



Mount Baw Baw and Lake Mountain Alpine Resorts Management Boards

Southern Alpine Resorts Reform Project
Paper 1 - Baseline discussion Draft Rev. O

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1. Introduction

1.1 Project background

The Southern Alpine Resorts Reform Project (SARRP) is aimed at outlining changes that are required to enable the Mount Baw Baw and Lake Mountain Alpine Resorts to adapt to climate change and ensure that the economic and social benefits that flow from the alpine resorts to the surrounding communities are maximised.

The Boards have adopted a project plan and GHD has been appointed as the Project Manager. The Project Manager is responsible for management, coordination and delivery of recommendations to the Boards for all aspects of the project implementation and finalisation according to the established time schedule.

Department of Environment, Land, Water & Planning (DELWP) chairs a Reference Group to provide support and guidance to the Boards during the project. This provides a mechanism for the Boards to access Victorian Government agencies in relation to the project.

1.2 Objectives

The stated objectives of this project are to:

- “make recommendations to the Minister as to the changes that are required to enable Lake Mountain and Mt Baw Baw Alpine Resorts to adapt to climate change, ensure the economic and social benefits that flow from the alpine resorts to the surrounding regional communities are maximised, and that the resorts are financially sustainable;
- propose a timeline for the implementation of the recommended changes; and
- gain Government support for implementing the recommended changes.”

The intent is to prepare an Options Report for each of the resorts to be delivered to Government by end of September 2016.

1.3 Purpose of this report

The purpose of this discussion paper is to summarise and synthesise the information gathered through the review of background documents in order to present a baseline context for the Mt Baw Baw and Lake Mountain Alpine Resorts.

The baseline context will allow for an assessment of the relative strengths and weaknesses of the resorts and their current competitive offering. This is to form the basis for identifying opportunities and threats for future activity at the resorts in order to guide the development of future directions and ultimately options for the future ongoing products, services and offerings at each of Mt Baw Baw Alpine Resort (MBBAR) and Lake Mountain Alpine Resort (LMAR).

Figure 1 Project options development



Significant work has been undertaken over recent times in reviewing and exploring the respective operations and future options. However, in developing future options there will be a specific set of information required to provide an evidenced based platform. Therefore, gaps in the current availability of information have been identified to allow for targeted investigations. Similarly, previously proposed plans for the resorts have been summarised to provide for a consolidated set of existing known options for consideration.

1.4 Background

Legislation

Mt Baw Baw and Lake Mountain Alpine Resorts are two of Victoria's six alpine resorts. The resorts were established under the Alpine Resorts Act 1983. Prior to the *Alpine Resorts Act 1983*, Mt Baw Baw and Lake Mountain were managed by the then Forests Commission (along with Mount Buller and Mt Stirling Resorts). The Act designated the individual resort areas and established the Alpine Resorts Commission (ARC) to consolidate administration of all the resorts under one agency.

The Alpine Resorts (Management) Act 1997 ("the Act") abolished the ARC and replaced it with a decentralised model with the establishment of the Alpine Resorts Co-ordinating Council (ARCC) and Alpine Resort Management Boards (ARMBs). The responsible Minister (currently the Minister for Energy, Environment and Climate Change), appoints the ARMBs (now consisting of five Boards across the six alpine resorts) which are responsible for the operation, administration and promotion of each resort. The Act provides more detail of these Board functions, and prescribes the purpose of creating these Boards of Management within the Objects of the Act.

Crown land management

Both resorts are located on Crown land, permanently reserved under Section 4 (1) of the *Crown Land (Reserves) Act 1978*. Crown land is public land managed and held in trust by Government for public use, enjoyment and benefit. It is considered a community asset, and therefore a range of factors apply to leasing on Crown land that do not apply to leasing on private land, including that lease proposals should provide clear community benefits from social and economic perspective while ensuring that the public land is not diminished (Minister for Environment and Conservation, 2002).

Each ARMB has the power to issue leases to develop and occupy land within each alpine resorts under a range of legislative terms and conditions, including the Alpine Resorts (Management) Act 1997, the Crown Land (Reserves) Act, the Alpine Resorts Leasing Policy 2002 and with the consent of the Minister. The Alpine Resorts Leasing Policy provides a consistent framework for leasing Crown land within the alpine resorts. Separately, licences may be granted for purposes that are consistent with alpine resort areas.

LMAR is unique amongst the alpine resorts insofar as there are currently no private leaseholders within the alpine resort. A range of private leaseholders, predominantly lodges, have arrangements with Mt Baw Baw Alpine Resort Management Board (MBBARMB) as the lessor.

ARMB employment

As at the end of the 2015 financial year, Lake Mountain Alpine Resort Management Board (LMARMB) employed eight staff – four full-time employees and four part-time employees. Other resort staff were employed by Belgravia Leisure, who had been contracted by the Board to manage the operations of the resort for the Board, as a trial to assess whether a commercial operator managing the resort may lead to a better financial outcome for government. Until April 2016, Belgravia Leisure managed all staff members, aside from the Executive Officers. The

number of staff employed has fallen in recent years, due to changing demands (Lake Mountain Alpine Resort Management Board, 2016).

As at the end of the 2015 financial year, Mt Baw Baw Alpine Resort Management Board (MBBARMB) employed 16 full-time employees (Mt Baw Baw Alpine Resort Management Board, 2016).

Purpose of the Alpine Resorts

Mt Baw Baw and Lake Mountain are considered to be ‘small resorts’ in the context of the six Victorian alpine resort areas, providing a limited range of services and facilities, however playing an important role as tourism destinations attracting visitors to their local regions (State Services Authority, 2008). Table 1 provides an overview of the two resorts by comparison to the other four alpine resorts in Victoria (Alpine Resorts Co-ordinating Council, 2012).

Table 1 Resort Snapshot

	Mount Baw Baw	Lake Mountain	Mount Hotham	Falls Creek	Mount Buller	Mount Stirling
Elevation (m)	1,564	1,490	1,861	1,849	1,804	1,749
Skiable area (ha)	37	590 (incl. national park)	300	450	263	65 km XC trails
Snow making area (ha)	10	3	36	100	100	N/A

The public, economic, social and recreational benefits that are derived from the alpine resorts for the local and state communities and economies is substantial.

Both resorts play an important role in providing public benefit through providing access to varied alpine experiences for different groups of visitors, including various activities such as snow sports for a range of skill levels, accessibility for families and visitors, and different price points for services such as food and beverage and accommodation.

The resorts attract considerable numbers of local, interstate and to a lesser extent international visitors, driving economic growth and encouraging investment in the regions. These popular recreation attractions result in being key economic drivers within their regions, and have substantial impacts on nearby sub-alpine towns. They contribute to the Victorian economy through visitation and consumption spending and generate jobs and regional investment. Further, the resorts provide a domestic snow option for those that may otherwise have travelled overseas, or chosen alternative activities.

The resorts also provide an important source of recreation to Victorians and to interstate and international visitors, supported through provision of accommodation, infrastructure, retail and commercial premises. They provide a quality Australian snow experience, offering access to activities that include snow play, appreciation, snow sports and nature based activities.

Seasonality of Alpine Resorts

The Victorian alpine resorts attract visitors through the year, however they are historically renowned for the winter season offering which generates the greatest visitation volumes and higher contribution to the economy and local communities. However, the non-snow period, or ‘green’ season, is also important as it further provides public benefit, economic stimulation, and recreational opportunities and is seen to have the potential to supplement winter season financial contribution to the funding of the resorts.

Based on visitation data from 2013 – 2015, it is estimated that approximately 15 – 25 percent of total annual visitation numbers to Lake Mountain occurred during the green season (October to May inclusive) (Lake Mountain Alpine Resort Management Board, 2016), while at Mt Baw Baw the proportion was slightly higher, around 35 – 50 percent (Mt Baw Baw Alpine Resort Management Board, 2016).

Winter season activities at Mt Baw Baw and Lake Mountain include snow sports, snow play and appreciation, as well as complementary product offerings such as tubing, sled tours and a variety of events. Snow making equipment enables production of good quality snow at below zero temperatures when humidity is low, providing coverage on slopes, trails and play areas. Lake Mountain also has capacity through its flake ice production unit to make artificial snow in somewhat warmer and more humid weather than the traditional snow fan gun technology provides.

Winter visitation numbers at both alpine resorts are highly variable and sensitive to snowfall levels. Without the benefit of artificial snow making systems the variations in visitor number levels would be even more substantial.

Green, or summer season activities at the alpine resorts include bushwalking, mountain biking, road cycling, trail running and nature walks. The green season appeals to those who value access and variety (EY Sweeney, 2015). However, green season locations compete with beaches and international destinations during the summer, and are influenced by factors including:

- Break from the norm – trip to mountains seen as novel break from traditional and ritualistic trip to beachside locations. Visit a familiar place at an unfamiliar time.
- Adventure activities e.g. mountain biking, trail walking, camping.
- Appeal of nature – spectacular landscapes.
- Value for money – expectation that trip to snowfield region in summer would be heavily discounted.
- Inertia and established behaviours – still travel to beach destinations during summer.
- Uncertainty and unfamiliarity – what do the mountains offer, would want reassurance over availability of attractions during the summer period.
- Fear over facilities – access and availability of facilities and businesses during off-peak season e.g. restaurants, cafes, peripheral attractions.

Climate change impacts

The rich natural environment of the alpine region is a key element of the alpine resorts' competitive advantages as well as supporting a diversity of native fauna and flora, many of which occur only within the alpine environment.

Victoria's alpine resort areas are vulnerable to the effects of climate change, being relatively low in altitude. The effects of climate change are likely to be most pronounced at lower altitudes as the snowline rises over time, there is a reduction in natural snowfall, and shorter seasons limit peak snow production periods. Warmer temperatures will limit the capacity of alpine resorts to retain both natural and artificial snow as ground and air temperatures rise, and threaten alpine environments, impacting waterways, flora and fauna, and increasing bushfire risk across alpine areas.

According to numerous investigations including the 2012 CSIRO report, *Climate Change Impacts on Snow in Victoria*, the duration of the snow season is likely to be shorter in the future, have a slightly later start, and lower maximum depths. These trends will be superimposed on large natural year-to-year variability. The number of good snow seasons is likely to decline while

the number of poor seasons is likely to increase, as will it appears likely the trend of shorter “skiable” seasons.

Arguably, the number of hours suitable for snowmaking before the start of the snow season using the existing snow making infrastructure is projected to decline substantially at all resorts, followed by a notable marked drop in available hours for snowmaking between the 2020s and 2030s. However, emerging technologies and capacities may broaden the number of days during which snow can be produced, such as snow making infrastructure that has capacity to make snow in above zero temperatures that is less negatively affected by humidity.

As identified in the *Alpine Region and Climate Change working paper* prepared by DELWP, by 2020 alpine areas are forecast to:

- Experience temperature increases up to 1°C;
- 8.3 percent less rainfall; and
- A reduction by half of the area of land covered by snow for at least 30 days per year.

Previous studies have shown that winter visitors to the Victorian alpine resorts are responsive to changes in snow conditions and that the number of visitors increases with maximum snow depth, both natural and artificial. Adaptive measures should be considered by the alpine resorts as they plan for a sustainable future.

Complementary tourism offerings

The alpine resorts each have strong connections to other tourism offerings in their respective regions. Lake Mountain is important to the economic recovery of the Marysville and Triangle area, and is a significant attractor of tourism to the region. The resort complements other regional tourism offerings and natural attractions such as Steavenson Falls and the Black Spur – Yarra Valley to High Country touring route, and is within proximity to the Yarra Valley, which provides a strong food and wine offering.

Mt Baw Baw is close to Melbourne, the Mornington Peninsula, Latrobe Valley and Gippsland. MBBAR has strong connections to the surrounding community and Gippsland region, contributing financially and socially to the economy of the Latrobe Valley and Gippsland Shire. The resort has tourism links to the surrounding Baw Baw National Park, and connections to Walhalla and Mountain Rivers Tourism and has had broader tourism links to the Gippsland region and in particular to the Phillip Island Nature Park.

Consultation

Throughout the development of the SARRP planning process it has been noted that a number of stakeholder engagement exercises have previously been undertaken across both resorts. The feedback and responses from these consultation exercises have been recognised and taken into consideration as part of the development of this baseline discussion paper.

As the project progresses, additional and deeper stakeholder consultation and engagement activities will be undertaken to inform development of future options, directions and strategies for the future of both Mt Baw Baw and Lake Mountain Alpine Resorts.

2. Lake Mountain Alpine Resort

2.1 Baseline conditions

Lake Mountain is one of Victoria's six alpine resorts. It is located in Murrindindi Shire, approximately 120 kilometres north-east of Melbourne. Lake Mountain is Melbourne's closest alpine resort and is considered Victoria's premier family snow play and cross-country skiing destination.

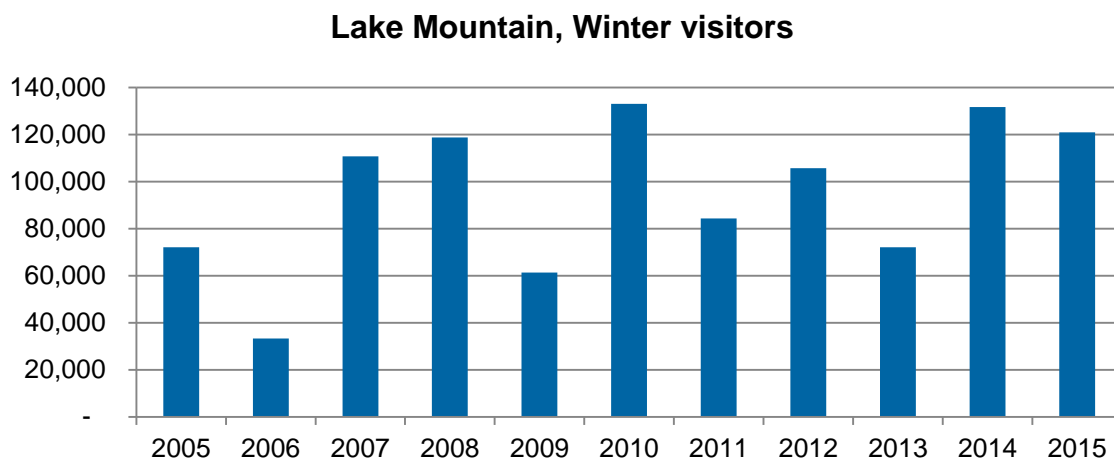
Lake Mountain is an all-season destination, offering winter activities such as snow play, snow appreciation, and cross-country skiing, and green season activities that include bushwalking, mountain biking, road cycling, trail running and nature walks.

Lake Mountain has over 37 kilometres of groomed ski trails, provides access to more than 2,400 hectares of skiable terrain within the Yarra Ranges National Park, four toboggan runs, dedicated snow play areas, and trails suitable for snow-shoeing. Snow making equipment enables production of good quality snow at below zero temperatures when humidity is low. In 2013 the resort also offered (on a user pays basis) snow tubing, a zip line and licensed husky rides.

Green season activities currently offered include bushwalking, camping, wild flower viewing, mountain bike riding, road cycling and sight-seeing. Events are held throughout the year to stimulate visitation and promote the resort and region e.g. alignment to Marysville events, children's programs, cross-country ski events.

Winter visitation numbers at Lake Mountain are highly variable and are sensitive to fluctuations in the level of snowfall. Figure 2 shows the variability in winter visitation numbers over the past decade (Alpine Resorts Co-ordinating Council, 2016).

Figure 2 Winter visitors, Lake Mountain (2005 – 15)



Green season visitation numbers are also variable, however are more closely linked to weather, events and activities, and environmental factors. For instance, visitation immediately after the 2009 bushfires was very low, due to concerns of bushfire risks, limited infrastructure, activities and accessibility.

There is no visitor accommodation (with some limited staff accommodation) at Lake Mountain; the nearest accommodation is located in Marysville, which is approximately 20 kilometres from the resort and offers a range of accommodation options.

In 2009 the region was devastated by the 'Black Saturday' bushfires, which had a large impact on both Lake Mountain and Marysville, with loss of physical infrastructure, natural environment, and human life.

Following the bushfires, a new visitor centre (day shelter building) was constructed, creating new facilities and service offering to visitors. However, the upper level of this building was not completed and remains an undeveloped shell which has potential for use to either attract increased visitation or to enhance the experience of those already visiting the resort.

The resort currently offers:

- snow play areas including toboggan runs,
- a wonderful and expansive network of cross country ski trails,
- an array of mountain biking and walking tracks,
- easy access to the adjacent Yarra Ranges National Park,
- an array of adventure activity centres including a small zip line, a tubing slide and a laser skirmish facility,
- several food and beverage options,
- the Snowsports Centre/Fischer Nordic Demo Centre,
- ski patrol centre,
- a first-aid service provided by the ski-patrol base and a group of volunteers,
- snow equipment hire store,
- guest services,
- a conference room and function area,
- retail outlet, and
- public toilets and shower facilities.

2.1.1 Market research

Lake Mountain's accessibility to Melbourne creates an inexpensive nature based experience which makes it an important resort for introducing newcomers to snow sports, snow recreation, snow appreciation and general nature based experiences. The main appeal of the Lake Mountain experience is the opportunity to just play and experience the snow, as well as have fun on the toboggan slopes, cross country ski trails, and undertake other activities such as snowshoe walks. The experience is about shared moments with family and friends, having a go at new experiences in snow or pursuing challenges that are more advanced.

The Winter 2015 End of Season Report paints a picture on visitor patterns and profiles. In terms of snow experience almost 80 percent of visitors to Lake Mountain are 'first timers' or 'beginners', whilst in terms of frequency of visits, approximately 40 percent of visitors are either 'never beens' or had 'tried once before'. Lake Mountain attracts a high level of repeat visitors, with more than a third indicating that they have 'been a few times' (Alpine Resorts Co-ordinating Council, 2016).

Cross-country skiing is the only snow sports activity provided for at Lake Mountain, engaged in by 10 percent of respondents. However, the resort has recently introduced a small activity area designed to provide young children with an introduction to snowboarding. Research into the success of this initiative is yet to be provided. Tobogganing, snow play, sightseeing, and spending quality time with family or friends are engaged in by 84 percent of visitors to Lake Mountain, compared to 15 percent across all Victorian alpine resorts (Alpine Resorts Co-ordinating Council, 2016).

In addition, data collected by the resort from vehicle counters, recording of postcodes at point of ticket purchase, visitor surveys and anecdotal observations suggest that:

- 88 percent of visitors to Lake Mountain in 2011 lived in Victoria, and were mostly from Melbourne, predominantly from the eastern suburbs, although the western suburbs, Frankston area and Dandenongs are emerging markets (Alpine Resorts Co-ordinating Council, 2012).
- Lake Mountain has the most ethnically diverse visitor profile of the Victorian alpine resorts, attracting a higher proportion of non-White/Caucasian visitors than other alpine resorts. Approximately 23 percent of new visitors to Lake Mountain describe themselves as being of either Asian or Indian background.
- The resort attracts a high proportion of families, particularly in winter for snow play activities.
- It has traditionally been popular with schools, mainly in winter – although they are primarily seeking a recreational rather than educational experience.

The resort was extensively damaged during the 2009 bushfires. Nearby Marysville, which directly serviced winter visitors to Lake Mountain and complemented the resort with approximately 3,000 beds and commercial services, is being re-built after being heavily destroyed by the bushfires. The Shire lost approximately 60 percent of accommodation capacity. This capacity is re-establishing, and there are over 1,000 accommodation beds available in the area (Marysville Tourism, Places to Stay, 2016). The new 101-room Vibe Hotel opened in Marysville in February 2015, and approximately 16 other accommodation providers have rebuilt, or commenced the rebuilding process since 2010, including hotels, caravan parks and Bed & Breakfast accommodation.

Therefore, the current thinking is that the future positioning of Lake Mountain will be linked to the Marysville economic recovery and to the promotion of an improved nature-based tourism and or adventure activity offering in the region.

2.1.2 Climate change and environmental sustainability

Climate change impact

Lake Mountain has the lowest elevation of all alpine resorts in Victoria. Low altitude resorts that do not have adequate snow making capacity will be more vulnerable to changes in climate and their ability to adapt to the changes.

It has been shown that winter visitors to the Victorian alpine resorts are responsive to changes in snow conditions, with the number of visitors increasing as both natural and artificial snow depth increases. Warmer temperatures limit the capacity to retain both natural and artificial snow as ground and air temperatures rise.

Measures are being undertaken at Lake Mountain to influence winter visitation numbers. There is evidence that snowmaking at Lake Mountain has been a successful adaptive method in recent years. During the 2015 winter season, more than 120,000 visitors experienced the resort. Without snowmaking, LMAR would only have been able to provide toboggan slopes for less than 10 days, which would likely have resulted in less than 60,000 visitors to the resort.

Environmental sustainability impact

Climate change is also expected to pose other challenges associated with vulnerability of ecosystems, communities and infrastructure. Environmental factors such as increased frequency and intensity of fires, changes to rain and snow fall levels, patterns and timing and impacts upon vegetation, fauna and endangered species, soil profile and ground and surface water systems are likely to have profound implications. Changes from increased temperature and reduced precipitation are likely to compound habitat loss. River systems are likely to be subject to further deterioration in quality, changes in temperature and reduction and seasonal changes in flow with downstream impacts.

Lake Mountain is likely to be at an increased risk of bushfires due to shorter snow seasons, less rainfall over the year, and drier and warmer ground conditions. The perception of increased bushfire risk may reduce the likelihood that already wary visitors will visit the resort and region, especially given the history of bushfires in the area and the devastation caused by the 2009 Black Saturday fires.

The Black Saturday bushfires caused extensive damage to the natural and native flora and fauna across the resort. The fires heavily affected mountain ash, sub-alpine forest and other communities, and although regeneration has begun, it may take some time for many of these species to return to their pre-fire stage of maturity. However, some native wildflowers have flourished because of the bushfires due to natural adaptability. There has been noticeable public interest in the regeneration of the natural environment post-fires, and visitors to Lake Mountain are seeking education during their visits.

Further development and use of alpine resorts will need to take into account climate change and its impact on environmental factors, 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.

LMARMB has a signed Community Emergency Management Plan with Murrindindi Shire Council for Fire and Emergency Management, and has responsibilities to the water authorities and land managers including Parks Victoria (Lake Mountain Alpine Resort Management Board, 2016). Future strategies will need to consider these stakeholders and the management's responsibilities.

2.1.3 Financial sustainability and economic sustainability

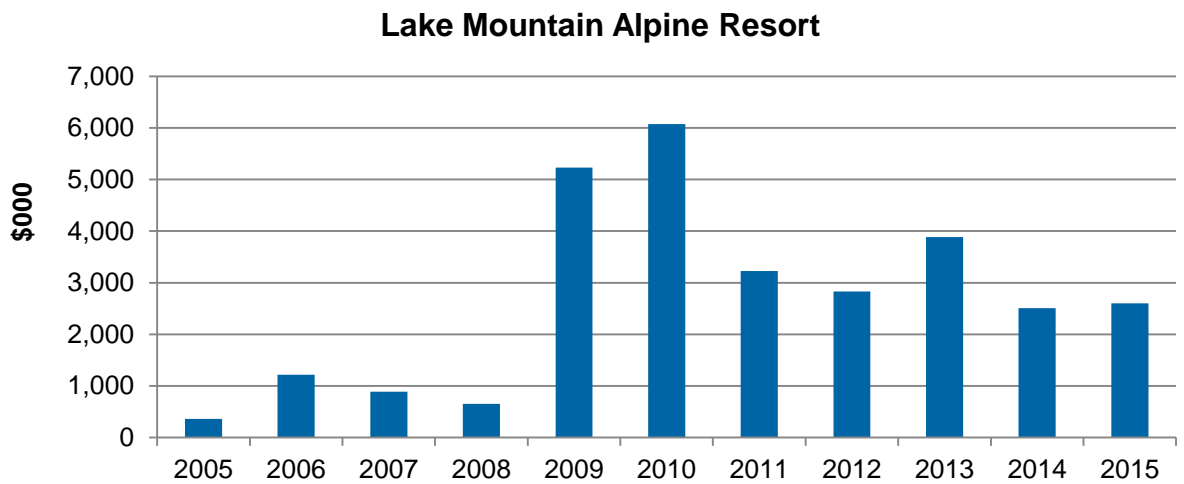
ARMBs are required to be financially sustainable, which has been a key goal of previous legislative and institutional reforms. The Alpine Resorts Reform Package 2003 (State Services Authority, 2008) considered financial sustainability as:

- Having sufficient resources to replace, maintain and develop the total infrastructure of the alpine resorts without borrowing or requiring funds from government.
- Not being dependent on winter visitation revenue.
- Having the capacity to replace assets in a timely manner without requiring funds from government.

At a more immediate level it is the ability to maintain a positive operating cash flow, adequate cash holdings and to generate an operating surplus over time without a substantial dependence upon funds from government.

Since the removal of cross-subsidies from the larger resorts to the smaller resorts in 2003, Lake Mountain has not been financially viable without government funding subsidies to meet the shortfall in operating revenues when compared to the expenditure required to manage the resort. The resort has been dependent on government assistance funding to meet operational expenditure requirements that are not covered by revenue generated by the resort, and for capital outlays. In recent times, this has been through regular funding advances provided by DELWP. Other government agencies also provide specific purpose funding (Figure 3).

Figure 3 Total government funding, Lake Mountain (FY2005 – 15)



The ARMBs, including LMARMB, earn revenue from a number of sources, including:

- Visitor service fees (including gate entry)
- Site rentals (not applicable as yet at Lake Mountain)
- Site service and utility charges (minor source of revenue at Lake Mountain)
- Ski field income and sale of goods
- A number of other sources including interest income, project management income, commission received and marketing
- Government funding.

Under this model, the majority of revenue for most ARMBs is through gate fees in winter (variable depending upon winter conditions), site rental and licence fees from private leaseholders (largely fixed) and site service and utility fees for recovery of municipal services (largely fixed). To a greater or lesser degree, the ARMBs also generate other revenue from food and beverage sales, merchandise outlets, and through the operation of ski schools and equipment rentals. The ARMBs also generate revenue through organising, hosting or facilitating events held in the resorts.

Given the lack of accommodation or private leaseholders at Lake Mountain, the revenue base is almost entirely variable and is totally reliant on white season visitation, which is susceptible to the level of snow fall and winter conditions. On the basis of the current revenue mix, the government bears the seasonal risk (weather and snow conditions) within a future context of trending shorter snow seasons.

Information on the revenue split between white and green season to be included in future works.

There is full reliance on day visitors at Lake Mountain due to no accommodation offering on-mountain. The average spend on a winter season snowfield visit to Lake Mountain in 2014 and 2015 was approximately \$23-24 per visitor (Lake Mountain Alpine Resort Management Board, 2016).

Lake Mountain plays an important role in the Marysville economy; located only 30 minutes apart, it is estimated that approximately 40 percent of the total spend in Marysville is due to visitors to Lake Mountain (The Boston Consulting Group, 2009).

Lake Mountain is also an important economic contributor to the Murrindindi Shire and contributes both economic and social benefits to the region and state of Victoria, including

tourism resource, public policy development, outdoor recreation opportunities and regional development.

The Marysville and Triangle Economic Recovery Strategy estimated that every visitor to Lake Mountain contributes \$85 to the Marysville Region, excluding on-mountain spending. In 2011, Lake Mountain contributed approximately \$3.5 million to the Murrindindi Shire's headline Gross Regional Product (GRP), and it was estimated that total annual resident employment opportunities generated by the resort were 119 (1.8 percent of the LGA total) (Alpine Resorts Co-ordinating Council, 2012).

Lake Mountain has played a leading role in the economic revival and bushfire recovery of the Marysville Region through provision of employment and building activity. However, this has resulted in an increase in the LMARMB operating cost base, in particular costs associated with the new visitor centre.

Although the number of visitors to alpine resorts increases with maximum snow depth, both natural and artificial, and snowmaking reduces variability in inter-annual visitation, visitation levels are ultimately constrained by seasonal weather conditions. Variable visitation levels and the increasing cost base at Lake Mountain that is also constrained by costs of production, current technology, requirements to invest in equipment, cost of power and availability of water presents further challenges to the LMARMB.

2.1.4 Access, infrastructure and utilities

Existing infrastructure to support the operations and functions of Lake Mountain include roads and parking, visitor buildings, water supply system, wastewater infrastructure, diesel generated power supply, gas storage, snow making equipment, as well as workshops and storage for machinery, tools and supplies. An asset management plan has not, to date, been fully implemented at Lake Mountain, so there are potential gaps in information relating to the details of the summarised existing asset base.

Road access

The five designated car parks provide space for approximately 1,300 vehicles at full capacity with the main village car parks accommodating up to 430 cars. The resort is accessed via Lake Mountain Road, which extends approximately 10 kilometres from Marysville-Woods Point Road and is under the control and management of VicRoads. No other road access to Lake Mountain is available.

The on-going monitoring and management of the road by VicRoads has identified areas of risk where remediation and repair will be required to maintain safe access to the resort.

Water and wastewater

Water required for snowmaking purposes is the primary water demand at Lake Mountain. The level of demand is dependent on the climate conditions and requirement for artificial snow production and varies from year to year. The Lake Mountain water supply system sources water from Taggerty River. Water is diverted from Taggerty River at a small concrete weir to three storage tanks via a gravity syphon system. Water supply arrangements in place at Lake Mountain are sufficient to meet current water demands.

There is no reticulated potable water supply, with all potable demands supplied with bottled water. Non-potable water is reticulated for use in buildings for cooking and provision of bathrooms and toilets.

The existing wastewater treatment plant (WWTP) is located at Gerraty's and consists of two small aeration tanks that discharge effluent via eight soak pits. The system was originally constructed in 1990 and is not managed under an EPA waste discharge licence. Since installation of the WWTP there have been a number of development works within the Resort,

including the administration building, public shelter and workshop facilities including additional toilets and showers. Anecdotal evidence from Lake Mountain system operators indicate the system has insufficient capacity to treat waste without occasional overflows occurring, especially during times of peak flows and wet (rainfall) conditions. There is no evidence however to suggest that the overflows have a negative impact upon the environment.

Power and gas supply

Lake Mountain is not connected to the national electricity grid, with diesel generators providing for entire energy needs consisting of three units:

- Olympian 150 kVA generator used during the summer months;
- Olympian 450 kVA standby generator used as a standby unit; and
- Olympian 700 kVA winter generator used predominantly during the winter or peak months.

LMAR is in the process of evaluating the provision of power for the next five years, giving consideration to both lease and purchase of new plant. The status of the current suite of generators is generally in good condition, with a replacement 150 kVA generator having been recently installed and the 700 kVA generator significantly overhauled prior to being committed to another five years of service (GHD, 2016). LMAR has and will continue to investigate alternate energy production methods coupled with energy demand management.

The current dependence on diesel-powered generators has cost and carbon emission impacts in comparison to direct electricity supply, limiting potential returns that could be reinvested in additional facilities and products. Additionally, there is a view that does not sit comfortably with a nature-based destination. The resort does receive a federal government rebate from the payment it makes for diesel to power the generators.

Additional fuel at the resort includes LPG storage as site supply for heating of buildings and cooking within the kiosk.

2.1.5 Service provision and land tenancy

Under the *Alpine Resorts (Management) Act 1997*, ARMBs are required to provide a range of services and to charge contributions for the provision of those services. Specifically, the service provision is for the following:

- | | |
|--------------------------------|--|
| i. water supply | viii. fire protection |
| ii. sewerage | ix. snowmaking and trail grooming |
| iii. drainage | x. snow patrolling |
| iv. garbage and waste disposal | xi. transport, snow clearing and traffic control |
| v. gas | xii. tourism and educational information |
| vi. electricity | xiii. toilets and public shelters |
| vii. roads and car parking | |

While certain services at larger alpine resorts have been contracted out to private providers, Lake Mountain services are currently provided by LMARMB. Additionally, the Board directly operates commercial operations including products associated with food and beverage, ski hire, ski school and retail after the expiration of the Short Term Management Agreement (STMA) with Belgravia Leisure, which expired in April 2016.

Although on Crown land with the power to grant leases, subject to the Alpine Resorts Leasing Policy 2002 and with the consent of the Minister, LMAR is unique insofar as there are currently no private leaseholders within the alpine resort.

2.2 Information gap analysis

The review of background documents for LMAR has identified a number of gaps in the information base that should be addressed to better inform the opportunities and threats for future activity at the resort. These are listed in Table 2. There is opportunity to address priority gaps through targeted investigations during the development of this project.

Table 2 Baseline information gaps for LMAR

Aspect	Identified information gap
Market research	<p>Green season research applicable to small alpine resorts, including market size and segmentation analysis, awareness, attitudes, motivations, etc.</p> <p><i>Note: More research into green season is being undertaken by ARCC, that may identify potential stakeholder impacts, economic significance of the alpine resorts from green season, and enable revaluation of tourism drivers.</i></p> <p>Market testing of new product offerings (for both white and green seasons).</p> <p>Pricing analysis, including understanding of demand elasticities (consumer response to changes in prices).</p>
Climate change and environmental sustainability	<p>Details of the existing environmental values and assets under management, including flora and fauna species, locations and populations.</p> <p>Understanding of the link between LMAR and wider strategies or plans for specific programs being implemented by Parks Victoria or others in the region (particularly given interface with Yarra Ranges National Park).</p> <p>Link of environmental values to new product offering, including regulatory requirements as applicable to environmental responsibilities.</p> <p>Details regarding the role of LMARMB as a partner in the region's Fire and Emergency Management Plan as well as specific details on responsibilities to water authorities and Parks Victoria.</p>
Financial sustainability and economic sustainability	<p>Updated economic data (underway with ARCC, but not likely to be available until early-mid April 2017).</p> <p>Impact of the development of the green season, both financially and economically specific to small alpine resorts.</p> <p>Learnings from Belgravia.</p> <p>Full understanding of private sector interest in investing in the resort.</p> <p>Financial modelling of different scenarios of visitation based on variations in product and services mix.</p>
Infrastructure and utilities	<p>Asset register identifying the existing asset base under management of LMARMB as well as condition, maintenance, economic life of assets, replacement costs, etc.</p>

Aspect	Identified information gap
	<p>Existing utilisation of assets to be able to assess the link between product offering and associated demand on infrastructure, utilities and environment.</p> <p>Information on the supply of supporting services / infrastructure at Marysville and therefore what can be provided for LMAR.</p> <p>Baseline geotechnical information to inform the placement of infrastructure, equipment and new activities.</p>
Service provision and land tenancy	Learnings from Belgravia style management structure and private sector involvement in operations.

2.3 Existing identified product proposals

A number of bodies of work have been carried out to investigate the potential for new product offerings at Lake Mountain, for ongoing development of the resort into an all-season destination. Several potential product offerings have been identified:

- “World’s Longest Zip Line”: a zipline/trees adventures high ropes park that would promote and work towards establishing the resort as a green season destination. Investment requirement of approximately \$1.2 million under a potential co-operative arrangement and joint management arrangement.
- Trees Adventure Course: already in operation in several locations across Australia. Trees Adventure to fund the project; projected annual revenue of \$495,000. A five to ten year operating licence is being sought, with Lake Mountain Alpine Resort Management Board to receive a fee perhaps base on turnover.
- Increased investment in snow-making infrastructure using latest technology that is less weather reliant to improve snow security.
- Eco-accommodation targeted at groups e.g. schools.
- Enhanced boardwalk and walking track connectivity.
- Additional decentralised food and beverage outlets.
- Improvements to resort entry ticketing processes to reduce queuing.
- Opportunities to extend mountain bike paths and provide linkages between trails.
- Improvements to car parks, buildings and recreational areas.
- Increased offerings of walking trails e.g. summit walk, proposed fire walk, camp walk, Snowy Hill boardwalk.
- Enhanced mountain bike riding and road cycling opportunities.
- Synthetic ice skating rink to compliment current winter season activities and add to green season offering.
- Fischer Nordic Race Centre could be expanded to include a ski school office and Fischer Race and Demo Centre. Leverage off the existing relationship and raise the profile of cross-country skiing at Lake Mountain, and contributing towards resort brand development.
- Potential for development of accommodation on the first floor of the Visitors’ Centre, however this is subject to further investigation and obtaining of quotes.

2.3.1 Operational alternatives previously identified

A number of options have been presented previously for consideration for the future operations and funding of Lake Mountain. These include:

- Ongoing subsidisation from government – duration to be determined. Noting that this appears to be inconsistent with government commitment to financially sustainable management of alpine resorts.
- Encourage further management efficiencies through increased revenues and lower costs.
- Private and public investment through product and facility offerings, with commissions, leasing and licencing fees to the Board.
- A return to cross-subsidisation from larger Victorian alpine resorts, transferring the burden of losses to the profitable resorts.
- Discontinue or significantly reduce government funding at Lake Mountain, noting that the immediate and direct cost of winding down resorts is high, as would the economic and social impact to the local region.
- Transfer operation of the resort to Parks Victoria as manager of the Crown Land reserve, and transfer funding of resort activities to become the responsibility of those who provide the budget to Parks Victoria.

3. Mt Baw Baw Alpine Resort

3.1 Baseline conditions

Mt Baw Baw is one of Victoria's six alpine resorts, located approximately 180 kilometres east of Melbourne in the Baw Baw Shire, and only one hour from the heart of Gippsland. Mt Baw Baw is Melbourne's closest downhill ski resort and is considered an accessible and affordable snow experience destination.

Mt Baw Baw is an all-season resort, catering for snowboarders, skiers and those interested in snow play, and providing for green season activities that include bushwalking, downhill mountain biking and nature walks.

Mt Baw Baw winter offering includes:

- over thirty-five hectares of groomed terrain,
- seven lifts (T-bars, pomas only),
- fifteen runs,
- two snow play areas (plus a terrain park) incorporating tobogganing and airbag/tubing activities,
- ten kilometres of cross-country ski trails, and access to terrain for exploration.

Snowmaking equipment allows for production of good quality snow at below zero temperatures when humidity is low. This has allowed the natural snow fall levels of snow to be supplemented thus allowing for greater use of ski runs and the toboggan slopes.

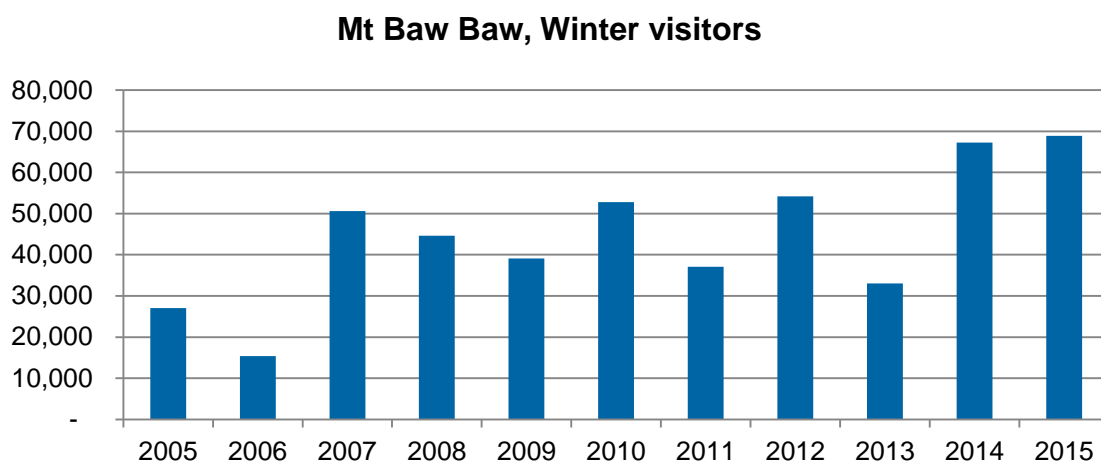
Green season activities currently offered include:

- bushwalking,
- picturesque sub-alpine environment with spring flower viewing,
- national standard downhill mountain bike trail, and
- general sight-seeing.

Events are held throughout the year to stimulate visitation and promote the resort e.g. car rallies, cycling events.

Winter visitation numbers at Mt Baw Baw are also highly variable and sensitive to fluctuations in the level of snowfall. Figure 4 shows the variability in winter visitation numbers at Mt Baw Baw over the past decade (Alpine Resorts Co-ordinating Council, 2016).

Figure 4 Winter visitors, Mt Baw Baw (2005 – 15)



Green season visitation numbers have been variable in past years due to the changing mix of green season events on offer. Several green season events were identified to be economically unsustainable, and were discontinued, while green season operating days at Mt Baw Baw were decreased from seven to three (Friday to Sunday) from the 2014/15 green season period.

Mt Baw Baw offers a variety of accommodation options situated on mountain including 22 lodges, 10 apartments, 2 cabins and a hotel, totalling approximately 700 beds. The accommodation is primarily one and two-star quality although some more private comfortable accommodation options are available. The resort also offers four food outlets, being the Hotel, Village Central, Skiosk and Kelly's Café. The food is predominantly of pub standard and a range of alcoholic beverages is available at several venues.

Information on the current availability of beds, accommodation type, style mix, private ownership of accommodation offerings and period of current leases to be included in future works.

In addition, there is a snow equipment hire, a ski school, general administration building, medical facility, outdoor operations facility, retail outlet, fire depot, two visitor centres, tourism and education information, and public amenities. The Board, with the exception of the privately owned and operated ski hire business and Kelly's Café, operates all facilities.

3.1.1 Market research

Mt Baw Baw is the closest downhill ski resort to Melbourne by distance. The poor condition of the two access routes (the sealed Mt Baw Baw Tourist Road and the unsealed South Face Road) can result in the actual travel time from Melbourne to Mt Baw Baw being similar to the travel time from parts of Melbourne to Mt Buller.

Mt Baw Baw is currently positioned to provide a low cost snow experience, with snow play, entry level skiing and snowboarding facilities, and downhill and cross-country trails. Unlike Lake Mountain, it has on-mountain, lodge style accommodation and existing lifting capacity (5,160 people/hour).

Winter season visitor numbers are the smallest of all the Victorian alpine resorts, excluding Mt Stirling, but grew by 150 percent over the 2007–11 period. Mt 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. Mt Baw Baw is seen as an important part of the regional tourism/recreation offering, and has possible opportunities for growth in areas such as nature based outdoor education experiences.

Similar to Lake Mountain, Mt Baw Baw has high visitation from 'first timers' and 'beginners', and has an ethnically-diverse visitor demographic, with a high proportion of visitors describing themselves as being of either Asian or Indian background. 94 percent of visitors to Mt Baw Baw in 2011 lived in Victoria (Alpine Resorts Co-ordinating Council, 2012).

Visitors to Mt Baw Baw often visit for being the 'closest mountain', or 'close to home/the city/where I am staying'. Approximately 59 percent of visitors are day trippers only. Although many tourists are likely to put up with poor access and low quality infrastructure for an alpine destination, arguably they are unlikely to tolerate this for a summer holiday destination. Additionally, the summer domestic holiday market is much more competitive with thousands of potential destinations compared to the ski industry, where there are only nine Australian alpine destinations.

Should Mt Baw Baw attempt to become a higher profile competitor in the summer holiday or fringe season markets significant upgrades to the infrastructure on the mountain needs to be considered to ensure there is the choice of, at a minimum four-star quality accommodation and services that complement the increased accommodation standards. The resort is an important beginner location catering especially to Melbourne's eastern and southern suburbs, and particularly to those interested in a low cost introduction to snow sports.

3.1.2 Climate change and environmental sustainability

Climate change impact

Mt Baw Baw will face similar challenges to those at Lake Mountain in the context of climate change impacts. Both resorts are low altitude, sub-alpine resorts that will be vulnerable to the effects of climate change. Mt Baw Baw is also a sub-alpine, low elevation resort.

Warmer temperatures will also limit the capacity to retain both natural and artificial snow as ground and air temperatures rise at Mt Baw Baw. Snowmaking is an important adaptive method in managing the current and predicted natural decline in snow cover. Snow making infrastructure at Mt Baw Baw assists in minimising the impact of climate change on winter visitation numbers.

Mt Baw Baw is critical both economically and ecologically, but is vulnerable to a range of natural hazards, especially those resulting from climate change. Climate change adaptation strategies would need to be implemented to secure the future of the alpine resort, including sustainable adaptation in winter tourism offering, and expansion of green season offerings.

Environmental sustainability impact

Climate change is also expected to pose other challenges associated with vulnerability of ecosystems, communities and infrastructure at Mt Baw Baw. The common environmental factors such as increased frequency and intensity of fires, changes to rain and snow fall, vegetation, fauna and endangered species that require protection, soil profile and ground and surface water systems need to be addressed through environmental management plans and responsibilities and funded appropriately to manage the associated risks.

Mt Baw Baw is home to the Baw Baw Frog *Philoria frosti* which is a smallish brown frog endemic to the Baw Baw Plateau and escarpment area. The Baw Baw Frog is listed as Endangered under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* and Threatened under the Victorian *Flora and Fauna Guarantee Act 1988*.

During 2014/15 Mt Baw Baw undertook efforts to promote and protect its unique alpine environment and endangered species, and better understand the impacts of climate change of the resort by engaging with a number of environmental bodies, including Parks Victoria and Zoos Victoria (Mt Baw Baw Alpine Resort Management Board, 2016). Further environmental

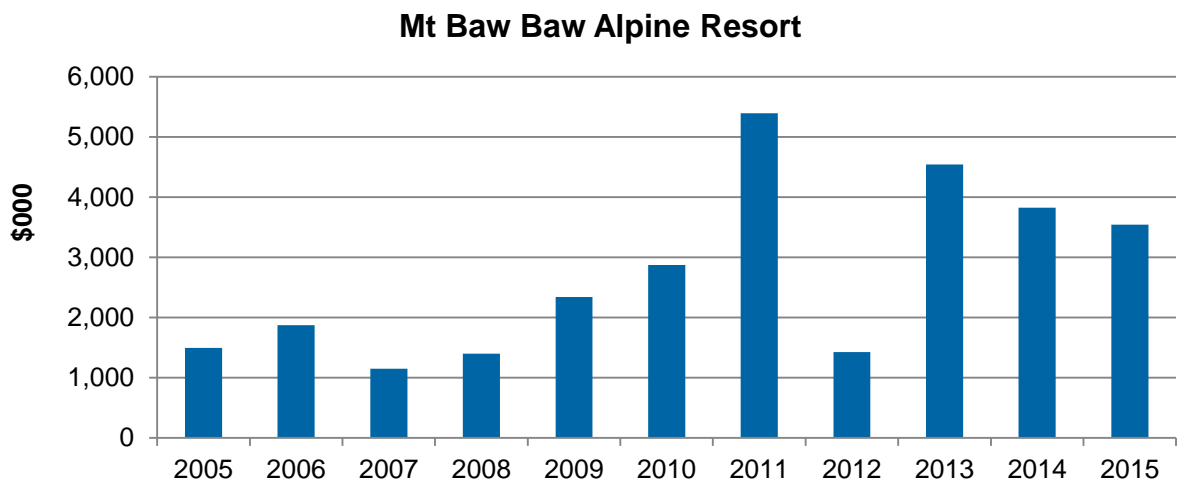
management actions need to be taken into the future, including the development of new Environmental Management Plans.

Mt Baw Baw will also be at an increased risk of bushfires as a result of shorter snow seasons in the future, less rainfall over the year and drier and warmer ground conditions. These impacts will also likely impact demand during the green season. The local Country Fire Authority (CFA) has approved bushfire risk assessment plans and Emergency Management Plans for Mt Baw Baw. These plans have been updated and approved by DELWP and will be updated annually (Mt Baw Baw Alpine Resort Management Board, 2016).

3.1.3 Financial sustainability and economic sustainability

Since the removal of cross-subsidies from the larger resorts to the smaller resorts in 2003, Mt Baw Baw has not been financially viable in its own right. Similar to Lake Mountain, the resort has been dependent on government assistance funding to meet operational expenditure requirements that are not covered by revenue generated by the resort. The resort appears to lack the potential due to its relatively small size, limited offer and lack of “cut through” in the market to generate sufficient revenue from all sources to cover the fixed costs associated with land management, community service obligations and corporate overheads. In recent times, it has been dependent upon the government funding the cost of operations through regular funding advances provided from DELWP (Figure 5).

Figure 5 Total government funding, Mt Baw Baw (FY2005 – 15)



Mt Baw Baw is also an important economic contributor to its local region and the Baw Baw Shire, and brings social benefits to the region and state through its tourism activities, public policy development, outdoor recreation opportunities and regional development.

Mt Baw Baw is a major contributor to the Latrobe Valley and Gippsland regions, where unemployment levels are above State average. The average spend on a winter season snowfield visit to Mt Baw Baw in 2014 and 2015 ranged between approximately \$45 and \$56 per visitor (Mt Baw Baw Alpine Resort Management Board, 2016). In 2011 Mt Baw Baw contributed approximately \$7.5 million to the Baw Baw Shire’s headline GRP, and total annual equivalent resident employment opportunities generated by the resort were 178 (0.8 percent of the LGA total) (Alpine Resorts Co-ordinating Council, 2012).

From a regional perspective, Destination Gippsland (the Regional Tourism Board) considers that Mt Baw Baw, as a winter destination, is one of the few commercial tourist attractions in Gippsland that can generate revenue and employment for the region. However, the visitor experience is compromised by low product quality and service levels. Destination Gippsland

considers Mt Baw Baw less important as a green season attraction, as there are no real activities that will attract yield from visitors.

Baw Baw Shire considers that Mt Baw Baw is an important part of its tourism strategy, along with other towns such as Walhalla in the mountain district. A perceived key benefit of Mt Baw Baw is its accommodation capacity, in an area where accommodation is scarce. The Shire and the Committee for Gippsland both advocate that the sealing of the South Face Road is a high infrastructure priority that would improve safe access to the region and boost visitor numbers not only for Mt Baw Baw but for other associated Gippsland attractions.

Current funding constraints limit development, which in turn results in hesitation from investors. Actions such as upgrading the South Face Road would send a credible message to potential investors regarding commitment to development of Mt Baw Baw.

3.1.4 Access, infrastructure and utilities

Existing infrastructure to support the operations and functions of Mt Baw Baw includes:

- roads and parking,
- visitor buildings,
- water supply system,
- wastewater infrastructure,
- gas fired power supply,
- gas storage,
- snow making equipment, and
- workshops and storage for machinery, tools and supplies.

An asset management plan has not been fully implemented so there are potential gaps in information relating to the details of the summarised existing asset base.

Current snow making infrastructure is ageing and there are concerns regarding the adequacy of capacity and capability to provide full coverage of the required areas as and when required,

Road access

Mt Baw Baw Alpine Resort has two public access roads into the resort:

- The sealed Mt Baw Baw Tourist Road entering from the west, which is a VicRoads declared arterial road and under VicRoads' control and management. The road extends 6.5 kilometres within the designated alpine resort area and an additional 45 kilometres to Noojee. It has a narrow cross section and winding horizontal alignment over undulating conditions.
- The unsealed South Face Road entering from the east is a 25 kilometre road that was built by the Department of Sustainability and Environment (DSE) for log extraction activities and although less winding and less undulating than Mt Baw Baw Tourist Road, has a gravel surface.

The two routes currently have similar travel times from Melbourne, despite the South Face Road being approximately 30 kilometres longer in distance and requiring slower speeds for the unsealed conditions. While Mt Baw Baw is the closest downhill ski resort to Melbourne by distance, the sub-optimal geometry of Mt Baw Baw Tourist Road and the unsealed South Face Road can result in actual travel times from Melbourne to Mt Baw Baw being similar to the travel time from parts of Melbourne to Mt Buller.

Further to the condition of the roads, the routes are steep, and often become icy in prevalent conditions. It is mandatory that tyre snow chains be carried by all vehicles during the winter season when entering the Mt Baw Baw Alpine Resort, and frequently these must be fitted.

The winding alignment of the roads and undulating terrain can make for an uncomfortable journey, especially for those who are not used to such conditions. Further, safety can become an issue as driving in these conditions requires high levels of concentration, and fatigue, impatience or poor driving skills often become apparent.

There are three main car parks that provide space for day and overnight visitors. Internal access roads are provided for movement within the MBBAR area with the Board acting as the relevant road authority per the Road Management Act 2004.

Water and wastewater

Water is required for snowmaking and potable water supply for domestic purposes. The Mt Baw Baw water supply system is surface water dependant and sources water from Dam Valley water catchment. Water is diverted to two storage tanks. A pressurised buried pipeline carries drinking water from the two storage tanks to the village reticulation system. Prior to final distribution to consumers all water is treated by a (Ultra Violet) Treatment Plant and a manual chlorination program (Mount Baw Baw Alpine Resort Management Board, 2015).

Power and gas supply

All electrical power required within the resort is supplied by three LPG fuelled generators, which are owned and operated by AusNet Services and charge MBBARMB for electricity produced. The use of generators results in the cost of electricity to consumers being significantly greater than a direct grid connection. Indicatively, the cost of energy supplied to Mt Baw Baw per kilowatt-hour is three times as high as the grid price of power, and in recent times has escalated at 20 percent per annum (four year average), with charges passed on to consumers (Department of Sustainability and Environment, 2013).

Additionally, the energy load for the resort varies dramatically across the seasons. Summer demand is quite low whilst the energy demand during the ski season can reach the maximum capacity of the gas engines output resulting in power outages, which also occur during summer particularly if there is a surge in demand.

Lack of connection to the grid or another source of low cost electrical energy is seen by investors as a significant business risk in terms of costs and offering a quality reliable product to their customers.

A direct electricity grid connection was investigated as part of the Mt Baw Baw Transformation Project, which proposed installing underground power in a conduit beneath a newly sealed South Face Road. The proposed strategy was submitted to Government for funding but was not supported. There has been further investigation into alternatives to gas fired generators, including photovoltaic panels supported by energy storage and diesel supplementary power. Sustainability options continue to be under consideration.

3.1.5 Service provision and land tenancy

In addition to the services that must be provided under legislation for the function of the alpine resort, MBBARMB directly operates the majority of commercial activity on the mountain. This includes:

- Operation of the seven lifts (lifting and ticketing) as well as trail grooming and maintenance.

- Central accommodation booking for private and public accommodation on the mountain as well as the operation of MBBARMB owned accommodation.
- Operation of two restaurants, a kiosk and other activities associated with food and beverage.
- Rock pool, spa pool, sauna and village gym.

Privately run commercial activities include the ski hire business, one food operator, a general store that sells groceries and merchandise (winter season only) and the privately run lodges and apartments. The Short Term Management Agreement (STMA) with Belgravia Leisure for the management of operations expired in April 2016.

In respect of leasing activities, the MBBARMB is responsible for granting leases of Crown land in the resort area, subject to Ministerial approval under the Alpine Resorts (Management) Act, the Crown Land (Reserves) Act, and in line with the Alpine Resorts Leasing Policy. It also collects site rental and service charge fees from lessees. Under the *Alpine Resorts (Management) Act 1997*, the Board has powers to grant lease terms of up to 99 years, with the approval of the Minister. A range of private leaseholders, predominantly lodges, have arrangements with MBBARMB as the lessor.

Opportunities for greenfield development have been identified in the Mt Baw Baw Development Concept Plan from 2013. The Alpine Resorts Leasing Policy provides guidance for the process for land release, including approvals and allocation.

3.2 Information gap analysis

The review of background documents for MBBAR has identified a number of gaps in the information base that should be addressed to better inform the opportunities and threats for future activity at the resort. These are listed in Table 3. There is opportunity to address the priority gaps through targeted investigations during the progression of this project.

Table 3 Baseline information gaps for MBBAR

Aspect	Identified information gap
Market research	<p>Green season research applicable to small alpine resorts, including market size and segmentation analysis, awareness, attitudes, motivations, etc.</p> <p><i>Note: More research into green season is being undertaken by ARCC, that will identify potential stakeholder impacts, economic significance of the alpine resorts from green season, and enable revaluation of tourism drivers.</i></p> <p>Analysis or assessment from recent experiences with green season offerings applicable to market assessment, including key lessons learnt</p> <p>Potential for improved understanding of day visitor needs e.g. food & beverage</p> <p>Market testing of new product offerings (for both white and green seasons)</p> <p>Pricing analysis, including understanding of demand elasticities (consumer response to changes in prices)</p>
Climate change and environmental sustainability	<p>Details of the existing environmental values and assets under management, including flora and fauna species, locations and</p>

Aspect	Identified information gap
	<p>populations (some spatial information contained in the Mt Baw Baw Development Concept Plan)</p> <p>Understanding of the link to wider plans or programs being implemented by Parks Victoria or others in the region</p> <p>Link of environmental values to new product offering, including regulatory requirements as applicable to environmental responsibilities</p> <p>Details regarding the role of MBBARMB as a partner in the region's Fire and Emergency Management Plan as well as specific details on responsibilities to water authorities and Parks Victoria</p>
Financial sustainability and economic sustainability	<p>Updated economic data (underway with ARCC, but not likely to be available until early-mid April 2017)</p> <p>Impact of the development of the green season, both financially and economically specific to small alpine resorts</p> <p>Learnings from Belgravia</p> <p>Full understanding of private sector interest in investing in the resort</p> <p>Financial modelling of different scenarios of visitation based on product and services mix</p>
Infrastructure and utilities	<p>Asset register identifying the existing asset base under management of MBBARMB as well as condition, maintenance, economic life of assets, replacement costs, projections for asset management expenditure, etc</p> <p>Existing utilisation of assets to be able to assess the link between product offering and associated demand on infrastructure, utilities and environment. In particular, capacity and utilisation of potable water and wastewater</p> <p>Baseline geotechnical information to inform the placement of infrastructure, equipment and new activities</p>
Service provision and land tenancy	<p>Learnings from Belgravia style management structure and private sector involvement in operations</p> <p>Current leasing profile and leaseholders' positions on existing arrangements</p>

3.3 Existing identified product proposals

Potential future development options and product offerings at Mt Baw Baw that have previously been identified include:

- Sealing of South Face Road to provide a sealed access route to Mt Baw Baw.
- Find an alternative power supply option to the current gas-fired generators e.g. connect Mt Baw Baw to the power grid, or investment in renewable power source.
- Extension of gateway visitor and administration centre, in order to create a sense of arrival at the resort, including a potential chairlift from the carpark.
- Additional snow play and snow experience areas.
- Relocation of, and increase in size of the terrain park.
- Improved quality of accommodation offering, including options at luxury, standard and budget accommodation price-points.

- Release of greenfield sites to encourage more accommodation of a style that is demanded by visitors.
- Sale of 'Altitude' and remodelling into higher quality accommodation offering.
- Revitalisation of the club lodge sector.
- Provide an event space, gallery and function room.
- Possibility for creation of health and wellbeing retreat, natural spas.
- Establish an environmental education centre and or indigenous heritage centre.
- Consider upgrades to infrastructure to become competitive in the green season market.
- Introduce the Mt Baw Baw Mountain Biking Concept Plan to increase green season attractiveness.
- Introduce Maltese Cross Chairlift to provide increased mountain access for green and white season activities.
- Introduction and promotion of the resort as an alpine wilderness walk destination including the 'Gateway to the Great Alpine Walk'.
- Building relationships with other nature based visitor attractions such as the Phillip Island Nature Park and/or the various Zoos Victoria sites.

3.3.1 Operational alternatives previously identified

A number of options have been presented to date for how Mt Baw Baw could be managed in the future. These include:

- Ongoing subsidisation from government – duration to be determined.
- Encourage management efficiencies through increased revenues and lowered costs.
- Remove/reduce the Board from private operations and operate purely as a Board i.e. no or significantly less involvement in commercial operations or activities.
- Private investment through product and facility offerings, with commissions and licencing fees to the Board.
- A return to cross-subsidisation from larger Victorian alpine resorts, transferring the burden of losses to the profitable resorts.
- Discontinue or significantly reduce government funding at Mt Baw Baw. Immediate and direct cost of winding down resorts is high, estimated at between \$13.7 and \$20 million, excluding 'make-good' costs.
- Transfer operation of the resort to Parks Victoria as manager of Crown Land, and transfer funding of resort activities to become responsibility of those who manage the Parks Victoria budget.

4. Next Steps

This discussion paper has presented a baseline context for the Lake Mountain and Mt Baw Baw Alpine Resorts drawing on information gathered through a literature scan of background documents and preliminary stakeholder discussions. The baseline context will be used as the foundation for the next stages in this project including:

- Developing a brief Discussion Paper for each resort suitable for a public audience as part of Stage 1 of the Communication and Engagement Strategy.
- Identifying opportunities and threats for future activity at the resorts in order to guide the development of future directions and ultimately options for the future ongoing products, services and offerings.
- Recognising gaps in information, to be addressed through targeted investigations to provide for a more informed basis to assess options.

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6. Disclaimer

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