue of the Occupancy Permit.

Major Developments (300m² or more of improvements):

Ingoings are to be invoiced in three instalments;

- The first instalment for 50% of the total amount of Ingoings will be invoiced on the issue of a Building Permit;
- The second instalment for 25% of the total amount of Ingoings will be invoiced on the issue of an Occupancy Permit;
- The third instalment for 25% of the total amount of Ingoings may be paid within two years of the issue of the Occupancy Permit

The CEO has delegated authority from the board to approve the following variations of terms:

- Approve payment terms of up to 5 years for minor developments;
- Reduce the percentage of the first instalment for major developments and to adjust the percentages of the second and third payments accordingly;
- Approve payment terms of up to 10 years for the second and third instalments for major developments; and
- Index approved payment amounts beyond two years in alignment with CPI.

HOTHAM CENTRAL ACTIVITY NODE (CIC1)

The Hotham Central Activity Node is the primary commercial, leisure and recreation hub in winter, with a complimentary role focussing on providing a range of administrative and health functions (including ticket sales, community centre, medical centre, ski patrol). The *Growing Mount Hotham* project focuses on improving the public amenity and safety of the area, which will compliment anticipated development and encourage year-round use of the space.

| Desired Infrastructure Items | |
|---------------------------------|--|
| ▪ Great Alpine Road Realignment | ▪ Hotham Central and Zirky's Landscape Works |
| ▪ Shared Zone Modifications | ▪ Bus Stop Improvements |
| ▪ Transit Lounge | ▪ Medical Centre |
| ▪ Ski Patrol | ▪ Sewer and Service Realignment |
| ▪ Telephone Exchange | ▪ Freight Facility |

Rate

In recognition of the high level of public investment proposed for Hotham Central and the commensurate level of benefit to be delivered to future developments the rates are as follows:

Regular Rate: \$250/m²

Commercial Rate: \$140/m²

DAVENPORT ACTIVITY NODE (CIC2)

The Davenport Activity node supports the broader Davenport precinct by providing a supplementary role to the Hotham Central node. The integrated mixed use node will provide a range of complimentary services and commercial activities. MHARMB anticipates it will need to undergo services realignment and improvement works to facilitate the delivery of new development in this area.

| Desired Infrastructure Items | |
|--------------------------------|---|
| ▪ Skier bridge replacement | ▪ Services Realignment |
| ▪ Big D Landscape and Lighting | ▪ Davenport Drive Upgrade - Big D to Kalyna |

Rate

In recognition of the level of enabling works required at Davenport and the commensurate level of benefit to be delivered to future developments the rates are as follows:

Regular Rate: \$200/m²

Commercial Rate: \$140/m²

REST OF RESORT (CIC3)

MHARMB regularly undertakes capital works in order to ensure that Infrastructure at the Resort continues to meet demand and is of sufficient quality. In recognition of this, the majority of properties within the resort fall under CIC3 which seeks contributions for the resort-wide amenity benefits of proposed improvements at Hotham Central and Davenport. In addition, this area will benefit from additional parking arising from improvements at CFA Corner, Davenport and the Loch Car Park.

Rate

In recognition of the benefit that the majority of properties within the resort will receive from amenity and infrastructure contributions, MHARMB has determined the rates are as follows:

Regular Rate: \$140/m²

Commercial Rate: \$140/m²

WORKS IN KIND

Works in kind may be delivered to MHARMB subject to Board approval and legal requirements. The CEO is empowered to negotiate for the delivery of items included in the desired infrastructure lists for the relevant area of the Resort and to determine the value of works agreed to.

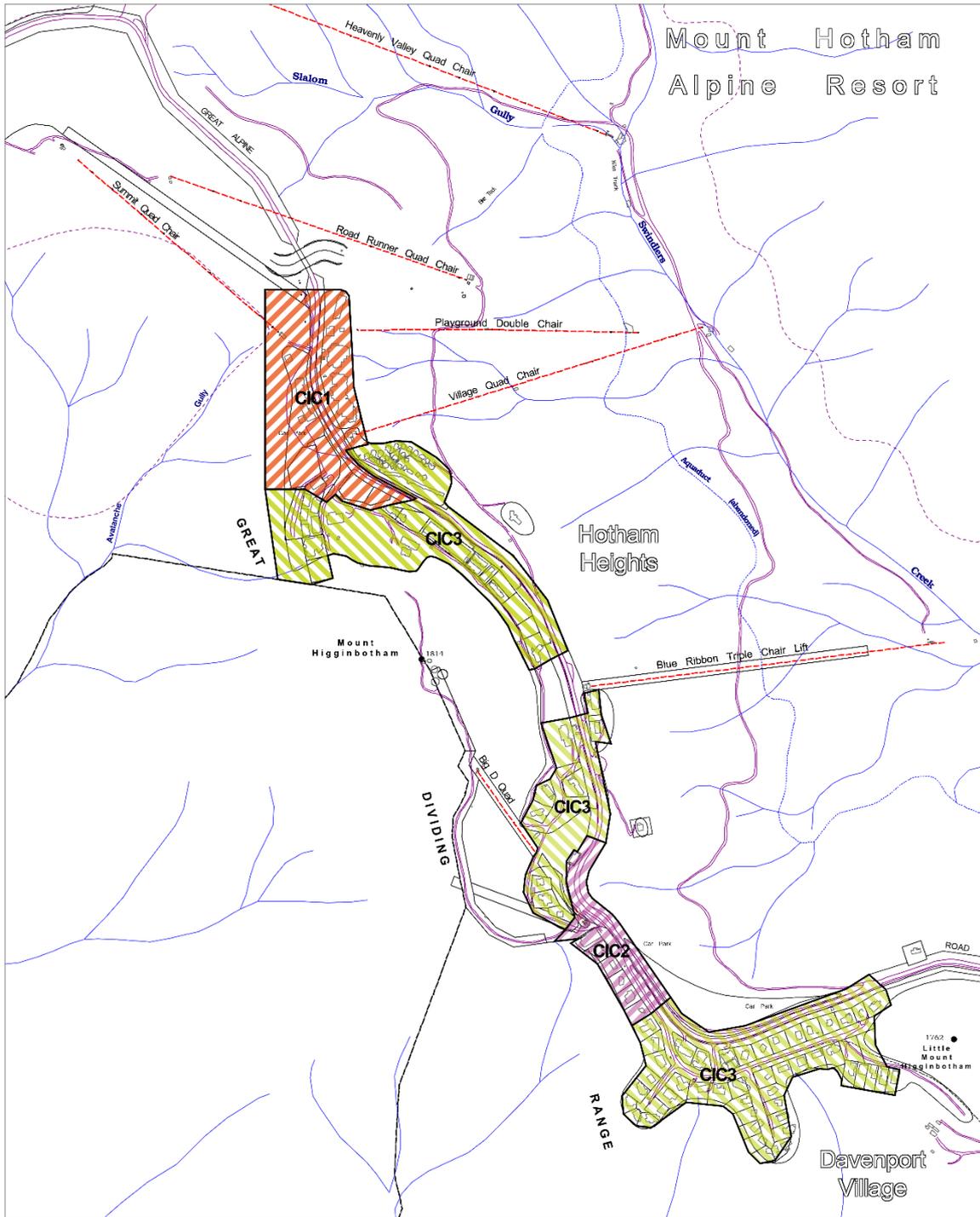
In order to agree to the delivery of works-in-kind, both parties must agree to the value of the items to be delivered, any funding arrangements necessary, and the tenure of the finished item. Works in kind approved by the MHARMB Board will become a condition of any Agreement to Lease.

UNDERCOVER CAR PARKS

The Board has a policy for relief of Ingoings for developments which provide for undercover car parking as follows:

1. When a developer provides on-site under cover car parking that clearly cannot be used for any other purpose, that is, common car parking space linked to the residential units or available to and used by the public all year round in the development by common access, that car parking area will be free of capital ingoings charges.
2. If at any time in the future this space is converted for use other than car parking, capital ingoings will be payable at the rate applicable at the time of conversion

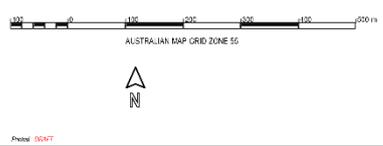
MOUNT HOTHAM ALPINE RESORT MANAGEMENT BOARD



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Overlays

- Hotham Control Authority lands
- Crown land
- Area 15/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/100/101/102/103/104/105/106/107/108/109/110/111/112/113/114/115/116/117/118/119/120/121/122/123/124/125/126/127/128/129/130/131/132/133/134/135/136/137/138/139/140/141/142/143/144/145/146/147/148/149/150/151/152/153/154/155/156/157/158/159/160/161/162/163/164/165/166/167/168/169/170/171/172/173/174/175/176/177/178/179/180/181/182/183/184/185/186/187/188/189/190/191/192/193/194/195/196/197/198/199/200/201/202/203/204/205/206/207/208/209/210/211/212/213/214/215/216/217/218/219/220/221/222/223/224/225/226/227/228/229/230/231/232/233/234/235/236/237/238/239/240/241/242/243/244/245/246/247/248/249/250/251/252/253/254/255/256/257/258/259/260/261/262/263/264/265/266/267/268/269/270/271/272/273/274/275/276/277/278/279/280/281/282/283/284/285/286/287/288/289/290/291/292/293/294/295/296/297/298/299/300/301/302/303/304/305/306/307/308/309/310/311/312/313/314/315/316/317/318/319/320/321/322/323/324/325/326/327/328/329/330/331/332/333/334/335/336/337/338/339/340/341/342/343/344/345/346/347/348/349/350/351/352/353/354/355/356/357/358/359/360/361/362/363/364/365/366/367/368/369/370/371/372/373/374/375/376/377/378/379/380/381/382/383/384/385/386/387/388/389/390/391/392/393/394/395/396/397/398/399/400/401/402/403/404/405/406/407/408/409/410/411/412/413/414/415/416/417/418/419/420/421/422/423/424/425/426/427/428/429/430/431/432/433/434/435/436/437/438/439/440/441/442/443/444/445/446/447/448/449/450/451/452/453/454/455/456/457/458/459/460/461/462/463/464/465/466/467/468/469/470/471/472/473/474/475/476/477/478/479/480/481/482/483/484/485/486/487/488/489/490/491/492/493/494/495/496/497/498/499/500/501/502/503/504/505/506/507/508/509/510/511/512/513/514/515/516/517/518/519/520/521/522/523/524/525/526/527/528/529/530/531/532/533/534/535/536/537/538/539/540/541/542/543/544/545/546/547/548/549/550/551/552/553/554/555/556/557/558/559/560/561/562/563/564/565/566/567/568/569/570/571/572/573/574/575/576/577/578/579/580/581/582/583/584/585/586/587/588/589/590/591/592/593/594/595/596/597/598/599/600/601/602/603/604/605/606/607/608/609/610/611/612/613/614/615/616/617/618/619/620/621/622/623/624/625/626/627/628/629/630/631/632/633/634/635/636/637/638/639/640/641/642/643/644/645/646/647/648/649/650/651/652/653/654/655/656/657/658/659/660/661/662/663/664/665/666/667/668/669/670/671/672/673/674/675/676/677/678/679/680/681/682/683/684/685/686/687/688/689/690/691/692/693/694/695/696/697/698/699/700/701/702/703/704/705/706/707/708/709/710/711/712/713/714/715/716/717/718/719/720/721/722/723/724/725/726/727/728/729/730/731/732/733/734/735/736/737/738/739/740/741/742/743/744/745/746/747/748/749/750/751/752/753/754/755/756/757/758/759/760/761/762/763/764/765/766/767/768/769/770/771/772/773/774/775/776/777/778/779/780/781/782/783/784/785/786/787/788/789/790/791/792/793/794/795/796/797/798/799/800/801/802/803/804/805/806/807/808/809/810/811/812/813/814/815/816/817/818/819/820/821/822/823/824/825/826/827/828/829/830/831/832/833/834/835/836/837/838/839/840/841/842/843/844/845/846/847/848/849/850/851/852/853/854/855/856/857/858/859/860/861/862/863/864/865/866/867/868/869/870/871/872/873/874/875/876/877/878/879/880/881/882/883/884/885/886/887/888/889/890/891/892/893/894/895/896/897/898/899/900/901/902/903/904/905/906/907/908/909/910/911/912/913/914/915/916/917/918/919/920/921/922/923/924/925/926/927/928/929/930/931/932/933/934/935/936/937/938/939/940/941/942/943/944/945/946/947/948/949/950/951/952/953/954/955/956/957/958/959/960/961/962/963/964/965/966/967/968/969/970/971/972/973/974/975/976/977/978/979/980/981/982/983/984/985/986/987/988/989/990/991/992/993/994/995/996/997/998/999/1000



CAPITAL INGOINGS CHARGING AREAS

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