Victoria’s alpine resorts – Falls Creek, Lake Mountain, Mount Baw Baw, Mount Buller, Mount Hotham and Mount Stirling – are special and unique places in our environment. They are a significant recreational and tourism destination, immersed in the nationally significant Australian alps landscape. These alpine resorts are visited by more than one million people annually and in winter generate $570 million in Gross State Product and approximately 5,800 jobs. The alpine resorts are a major contributor to the State’s economy and to their surrounding regions, where much of the economic benefit and many of the jobs accrue.

In accordance with the provisions of the Alpine Resorts (Management) Act 1997, the Alpine Resorts Co-ordinating Council reviewed the previous strategy and prepared a draft Alpine Resorts Strategic Plan 2012 (2012 Plan). The review and draft 2012 Plan were released for formal public consultation over the 2012 winter season. This plan has been informed by, and benefits significantly from, the comments and submissions made by stakeholders, both prior to and during the formal consultation process.

The vision of this plan is that ‘Victoria’s alpine resorts will be vibrant, growing and environmentally sustainable places, delivering alpine recreational and tourism experiences that are available to all.’

The government recognises the critical importance of the alpine resorts as ‘economic engines’ within their regions and Victoria, amply demonstrated by the bumper winter season in 2012 with up to 2 metres of snow and 1.5 million visitor days recorded across the alpine resorts, and is committed to implementation of this plan.

I commend the 2012 Plan to you and encourage all with an interest in our alpine resorts to assist in their further development and use for the benefit of all Victorians.

The Hon Ryan Smith
Minister for Environment and Climate Change
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### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAV</td>
<td>Aboriginal Affairs Victoria</td>
</tr>
<tr>
<td>ARC</td>
<td>Alpine Resorts Commission</td>
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<tr>
<td>ARCC</td>
<td>Alpine Resorts Co-ordinating Council</td>
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<tr>
<td>ARMB</td>
<td>Alpine Resort Management Board</td>
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<td>ASAA</td>
<td>Australian Ski Areas Association</td>
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<td>BART</td>
<td>Board for Alpine Resorts Tourism</td>
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<td>Bushfire Management Overlay</td>
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<td>BMS</td>
<td>Biodiversity Management Strategy</td>
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<td>Fire Services Commissioner</td>
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<td>GRP</td>
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<td>GSP</td>
<td>Gross State Product</td>
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<td>Keep Winter Cool</td>
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<td>LG</td>
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<td>Regional Waste Management Group</td>
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<td>Victoria Alpine Resorts Development Program</td>
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<td>VATORG</td>
<td>Victorian Alps Traditional Owner Reference Group</td>
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<tr>
<td>VBRC</td>
<td>Victorian Bushfires Royal Commission</td>
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<td>VCEC</td>
<td>Victorian Competition and Efficiency Commission</td>
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<td>VP</td>
<td>Victoria Police</td>
</tr>
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<td>Victorian Planning Provisions</td>
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<td>VSA</td>
<td>Victorian Snowsports Association, formerly the Victorian Ski Association</td>
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<td>WMO</td>
<td>Wildfire Management Overlay</td>
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Executive summary

Introduction

The Alpine Resorts (Management) Act 1997 (‘the Act’) requires the preparation of an Alpine Resorts Strategic Plan and its review by the Alpine Resorts Co-ordinating Council (ARCC) every five years. This new Alpine Resorts Strategic Plan 2012 (‘2012 Plan’) has been endorsed by the Victorian Government, following consideration of the outcomes of an extensive consultation process run by the ARCC.

Context for the 2012 Plan

A review of the previous plan (Alpine Resorts 2020 Strategy) has shown:

• winter visitor days spent in alpine resorts are growing slowly but more quickly than Victorian domestic and regional tourism overall
• green season visitor numbers are small but growing
• alpine resorts continue to make significant economic and associated financial contributions to Victoria and to the regions in which they are located
• current roles and responsibilities of Alpine Resort Management Boards (ARMBs) are not well aligned with their financial capabilities
• ARMB costs have been seen by users as having increased too quickly in recent years
• there is no industry level plan for public investment opportunities, with supporting business cases, to help promote further development and visitor growth
• cost pressures are a major problem for many on-mountain businesses and site holders
• current key performance indicator processes for environmental and social indicators are not achieving their purpose and need to be reviewed
• the roles of key government agencies need to be clarified and better integrated, and accountabilities improved, to deliver the best outcomes for Victoria.

Alpine Resorts Strategic Plan 2012

The vision of the 2012 Plan is:

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

Six strategic objectives support pursuit of this vision, together with a financial and governance implementation framework and a series of actions (see figure 1).
Figure 1: Framework for Alpine Resorts Strategic Plan 2012

1. Enhancing the Visitor Experience and Developing Resorts
   - Winter is the ‘economic engine’
   - Green season - focus on strengths
   - Integrated marketing framework
   - Maximising value & yield

2. Delivering Resort Services and Infrastructure Efficiently and Accountably
   - Service delivery frameworks
   - Long-term asset management
   - Clear performance benchmarks
   - Improved utilisation of resources

3. Building Partnerships
   - Greater regional engagement
   - Integrated service delivery
   - Community building

4. Respecting the Alpine Environment
   - Climate variability & adaptation
   - Water management
   - Ecosystem management
   - Biodiversity

5. Broadening Access Opportunities
   - Social objectives & leasing
   - Public safety - fire & winter
   - Socio-economic mix - better understanding & participation

6. Regulatory Reform
   - Strategic planning framework
   - Resort-specific master planning
   - Native vegetation & BMO
   - Consistent lease implementation

Goals
- Economic and Financial Viability
- Cultural Heritage
- Equitable Access
- Decrease Ecological Footprint

Financial
- Public & private investment
- Victorian Alpine Resorts Development Program

Governance
- Integration, roles & KPIs
- Managing costs & delivering CSOs
- Strengthening tactical level
Strategic Objectives

Strategic Objective 1: Enhancing the visitor experience and developing resorts

The alpine resorts’ economic significance to the state/regions, the scale of private and public investment and visitation growth all support continued efforts to further grow visitation. The strategic focus for alpine resorts will be on maximising yield from their current asset bases (private and public) and enhancing their capacities to exploit their unique competitive strengths, particularly the ‘village in the snow’ experience, complemented by the unique alpine environment. Investments in snow-making capacity have provided increased resilience to climate variability and will be important in supporting future commercial opportunities.

The critical role of winter as the driver of economic and financial outcomes is strongly supported, with a carefully targeted approach being taken to the green season (for example, supporting a small number of hero experiences). More integrated marketing approaches are an important element of supporting visitor growth.

Strategic Objective 2: Delivering resort services and infrastructure efficiently and accountably

ARMBs, as public land managers, will operate efficiently, effectively and in a financially viable manner, to fulfil their mandates. ARMBs also fund some loss-making activities required under legislation (‘Community Service Obligations’ or CSOs). Funding CSOs places financial pressures on ARMBs and on those to whom higher charges are subsequently passed. Greater role clarity, with a linked funding model, will enable ARMBs to better manage their affairs.

Greater use of contracting out, resource sharing with other entities, use of lead agency delivery models, moving some service delivery responsibilities to the private sector and shedding some non-core functions will assist ARMBs in containing costs.

To complement investment by the private sector and help grow visitation to ensure that the substantial economic benefits attributable to alpine resorts continue to be realised, this plan provides for the establishment of a Victorian Alpine Resorts Development Program (VARDP), a supporting program of private and public investment.

Strategic Objective 3: Building partnerships

Co-operative approaches to tackling many of the challenges and opportunities of alpine resorts are central to maximising prospects for successful outcomes. Future partnerships will be important in areas such as: master planning; aligning public and private sector investment programs; developing an alpine industry perspective on public infrastructure priorities; lowering ARMB costs; building industry marketing capability; working with local government and regional communities to strengthen the importance of the alpine resorts to their regions; working with Indigenous communities; working with Parks Victoria and catchment management authorities on environmental management issues; and working with Tourism Victoria and regional tourism boards on tourism opportunities.
Strategic Objective 4: Respecting the alpine environment

The rich natural environment of the alpine resort areas is a key element of their competitive advantage. The ARMBs recognise the links between the natural environment, tourism and the economy. They aim to ensure that unique alpine environmental values, and the character that is shaped by those values, continue to be retained for the benefit of current and future generations, while supporting economically and socially sustainable alpine resort communities. Further development and use of alpine resorts will respect biodiversity, ecological and catchment values and take into account climate variability. Measurement of environmental performance will be improved.

Strategic Objective 5: Broadening access opportunities

Victoria’s alpine resorts are required to provide opportunities for experiences for people from varied cultural and socio-economic backgrounds and with different capabilities. This plan recommends the access, equity and diversity objective be pursued at an industry level.

Availability of low priced accommodation opportunities is an important part of meeting this objective. At the expiry of any lease, existing policy provides for site rentals to be based on market rent. New provisions, arising out of this plan, will set out eligibility criteria for a discount for accommodation that meets access, equity and diversity objectives. The ARCC will consult with the Department of Sustainability and Environment (DSE) and alpine stakeholders to develop suitable eligibility criteria.

Strategic Objective 6: Regulatory reform

Regulatory reform will ensure the realisation of economic opportunities in alpine resorts. Master plans will be completed for each alpine resort, as a matter of urgency, incorporating precinct development plans, infrastructure plans, native vegetation management plans fire and emergency management plans, to provide certainty for further use and development.

Funding model and investment opportunities

The VARDP will be established to implement infrastructure projects that can be shown to produce significant public benefits. The pursuit of non-commercial environmental and social goals by ARMBs will be explicitly agreed with government and, where beyond the legal requirement, will be identified in corporate plans as CSOs, to remove policy ambiguity. More generally, the funding model for ARMBs will include:

- the larger ARMBs being expected to continue to deliver operating surpluses and make a contribution to their capital requirements
- financial viability for the two smaller ARMBs, meaning operating strictly within financial limits that are agreed with government in return for delivering services that are agreed with government
- government funding assistance being provided (through the VARDP) towards the capital cost of some projects that are expected to deliver significant economic, social and/or environmental benefits, subject to the usual budget approval processes.

Governance

Institutional arrangements will be strengthened to ensure effective alpine outcomes. DSE will take a stronger lead policy role, including monitoring performance of the ARCC and ARMBs. The ARCC will focus on industry level roles in marketing, investment, access/equity, research and advocacy. Performance expectations will be included in ARCC and ARMB corporate plans that are approved by government and results will be monitored by DSE at an industry level and alpine resort level. ARMB roles will be clarified to ensure the focus is on land management functions. Commercial roles will only be undertaken by ARMBs where there is demonstrable market failure that is holding back alpine resort development. ARMBs will be required to report annually on performance and plans for the coming year to their stakeholders. The ARCC will establish a peak industry group to assist it in performance of its expanded industry level role.

The Minister will issue annual statements of expectations to the ARCC and ARMBs, setting out key requirements for these entities.
1. Introduction

1.1 Victoria’s alpine resorts

Victoria’s alpine resorts are a significant recreational and tourism destination, located in the nationally significant Australian alps landscape. The alpine resorts (Mount Baw Baw, Lake Mountain, Mount Hotham, Falls Creek, Mount Buller and Mount Stirling – see Figure 1.1) collectively generate substantial social and economic benefits for local, regional, Victorian and Australian communities. The alpine ecosystems, which provide the foundation for these economic and social benefits, are also significant for their intrinsic values and nature conservation purposes.

Mount Buffalo, Mount Donna Buang and Mount St Gwinear are important access points to the Victorian alpine region; however, they have limited facilities, are less intensively used and are managed as part of larger national parks.

Figure 1.1: Victoria’s alpine resorts
1.2 Legislative foundation

The Alpine Resorts (Management) Act 1997 (‘the Act’) provides the management framework for all Victorian alpine resorts. It established the Alpine Resorts Co-ordinating Council (ARCC) and five Alpine Resort Management Boards (ARMBs). Section 1A of the Act (the Object) states that, in respect of alpine resorts, provision is made:

(a) for the development, promotion, management and use of the resorts on a sustainable basis and in a manner that is compatible with the alpine environment, having regard to –

(i) environmental and ecological considerations, in particular, climate change; and

(ii) economic considerations; and

(iii) cultural heritage considerations, in particular, Indigenous cultural heritage considerations; and

(b) for the use of the resorts

(i) primarily for alpine recreation and tourism; and

(ii) in all seasons of the year; and

(iii) by persons from varied cultural and economic groups.

The Act (s. 33A) requires the preparation of an Alpine Resort Strategic Plan. The Victorian Alpine Resorts 2020 Strategy (‘2020 Strategy’), released in 2004, met this requirement. The Act (s. 33F) also requires that the ARCC reviews the strategy after five years. The ARCC has undertaken this review and has consulted widely with alpine stakeholders. This new Alpine Resorts Strategic Plan 2012 (‘2012 Plan’) has been adopted by the Victorian Government, following consideration of the outcomes of that review.

1 Two adjoining alpine resorts, Mount Buller and Mount Stirling, are managed by a single ARMB.

1.3 This plan

Section 2 provides some background information on Victoria’s alpine resorts, which has informed preparation of the 2012 Plan. It encompasses matters such as visitation, economic, environmental and social outcomes, together with the financial performance of ARMBs. Section 3 sets out the vision of the 2012 Plan and six strategic objectives to help realise that vision. In Section 4, a snapshot of each resort is presented. Section 5 discusses the financial framework within which ARMBs operate and section 6 considers governance arrangements to support delivery of the plan.
2. Context for the 2012 Plan

2.1 Visitors, visitor days and visitor satisfaction

Over 2007–2011, an average annual 700,000 winter visitors spent 1.4 million visitor days in Victoria’s alpine resorts. The growth rate in visitor numbers to alpine resorts averaged 1.2 per cent per annum for 1998–2011. Figures 2.1 and 2.2 show considerable variability in annual visitor numbers and visitor days until 2007–11, when additional snow-making capacity supported more consistent outcomes.

A longer-term perspective on visitor numbers is less optimistic. Table 2.1 shows that, since the decline in the 1990s, numbers of visitors have recovered in recent years. Given Victorian population growth of about 40 per cent over the three decades, however, this indicates a declining market share in the face of increasingly competitive visitor markets.

These numbers suggest a mature industry. At an individual alpine resort level over the 30-year period, Mount Hotham experienced solid and consistent growth while Falls Creek, Mount Stirling and Lake Mountain generally lost numbers. Mount Buller and Mount Baw Baw have had some growth.

Table 2.2 shows that numbers of winter visitor days spent in alpine resorts over 2007–11 averaged 12 per cent above those for 1985–90. The three large alpine resorts dominate the absolute numbers and Mount Hotham again shows the strongest growth. Mount Buller and Mount Baw Baw have also grown. Falls Creek has shown stability in visitor days, but there were declines at Lake Mountain and Mount Stirling.

Given the variability in natural snowfall during much of the past decade, growth in visitor numbers and visitor days is an achievement and emphasises the importance of snow-making capacity, in accord with recommendations of the 2020 Strategy. Figure 2.3 illustrates how Mount Buller visitor numbers have been solid since snow-making has enabled a reasonable cover to be provided for an extended part of the season.
### Table 2.1: Winter season annual average visitor numbers (000s): 1981-2011

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>MOUNT BAW BAW</th>
<th>LAKE MOUNTAIN</th>
<th>MOUNT STIRLING</th>
<th>MOUNT HOTHAM</th>
<th>FALLS CREEK</th>
<th>MOUNT BULLER</th>
<th>TOTAL</th>
</tr>
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<tr>
<td>1981 – 1990</td>
<td>35</td>
<td>125</td>
<td>20</td>
<td>94</td>
<td>188</td>
<td>245</td>
<td>706</td>
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<td>1991 – 2000</td>
<td>30</td>
<td>110</td>
<td>10</td>
<td>107</td>
<td>149</td>
<td>237</td>
<td>642</td>
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<td>2001 – 2011</td>
<td>37</td>
<td>94</td>
<td>5</td>
<td>134</td>
<td>145</td>
<td>239</td>
<td>655</td>
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<tr>
<td>2007 – 2011</td>
<td>45</td>
<td>101</td>
<td>5</td>
<td>139</td>
<td>134</td>
<td>277</td>
<td>702</td>
</tr>
</tbody>
</table>


### Table 2.2: Winter season annual average visitor days (000s): 1985–2011

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>MOUNT BAW BAW</th>
<th>LAKE MOUNTAIN</th>
<th>MOUNT STIRLING</th>
<th>MOUNT HOTHAM</th>
<th>FALLS CREEK</th>
<th>MOUNT BULLER</th>
<th>TOTAL</th>
</tr>
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<tr>
<td>1985 – 1990</td>
<td>52</td>
<td>143</td>
<td>24</td>
<td>228</td>
<td>367</td>
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<td>2001 – 2011</td>
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<td>6</td>
<td>336</td>
<td>346</td>
<td>451</td>
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<td>2007 – 2011</td>
<td>60</td>
<td>102</td>
<td>6</td>
<td>354</td>
<td>352</td>
<td>489</td>
<td>1363</td>
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</table>

Tourism Victoria (TV) data on total Victorian domestic visitor nights shows a negative average annual growth rate from 2000–11 (-0.3 per cent per annum). The winter visitor day record of the alpine resorts has been stronger than tourism in the state as a whole, in regional Victoria and in the High Country more broadly over this period. This underlines the importance of the industry to the Victorian and regional economies.

The origin of visitors is important for marketing and facility provision at alpine resorts. It is also important as interstate and international visitors generally spend more money than local visitors and so make a greater contribution to alpine resort economic significance. Figure 2.4 shows that approximately 73 per cent of visitors to Victoria’s alpine resorts in 2011 resided in Victoria and 8 per cent in New South Wales. Nearly 3 per cent were international visitors, increasing from just over 1 per cent in 2005. In 2011, overseas visitors were mainly from Malaysia, Singapore, Hong Kong, Indonesia and the United Kingdom, with Asian visitors comprising nearly 73 per cent of international visitors and European visitors nearly 17 per cent. A similar survey in 2005 showed that the majority of overseas visitors came from New Zealand, the United Kingdom, Ireland, the United States and Canada. This reflects a substantial change in origin of visitors over a short period.

Figure 2.3: Mount Buller season average snow depth (cm) and indexed visitor days

<table>
<thead>
<tr>
<th>Year</th>
<th>Natural Snow Depth</th>
<th>Snow-Making</th>
<th>Indexed Visitor Days</th>
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<tr>
<td>1998</td>
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<td>2010</td>
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<tr>
<td>2011</td>
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</table>


Visitor satisfaction is important for repeat visitation and recommendations to others. The National Institute of Economic and Industry Research (NIEIR, 2006) reports that 87 per cent of visitors to Victorian alpine resorts rated their experience as excellent or good and there was a high level of return visits. A 2011 Visitor Satisfaction Survey (undertaken for the ARCC and ARMBs) showed an average satisfaction rating of 3.7 out of a possible 5. Mount Buller had the highest satisfaction rating.

Figure 2.4: Origin of visitors

Source: National Institute of Economic and Industry Research, Economic Significance Study Surveys, February 2012

2 National Institute of Economic and Industry Research (NIEIR) (2006), The Economic Significance of the Australian Alpine Resorts, report prepared for ARCC

3 ARCC, Victorian Alpine Resorts Winter 2011 Visitor Satisfaction Report
2.2 Events and off-season occupancy

Historical information on visits to alpine resorts outside the winter season is difficult to obtain and inconsistent. Existing data principally derives from vehicle counts at some alpine resorts, as well as data collected by VicRoads and local government for road planning purposes. This data includes through traffic and non-visitor vehicles.

The ARCC and ARMBs have implemented a summer vehicle counting program over recent years, which enables estimation of summer visitor numbers (November to April) to alpine resorts on a consistent basis. Summer visitor numbers have shown growth over the period, from approximately 338,000 in 2007–08 to 359,000 in 2011–12, an annual growth rate averaging 2.4 per cent. This reflects concerted efforts by ARMBs and on-mountain businesses to increase their non-winter or green season offerings, and the positive impact of major road improvements, particularly the Bogong High Plains Road and access to Mount Baw Baw.

The growth in green season visits is encouraging but numbers are still low compared to the number of winter visitors and lower again in terms of relative economic significance. By alpine resort, estimated visitor numbers for November 2011 to April 2012 were: Mount Hotham 110,000 (including through traffic); Mount Buller 70,000; Falls Creek 75,000; Mount Baw Baw 32,000; Lake Mountain 28,000; Mount Stirling 45,000. Mount Hotham surveys recorded significant numbers of road cyclists using the Great Alpine Road, indicating the increasing popularity of High Country cycling.

There is a strong correlation between visitor numbers, holiday periods and on-mountain events. The staging of major on-mountain events at key holiday times results in an increase in recorded vehicle/visitor numbers. The staging of events outside of holiday times can also result in significant increases in visits.

2.3 Elements of infrastructure

A range of infrastructure is provided in alpine resorts, including public infrastructure (such as roads, car parking, toilets and street lighting), utilities (such as power, water storage and distribution and sewerage treatment and disposal) and recreation infrastructure (such as trails and shelters, lifts and snow-making infrastructure). Public services and utility infrastructure have typically been provided by the ARMBs and government departments and agencies, as well as private utility companies. The private sector has generally provided the significant lift and snow-making infrastructure. Increased seasonal variability will require ongoing investment in snow-making infrastructure and summer slope grooming at all alpine resorts, especially those at lower elevations, to ensure business viability into the future.

Safe and convenient access roads to and through the resorts are essential to their ongoing viability. VicRoads undertakes programmed maintenance and regular upgrading of the major arterial access roads to resorts, while ARMBs are responsible for maintenance and upgrading of access roads and snow clearing within the resorts. The Bogong High Plains Road has been reconstructed and sealed with funding obtained through a consortium of local, state and federal governments, Parks Victoria, AGL, Falls Creek Ski Lifts and the Falls Creek ARMB.

While much has been achieved, continued investment in new recreation activity infrastructure, as well as maintenance and replacement, is required. A key challenge for the ARMBs is to access sufficient funds from a range of sources to provide and maintain quality services and infrastructure.
2.4 Environmental outcomes

Victoria’s alpine resorts are all located in sensitive environments. All applications for development and use involving site disturbance require the preparation of site environmental management plans.

To ensure management and development of the alpine resorts is undertaken within an ecologically sustainable framework, environmental key performance indicators (KPIs) were developed. These KPIs inform decision and policy makers on progress towards environmental sustainability and suggest areas where improvement is needed. To address these indicators, most ARMBs have developed alpine resort environmental management plans and employ environmental management officers to implement them. Improvements in environmental monitoring are required to better manage environmental outcomes and, in addition, KPIs need to be reviewed to ensure they remain the most relevant indicators.

ARMBs are involved in improved management of ski field areas to protect, enhance and restore native vegetation communities and in rehabilitation of degraded areas to ensure ‘no net loss’. They collaborate with DSE and Parks Victoria in projects to destroy environmental weeds and trap feral animals. Ongoing pest plant and animal management and revegetation have improved the condition of all alpine resorts, including ski field areas. The rare and threatened *Burramys parvus* (Mountain Pygmy Possum), *Gymnobelideus leadbeateri* (Leadbeaters Possum) and *Philoria frosti* (Baw Baw Frog) have been the focus of species ecology research, and recovery plans incorporating habitat restoration and breeding programs to increase population levels have been implemented.

Water treatment plants have been installed in most alpine resorts and water reuse projects have provided improved Class A water. Following alpine bushfires and extreme rain events, land stability assessments have been undertaken throughout the alpine resorts.

A biennial Alpine Sustainability Forum, which looks at sustainability from a ‘triple bottom line’ perspective, has been initiated, in co-operation with NSW. The forum has fostered a culture of sustainability across alpine resorts and has considered many environmental issues, including the potential impacts of climate variability. In addition, an informal network of alpine resort environment officers and managers now meets biannually to focus on alpine resort-specific environmental issues.

The Keep Winter Cool (KWC) program promotes environmental initiatives throughout the alpine resorts and encourages skiers, snowboarders and snow players to help combat the effects of climate variability on Australia’s alpine environment.

2.5 Social outcomes/participation

The Object of the Act is to provide for use of the alpine resorts by persons from varied cultural and economic backgrounds. A recent audit of ‘access, equity/diversity and equal opportunity’ actions proposed or implemented by ARMBs identified that all alpine resorts have implemented actions that work towards these goal areas. Social KPIs have been set down to measure achievement but, as with the environmental KPIs, performance measurement and reporting is piecemeal and needs improvement.

Customer satisfaction research undertaken for the ARCC in winter 2011 suggests that, compared to the state as a whole:

- greater numbers of people aged 18–49 years visit alpine resorts, with fewer visitors in the under 18 and over 50 age groups
- the median household income of visitors is in the $70,000–99,000 a year range, above the state median of about $70,000 per annum
- 85 per cent of visitors report white/Caucasian origins, higher than the 69 per cent Victorian proportion, the corollary being a lower visitation rate by people who report other ethnic origins (although there is anecdotal evidence of strong growth in visitation among the latter groups).

These limited data suggest a need to think about improving access by young people, older people and those on lower household incomes, as well as continuing to diversify the ethnic mix of visitors.
The two smaller alpine resorts, Lake Mountain and Mount Baw Baw, have the highest proportions of visitors of Asian and Indian origins, accounting for 38 per cent of visitors at Mount Baw Baw and 25 per cent at Lake Mountain. These resorts also have the highest proportions of visitors who had never been to an alpine resort before and by far the highest proportions who reported their level of experience as ‘first timers’ (28 per cent at Lake Mountain and 26 per cent at Mount Baw Baw, compared to 17 per cent for all alpine resorts). Taking these points together suggests that these two resorts are playing an important role of introducing first timers and people of diverse ethnic origins to a Victorian alpine winter experience. These markets will provide growing commercial opportunities for the future for all alpine resorts.

Consultation with the Victorian Alps Traditional Owner Reference Group (VATORG) identified that many of the group’s aspirations can be applied to alpine resorts but that Traditional Owners are unsure of the best way to engage with ARMBs to help realise their aspirations. A number of initiatives are being undertaken to enhance the presence of a living Indigenous culture in alpine resorts and engage with Traditional Owners in a mutually beneficial and meaningful way. This will continue under this plan.

Traditional Owners and Indigenous communities retain strong cultural connections to the alpine country. Acknowledging the importance of Aboriginal culture and custodianship of the land as Traditional Owners, and their spiritual relationship to the land, as well as protecting Aboriginal heritage sites, artefacts and human remains, are fundamental aspirations of Traditional Owner groups.
2.6 Economic/financial viability

2.6.1 State and ARMB outcomes

Tourism is a significant economic driver for Victoria, directly and indirectly contributing 5.2 per cent of total Victorian Gross State Product (GSP) and 7.2 per cent of total Victorian employment (almost 200,000 jobs). Within this industry total, a 2011 winter season survey undertaken by NIEIR shows that the alpine resorts are of major significance for the Victorian economy, with GSP of an estimated $570 million and 5,800 Full-Time Equivalent jobs being attributable to alpine resort winter activity. These are net figures, which allow for the estimated expenditure re-allocations that would occur if the alpine resorts were never there. Alpine resorts attract out-of-state visitors, they offer more diverse expenditure choice, stop people from spending overseas and encourage expenditures with a high local content. The data effectively show how much smaller the state’s economy would be without the alpine resorts’ winter contribution. This represents over 3 per cent of the Victorian tourism sector’s GSP and employment contributions (7 per cent for the regional tourism sector’s GSP).

NIEIR also estimates that the Victorian Government received about $40 million in revenue in 2011, due to winter economic activity associated with the alpine resorts and the associated boost to Victorian GSP. This is in addition to revenue accruing directly to the alpine resorts. Over the five years 2006–11, the average annual financial contribution from the state government to ARMBs was $5.5 million, excluding insurance payments, in current prices (Figure 2.5). Of this amount, approximately $4 million annually went to the two small alpine resorts and approximately $1.5 million to the three large alpine resorts.

Figure 2.5: Total ARMB grants from government

Source: ARMB Annual Reports 1999 onwards

Figure 2.6 sets out the reported net annual financial result for the alpine resorts for 1999–2011, excluding government operational support payments. The data is taken from audited annual reports. It shows that, with some exceptions, the large alpine resorts have achieved a small operating surplus each year. However, this has not been sufficient to fund large additions to infrastructure from reserves. Small alpine resort losses have increased in recent years. The 2010 year was adversely affected by bushfires but the financial result for the small alpine resorts was still about $4 million operating loss in total, abstracting from the effect of the fires.
2.6.2 Private sector stakeholders

The consultation process that assisted development of this plan emphasised that, in the current economic/financial environment, many on-mountain private sector stakeholders find themselves in a similar financial position to the ARMBs, with small operating margins and limited capacity to invest. Two strong messages from consultation are that every effort needs to be made to keep private and public sector (ARMB) costs under control and that clarity about ARMB roles and responsibilities must be provided to avoid duplication and ensure the private sector is not, in effect, in competition against public sector entities. There was broad agreement that winter should be affirmed as the ‘economic engine’ and that making better use of existing resources is a major guiding principle for businesses, property owners and ARMBs in coming years. This plan deals with such matters.
3. Alpine Resorts Strategic Plan 2012

3.1 Vision and strategic objectives

This plan provides a five-year planning and management framework for Victoria’s alpine resorts. The vision of the 2012 Plan is:

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

For this vision to be realised, the Victorian Government’s policy framework will encourage both continued visitor growth and increasing diversity in visitor mix, together with the continued private and public sector investment on which this depends, recognising the challenges of managing and operating in an increasingly competitive marketplace and difficult alpine environment. Future development will be primarily founded on the particular competitive strengths of the individual alpine resorts, these coming together to provide an integrated approach for the industry. Environmental management measures will be used to ensure that growth in visitation does not compromise alpine environmental values.

The goals of this plan are taken from the object of the Alpine Resorts (Management) Act 1997, as shown in Figure 3.1. In accordance with the requirements of s. 33B of the Act, and taking account of research and the findings from consultations, six strategic objectives have been identified to support pursuit of the vision, recognising the context within which the alpine resorts are operating and will operate in coming years. Many of these strategic objectives are closely intertwined and actions taken under one will frequently impact others, underlining the importance of an integrated industry approach.

The following sections provide further detail on these strategic objectives and set out key directions and actions to support each objective. The priority to attach to particular actions and delivery milestones are matters for the relevant lead agencies. Performance monitoring regimes are then important means of assessing progress.
Figure 3.1: Framework for Alpine Resorts Strategic Plan 2012

1. Enhancing the Visitor Experience and Developing Resorts
   - Winter is the ‘economic engine’
   - Green season - focus on strengths
   - Integrated marketing framework
   - Maximising value & yield

2. Delivering Resort Services and Infrastructure Efficiently and Accountably
   - Service delivery frameworks
   - Long-term asset management
   - Clear performance benchmarks
   - Improved utilisation of resources

3. Building Partnerships
   - Greater regional engagement
   - Integrated service delivery
   - Community building

4. Respecting the Alpine Environment
   - Climate variability & adaptation
   - Water management
   - Ecosystem management
   - Biodiversity

5. Broadening Access Opportunities
   - Social objectives & leasing
   - Public safety - fire & winter
   - Socio-economic mix - better understanding & participation

6. Regulatory Reform
   - Strategic planning framework
   - Resort-specific master planning
   - Native vegetation & BMO
   - Consistent lease implementation

GOALS
- Economic and Financial Viability
- Cultural Heritage
- Equitable Access
- Decrease Ecological Footprint

FRAMEWORK FOR IMPLEMENTATION

Financial
- Public & private investment
- Victorian Alpine Resorts Development Program

Governance
- Integration, roles & KPIs
- Managing costs & delivering CSOs
- Strengthening tactical level
3.2 Strategic Objective 1: Enhancing the visitor experience and developing resorts

Although visitor numbers are only growing slowly, the substantial economic significance of the alpine resorts, the high levels of satisfaction achieved by visitors, the scale of private and public investment in alpine resorts and their stronger visitation growth than regional tourism more broadly all reinforce the vital importance of continued efforts to grow visitation. To support continuing growth in visitation and in private investment in the current and medium-term economic environment, the strategic focus for the alpine resorts should be on maximising yield from their current asset bases (private and public) and enhancing their capacities to harness their unique competitive strengths. The role of winter as the driver of economic and financial outcomes must be supported, while strengthening the role of the green season.

Victoria’s alpine resorts are located in a nationally significant landscape. Each of the alpine resorts has a unique character, based on location, climate, natural environment, history and built form and each has the opportunity to capitalise on these unique attributes to target specific markets and build and strengthen their range of products and offerings (building on their competitive advantages).

This strategic objective is thus about sustaining visitation to the alpine resorts, with the vital associated national, state and regional economic, social and cultural benefits. It includes working to support the financial viability of both alpine-dependent businesses and of the ARMBs, recognising the high costs of working in the alpine environment and attendant high levels of risk.

3.2.1 General tourism trends – Australia and Victoria

The number of Australians travelling overseas has grown steadily over recent years, driven by strong price competition in the outbound sector, low-cost airlines and airfares, and the strength of the Australian dollar. Strong growth in outbound travel has come at a cost to the domestic tourism sector, which has flattened over the past decade, exacerbated by factors including recent natural disasters, such as bushfires and floods. While international visitor arrivals (exports) to Australia have continued to grow over the same period, this has been at much lower volumes than departures.

The decline in domestic travel has hit regional areas hard, as they are more reliant on income from domestic visitation. Also, the distant regions of Victoria have experienced a greater decline in domestic overnight visitors than the more accessible Melbourne and Melbourne Surrounds regions. Within this context, the relatively good visitor growth performance of the Victorian alpine resorts in recent years, compared to regional tourism more generally, is a solid plus for the alpine resorts and for the tourism sector.

High yielding international and interstate visitors are important to Victoria’s tourism industry. They stay longer and spend more money. International and interstate overnight visitors to Victoria account for approximately 40 per cent of visitors but generate over two-thirds of overnight visitor expenditure (new money into the state). Interstate visitors, in particular, are important to the economic significance of Victoria’s alpine resorts.
Changing market

Overall, the marketplace for tourism is changing and moving towards experiential travel. Tourism Australia has identified this market, particularly from an international perspective, as ‘Experience Seekers’. They look for unique, involving and personal experiences from their holidays and constitute around 30–50 per cent of all potential long haul outbound travellers from Australia’s key source markets. For both snow and green season experiences at the alpine resorts, it is critical that holistic visitor experiences are created to service this changing market.

For the winter season, skiing and snowboarding are still the primary attractions and, without services to support them, visitation would plummet. However, the alpine resorts can actively create a broader suite of experiences to capture changing consumer behaviour and be competitive on a global scale. The growing number of first timers with culturally diverse backgrounds is a positive sign in terms of visitor growth and diversity.

For the green season, there is still a significant gap in offering a base level commercial product. Steps need to be taken to create a small suite of ‘icon’ or ‘hero’ experiences, which will initially attract visitors and feature strongly in regional and state marketing activities, then build on this with a broader range of products as the green season market grows. The green season is particularly about being part of the broader regional tourism mix, as the alpine resorts can develop products that add value to the drivers of visitation to their regions.

3.2.2 Winter visitation

Winter is the economic ‘engine’ of the alpine resorts. During winter, they provide a snow experience that is only possible at limited locations in Australia, underpinning national recognition of the alpine resorts. Snow-based activities, such as downhill and cross-country skiing, snowboarding, tobogganing and snow play, are variously supported by public and private means through the provision of groomed trails, lifts, snow-making, accommodation, services and facilities. Figure 2.3 illustrated, for Mount Buller, how investments in snow-making capacity have significantly helped to support visitor numbers in the face of variable natural snow cover.

Visitor data suggests that Victoria’s alpine industry is now generally a mature, slow growth industry, operating in the highly competitive market for discretionary spending. It is widely acknowledged that alpine resorts and their businesses now have to provide a much better visitor experience to survive the competition. For winter, providing a better visitor experience means (for example):

- further enhancements to snow-making capacity to increase climate resilience, recognising that there are financial, environmental, water supply and energy issues to be considered in assessing the commercial attractiveness of future snow-making
- improving visitor access from a range of perspectives – for example, ease of booking, alpine resort arrival experience, ease of movement to/from and within the village (including air access), better availability of beginner and intermediate lifting capacity near accommodation centres, use of volunteer guides, quality day visitor facilities and supporting community infrastructure and services
- widening the range of experiences, quality and value of product offerings, matched to market demands – for example, introducing new activities and related infrastructure to improve snow play experiences, upgrading cross-country facilities, better packaging of a range of products, extending the effective availability of snow cover through increased snow-making and summer slope grooming, introducing pricing initiatives for snow play at certain non-peak times to introduce new visitors, pricing initiatives to encourage new users to book an accommodation/lift/lesson/hire package
- reducing the costs of a snow visit, which many stakeholders commented have become too high – for example, initiatives such as value pricing packages, improved bundling of entry/lift/accommodation charges, regulatory reform to make it easier to do business, increasing efficiencies in service delivery and reforming ARMB funding models would assist in this regard.
3.2.3 Green season visitation

Non-winter or green season contributions to visitation are important for diversity and resilience but are less significant than winter visitation for alpine resort viability. With projections of shorter snow seasons, increased variability and seasonality, alpine resorts need to expand activities and businesses to allow a more year-round focus, with products driving visitation. This must be done with proper recognition of the relatively early development stage for such initiatives (the green season has some ‘infant industry’ characteristics) and the need to grow the market in line with alpine resort competitive strengths. A small suite of prioritised, high profile, iconic products that can help position alpine resorts for year-round visitation is essential to growing visitation outside of the winter season and will be assisted by government, subject to suitable business cases, to help de-risk wider development opportunities. These products, plus a small number of well chosen events, can be extended as they become more commercially viable. It is also important that the commercial risks are properly assessed as part of the business plans for events.

A key driver of green season visitation is the attraction of the broader alpine natural environment, which extends beyond alpine resort boundaries. Capitalising on this opportunity requires improved partnerships and collaboration with other public land managers and local government when products and/or experiences cross land tenures and alpine resort boundaries. The Government’s response to the Victorian Competition and Efficiency Commission (VCEC) report, Unlocking Victorian Tourism, provides opportunities in this regard.

Outside the winter season, reliable access to key facilities and services is not always provided and remains financially difficult for many businesses. ARMBs should consider some targeted incentives to encourage increased business openings during the green season, particularly during periods of significant visitation, such as peak mountain biking visitation in January to Mount Buller, altitude training activities in December/January at Falls Creek or for significant seasonal events held at individual alpine resorts or in the surrounding region.

3.2.4 Marketing

The ARMBs work with a number of partners at alpine resort, regional, state, national and international levels to market the alpine resorts. Key partners at each level include:

- alpine resort: lift companies and on-mountain businesses
- regional: regional tourism boards
- state: Board of Alpine Resorts Tourism (BART) and Tourism Victoria (TV)
- national: Snow Australia
- international: TV (Singapore, Malaysia and Indonesia) and Tourism Australia for the Australian Alps National Landscape.

Green season visitor activities include bushwalking, nature study, mountain biking, road cycling, horse riding, cultural festivals, sporting activities and events. A key green season outcome of this plan will be development of a few commercially focused alpine walking and mountain biking products, to drive commercial opportunities to establish tourism businesses. These include the development of an International Mountain Bike Association recognised 40 km Epic Mountain Bike Ride at Mount Buller and one of four Icon Walks for Victoria, the Falls Creek to Mount Hotham Alpine Crossing. A critical element of both projects is investment in public infrastructure, which could leverage high profile commercial products with experienced operators.
The majority of marketing activities are focused on the winter season. In 2010–2011, ARMB and BART annual statements suggest that they spent $4.5 million on domestic and international marketing activities. This level of public and private resource commitment to marketing seems adequate, relative to other major destinations (for example, TV’s investment in the Melbourne campaign; competitive destinations such as Queenstown, New Zealand). However, while there has recently been increased marketing activity co-operation at alpine resort, regional, state and national levels, there is still a significant degree of fragmentation and duplication of activities and a lack of research to inform and co-ordinate marketing activities. Smaller alpine resorts need to be more closely integrated into new regional tourism structures, support for Snow Australia needs to be maintained, the industry must be more strongly integrated with the emerging Australian Alps National Landscapes program and there needs to be more focus on product development.

In short, a more strategic, co-ordinated approach is required that better utilises the resources that the various stakeholders are committing to marketing efforts. New arrangements need to provide more effective and co-operative marketing solutions for Victoria to grow visitation, yield and expenditure across alpine resorts, regions, the state and national program areas. The ARCC will take the lead role, in conjunction with TV, in driving a more co-ordinated approach by developing a more integrated model to market the industry, including a five-year strategic marketing plan that outlines activities the alpine resorts, regions and the state should each be undertaking. In addition to representation by ARMBs, key industry stakeholders, including lift companies, chambers of commerce and regional tourism boards, will be involved in implementing this marketing plan. This will ensure marketing of the alpine resorts is integrated and the industry has ownership of the marketing plan.
### Strategic Objective 1: Enhancing the visitor experience and developing resorts

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<th>DIRECTIONS</th>
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<tr>
<td>The social and economic significance of the alpine resorts to Victoria continues to grow, building on the unique competitive strengths of each alpine resort and surrounding environment. Victorian alpine resorts work co-operatively to achieve a nationally prominent market position with products that reflect their unique identities. Businesses in the alpine resorts are vibrant, innovative and flourishing. Natural values and cultural heritage are respected, protected and managed.</td>
<td>Alpine resorts provide a broader range of activities that enhance the winter and green season visitor experiences and are matched to target markets. Private investment in alpine resorts is encouraged. The number of visitor days and visitor yield to alpine resorts continues to increase along with visitor satisfaction. Existing and emerging winter snow sports are facilitated and promoted. Non-snow sport winter activities and products are developed and enhanced to attract new and repeat visitors to the alpine resorts to grow the winter market. Improve the range of on-mountain services to cater to a broader and more diverse visitor market. Alpine resorts provide a range of green season experiences based on their competitive strengths. Domestic and international marketing activities at alpine resort, regional, state and national levels are co-ordinated. Promote the natural and cultural history of the region through events and products.</td>
<td>1</td>
<td>Identify, create and promote a broader range of packages, products and new experiences that strengthen the vibrancy of the alpine resorts and link with surrounding regional towns.</td>
<td>Lead: ARMBs, lift companies, private sector. Partners: LG, RDV, TV, PV, RTBs.</td>
<td>Short term (0–2 years)</td>
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<td>2</td>
<td>Review current industry research to ensure it is contemporary, robust and meets the needs of the alpine industry.</td>
<td>Lead: ARCC. Partners: ARMBs, ASAA, TV, RTBs.</td>
<td>Short term (0–2 years)</td>
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<td>3</td>
<td>Undertake research to better understand the changing visitor markets and preferences.</td>
<td>Lead: ARCC. Partners: ARMBs, ASAA, TV, RTBs, DWA, DPCD, ethnic communities.</td>
<td>Short term (0–2 years)</td>
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<td>4</td>
<td>Encourage visitors from non-traditional markets to experience skiing and snowboarding.</td>
<td>Lead: Lift companies. Partners: ARMBs.</td>
<td>Ongoing</td>
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<td>5</td>
<td>Grow the green season market, through selected, market- and season-driven strategies that capitalise on individual alpine resort strengths.</td>
<td>Lead: ARMBs. Partners: PV, DSE, RDV, RTBs, LG, lift companies, private sector.</td>
<td>Medium term (3–5 years)</td>
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<td>6</td>
<td>Encourage and assist on-mountain businesses to operate outside the snow season.</td>
<td>Lead: ARMBs. Partners: lift companies, private sector.</td>
<td>Ongoing</td>
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<td>7</td>
<td>Develop an integrated model for the overall promotion of Victoria’s alpine resorts, including a five-year Victorian alpine resort strategic marketing plan that co-ordinates and improves promotion at alpine resort, regional, state and national levels.</td>
<td>Lead: ARCC, TV. Partners: ARMBs, lift companies, private sector, RTBs, ASAA.</td>
<td>Short term (0–2 years)</td>
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<td>DIRECTIONS</td>
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<td>Develop and maintain an alpine resort-specific tourism and marketing strategic plan that is aligned to the Victorian alpine resorts five-year marketing plan.</td>
<td>Lead: Lift companies, ARMBs. Partners: private sector.</td>
<td>Medium term (3–5 years)</td>
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<td>Investigate developing or expanding a reservations system for all alpine resorts.</td>
<td>Lead: ARMBs, RTBs, LG. Partners: TV, lift companies, ARCC, private sector.</td>
<td>Medium term (3–5 years)</td>
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<td>Investigate the establishment of an alpine interpretive centre that could include a permanent venue for the Alpine Museum collection and Indigenous alpine history.</td>
<td>Lead: ARMBs, NAMA. Partners: DSE, LG, TOs, RTBs.</td>
<td>Medium term (3–5 years)</td>
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<td>Foster partnerships with relevant groups to assist in the identification, assessment, and management of sites of significant natural, historic and cultural heritage.</td>
<td>Lead: ARMBs. Partners: HV, AAV, RAPs, DSE, historical societies.</td>
<td>Ongoing</td>
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3.3 Strategic Objective 2: Delivering resort services and infrastructure efficiently and accountably

The second strategic objective focuses on ensuring that ARMBs, as public land managers with a range of legislative obligations, are able to operate efficiently, effectively and in a financially viable manner, to fulfil their mandates. ARMBs are subject to significant governance, accountability and reporting requirements and both government and ARMBs need to continually strive to improve the streamlining, uniformity, transparency and relevance of such requirements and to ensure they are tailored to the need.

The ARMBs perform a wide range of functions, including land management, business and commercial development, service delivery, and the replacement, maintenance and development of alpine resort infrastructure. Variations in winter seasons can greatly influence the amount and timing of revenue generated, though snow-making has improved resilience in this regard. Revenue variability affects the capacity of the ARMBs to invest for renewal and growth. ARMB business models need to recognise their different asset bases and competitive strengths, variable revenue-raising capacities and business activity scenarios in the winter and green seasons. These business models should recognise the different roles of public and private investment in the alpine resorts, the interactions and synergies between them and the important role of public investment in supporting private investment.

3.3.1 Infrastructure

Provision of infrastructure is fundamental to winter and green season use and enjoyment of alpine resorts. Like any town, a range of infrastructure and built assets are provided in the alpine resorts, including community services, utilities and visitor infrastructure. Infrastructure and built assets may be provided by the ARMB, government agencies or by the private sector. Services, utilities and public access infrastructure (such as car parks, trails and shelters) have been typically provided by the ARMB, while the private sector has generally provided accommodation, food, hospitality, retail, significant lifting infrastructure and snow-making. Research suggests that visitors to alpine resorts have high, and increasing, expectations in terms of infrastructure and services.

Public infrastructure investment in alpine resorts is facilitated by the development of alpine resort strategic management plans, shorter-term corporate plans and business plans to make the case for specific investments. In recent years, alpine resorts have attracted public and private investment and each alpine resort has identified high priority infrastructure needs, including energy efficient, reliable power supply, upgraded potable water supplies to meet drinking water standards and requirements to support winter and green season visitation. However, there has been no integrated industry investment plan developed from alpine resort master plans and strategic management plans and no long-term government commitment to fund alpine resort infrastructure projects, partly reflecting shortcomings in the development and integration of relevant master plans, strategic management plans, corporate plans and/or investment business cases. This plan sets out a way to deal with this investment shortcoming, through the establishment of a Victorian Alpine Resorts Development Program (VARDP) (see section 5), which will assist the alpine resorts to continue generating significant economic value to the state and to their host regions.
3.3.2 Community service obligations

ARMBs are expected to operate in a financially viable manner but to also fund (from their revenue streams) some loss-making activities that are required under the Alpine Resorts (Management) Act 1997. These loss-making (or non-commercial) activities are primarily related to environmental and social outcomes and are sometimes referred to as Community Service Obligations (CSOs). CSOs need to be recognised as activities that would not otherwise be delivered if not requested by government. They do not include legislative requirements. Funding CSOs places financial pressures on ARMBs and on those to whom higher charges are subsequently passed. It also raises questions of the scope of ARMB activities. Section 6.2 discusses the need for greater clarity around CSOs and the role for ARMBs, including the appropriateness of ARMBs self-funding CSOs when at the same time charged with returning adequate financial performance in the long term.

3.3.3 Efficient operation

Recognising concerns expressed by some people about the high costs of visiting some alpine resorts in winter, it is increasingly important that all alpine services and infrastructure are provided efficiently. To help shed some light on this issue, an analysis was undertaken of the trends in key ARMB revenue sources and operational expenditures, focusing on average annual rates of change. Aggregate ARMB operating expenditures increased at an average annual rate of 7.5 per cent over the 2004–10 period, well above the growth rate in Victorian average weekly ordinary time earnings (4.2 per cent per annum), Victorian GSP (5.7 per cent in current prices), the Melbourne Consumer Price Index (CPI) (2.8 per cent per annum) and state taxation revenues (5.3 per cent per annum) over the same period. The increase was similar, however, to the overall high rate of increase in state departmental operating expenditures (7.7 per cent per annum). The smaller ARMBs had much faster rates of spending increase than the larger ARMBs but the rates of increase for the three large ARMBs were also relatively high.

This high rate of expenditure increase leads on to high rates of increase in some user charges (ARMB revenue streams) to help fund the spending. Site rental incomes had average annual increases of about 8–10 per cent for the larger ARMBs. Visitor entry revenues increased at 9–10 per cent annually at Mount Buller and Falls Creek. Revenue from service charges increased at more moderate rates. Commercial activities became more significant as revenue sources for the smaller ARMBs over this period, a desirable trend in financial terms but raising questions about whether ARMBs should be competing with the private sector (see section 6 on Governance).

Visitor numbers generally grew strongly over the 2004–10 period and this should be taken into account in assessing cost movements. When this is done, costs/visitor day grew only a little above CPI for some alpine resorts and slower than CPI at Falls Creek, with Mount Buller/Mount Stirling costs per visitor day increasing about in line with CPI. Mount Baw Baw’s performance improves considerably on this indicator, having had strong growth in visitor days between 2004 and 2010. Lake Mountain stands out as having cost per visitor day increases well above CPI, probably as a consequence of the addition of new buildings at that venue.

Adding visitor growth information puts overall operating cost changes in a more favourable light and helps explain why visitor entry revenue grew so strongly. While not linked to ARMB operating costs, the rate of increase in site rental revenue remains a concern to siteholders. At present increases are above CPI, although over the longer term, increases which are based on site value have been below CPI for many sites.

Further growth in ARMB costs can be contained, for example, by greater use of contracting out, resource sharing with other entities, use of lead agency delivery models, moving some service delivery responsibilities to the private sector, shedding some non-core functions and by some of the regulatory changes set out in section 3.7 below. It is a matter for individual ARMBs decide how they contain their operating costs, within the bounds set by government guidelines. Section 6 deals with these matters.

The analysis of outcomes achieved by the 2020 Strategy was hampered by a lack of consistent performance measurement by ARMBs against KPIs that have been agreed by government. Strategic Objective 2 includes a renewed emphasis on performance measurement, while recognising that indicators need to be continually reviewed for relevance to ensure they are effective in their intent. ARCC and ARMBs will review and agree on KPIs with government and these will be reported on in relevant corporate plans and annual reports.
## Strategic Objective 2: Delivering resort services and infrastructure efficiently and accountably

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<th>DIRECTIONS</th>
<th>PRINCIPLES</th>
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<th>ACTIONS</th>
<th>RESPONSIBILITY</th>
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<tr>
<td>ARMBs will be demonstrably efficient and effective in performing their responsibilities.</td>
<td>Service delivery frameworks will be implemented. Infrastructure, including built assets, meets demand, is well maintained and regularly upgraded. Clear performance guidelines will be established annually for ARMBs.</td>
<td>12</td>
<td>Review service delivery models to ensure they are efficient, effective, reflect the core role as a land manager, do not compete against the private sector unless there is market failure and are in accordance with government guidelines.</td>
<td>Lead: ARMBs. Partners: ARCC, LG, DSE, ASAA, private sector.</td>
<td>Ongoing</td>
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<td>13</td>
<td>Develop and maintain long-term asset management and investment plan to an agreed framework.</td>
<td>Lead: ARMBs. Partners: DSE, DTF, ARCC.</td>
<td>Medium term (3–5 years)</td>
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<td>14</td>
<td>Review and update performance KPIs for key ARMB economic, environmental and social outcome areas, as part of the corporate planning process.</td>
<td>Lead: ARCC, ARMBs. Partners: DSE, DTF.</td>
<td>Short term (0–2 years)</td>
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<td>15</td>
<td>Ensure performance against cost benchmarks is part of the corporate planning process and is measured, delivered and reported annually.</td>
<td>Lead: ARMBs. Partners: DSE, ARCC.</td>
<td>Ongoing</td>
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3.4 Strategic Objective 3: Building partnerships

Strategic Objective 3 recognises that co-operative approaches are likely to assist in tackling many of the challenges and opportunities of alpine resorts. The successful operation of Victoria’s alpine resorts has long relied on the involvement and co-operation of a wide range of stakeholders, embracing sub-alpine communities, Traditional Owners, local government, state government departments and agencies, on- and off-mountain businesses (for example, involved in tourism) and other leaseholders, service providers and alpine resort visitors. The benefits of high quality stakeholder engagement include:

- sourcing useful data and ideas
- improving communications and trust
- obtaining wider community support and buy-in for ideas and projects
- building greater community cohesion
- enhancing alpine resort reputation, transparency and accountability.

In testing times, stakeholder partnerships become even more important, as they enable synergies to be realised and costs/risks reduced.

Strategic Objective 3 relates to strengthening networks of, and relationships between, those involved in and/or connected with the alpine resorts. The aim is to deepen relationships and partnerships for mutual economic, social and environmental benefits. It is about building capacity, trust, respect and reputation between those involved in the industry and using the synergies derived from strengthened relationships to deliver better outcomes. While partners may have some different goals, the partnering model builds on shared goals and on acceptance of the right of people/groups to have different goals, to promote greater benefits for all.

Future partnerships will be important in areas such as:

- alpine resort master planning
- aligning public and private sector investment programs at alpine resort level
- developing an alpine industry perspective on infrastructure priorities
- strengthening industry marketing capability across alpine resorts
- lowering ARMB costs
- public safety, including bushfire and structural fire risk management
- regional development, working with local government and regional communities
- working with Indigenous communities on matters such as cultural heritage opportunities
- working with other land managers on environmental management and cross tenure issues and opportunities.

The Victorian Government’s response to the VCEC report, *Unlocking Victorian Tourism*, provides opportunities in this regard.

Section 6 outlines some governance issues relating to partnerships.

Partnering with Indigenous communities will be a priority, as highlighted in the object of the Act. Australia’s Indigenous people have visited and lived in Victoria’s alpine regions during annual movements for more than a thousand generations. They maintain complex societies with many languages, kinship systems, laws and spiritualities and enjoy a close connection to their country. Land forms the basis of their existence and identity and, before European settlement, it was owned and managed according to traditional laws and customs. Traditional Owners and Indigenous communities retain strong cultural connections to the alps. It is important to acknowledge Indigenous culture, custodianship of the land as Traditional Owners and their spiritual relationship to the land. The protection of Aboriginal heritage sites, artefacts and human remains are fundamental aspirations of Traditional Owner groups.
There are opportunities to engage Traditional Owners in a mutually beneficial way that enhances the presence of a living Indigenous culture in alpine resorts, for example through tourism employment activities, signage and interpretation, and acknowledgement of Country ceremonies. DSE’s Indigenous Partnerships Framework 2007–2010 and legislation such as the Commonwealth Native Title Act 1997 and the Victorian Traditional Owner Settlement Act 2010 provide frameworks for ensuring Traditional Owners are recognised and provided with opportunities to participate in Crown land management in Victoria.

**Strategic Objective 3: Building partnerships**

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<th>DIRECTIONS</th>
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<tr>
<td>Stakeholder engagement is ongoing and effective. The presence of a living Indigenous culture within alpine resorts is acknowledged and respected. Resort planning and management facilitates sustainable development, while recognising the relationships and links with surrounding land. Community and special interest groups are recognised and acknowledged.</td>
<td>Alpine resort stakeholders will be identified early in the development of projects and activities and engaged in key planning and management processes, to help nurture a cohesive alpine community. Businesses are encouraged to develop employment opportunities for youth and Traditional Owners. Traditional Owners are engaged and involved in relevant alpine resort planning and management activities in a meaningful way. Successful, dynamic and diverse Traditional Owner-run businesses are encouraged and assisted. ARMBs will work co-operatively with adjoining land managers to provide for a seamless approach to planning and management. Partnerships will be used to de-risk development initiatives and help build community. Partnerships will be encouraged between resorts, neighbouring land managers and private businesses.</td>
<td>16</td>
<td>Develop and report on alpine resort-specific stakeholder engagement plans as part of the corporate planning process, including annual reporting back to stakeholders.</td>
<td>Lead: ARMBs, Partners: DSE, LG, DPCD, alpine resort communities, PV.</td>
<td>Short term (0–2 years)</td>
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<td>17</td>
<td>Build partnerships between ARMBs, lift companies and on-mountain businesses to develop a seamless visitor experience and formally integrate into strategic management plans and corporate plans.</td>
<td>Lead: ARMBs, Partners: Lift companies, private sector.</td>
<td>Ongoing</td>
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<td>18</td>
<td>Improve partnerships with other land managers and communities to develop cross tenure products and services.</td>
<td>Lead: ARMBs, Partners: ARCC, PV, DSE, RTBs, LG.</td>
<td>Ongoing</td>
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<td>19</td>
<td>Develop resort-specific Traditional Owner engagement plans and provide cultural awareness and sensitivity training.</td>
<td>Lead: ARMBs, DSE, Partners: Traditional Owners, DSE, AAV, Koori Business Network, ARCC, PV.</td>
<td>Medium term (3–5 years)</td>
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<td>20</td>
<td>Amend the Act to better recognise the alpine resorts’ role in regional development.</td>
<td>Lead: DSE.</td>
<td>Medium term (3–5 years)</td>
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</table>
3.5 Strategic Objective 4: Respecting the alpine environment

ARMBs recognise and value the significance of the natural estate they manage. The fourth strategic objective focuses on two major environmental considerations for alpine resorts: climate variability and management of the natural environment. It proposes that ARMBs should continue to lead the process of adapting to climate variability in their alpine resort. It also recognises the important natural biophysical values of alpine resorts, their relationship to surrounding alpine public lands and water catchments, and the potential impact of development on natural values. The ARMBs recognise the links between the natural environment, tourism and the economy. They aim to ensure that, in the management and development of the areas under their stewardship, unique alpine environmental values continue to be retained for the benefit of current and future generations, while supporting economically and socially sustainable alpine resort communities. This plan recognises that there will inevitably be conflicts between competing objectives at times (for example, environmental protection versus economic development) and that all objectives need to be given due recognition in resolving such conflicts, within a whole-of-government framework. Section 6 deals with key governance issues associated with such potential conflicts.

Victoria’s alpine areas are vulnerable to the effects of climate variability, being relatively low in altitude and restricted in area. Commercial imperatives are important in driving adaptation measures to respond to this vulnerability. For winter the key emphasis in adaptation to date has been to add snow-making capacity in the alpine resorts, whilst for summer the key response has been to build green season offerings.

Further development and use of alpine resorts will need to take into account climate variability, including an increase in the frequency and intensity of extreme natural events, including bushfire risk weather, drought and flood events. This has an impact on both public assets (for example, reduced alpine biodiversity and increased land management costs) and private assets included in the alpine resorts. Through the development of the Victorian Climate Change Adaptation Plan, the state government is considering the risks of extreme events on public assets and outlining the government’s approach to managing risks. Section 3.7.4 discusses fire management in the context of growing green season visitation.

The ARCC and ARMBs have been leaders in climate adaptation in their communities. The annual Alpine Sustainability Forums have been successful in this regard. The ARCC and ARMBs will continue to proactively promote climate adaptation. Some are also actively pursuing opportunities for renewable energy generation, for example to replace expensive diesel generators and increase local resilience, in partnership with the private sector. Federal funding support would be appropriate for some such initiatives, with industry-wide priority projects linked to the VARDP.

The rich natural environment of the alps is a key element of the alpine resorts’ competitive advantages (for example, for nature-based tourism), as well as being of significant intrinsic value. The alpine region of Australia represents a unique environment, formed some 500 million years ago. The Australian alps is one of the lowest alpine regions in the world, with considerable scientific value for its ancient geological history and wide variety of landforms. Victoria’s alpine resorts play a role in conserving the rich diversity of native fauna and flora, many of which occur only within the alpine environment.

The ecological communities found in the alpine region are generally limited in extent and are frequently located as ‘islands’ physically separated from each other, often with their own unique species or subspecies. They are sensitive to change and disturbance. ARMBs need to ensure that these habitats are not further fragmented, and that the connectivity of disturbed habitat corridors is restored. Pest plants threaten the native biodiversity and wider environmental values of the alpine resorts and surrounding parks and forests, and are a major concern for land managers. Other threats to environmental values include feral predators, habitat disturbance and fragmentation by road construction, and changes in ecological processes. Partnership approaches will continue to be used to tackle many such problems.

Biodiversity values within the alpine resorts form a continuum with biodiversity values in national parks and reserves, underlining the importance of partnerships outside alpine resort boundaries. High altitude slopes can provide excellent skiing/snowboarding conditions but often coincide with the restricted habitats of threatened or significant fauna and flora. Of particular importance are the listed communities that support a range of threatened and endangered species. Iconic species such as the Mountain
Pygmy Possum (the only Australian mammal restricted to the alpine and sub-alpine environment) and Leadbeater’s Possum (Victoria’s state animal emblem) live in a number of the alpine resorts and are listed as critically endangered under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act). The Baw Baw Frog is only found in Mount Baw Baw alpine resort and the adjacent Baw Baw National Park and State Forest and is also listed as endangered under the EPBC Act. Climate variability will also impact alpine biodiversity and its conservation, including impacts on threatened and endangered species.

Ecological and physical adaptation strategies will be used to manage climate risk. This may include strategies such as controlling and/or limiting invasive species, rehabilitating disturbed sites, restoring endemic communities and connectivity, establishing assurance populations (off-site conservation of endangered species) for threatened plants and animals, reducing soil erosion and suppressing and/or controlling fires.

The Victorian Alps also provide an important ecosystem service to Victorians, as they contain the upper parts of catchments of many of the state’s major river systems. To ensure the health of the relevant catchment regions is protected, environmental planning and on-ground works need to be undertaken in a socially responsible and environmentally sensitive manner, in consultation with alpine resort stakeholders and other partners.

Alpine resort character is shaped by their natural and built environments. Each alpine resort’s unique sense of place builds on these features, as well as the way people use and respond to them. Alpine resorts have an opportunity to capitalise on their distinctly Australian alpine landscape, strengthening their individual character and ‘sense of place’, while respecting relevant environmental values.

KPIs to measure alpine resort environmental performance have not been effectively implemented to date and will be a priority in coming years (see also section 6 on Governance).
### Strategic Objective 4: Respecting the alpine environment

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<th>DIRECTIONS</th>
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<th>ACTIONS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
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<tr>
<td>Alpine resorts plan proactively for the likely impacts of climate variability. Alpine ecosystems are healthy and robust with flourishing biodiversity. Water is protected, conserved, re-used and recycled, is fit for purpose and when discharged does not cause detrimental downstream impact. Environmental management systems are in place and resource efficiency is demonstrated. The village character of each alpine resort offers a unique sense of place in the landscape.</td>
<td>Consideration of, and responses to, climate variability implications are incorporated in all levels of alpine resort planning and management. Alpine biodiversity is managed to maximise resilience to disturbance. Increasing proportion of energy is sourced from renewables. Fragmentation of the natural alpine environment is avoided and the connectivity of habitat corridors across the alpine resorts and with adjoining national parks is improved. Future water demands are provided for without degrading waterway health and with minimal disturbance to catchment health and hydrology and downstream impacts. Public transport access to/from and within resorts is increased. Per capita solid waste disposed to landfill is reduced. Per capita solid waste disposed to landfill is reduced. Development is sensitively sited and designed to respect the unique alpine character of each alpine resort and the surrounding alpine environment.</td>
<td>21</td>
<td>Develop and implement industry and resort-specific climate adaptation plans.</td>
<td>Lead: ARCC, ARMBs. Partners: Lift companies, private sector, energy suppliers.</td>
<td>Medium term (3–5 years)</td>
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<td>22</td>
<td>Seek Federal funding support for renewable energy initiatives.</td>
<td>Lead: ARMBs, lift companies. Partners: ARCC, CG.</td>
<td>Ongoing</td>
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<td>23</td>
<td>Review and implement ARMB environmental management plans that are consistent with this plan and other relevant government policies, including threatened species, waste management and pest plants and animals.</td>
<td>Lead: ARMBs. Partners: DSE, PV, leaseholders, lift companies, relevant research institutes, RWMG, SV.</td>
<td>Short term (0–2 years)</td>
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<td>24</td>
<td>Develop alpine ecosystems management guidelines and performance measures.</td>
<td>Lead: DSE. Partners: CG, research institutes, ARMBs, ARCC.</td>
<td>Ongoing</td>
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<td>25</td>
<td>Provide reliable and safe drinking water year-round, including linking to long-term capital planning.</td>
<td>Lead: ARMBs. Partners: DoH.</td>
<td>Ongoing</td>
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<td>26</td>
<td>Implement water conservation and management programs to minimise impact on catchment values, water quality and human health, which is linked to long-term capital planning.</td>
<td>Lead: ARMBs. Partners: DoH, DSE, CMAs, EPA, RDV, private sector, water corporations.</td>
<td>Ongoing</td>
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<td>27</td>
<td>Expand public transport options within alpine resorts and to/from adjacent communities.</td>
<td>Lead: ARMBs. Partners: ARCC, DSE, private sector, LG.</td>
<td>Short term (0–2 years)</td>
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3.6 Strategic Objective 5: Broadening access opportunities

Access to natural environments, such as the alpine resorts and surrounding national parks, has been shown to contribute positively to human health and wellbeing. The alpine resorts provide for a range of social benefits associated with recreation, tourism, education and social capital/community building. Social and cultural values play a role in creating a sense of place and connection and a visit to the alpine resorts means sharing in a rich alpine cultural legacy. This heritage helps to build community pride, cohesiveness and social networks, which contribute to the vitality and viability of the alpine resorts and surrounding regional towns.

Victoria’s alpine resorts operate within a legislative framework (the Alpine Resorts (Management) Act 1997) that promotes and fosters accessibility, regardless of an individual’s ability levels or financial resources. The limited data presented in section 2.5 suggest a need to improve access by (for example) young people, older people and those on lower household incomes, as well as continuing to diversify the ethnic mix of visitors. Broadening access opportunities presents some challenges for the ARMBs, which are expected to operate in a financially viable manner (see also sections 3.3.2 and 6).

ARMBs are addressing access and diversity issues through a range of initiatives. These include concession charges, disabled role models, discounts for school groups, promoting green season products and opportunities by expanding events, festivals and activities and by providing additional services/facilities, particularly walking and mountain bike trails and employment and skills training for young people. Further initiatives should be developed to continue enhancing access to the alpine resorts by people from diverse backgrounds. Stakeholder consultations have suggested that increasing the focus on young visitors, such as secondary students, should support long-term growth in visitation. In developing such programs, emphasis should be placed on identifying and removing barriers to culturally diverse groups and people of all abilities and economic circumstances visiting the alpine resorts. Performance measurement against the access, equity and diversity goal will be improved.

A range of on-mountain accommodation options are available, from lodge accommodation offered by ski clubs through to private apartments and hotels. Ensuring continued availability of low priced accommodation is an important way of contributing to achievement of the access/equity goal. Measures that assist the survival of traditional ski clubs will help. Ski clubs have been very important in the development of Victoria’s alpine resorts but many report financial stress (for example, from increasing charges, including insurance, and the rising costs of property upgrades) and also have an ageing membership base.
There are opportunities to increase and promote the availability of low cost accommodation across the alpine resorts. Site rental discounts, such as have applied under the Alpine Resorts Commission (ARC)/Victorian Ski Association (VSA) Agreement, have a role to play in increasing bed utilisation rates and, thereby, contributing to achievement of the access, equity and diversity objective, provided the major inequities in the current application of that agreement are removed. At the expiry of any lease, government policy provides for site rentals to be based on market rent. The implementation of the leasing policy will set out eligibility criteria for a discount with respect to meeting these objectives. The government has asked the ARCC to consult with DSE and alpine stakeholders to develop suitable criteria. Revenue implications for ARMBs need to be examined in this regard, to identify possible CSOs and appropriate treatment. The corporate planning process would be the mechanism to review discounts and for government to establish a policy framework to achieve these objectives.

Future alpine resort development provides the opportunity to consider and address the diverse needs of all visitors. Development must comply with the Disability Discrimination Act 1993 and meet access standards. In addition, the application of ‘universal design’ principles provides architectural and other responses that enable the widest range of people access to sites and opportunities. Other opportunities include providing for the needs of day visitors who require appropriate shelter and self-catering facilities, a particularly important requirement to widen the market for visitation (for example, by making the experience more pleasant for first timers).

A key emphasis of this revised strategy is the proposal that the access, equity and diversity objective of the Act be pursued at an industry level, rather than all alpine resorts seeking to be all things to all people. The strategic provision of a range of services and a broader range of high quality visitor experiences across the alpine resorts, including accommodation at different price points, will allow more people with differing levels of ability, and more people from diverse social, economic and cultural backgrounds, to access the alpine resorts and the opportunities and experiences they provide. It will also enable alpine resorts to focus on things they do best.

The provision of a range of alpine resort community services and facilities is fundamental to their amenity and enjoyment by residents and visitors. Given the activities offered and their remote locations, it is important that alpine resort facilities meet the needs of residents and visitors, which includes the provision of basic medical and emergency services. ARMBs will consult with their alpine resort communities to identify relevant priorities for inclusion within the proposed VARDP (section 5). A similar approach is relevant to worker housing.

### 3.6.1 Safety

Public safety is a prime consideration in the management of alpine resorts, as well as being a pre-condition for access and equity. Two of the major risks to public safety arise from sudden mass land movement and bushfire.

South-eastern Australia is one of the most fire-prone areas in the world. The last decade has seen an increase in the frequency, scale and severity of bushfires in Victoria. The management of people is the overriding priority during these events. While bushfire is essentially a green season risk, structural fires present risks in winter, when large numbers of people can be in buildings within the alpine resorts. ARMB fire management plans need to cater for these different fire contexts, while clarifying responsibilities, particularly for structural fires, is also required. Section 3.7.4 presents further details in this regard.

Arising from the 2003, 2006 and 2009 bushfires, there are a significant number of hazardous fire-killed trees within the alpine resorts. These stags are decaying rapidly and present a significant risk of serious injury (from falling timber) to road users and visitors in the green and winter seasons. The trees are often located on extremely steep and rugged terrain. The risk of fire-killed trees needs to be effectively managed, including removal where appropriate.
Strategic Objective 5: Broadening access opportunities

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<tr>
<td>Alpine resorts are used by people of all abilities and from diverse cultural and economic backgrounds. Public safety is managed on a landscape basis. A range of accommodation options are provided within the alpine resorts to meet diverse needs. Essential on-mountain community services are provided for residents and visitors.</td>
<td>A range of alpine experiences is provided across the resorts, which enables access for people of all abilities and people from diverse cultural and economic backgrounds. Access and equity objectives are met at an industry level. Public safety is maintained at all times. The primacy of life is the overriding consideration for managing fire risk at alpine resorts. Infrastructure, including roads, is designed and managed in a manner that provides safe, year-round access to, and use of, the alpine resorts. Areas prone to erosion, landslip and other significant land degradation processes continue to be actively managed. Accommodation is matched to market demands and access/equity objectives. The provision of community services and facilities responds to the role, function and requirements of the alpine resort.</td>
<td>28</td>
<td>Develop an industry access and equity plan, including measures to ensure provision of affordable accommodation.</td>
<td>Lead: ARCC. Partners: ARMBs, DPCD, LG, DSE.</td>
<td>Medium term (3-5 years)</td>
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<td>29</td>
<td>Incorporate ‘universal design principles’ into all developments.</td>
<td>Lead: ARMBs. Partners: DPCD.</td>
<td>Ongoing</td>
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<td>30</td>
<td>Update fire and emergency management plans, including clarifying fire roles and responsibilities and the management of people on high fire risk days.</td>
<td>Lead: ARMBs. Partners: DSE, CFA, TV, RTBs, PV, FSC.</td>
<td>Short term (0-2 years)</td>
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<td>31</td>
<td>Research and manage road safety risks and opportunities to ensure safe access to alpine resorts.</td>
<td>Lead: VicRoads. Partners: ARMBs, VP, PV, DSE, DPCD.</td>
<td>Short term (0-2 years)</td>
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<td>32</td>
<td>Actively engage with the broader regional community to ensure alpine resorts are included in investment related decision making.</td>
<td>Lead: ARMBs. Partners: LG, RDV, regional forums.</td>
<td>Ongoing</td>
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<td>33</td>
<td>Investigate mechanisms and establish a criteria whereby any site holders meeting agreed access and equity criteria could receive a suitable discount.</td>
<td>Lead: ARCC, DSE. Partners: ARMBs, DTF, VSA.</td>
<td>Short term (0-2 years)</td>
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<td>34</td>
<td>Assist relevant site holders with transition to market based rents including workshops and specialist advice.</td>
<td>Lead: ARMBs. Partners: VSA, private sector.</td>
<td>Short term (0-2 years)</td>
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3.7 Strategic Objective 6: Regulatory reform

The alpine resorts operate within a highly regulated framework. There are a number of specific items of concern within that framework. This strategic objective recognises that some regulatory impediments are restricting the realisation of economic opportunities in the alpine resorts, particularly impediments that relate to:

- planning and leasing systems – where strategic (master) planning needs to be given a stronger role and interface improvements are needed
- native vegetation offsets – which need better interpretation in the alpine resort setting
- bushfire – where there is an apparent conflict between the policy desire to promote green season visitation and the desire to not place people at risk in fire-prone locations (such as the alps).

These impediments increase the costs and difficulty of doing business in the alpine environment and consequently reduce the value that the state derives from the alpine resorts.

3.7.1 Enhancing resort strategic planning

While the Act requires that ARMBs prepare strategic management plans, the expectations of such plans are not well specified in s. 56 of that Act. Enhancing strategic planning in alpine resorts will overcome many of the frustrations felt by proponents, planning authorities and land managers in assessing development proposals. Comprehensive master plans will be the mechanism to achieve this change. They provide the foundation for an integrated approach to the development of individual alpine resorts and also for the development of an integrated industry-wide approach. They are vital to realising the potential of Victoria’s alpine industry and will be completed as a matter of urgency.

Planning applications in the sensitive alpine environments can be relatively complex and time consuming. Most applications must be referred to other authorities and there is typically a requirement on proponents to supply further information to support their applications. In view of the need to tackle cost pressures that adversely impact alpine resort development, planning process improvements should be pursued.

Similar concerns about delays in planning processes have been raised more broadly in reviews of state planning systems. Too much effort is devoted to development assessments and not enough to strategic planning. This balance of effort will be reversed along the lines illustrated in Figure 3.2.

Figure 3.2: Balance of alpine planning system effort

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<tr>
<th>Strategic Planning</th>
<th>Development Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td>PROPOSED</td>
</tr>
</tbody>
</table>
At present, only one alpine resort (Mount Buller) has a master plan that encompasses many aspects of alpine resort development, although Mount Hotham has set out its development vision, spatial plan, urban design expectations and building design standards. In the absence of high quality master plans, development applications need to be dealt with on a case by case ‘merits’ basis. In effect, this requires a mini master planning analysis to be carried out whenever a significant project is proposed. This is time consuming and costly and the outcomes are uncertain.

In the alpine resort context, a process along the lines of Figure 3.2 will be facilitated by implementation of a consistent enhanced master planning process. As fairly confined geographic areas, with readily measurable demands for investment over the short, medium and long-terms, and clearly identifiable environmental constraints on developments, the alpine resorts are amenable to the master planning processes. These need not be prescriptive of built form design but could provide clear quantitative performance requirements for all aspects of design and include a set of ‘acceptable solutions’ for each parameter of development, such as privacy, daylight, parking, access, massing and profile, bushfire risk, landslip and native vegetation.

Because of their importance, comprehensive master plans, as outlined in Figure 3.3, will be completed for each alpine resort within 12 to 18 months, to an agreed format. This will include precinct development plans, infrastructure plans (both public and relevant private initiatives), fire and emergency management plans and native vegetation provisions. Referral authority involvement will be dealt with, as far as possible, in the master planning process, rather than on a site by site basis. This will facilitate smoother development approval. An accelerated master planning process and framework for the alpine resorts will be facilitated by the ARCC, which already has strategic planning for the alpine resorts as part of its remit, working with DPCD and the ARMBs, through the ARCC Co-operation Committee. The master plans will be for each alpine resort as a whole and active engagement of key stakeholders will be required in their preparation. This approach is consistent with that recently announced by the Victorian Government in response to the VCEC Unlocking Victorian Tourism report, where strategic land use plans were seen as a flexible way to manage potential conflicts. The master plans and resultant capital and asset management plans would be basis for funding initiatives under the proposed VARDP. Rather than adding alpine resort master plans as another task to be performed by ARMBs, which would simply increase costs, the Victorian Government intends that the current requirement of the Act that the ARMBs prepare strategic management plans, be read as requiring the preparation of alpine resort master plans. The ARCC facilitation process will include setting out guidelines for the preparation of these plans, in close consultation with ARMBs.
Figure 3.3: A framework for enhancing alpine resort strategic planning
3.7.2 Leasing issues

Alpine resorts are Crown land with leases issued under the Act. Each ARMB has the power to grant leases, subject to the Alpine Resorts Leasing Policy 2002 and with the consent of the Minister. Leases are subject to a fee, generally known as the ‘site rental’. The Alpine Resorts Leasing Policy 2002 provides a consistent framework for leasing Crown land within the alpine resorts, and aims to provide security and continuity of tenure and investment for alpine resort users and managers.

Whilst the leasing policy framework is sound, there is a need to improve its implementation. A priority in this regard is consistent application of an Agreement to Lease to bridge between the expiry of a current lease and the start of a new lease. Lease renewals frequently mean increased costs for property upgrades. Operating margins are small for many businesses in the current economic climate and bank finance for upgrades is difficult to obtain without a lease. Government will ensure that:

- all ARMBs provide the opportunity for an Agreement to Lease to lessees who wish to renew an existing lease where property upgrade is required. This agreement will provide security of tenure to assist the search for finance and to await better economic times
- these agreements include any development requirements which must be met within a specified period or the new lease will not be issued.

A further key issue for leasing concerns inequities in current leasing arrangements. Four of the six Victorian alpine resorts provide on-mountain accommodation (Falls Creek, Mount Baw Baw, Mount Buller, Mount Hotham) and there are currently some 400 leased sites. Of these, 175 (44 per cent) are subject to the ARC/VSA Agreement rental provisions, providing an average 54 per cent discount compared with other lessees. A review of the site rental arrangements by the ARCC has concluded that they are inequitable, lacking a consistent public policy basis for who receives the benefit. The review concluded that, at the expiry of leases subject to the ARC/VSA Agreement rental provisions, all leases should be based on market rates. In moving to a consistent market-based approach, however, the government recognises the importance of ensuring that access/equity benefits made possible by non-commercial accommodation providers, such as ski clubs, are recognised. Section 3.6 indicated that the Victorian Government has asked the ARCC to consult with DSE and alpine stakeholders to develop suitable eligibility criteria for a discount on site rental for site holders that meet access and equity objectives set by government.

3.7.3 Native vegetation offsets

Victoria’s Native Vegetation Management: A Framework for Action (‘the framework’) was introduced in 2002 with the main goal of reversing the decline in extent and condition of native vegetation in the state. It is enacted via Clause 52.17 of the Victorian Planning Provisions (VPP) and operates statewide. Exemptions from the framework are generally aimed at:

- protecting ‘as of right’ activities
- enabling the objects of other legislation
- maintaining existing assets
- recognising industries that are subject to regulation elsewhere (for example, native forest harvesting and the Sustainable Forests (Timber) Act 2004).

Exemptions require amendments to the VPP and are not likely to be supported if the basis for the exemption is relief from difficult compliance obligations.

The framework applies a ‘no net loss’ approach to proposals, where the value of the vegetation removed from one site is offset by the value of improvement works done at another site (or sites). The value of the native vegetation is measured in units called ‘habitat hectares’. The bioregional conservation status of the vegetation’s Ecological Vegetation Class (EVC), the quality of the vegetation and whether it is habitat for rare or threatened species are used to determine the vegetation’s conservation significance (low, medium, high or very high).

Almost all vegetation in and around alpine resort villages and ski runs is classified as having a very high conservation significance, due to the scarcity of alpine vegetation types and the high frequency of threatened species or communities. However, the urban areas of the alpine resorts comprise only very small proportions of the total area. For example, the urban area of Mount Hotham is approximately 15ha within a total alpine resort area of at 3030ha (or 0.5 per cent). Under new bushfire planning requirements, much of this vegetation within the urban area could be removed.
The requirements for offsetting vary in accordance with the conservation significance of the vegetation that is being removed. The current framework requires that offsets for vegetation of very high conservation significance be mainly from protection and improved management of existing vegetation. The elements of direct replacement (like for like, perpetuity, additionality) make it extremely difficult for alpine resorts to achieve native vegetation offsets. For freehold land, gains are generally created through a combination of increasing the level of protection of the vegetation by registering a covenant or agreement on the title and by committing to a management plan requiring actions over and above duty of care.

For parks and reserves on Crown land, where the duty of care is often high and the site is already considered protected, it can be difficult to generate gains. In some instances, gains may be achieved by changing the tenure of land from an alpine resort to a national park, thereby increasing the level of protection, or by committing to eliminating weeds or pests where the duty of care currently only requires controlling their numbers.

The combination of rare EVCs, high incidence of threatened species/communities and the predominance of public tenure of alpine EVCs can pose difficulties for ARMBs in achieving offsets for vegetation removal.

An industry-based approach to compliance with the native vegetation framework would be an efficient solution and has much to commend it. It should form an integral part of each alpine resort’s master planning process.

The Victorian Government has recently outlined the future directions for native vegetation regulation in Victoria. The reforms proposed to the permitted clearing regulations are expected to allow more consideration of biodiversity conservation at the strategic planning level. This is consistent with the approach to meeting native vegetation obligations set out in this plan.

3.7.4 Fire management

The 2009 Victorian Bushfires Royal Commission (VBRC) made recommendations that affect planning in alpine resorts. It noted that protection of human life is the overriding objective in relation to the threat of bushfire in Victoria. Improved planning and building regulation is designed to address this objective. However, fire risk is not something that design alone can solve.

Consistent with the government’s strategy to make ‘Victoria Fire Ready’, a Wildfire Management Overlay (WMO) was introduced into the Alpine Resorts Planning Scheme in February 2011.

The VBRC Implementation Plan required that planning schemes be amended to include a new state planning policy for bushfire, a Bushfire Management Overlay (BMO) to replace the WMO, and updated guidance for considering planning permits in areas affected by the bushfire overlay. Also being prepared is new hazard mapping, which will inform the application of controls in the planning and building systems. This work is being progressed by DPCD in conjunction with DSE, the CFA and the Building Commission.

The new BMO and associated particular provisions (Clause 52.47 and Clause 52.48) were introduced into the Planning Scheme in November 2011. The BMO introduces some additional permit triggers for development (buildings and works). Also, the permit exemption based on floor area of an extension to accommodation has also been reduced from 50 per cent to 25 per cent. The implications of these changes need to be closely monitored in terms of how they impact on alpine resort development. It is also noted that there is some tension between the operation of these and the native vegetation controls.

Victoria’s alpine resorts are unique places that warrant a specialist fire management regime. The BMO and associated requirements have the potential to be very restrictive in terms of alpine resort development opportunities. However, a key element of the new provisions is the ability for planning authorities to develop schedules to the new overlay. The schedules may provide scope to identify and implement a more tailored approach to bushfire risk mitigation, where this can be strategically justified and where the approach demonstrates that human life has been prioritised.
Strategic approaches to managing fire risk at a whole-of-resort level will be developed to protect human life while still enabling appropriate development to occur. Because of the relatively remote locations of the alpine resorts, partnerships will be critical to effective fire management regimes. DPCD, DSE, the Fire Services Commissioner, CFA, VicRoads and the ARMBs will partner to (among other things):

- review bushfire and structural fire risks in the alpine resorts
- identify options for reducing fire risk and managing people in fire situations, including identification of potential neighbourhood safer places and evacuation procedures
- clarify agency and site holder responsibilities for fire prevention and fire suppression
- develop suitable partnering models for fire management planning and for plan implementation, within the wider set of alpine resort emergency management plans
- plan the management of reticulated water supply/snow-making for fire suppression
- establish the role of design guidelines in helping to manage fire risks and manage access roads.
- Outcomes will be reflected in relevant ARMB fire and emergency management plans. A schedule to the BMO may result for each alpine resort, which details requirements to comply with the BMO through alternative methods.

Some significant issues that will be considered are the incidence of legal liability associated with various options, the additional management obligations imposed on ARMBs (including people management on high fire-risk days) and associated cost consequences for ARMBs.
### Strategic Objective 6: Regulatory reform

<table>
<thead>
<tr>
<th>DIRECTIONS</th>
<th>PRINCIPLES</th>
<th>NO.</th>
<th>ACTIONS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resort planning and management facilitates timely development. Benefits of legislation and/or regulation exceed their costs of implementation. Leasing arrangements are consistent, efficient, equitable and transparent. Fire and landslip risks are managed on a landscape basis to provide year-round access that is safe for all users. Proponents are able to manage native vegetation requirements efficiently and effectively.</td>
<td>Robust strategic planning establishes the vision and reduces regulatory burden in decision-making. Development is consolidated within existing village areas, sensitively sited and designed to respect the unique alpine character of each alpine resort and the surrounding alpine environment and geotechnical or fire risk. Public safety is a key component of the consideration of all development proposals. The application of the BMO is improved.</td>
<td>35</td>
<td>Prepare a master plan for each alpine resort, including a vision, capital and asset management plans, precinct development plans, fire and emergency management plans and native vegetation provisions, including a rolling 10–20 year timeframe for key assets (e.g. water and roads).</td>
<td>Lead: ARMBs. Partners: DPCD, ARCC, DSE, lift companies, other private sector.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>36</td>
<td>Monitor the Alpine Resorts Leasing Policy 2002 – Implementation Details to ensure consistent application across all alpine resorts.</td>
<td>Lead: DSE. Partners: ARMBs, ARCC.</td>
<td>Ongoing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37</td>
<td>Ensure design principles within the Alpine Resorts Planning Scheme respond to the special character and competitive strengths of each alpine resort.</td>
<td>Lead: DPCD. Partners: ARMBs, DSE.</td>
<td>Medium term (3–5 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>38</td>
<td>Identify and implement the most appropriate option for streamlining the application of the BMO.</td>
<td>Lead: DPCD. Partners: ARCC, CFA, DSE, ARMBs, FSC.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>39</td>
<td>Identify and implement the most appropriate option for streamlining native vegetation management within the alpine resorts.</td>
<td>Lead: DSE. Partners: ARCC, DPCD, ARMBs.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40</td>
<td>Prepare a strategic fire management plan for each ARMB, reconciling fire management and native vegetation objectives.</td>
<td>Lead: FSC. Partners: ARMBs, DPCD, DSE, ARCC, CFA.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41</td>
<td>Update individual resort strategic fire management plan for each ARMB.</td>
<td>Lead: ARMBs. Partners: FSC, DPCD, DSE, ARCC, CFA.</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
4. Individual resorts

4.1 Broad indicators and opportunities for development

Alpine resorts will maximise their potential economic contribution to the state and their host regions if their development exploits particular competitive strengths. The primary competitive strength for Victoria’s alpine resorts overall is the ‘village in the snow’ experience, complemented by the unique alpine environment. A strong sense of community on-mountain is also a strong generic characteristic, particularly in winter, compared to competing activities/locations. Table 4.1 provides a snapshot of Victoria’s alpine resorts, illustrating some of the differences between each alpine resort.

Table 4.1: Resort snapshot

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>MOUNT BAW BAW</th>
<th>LAKE MOUNTAIN</th>
<th>MOUNT HOTHAM</th>
<th>FALLS CREEK</th>
<th>MOUNT BULLER</th>
<th>MOUNT STIRLING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance from Melbourne (km)</td>
<td>180</td>
<td>120</td>
<td>365</td>
<td>384</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>Elevation (metres)</td>
<td>1,564</td>
<td>1,490</td>
<td>1,861</td>
<td>1,849</td>
<td>1,804</td>
<td>1,749</td>
</tr>
<tr>
<td>Area (ha. approx.)</td>
<td>355</td>
<td>590</td>
<td>3,030</td>
<td>1,535</td>
<td>2,300</td>
<td>2,633</td>
</tr>
<tr>
<td>Skiable area (ha)</td>
<td>37</td>
<td>10 km XC trails</td>
<td>300</td>
<td>450</td>
<td>263</td>
<td>65 km XC trails</td>
</tr>
<tr>
<td>Lift capacity (hr)</td>
<td>5,160</td>
<td>n/a</td>
<td>23,585</td>
<td>23,268</td>
<td>40,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Beds</td>
<td>700</td>
<td>16</td>
<td>4,375</td>
<td>5,100</td>
<td>7,500</td>
<td>n/a</td>
</tr>
<tr>
<td>Winter visitor days (2007–11 annual av.)</td>
<td>61,000</td>
<td>109,000</td>
<td>354,000</td>
<td>352,000</td>
<td>489,000</td>
<td>5,900</td>
</tr>
<tr>
<td>Summer days (Nov–Apr) est. (2010–11)</td>
<td>33,000</td>
<td>37,000</td>
<td>112,000</td>
<td>68,000</td>
<td>83,000</td>
<td>30,000</td>
</tr>
<tr>
<td>ARMB Net Equity (2011) ($ millions)</td>
<td>$20</td>
<td>$23</td>
<td>$76</td>
<td>$97</td>
<td>$169</td>
<td>$169</td>
</tr>
</tbody>
</table>
The relative strengths of individual alpine resorts are:

- Mount Baw Baw: entry level and relatively low cost snow experience, family-friendly, growing nature-based/outdoor education role (potential strength), proximity to the Gippsland region and the growing outer eastern suburbs of Melbourne, access to high plain
- Lake Mountain: close to Melbourne, entry level and relatively low cost snow experiences, biking options, links to Marysville
- Mount Hotham: advanced terrain and reliable snow cover with relatively good resilience to climate variability, air access, Dinner Plain product offering in close proximity, commencement of iconic walk, High Country road and off-road touring
- Falls Creek: village atmosphere with ski-in/ski-out, broad range of snow sport options with national standing in cross-country, Rocky Valley/water availability for snow-making and green season activities, finish of iconic walk, altitude training, wellness and lifestyle
- Mount Buller/Mount Stirling: good all-rounder for winter and green seasons, size, close to Melbourne, established mountain biking role, good services (almost a town), ‘raw’ natural appeal of Mount Stirling.

This section of the plan provides examples of ways particular alpine resorts might build their visitor numbers by exploiting their competitive strengths. Additional supportive initiatives are also noted, including some that are intended to tackle barriers/constraints to development. In this regard, some examples of key barriers that need attention are:

- lack of an amenable and safe village centre/heart at Mount Hotham
- snow security, especially at the lower altitude alpine resorts, to support a growing role in ‘first timer’ experiences
- power supply, with Baw Baw and Lake Mountain depending on high cost diesel
- water availability, potable and/or for snow-making (Mount Buller)
- vulnerability and safety of alpine resort access roads
- poor visitor arrival experience (most alpine resorts)
- narrow range of visitor alpine experiences and services (most alpine resorts).

The narrow range of visitor alpine experiences and services do not, however, imply a need for all alpine resorts to provide the same comprehensive set of visitor experiences and services. Such things depend on the scale of the alpine resort and, most importantly, its competitive strengths. This strategy is focused on seeking to selectively enhance offerings, in line with competitive strengths, to help the alpine resorts add further value to the visitor experience, with the attendant flow-on benefits this delivers to the state, its regions and to Australia. Maximum overall benefits for Victoria, Victorians and visitors are expected to result from this targeted approach.

The plan is also focused on ensuring that alpine resorts are able to sustain their vital roles over the long term, which means taking care to protect the environmental base on which much of their values depend. Sections 4.2 to 4.6 illustrate some key development opportunities for each alpine resort. These are relevant to the preparation of alpine resort master plans/strategic management plans. The opportunities should all be subjected to rigorous cost benefit analysis testing (as has already been undertaken for some), leading to the inclusion of the highest priority initiatives in the proposed alpine resorts investment pipeline (the VARDP, discussed in section 5.2 below). This would form the basis for future funding opportunities for consideration by government in the context of the normal budget processes.
4.2 Mount Baw Baw

Mount Baw Baw provides a low cost, entry level snow play, downhill and cross-country snow experience in a safe, friendly environment. Unlike Lake Mountain, it has a small amount of accommodation on-mountain (700 beds) and existing lifting capacity (5,160 people/hour). Winter season visitor numbers are the smallest of all the major alpine resorts but have shown good growth in recent years. Green season visitor numbers are also small but have grown some 150 per cent over the 2007–11 period. Mount Baw Baw faces a range of significant issues relative to asset age and operating cost that require careful assessment in terms of returns and therefore investment justification. Mount Baw Baw has opportunities for growth and is seen as an important part of the regional tourism/recreation offering.

Key initiatives that would assist development of Mount Baw Baw via private or public sector investment (subject to the results of relevant cost benefit analyses) include:

- sealing of the South Face Road, seen by the ARMB and regional stakeholders (for example, local government and regional tourism) as a critical project to provide safe, easy access and an all-seasons touring route to Mount Baw Baw. This initiative should be seen primarily as a regional development/tourism initiative
- power supply is currently gas fired (with diesel powered generators for the lifts), with little capacity for growth. Supply costs are high. Renewable sources and/or connection to the grid are priorities to assure future supply and ease cost pressures
- snow-making: given the low altitude of Mount Baw Baw, snow security is essential to the winter experience and particularly affects the snowboarding and tobogganing experience
- water supply facilities to support village and snow-making uses
- a year-round chair lift servicing the summit
- expansion in car parking capacity, current spaces (850) being fully used in the peak
- a number of low cost initiatives to support growth in green season visitation and build on Mount Baw Baw’s strengths, including further development of mountain bike trails (involving some duplication with proposals for Mount Buller but the Baw Baw proposals are modest and have industry support); dry slope development; Zip Line development; portable rock climbing wall; further development of walking trails; development of a cultural heritage trail.
4.3 Lake Mountain

The 2020 Strategy recognised that a key distinguishing feature of Lake Mountain is that it is an accessible and affordable alpine experience close to Melbourne. Lake Mountain is currently integrally engaged in the regional post-fire recovery process (over $15 million in rebuilding investment), which has served to substantially increase its regional economic significance (it is now the second largest employer in the area, following the impact of the fires on Marysville).

This plan assumes that the post-fire process will be completed and looks to longer-term opportunities to build on Lake Mountain’s competitive strengths at the entry level and in low cost alpine experiences. In targeting these areas, Lake Mountain is a vital element at the industry level in furthering the access, equity and diversity goal.

The major public infrastructure needs that the ARMB has identified to enable Lake Mountain to grow its visitation in coming years, via private or public sector investment and subject to the results of relevant cost benefit analyses, include the following:

- **snow security:** the major single issue. The relatively low altitude of Lake Mountain increases the importance of reliable snow availability, which requires suitable snow-making equipment and water supplies. This investment will substantially reduce the unit cost of snow-making and enable volumes and reliability to be substantially increased.

- **diversification of entry level winter product:** to include beginner’s downhill and snowboarding facilities. Investment in such facilities at Lake Mountain is likely to have subsequent flow-on benefits to the larger alpine resorts, as beginners transition to more advanced options and locations.

- **eco-accommodation:** particularly to support visits by groups such as school children. The ARMB is preparing a feasibility study for this initiative, which may involve a Public Private Partnership.

- **power:** current sourcing is expensive non-grid diesel. Renewable energy sources are being examined for feasibility.

- **potable water:** Lake Mountain is serviced by a regulated water supply, with strict limits on ability to supply safe drinking water to visitors (other than in the bistro, take away food outlet and first aid centre). A secure supply of safe drinking water on a broader scale is integral to growing visitation.

- **product development:** to support green season visitation. Lake Mountain ARMB delivers everything on the mountain. Its target is to double the average visitor spend by increasing the range of product and improving packaging. Section 6 considers the involvement of ARMBs in activities that compete with the private sector.
Mount Hotham has experienced the strongest winter growth of all alpine resorts since the late 1980s and has the highest green season vehicle counts (partly reflecting its location on a through route). The winter season growth in visitation means that adequacy of bed numbers is more of an issue at Hotham than elsewhere and that issues that impact on the viability and ease of adding new developments are relatively more important to the Hotham ARMB than to others. More generally, priorities to help facilitate further growth, via private or public sector investment and subject to the results of relevant cost benefit analyses, include:

- ensuring availability of adequate green and blue runs: advanced snow sports are a Mount Hotham competitive strength. Additional green/blue runs are important to widen the appeal of Mount Hotham to groups of visitors (for example, families). The lift company proposes to develop significant blue and green runs, with the ARMB’s in-principle support
- road deviation: the amenity and safety of Mount Hotham suffers because it is bisected by the Great Alpine Road (GAR). A short road deviation at the entry to the village should help resolve these problems and enable development of a stronger village centre, which is seen as critical for future growth
- additional car parking space: to support continued growth in winter visitor numbers, Mount Hotham needs to increase parking availability, which is a constraint in peak times
- improved community facilities: Mount Hotham (like Falls Creek) needs to upgrade its medical centre, which is an old, inadequate facility. A new visitor information centre is also required and can be combined with the medical facility into a new core public services facility, which incorporates interpretive material, a display on alpine environmental values, history of local Traditional Owners, heritage links (for example, Hotham ski and gold history) and marketing information related to local/regional attractions, such as the Australian Alpine Walking Track and proposed Falls to Hotham icon walk. It would also provide shelter and public areas for visiting groups, such as schools, assisting the access, equity and diversity goal. The facility would provide the necessary safe place in the event of wildfire and additional shelter in the event of adverse weather and house ARMB administration offices and residential accommodation for ARMB purposes
- upgrade of potable water, gas and sewerage mains, together with the stormwater system: these are currently at capacity and need to be upgraded to ensure reliable and contemporary capacity and compliance.
- renewable energy: There are opportunities to pursue renewable energy sources, such as wind, to supplement energy requirements for resort operations. These opportunities require further examination and will be measured against relevant government policy. Federal financial assistance would be appropriate, given the national significance of the alpine resorts and the impact on them of climate variability.
Falls Creek is the quintessential alpine village, a quality for which it is well known. 2011 winter visitation showed the benefits of snow-making and associated water availability. While visitation over the past three decades has been relatively stable, the competitive advantages of Falls Creek still provide a solid foundation for future growth. Opportunities to enhance Falls Creek’s advantages, via private or public sector investment and subject to the results of relevant cost benefit analyses, include:

- **altitude training:** Falls Creek has an established reputation for altitude training. The ARMB has proposed that this strength be further developed by the establishment of a new, world class facility, with associated wellness and lifestyle activities. The building would include gym/sports hall, swimming pool, plunge pool/spa, treatment rooms and a multi-use facility, supporting uses such as a community hall, cinema, function space and conferencing. These uses support the altitude training role, enhance the tourist destination appeal through winter visitation, encourage green season visitation for a wide group of users and support the development needs of a permanent local community.

- **multi-function lakeside facility at Rocky Valley:** offering a training area and associated storage for water sports equipment, complemented by a restaurant/café, interpretive centre and amenities supporting green season and winter cross-country user groups.

- **upgrade of the Falls Creek Nordic Bowl:** to cater for elite field sports such as AFL, NRL and Super 15 rugby in green season and cross-country skiing in winter. This would strengthen Falls Creek’s altitude training focus.

- **the winter arrival and transfer experience:** this has been identified as a weakness of Falls Creek for many years.

- **other public investment priorities that build on the Falls Creek’s competitive strengths, particularly associated with the development of green season tourism, such as:**
  - a Falls to Hotham Alpine Crossing iconic walk; promoting the Bogong High Plains touring loop, where road sealing has already encouraged strong growth in green season visits) and the ongoing development of Falls Creek as a community (for example, staff accommodation; co-located medical centre, ambulance station and police station) which would also assist visitation.

Both the state and federal governments have been briefed on Falls Creek ARMB plans for an altitude training facility and the state government has listed the project as a priority project in the *TV’s Regional Tourism Action Plan 2009–2012*. The national focus of the major training proposals indicates that federal funding should be contributed towards these related initiatives, as well as private sector funding.

The ‘icon walk’ would involve suitable accommodation and require a partnership between Falls Creek and Mount Hotham ARMBs and Parks Victoria, since a significant portion of the walk is in the Alpine National Park. Market research has shown the potential for this product and feasibility studies suggest a strong benefit-cost ratio.
4.6 Mount Buller/Mount Stirling

4.6.1 Mount Buller

Table 4.1 underlines the importance of Mount Buller within the Victorian alpine resort industry, with indicators such as visitor numbers, lift capacity, bed numbers and ARMB net assets showing this as the state’s largest alpine resort. The Mount Buller Master Plan sets out a comprehensive range of initiatives to position Mount Buller for future growth, based primarily around broadening the range of visitor experiences and value, with only a small increase in visitor beds. This is a strategy primarily targeted at improving capacity utilisation and yield. The development initiatives set out in the master plan, and related ARMB documents, which build on the competitive strengths or deal with weaknesses in the short to medium term include:

- additional water supply for potable and snow-making purposes, with additional water storage capacity
- improved access via a Horse Hill Gateway – Mount Buller Village gondola
- new day visitor facilities at the Horse Hill Gateway, including snow play
- establishment of an International Mountain Bike Association ‘epic’ ride.

Over the 2010–17 period, the master plan development program requires $39 million of public/ARMB funding, with any government investment being subject to regular budget processes. It is projected that this public infrastructure investment will leverage approximately $120 million of associated private sector investment. A preliminary economic assessment suggests that the development program will show an internal rate of return of 16–18 per cent, with a benefit-cost ratio of 2.11–2.31 in terms of visitor benefits to existing and new visitors. Both winter and summer visitor numbers are projected to grow as a result of the development program.

At a smaller scale than many of the projects set out in the master plan are a number of initiatives that would assist Mount Buller further develop its strong position in mountain biking. These initiatives include development of an International Mountain Bike Association recognised epic cross-country mountain bike trail. This project has attracted partial funding through Australia’s National Landscapes initiative to improve Australia’s stock of world class visitor experiences and will help drive development of year-round tourism. Industry experts suggest that this 40 km route would be one of the most iconic long distance mountain bike trails in Australia. Market research suggests demand at about 2,000 self-guided bikers annually, with a benefit-cost ratio of 2.7.

4.6.2 Mount Stirling

Mount Stirling is an easily accessible and affordable all season alpine experience focusing on the raw natural appeal of the alps. It has a strong nature-based focus and is supported by a range of winter and green season products. As part of its management responsibilities, the ARMB created the Mount Stirling five-year Strategic Management Plan following exhaustive public consultation and input. The plan identifies several key infrastructure investment projects, including:

- constructing the Buller-Stirling Touring Link Road to improve access between the mountains and provide an alternative route to Mount Buller in the event of land slip, fire or similar issues
- provision of renewable power supply
- improvements to public facilities, including additional refuge shelters and maintenance of existing huts
- development of interpretive sites and multi-use trails.
4.7 Are all resorts equal?

A key conclusion of this review is that different alpine resorts have different competitive strengths, which suggests that the goals they pursue and the way they pursue them should differ in emphasis. At the risk of over-simplification, Mount Hotham’s strength is steep alpine slopes, with availability of fly-in access; Falls Creek is a family alpine resort, with ample water for snow-making and green season activity; Mount Buller is a good all-rounder, close to Melbourne for day trips as well as overnight visitation; while Lake Mountain and Mount Baw Baw are great for first snow experiences, also close to Melbourne (also close to Gippsland in Mount Baw Baw’s case). Development directions should not involve all the alpine resorts doing the same things but should build on specific strengths and capabilities.

The preceding sections have summarised the competitive strengths of the various Victorian alpine resorts and identified a number of proposals that would help to enhance these strengths, support visitor growth and enable the alpine resorts to sustain and grow their contributions to the state economy and to their respective regional economies. The individual ARMBs, working with the ARCC and stakeholders, will develop business cases to support enhancement of the individual alpine resorts and the industry as a whole, within the framework of developing their master plans/strategic management plans. This will include business cases for public and private infrastructure projects that might be funded under the VARDP (see section 5). Such a process will help to identify the best path forward for the state’s alpine resorts, individually and collectively.
Financial model and investment opportunities

5.1 Flaws in the current financial framework

A State Services Authority (SSA) 2007 Alpine Review found that there is little prospect of the ARMBs achieving financial sustainability under current arrangements, as they are unable to generate sufficient revenue to meet long-term operating and capital project requirements. ARMBs have different capacities to meet the goal of financial sustainability. Because of their higher elevations and size, the larger ARMBs (Falls Creek, Mount Buller and Mount Stirling, and Mount Hotham) are less affected by snowfall variability, have a more diverse revenue base and are more profitable. In contrast, revenues for the two smaller ARMBs (Mount Baw Baw and Lake Mountain) are much more volatile as they depend heavily on snowfall levels. These differences need to be recognised in any future financial management arrangements.

There are three main issues with the current financial model for Victoria’s alpine resorts:

• It gives insufficient recognition to the wider economic and financial benefits attributable to the alpine resorts.

• It requires ARMBs to cross-subsidise non-commercial CSOs, which reduces their capacity to fund new infrastructure/services from internal revenue sources and means higher charges are passed on to stakeholders to meet costs (discussed in section 6.2 below).

• It is ad hoc and no process is in place for agreeing on statewide public investment priorities based on rigorous and well considered master plans.

5.2 Victorian Alpine Resorts Development Program

Both the federal and Victorian governments have currently made budget provision for financial support programs that could be used to assist alpine resort development, particularly regional assistance programs and environmental programs. The alpine resorts are important tourism attractions and potential beneficiaries of such programs. Victoria’s alpine industry is clearly one of the most significant impacts on regional economies yet there is currently no process for identifying and pursuing high priority public and private investment initiatives for the industry, so as to enhance regional Victorian development.

The link to regional economic development needs to be more formally considered and integrated across government. The ARCC will work with ARMBs and other key government agencies, such as Regional Development Victoria (RDV) and TV, to establish an integrated VARDP, in line with government budget guidelines (see Figure 5.1).

The alpine resorts are very significant contributors to the Victorian and regional economies and to state and federal revenue flows. As pointed out in section 2.6, based on NIEIR’s research for the ARCC and the ARMBs, Victorian net GSP attributable to the alpine resorts has been estimated at about $570 million from winter alone in 2011, with annual state revenue gain because of this GSP impact at about $40 million. This revenue accrues to the state more broadly, rather than to individual ARMBs. Individual ARMB revenues in 2011 were about $45 million, with operational expenditures at about $42 million, excluding Victorian Government operational support payments. State direct expenditures in the alpine resorts have averaged about $6 million annually over the past decade (Figure 2.5 above). A significant proportion has been operational support payments to the smaller alpine resorts. This is much less than revenue gains and small in relation to the state GSP impact. The annual federal revenue gain is larger but federal financial support is unusual. Federal support is warranted for investment projects that can be demonstrated as being nationally significant.

4 State Service Authority (SSA), Review of Alpine Resort Areas - Final Report, 2007
The VARDP will identify public infrastructure investment priorities and potential funding sources for them. This would include private initiatives which may warrant public, as well as private sector investment. A starting point will be the preparation of alpine resort master plans with accompanying investment programs, as discussed in section 3.7.1 and illustrated in Figure 3.3. Projects will be linked back to the strategic objectives set out in this plan and to specific alpine resort competitive strengths, alpine resort master plans, strategic management plans and corporate plans.

The consolidation of alpine resort-specific priorities into a rigorously evaluated industry investment pipeline will form the basis for an investment program (the VARDP), which will assist in the delivery of a more integrated outcome from alpine resorts. Normal budget approval processes would apply for any initiatives proposed for government funding. Normal budget approval processes will be applied dealing with individual initiatives. This will also assist government in effective risk management in an integrated way, whilst maintaining local focus. It will ensure ad hoc processes cease and investment is based on clear strategic goals with adequate rigour.

The VARDP will not dictate priorities to individual ARMBs but will seek to ensure that the set of priorities that is identified for individual ARMBs maximises the public value that is achievable from the industry as a whole. Any investment initiatives for which government funding support is proposed will need to be part of the VARDP process, which will be managed by the ARCC. An inter-departmental committee comprising senior agency representatives will help ensure a whole-of-government approach is taken (see section 6.3 below). The ARCC will identify potential federal funding opportunities for projects in the VARDP where there are significant national benefits.
5.3 New financial framework

The financial framework for ARMBs will include the following elements:

• The larger ARMBs are expected to continue to deliver operating surpluses and make a contribution to their capital requirements.

• For the two small ARMBs, operational deficits are likely, so financial viability for these ARMBs will mean operating strictly within financial limits that are agreed with government via corporate plans, in return for delivering services that are agreed with government. Alternative delivery models, including a larger role for the private sector, should be explored in order to reduce risk and exposure.

• Government will consider the merits of projects that are expected to deliver significant economic, social and/or environmental benefits, beyond revenue flows to the relevant ARMBs, as part of the usual budget approval processes for individual projects.

• Project funding assistance under the VARDP should come from the level(s) of government that represent the expected incidence of benefits from the project in question (primarily state and federal governments but local government may be a funding partner in some cases that lie within their boundaries).

Implementation of a funding model that reflects these elements will help to ensure the alpine resorts can sustain their strong contributions to the Victorian and regional economies, while meeting social, cultural and environmental goals. The pursuit of non-commercial environmental and social goals by ARMBs will be explicitly agreed with government and identified in corporate plans as CSOs, to remove policy ambiguity and improve accountability and transparency.

Implementation of new financial arrangements will require discontinuation of the current ARMB financial and reporting arrangements. Once the new financial management framework is in place, in addition to individual ARMB reports being tabled in Parliament, consideration should be given to seeking the Treasurer’s endorsement for the tabling of consolidated financial statement for all ARMBs. This will help to reinforce an industry perspective of the alpine resorts and will complement the periodical economic significance studies that are undertaken.
## Financial framework

<table>
<thead>
<tr>
<th>DIRECTIONS</th>
<th>PRINCIPLES</th>
<th>NO.</th>
<th>ACTIONS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
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<tbody>
<tr>
<td>Provide a transparent and accountable financial framework for alpine resorts. Investment opportunities are prioritised. All ARMBs operate on a secure and sound financial basis. The industry as a whole has in place an integrated investment plan, with individual opportunities supported by appropriate business cases.</td>
<td>Public and private investment opportunities for alpine resorts shall be integrated. Investment opportunities are designed to achieve the vision for each alpine resort. Investment in public infrastructure is directed to projects that maximise demonstrable community benefit, including projects that are complementary to private investment. Financial management frameworks are responsive to resort-specific circumstances and take into account the social and economic benefits generated by private and public investment. Alpine resort social and economic benefits are recognised as drivers of regional development.</td>
<td>42</td>
<td>Implement an agreed alpine resorts financial management framework, including consideration of the tabling of a consolidated financial report for all ARMBs.</td>
<td>Lead: DSE. Partners: DTF, ARMBs, ARCC.</td>
<td>Short term (0–2 years)</td>
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<td></td>
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<td>43</td>
<td>Establish an integrated Victorian Alpine Resorts Development Program of infrastructure priorities for the industry.</td>
<td>Lead: ARCC. Partners: DSE, ARMBs, RDV, TV, DTF, lift companies, private sector.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44</td>
<td>Implement the integrated Victorian Alpine Resorts Development Program of infrastructure priorities for the industry, as a rolling five-year program.</td>
<td>Lead: ARCC. Partners: DSE, DTF, CG, ARMBs, RDV, TV, DTF, lift companies, private sector.</td>
<td>Medium term (3–5 years)</td>
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<td></td>
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<td>45</td>
<td>Clearly identify and define CSOs, including their calculation, and seek government agreement to the level and nature of future CSO provision that is required.</td>
<td>Lead: DSE. Partners: DTF, ARCC.</td>
<td>Short term (0–2 years)</td>
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<td>46</td>
<td>Measure and incorporate relevant CSO costs in corporate plans.</td>
<td>Lead: ARMBs. Partners: ARCC, DSE.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>47</td>
<td>Actively participate in regional economic development forums.</td>
<td>Lead: ARMBs. Partners: ARCC, RDV, LG, RTBs, State and Commonwealth agencies.</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
6. Key governance issues

6.1 A framework

Current institutional arrangements are seen by stakeholders as a barrier to effective alpine industry outcomes. In particular, there is ambiguity over policy priorities, important industry level roles are not being undertaken and the scope of ARMB functions is contested in some aspects by private sector providers. Institutional structures are not the domain of the ARCC, however, given the level of comment on this area, the view has been formed that improved governance arrangements may in fact deliver more effective outcomes than structural reform. The strategic objectives outlined in this plan are underpinned by pragmatic governance arrangements that maximise prospects for their achievement.

Effective policy/program development and delivery requires:

- clearly defined government policy goals
- objectives, roles and responsibilities of all entities influencing achievement of these goals that are clear, agreed and appropriately allocated
- relevant entities that engage widely, are adequately resourced, adopt integrated and consistent planning/delivery approaches and co-operate in a comprehensive manner in pursuit of such government goals
- feedback mechanisms that facilitate policy/program adjustment in response to performance outcomes.

This section focuses on major governance issues where changes should help to improve outcomes, in line with the strategic objectives set down in the Act and this plan. These key governance issues relate to:

- policy clarity, to help guide alpine resort operation, encompassing such fundamental issues as balancing public land management obligations in the context of pursuing economic and financial objectives
- alignment of roles and responsibilities with the resources to accomplish these tasks, including industry level tasks
- reporting requirements for outcome achievement, accountability and transparency.

In considering alignment of roles and responsibilities for development and delivery of public policy, it is useful to distinguish between the Strategic (‘S’ or policy), Tactical (‘T’ or system design) and Operational (‘O’ or service delivery) stages when reviewing governance arrangements. This generic framework should be applied to the alpine industry (see Figure 6.1).

Undertaking tasks at the strategic/policy level is a matter for departments that advise Ministers or DSE in the current context. The operational/service delivery level is the role undertaken by ARMBs. System design (or the tactical level) is the responsibility of the ARCC in the current alpine institutional environment.

**Figure 6.1: The STO framework of planning and service delivery**

*Source:* Based on SSA. Review of the Governance and Operational Capability of VicRoads, Final Report, April 2009. Figure 2, page 18.
6.2 Strategic level challenges

Alpine resorts are part of the public land estate. The ARMBs are the delegated public land managers responsible for day-to-day management of each alpine resort. However, current governance arrangements for alpine resorts lack clarity for ARMBs about policy priorities, and the process for debating those policy tensions via the corporate plan is not currently robust or engaging in a sophisticated level of portfolio management. Increased focus on the portfolio management role performed by DSE on behalf of the Minister will resolve these difficulties. DSE will:

- set role and outcome expectations, in relation to policy elements for public alpine agencies at all levels
- facilitate a whole-of-government approach
- establish a clear policy and delivery framework
- provide guidance where there are conflicting policy priorities
- ensure performance monitoring and reporting meets requirements.

A major policy ambiguity concerns non-commercial obligations of ARMBs. As public land managers, ARMBs have environmental and social obligations (which section 3.3.2 pointed out involves questions of CSOs) laid down in legislation and they are also expected to operate in a financially viable manner. In a context of low operating margins, these are inherently competing goals. An ARMB decision to spend on meeting social objectives, for example, reduces scope to spend on meeting environmental objectives. Legislation provides no guidance on such trade-offs.

Balancing an alpine resort’s public land management function, including environmental responsibilities, with the need to operate in a financially viable manner and the further need to provide access to a range of groups is a fundamental challenge for ARMBs and goes to the heart of many policy choices. In some cases this leads to ARMBs undertaking commercial activities that would normally be undertaken by the private sector, to generate income to help fund the board’s non-commercial roles. This matter is considered in section 6.4.

Role clarity requires a focus on the relative importance of non-commercial legislative obligations and consideration of new ways of possibly funding some non-commercial functions (for example, grants from DSE’s Natural Resources Investment Program could assist funding some environmental management responsibilities; longer leases might be granted to offset the cross-subsidy from some lease holders to CSO beneficiaries).

An agreed definition between government and the ARMBs as to what constitutes a CSO will assist role clarity. The difference between regulatory burdens to meet legislative requirements, services that are non-commercial but would otherwise still be provided by ARMBs as part of their service offer and obligations imposed by government beyond legislation and the base service offer need to be made clear. The process of CSO identification and measurement will be used by government as a basis for agreeing what CSOs will be performed and in what manner. The resulting CSOs will be identified by ARMBs in their financial statements and corporate plans.

To further improve goal and policy clarity, the Minister for Environment and Climate Change will provide an annual Statement of Expectations to the ARCC and each ARMB to indicate government outcome expectations for the period and possible future policy/program priorities (see sections 6.3 and 6.4). These expectations may change over time, depending on (for example) emerging policy issues, the economic environment or environmental matters. Approval processes for various strategic management plans and corporate plans, with relevant performance indicators, will then provide mechanisms to help ensure all agency priorities are aligned with Ministerial expectations and legislative requirements. Regular monitoring and reporting of performance is vital to improve outcomes in line with such directions.
The tactical level role in relation to alpine resorts refers essentially to industry development functions. There is a gap at this level, which means the industry’s performance suffers from the lack of a clear line of sight from policy (the Strategic level) through to operations. The significance of the gap can be appreciated when it is recognised that 36 different entities are included in one or more actions detailed in this plan, hinting at the size and complexity of the development challenge.

There are a number of key tactical (industry) level roles that need to be undertaken, including:

- advocacy for an integrated alpine industry approach
- development, and then management, of an alpine industry investment program (the VARDP) to maximise potential state and regional benefits from investment in alpine resorts
- implementation of a financial framework to support alpine resort financial viability and efficient service delivery
- providing advice on regulatory/compliance issues that affect private and public sector development and public land management
- positioning the industry and individual alpine resort offerings within the wider competitive marketplace
- market research, identifying product development opportunities and whole-of-industry marketing to support growth in visitor numbers
- benchmarking and monitoring performance of alpine resorts in meeting KPIs and achieving their objectives, as set out in their strategic management plans and corporate plans
- monitoring and reporting to the Minister on progress in implementation of this plan.

The ARCC will play the key role at a level below the departmental policy level, taking an industry level perspective on these matters and with a focus on supporting policy delivery through the ARMBs. In performing the tactical level role, the ARCC will work closely and co-operatively with the various ARMBs, since the industry level outcome is primarily built up from individual alpine resort activity bases, with a balancing tactical level role to maximise overall state outcomes (for example, in developing an investment plan from priorities provided by individual alpine resorts). The ARCC will be resourced to undertake this role effectively. Performance of this role will be assisted by freeing ARCC of some of its process-oriented functions and allowing it to focus more clearly on growing the industry. It will also be assisted by seeking greater input from ARMB CEOs playing lead roles on specific delivery tasks on behalf of the ARCC (resource sharing). The ARCC corporate plan will set out how it intends to undertake these roles, for approval by government.

There is now a strong understanding of the importance of an industry-focused strategic direction and that the individual ARMBs have a shared stake in this being done well. This requires ARMB Chairs to be able to take an ARCC view when performing that role.

The private sector has a critical influence on economic and financial outcomes in alpine resorts. For example, lift companies alone have assets that exceed $200 million in the three largest alpine resorts. Improved industry level performance requires a closer level of engagement between the ARCC and the private sector. This is fundamental if the industry level tasks noted above, such as marketing, investment facilitation and development of an industry investment pipeline, are to be effectively undertaken. The ARCC will establish a peak industry group to assist it in performance of its expanded tactical level role.
With an increased focus in this plan on the state and regional economic contributions that alpine resorts make and on the vital tourism role they perform, the performance of the industry as a whole will be further enhanced by establishing an Alpine Resorts Interdepartmental Committee (ARIDC). This will involve senior staff from departments responsible for environment, tourism, planning, regional development and treasury, meeting twice yearly and supported by the ARCC. These arrangements will help guide industry development and raise the focus on alpine matters in government decision-making, by bringing a stronger whole-of-government focus. The existence of the ARIDC will be of considerable value in the development and implementation of the VARDP, since it will provide a forum for shared thinking about priorities across the alpine industry and in competing industries (where a common pool of funding is being pursued). This will help to drive more effective outcomes for the industry and the state.

To keep a focus on outcomes being achieved at the industry or tactical level, Table 6.1 sets out a list of industry-level KPIs, achievement of which will be indicative of a healthy alpine resort industry.
### Table 6.1 Alpine sector KPIs

<table>
<thead>
<tr>
<th>GOALS / STRATEGIC OBJECTIVES</th>
<th>TARGET / KPI*</th>
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</thead>
<tbody>
<tr>
<td><strong>Economic (Financial) Goal</strong></td>
<td>1. Trend increase in real Gross State Product (GSP) attributable to resorts to be at least 2% p.a. for 2012–17</td>
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<tr>
<td></td>
<td>2. Trend increase in regional jobs attributable to resorts to be at least 2% p.a. for 2012–17</td>
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<td></td>
<td>3. Five-year alpine public investment program funded</td>
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<td>4. All ARMBs meet government approved corporate plan financial targets</td>
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<tr>
<td>Increase visitation (SO 1)</td>
<td>5. Trend growth in visitor numbers to be at least 2% p.a for 2012–17</td>
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<td>6. Average annual winter occupancy rates for 2016–20 to be at least 20% higher than 2010–15</td>
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<td>Improve efficiency and accountability (SO 2)</td>
<td>7. Trend ARMB real unit costs decline at 1% p.a.</td>
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<td></td>
<td>8. ARMB CSOs identified, agreed with government and funded</td>
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<tr>
<td><strong>Environmental Goal</strong></td>
<td>9. Renewable energy to comprise at least 30% of resorts’ total energy use by 2020**</td>
</tr>
<tr>
<td>Respect the alpine environment (SO 4)</td>
<td>10. Trend decrease in average annual solid waste disposed per visitor day to be at least 4% p.a.</td>
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<td></td>
<td>11. Habitat protection programs in government approved corporate plans implemented</td>
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<td><strong>Social Goal</strong></td>
<td>12. Visitor household income profile approaches state profile</td>
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<tr>
<td>Facilitate access, equity and diversity (SO 5)</td>
<td>13. Visitor ethnicity profile approaches state profile</td>
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<td></td>
<td>14. Increased number of beds available through central booking services</td>
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<td></td>
<td>15. Range of on-mountain services increases</td>
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<tr>
<td><strong>Cultural Goal</strong></td>
<td>16. Indigenous employment opportunities created</td>
</tr>
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<td></td>
<td>17. Events celebrating resort heritage increase</td>
</tr>
<tr>
<td><strong>Cross Cutting Strategic Objectives</strong></td>
<td>18. ARMBs implement formal stakeholder consultation programs</td>
</tr>
<tr>
<td>Build partnerships (SO 3)</td>
<td>19. Planning timelines meet council norms</td>
</tr>
<tr>
<td>Improve regulatory framework (SO 6)</td>
<td>20. Lease inequities removed</td>
</tr>
</tbody>
</table>

**Notes:**
* All KPIs to be assessed and reported annually by DSE.
** Achievement of this target will be substantially dependent on Federal funding supports.
6.4 Operational level challenges

The operational level is the domain of the ARMBs and of a wide range of private sector businesses. ARMBs operate within a diverse and complex environment. They have a broad range of legislative and regulatory requirements to fulfil and a diverse group of stakeholders, each with different aims and expectations. Lack of clarity in relation to policy and tactical settings, as well as financial constraints, serve to make the operational task difficult. This plan sets out a broad range of recommended actions across all three levels – strategic (policy), tactical and operational – which are designed to provide greater role clarity and to assist in setting the directions for operational decisions by ARMBs and other operators, both private and public.

A significant alpine industry concern is the rate of increase in, and current scale of, ARMB costs and associated charges. This is largely due to a lack of role clarity. A more transparent approach to CSOs and clarity on breadth of activities will improve accountability for several elements that have contributed to ARMB costs. More broadly, however, it is important in a public policy sense that ARMBs are clear about what is in scope and what is not, in terms of functions. To this end, government expects that ARMBs will perform those tasks that are required of a public land manager acting under the Alpine Resorts (Management) Act 1997. This will include relevant investment facilitation and other tasks as set down in the Act. An ARMB will only perform tasks that would normally be undertaken by the private sector when (1) there is demonstrable market failure with respect to such tasks and (2) their performance is important for alpine resort goal achievement. ARMB strategic management plans and corporate plans need to demonstrate compliance with this position.

To illustrate this problem, section 3.2 indicated the importance of improving the customer experience of an alpine resort visit but, at present, there are some aspects of the customer interface that are handled by ARMBs, some that are handled by private operators and some handled by a mixture of both. As expressed by the Australian Ski Areas Association:

No-one is responsible for the customer experience from start to finish...Meaningful improvements to the customer experience can only be achieved by commercially driven entities with the most to lose.

ARMBs will be required to continue to work constructively with private stakeholders to ensure that a more seamless visitor experience is achieved. ARMBs will only retain a visitor experience role where there is demonstrable market failure. As an example, a greater marketing role should be undertaken by the private sector. Such measures will help reduce cost pressures on ARMBs, with flow-on benefits for user charges.

Effective monitoring and reporting of roles and achievements against actions in the Alpine Resorts Strategic Plan, flowing through to ARMB strategic management plans, corporate plans and KPIs, will further assist improved role clarity and industry performance. To assist the achievement of this outcome, annual Statements of Expectations will be issued to individual ARMBs.
These will encompass matters such as:

- annual reporting requirements, including uniform financial reporting
- reporting on KPIs and on other matters set out in the Statement of Expectations, which will initially be done on a six-monthly basis and reviewed by DSE
- alignment of ARMB activities with this plan
- scope of activities undertaken, including justification of those that compete with the private sector
- targets for the rate of cost/charge increase
- reporting details about programs to reduce costs
- role in, and contributions to, whole-of-industry programs
- measuring and reporting on CSOs, as defined by DSE
- strategic planning requirements, including alpine resort participation in the VARDP. Where appropriate, joint public/private submissions will be required under this program
- reporting on how the alpine resort master plan is reflected in its strategic management plan and corporate plan
- community and stakeholder engagement, with a focus on ARMBs working in partnership with lift companies, other private stakeholders on-mountain and with their broader regional communities and local government. ARMBs will be required to report back annually to their stakeholders and to hold public forums as part of the corporate plan development process.

To help assure that performance pressure is maintained, this plan sets a target of a 1 per cent average annual decline in ARMB real operating costs for the plan’s duration (included in the KPIs set out in Table 6.1 in section 6). This, and other KPIs, will be set in annual ARMB corporate plans that are approved by government. DSE will regularly monitor performance against corporate plans and ARMBs will be required to report annually on performance and on plans for the coming year, to their stakeholders.
Policy, strategic planning, management, development, use and promotion at alpine resorts are considered in an integrated way. Policy and role clarity at all levels is established. Governance and reporting regimes are streamlined, transparent and accountable.

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<thead>
<tr>
<th>DIRECTIONS</th>
<th>PRINCIPLES</th>
<th>NO.</th>
<th>ACTIONS</th>
<th>RESPONSIBILITY</th>
<th>TIMING</th>
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<tbody>
<tr>
<td>Roles and responsibilities for all agencies are clearly defined.</td>
<td></td>
<td>48</td>
<td>Minister to provide annual Statements of Expectations to ARMBs and ARCC.</td>
<td>Lead: DSE.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td>ARMB involvement in commercial activities occurs only where there is demonstrable market failure. Private sector should lead customer facing activities. Outputs from this plan flow through to each alpine resort's strategic management plan and corporate plan. Reporting requirements fulfil all legislative and Ministerial obligations. Uniform reporting is implemented across alpine resorts.</td>
<td></td>
<td>49</td>
<td>Industry level (tactical) functions will be agreed and implemented.</td>
<td>Lead: DSE.</td>
<td>Short term (0–2 years)</td>
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<td></td>
<td></td>
<td>50</td>
<td>Provide financial reports to DSE, including quarterly financial reports in accordance with legislative and Ministerial requirements.</td>
<td>Lead: ARMBs. Partners: DSE.</td>
<td>Short term (0–2 years)</td>
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<td></td>
<td>51</td>
<td>Ensure governance framework within which the ARMBs operate provides rigour and accountability.</td>
<td>Lead: DSE. Partners: DTF, ARCC.</td>
<td>Short term (0–2 years)</td>
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<td>52</td>
<td>ARMB corporate plan templates to incorporate KPIs in accordance with currently active Ministerial approvals and the current Ministerial Statement of Expectations.</td>
<td>Lead: ARMBs. Partners: ARCC, DSE.</td>
<td>Short term (0–2 years)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>53</td>
<td>Industry performance to be assessed against KPIs.</td>
<td>Lead: ARCC. Partners: ARMBs, DSE.</td>
<td>Ongoing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>54</td>
<td>ARCC to establish a peak industry group to provide an ongoing mechanism for discussion of industry-driven issues.</td>
<td>Lead: ARCC. Partners: DSE, ARMBs, lift companies, peak alpine resort and industry bodies, TV, RTBs, RDV.</td>
<td>Short term (3–5 years)</td>
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<td></td>
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<td>55</td>
<td>Establish an Alpine Resorts inter-departmental committee.</td>
<td>Lead: DSE. Partners: ARCC.</td>
<td>Short term (0–2 years)</td>
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<td>56</td>
<td>Monitor and report on implementation of the Alpine Resorts Strategic Plan 2012.</td>
<td>Lead: ARCC. Partners: ARMBs, DSE.</td>
<td>Ongoing</td>
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<td>57</td>
<td>Introduce half-yearly reviews of ARMBs to improve portfolio management.</td>
<td>Lead: DSE.</td>
<td>Ongoing</td>
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<td>58</td>
<td>ARMBs to review their activities which compete with the private sector to ensure consistency with government policy.</td>
<td>Lead: ARMB.</td>
<td>Short term (0–2 years)</td>
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