

# Review of Alpine Resort Areas

**Final Report**

state**services**authority



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The Victorian Government has vested the State Services Authority with functions designed to foster the development of an efficient, integrated and responsive public sector which is highly ethical, accountable and professional in the ways it delivers services to the Victorian community.

The key functions of the Authority are to:

- identify opportunities to improve the delivery and integration of government services and report on service delivery outcomes and standards;
- promote high standards of integrity and conduct in the public sector;
- strengthen the professionalism and adaptability of the public sector; and
- promote high standards of governance, accountability and performance for public entities.

The Authority seeks to achieve its charter by working closely and collaboratively with public sector departments and agencies.

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# abbreviations

ARC	Alpine Resorts Commission
ARCC	Alpine Resort Co-ordinating Council
ARMBs	Alpine Resorts Management Boards
BART	Board for Alpine Resorts Tourism
CEO	Chief Executive Officer
CFA	Country Fire Authority
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DPC	Department of Premier and Cabinet
DPCD	Department of Planning and Community Development
DSE	Department of Sustainability and Environment
DTF	Department of Treasury and Finance
EES	Environmental Effects Statement
IPART	Independent Pricing and Regulatory Tribunal
KPIs	Key Performance Indicators
LCC	Land Conservation Council
NIEIR	National Institute of Economic and Industry Research
NPWS	National Parks and Wildlife Services (New South Wales)
NSW	New South Wales
OESC	Office of the Emergency Services Commissioner
PRRISS	Perisher Ranges Resorts Infrastructure Service Strategy
RDV	Regional Development Victoria
RIDF	Regional Infrastructure Development Fund
SSA	State Services Authority
TV	Tourism Victoria
VSA	Victorian Snowsports Association



# executive summary

In October 2007, the Minister for Environment and Climate Change, the Hon Gavin Jennings MP, requested that the State Services Authority (SSA) review the effectiveness of the institutional and governance arrangements of Victoria's alpine resort areas. This includes the Alpine Resorts Co-ordinating Council (ARCC) and five Alpine Resort Management Boards (ARMBs). This report presents the findings and recommendations of the Review.

Alpine resorts form an important part of Victoria's regional economy and local communities. They are a key generator of economic and social activity. Alpine resorts also contain significant environmental assets, including rare and fragile communities of flora and fauna.

The alpine resort areas are located on Crown land and managed within the context of the Victorian Government's public land management framework. The government's goals for alpine areas emphasise the importance of environmentally sustainable management and development of resorts while ensuring community access to alpine areas and the ongoing financial sustainability of individual resorts.

The current governance model, established by the *Alpine Resorts (Management) Act 1997*, is the product of multiple reforms to administrative arrangements. Successive reforms over the past two decades have progressively improved the effectiveness of alpine resort operations. Most recently, the Alpine Resorts Reform Package of 2003 focussed on improving financial sustainability of ARMBs and assisting the resorts to transition to all season tourism destinations.

However, since that time, changes to the policy and operating context for alpine regions have emerged. In particular, global warming and the adverse impact of climate change on snowfall levels are intensifying the pressures for Victoria's alpine resorts to adapt to new environmental conditions and reposition themselves as all season resorts. The key challenge for government is to ensure that institutional arrangements keep pace with these changes and continue to best support government's long term objectives for alpine resorts.

The Review found that the ARMBs and ARCC are making progress to achieve government's goals for alpine resorts. However, they are constrained by current institutional arrangements. Issues of structural fragmentation and a lack of clarity around roles and responsibilities are key barriers to success. The Review's findings highlight the need to clarify roles and responsibilities of key agencies involved in alpine resorts management and strongly suggest the need for a new institutional model to better align structures with functions.

The Review identified a number of opportunities to facilitate improved management of the resorts and provide clarity for the future market positioning of alpine regions. This should also provide greater certainty for both public and private investment in the alpine resorts. The Review has made eleven recommendations in the following areas:

- |   |  |   |
|---|--|---|
| 1 | <b>Clarifying roles and responsibilities</b> | Clarify the roles of government and other agencies involved in alpine resorts management  |
| 2 | <b>Planning</b>                              | Ensure consistency in planning processes across alpine resorts and address long term planning and development requirements  |
| 3 | <b>Leasing</b>                               | Ensure robust leasing processes and develop formal policy options to support equitable access and use of resorts by community groups and individuals from diverse cultural and socio-economic backgrounds |

4	<b>Marketing</b>	Develop a coordinated strategy for government expenditure on marketing and promotion of alpine resorts
5	<b>Service provision</b>	Establish processes and strategies to determine the appropriate mix of public and private sector service delivery
6	<b>Financial and asset management</b>	Develop a new financial management framework that recognises the unique aspects of individual resorts and determines the overall capital and recurrent funding requirements
7	<b>Performance monitoring</b>	Develop a new, consolidated performance monitoring and reporting framework, including streamlined reporting requirements aligned with government goals and incorporating key performance indicators
8	<b>Climate change</b>	Future management options for small resorts (Lake Mountain and Mt Baw Baw) should reflect all season, nature based tourism uses
9	<b>Community engagement</b>	Establish formal community and stakeholder engagement practices to support effective dialogue
10	<b>Legislation</b>	Remove overlap and duplication between the <i>Alpine Resorts (Management) Act 1997</i> and the <i>Crown Land (Reserves) Act 1978</i> and streamline arrangements for fire and emergency services management
11	<b>Future management options</b>	Consolidate the administration of Mt Hotham, Mt Buller, Falls Creek and Mt Baw Baw into a new Alpine Areas Authority with four regional site offices, and provide for management of Lake Mountain and Mt Stirling by Parks Victoria

A summary list of findings and recommendations is at Appendix A.

An overarching theme of the recommendations is to reduce fragmentation of roles and structures and drive a more integrated, long term, strategic approach in key areas such as planning, marketing, infrastructure, and service delivery requirements. It is important to note that while the Review proposes future structural changes, the Review’s recommendations are not based on a judgement about the performance by individual members of the ARCC or ARMBs. The ARCC and ARMB members and staff have engaged positively and professionally throughout the Review.

The recommendations will have major resource implications for the Department of Sustainability and Environment and will require coordination with other government agencies involved in alpine resort areas. The proposed transition processes will involve considerable consultation with communities. They also provide opportunities for engagement between the public and private sectors to reshape the future of service delivery and day-to-day resort operations.

# 1 introduction

## 1.1 background

In October 2007, the Minister for Environment and Climate Change, the Hon Gavin Jennings MP, requested that the State Services Authority (SSA) review the effectiveness of the institutional and governance arrangements of Victoria's alpine resort areas. This includes the Alpine Resorts Co-ordinating Council (ARCC) and five Alpine Resort Management Boards (ARMBs). This report presents the findings and recommendations of the Review.

The Terms of Reference for the Review of the Alpine Resort Areas are presented in Box 1.

### Box 1: Terms of Reference

The State Services Authority (SSA), under section 50 of the *Public Administration Act 2004*, is required to review the effectiveness of the institutional and governance arrangements of Victoria's alpine resort areas. These arrangements currently involve the Alpine Resorts Co-ordinating Council and five Alpine Resorts Management Boards established under the *Alpine Resorts (Management) Act 1997*.

In conducting the Review, the SSA is to consider:

- institutional, governance and accountability arrangements, including:
  - legislation;
  - entity structure;
  - performance management and reporting;
  - relationships with other entities, local government and the Minister for Planning; and
- financial management, asset management and land management.

Having considered these matters, the SSA is required to develop advice and recommendations regarding:

- appropriate institutional, governance, regulatory and administrative arrangements; and
- other necessary matters related to the Terms of Reference, in particular the impacts of climate change on the small alpine resorts.

The State Services Authority is required to provide a report to me (the Minister for Environment and Climate Change) no later than 30 June 2008.

## 1.2 review methodology

Des Powell, SSA Commissioner, led the Review. The Review team comprised SSA staff and a staff member from the Department of Sustainability and Environment.

An Interdepartmental Reference Group provided whole-of-Government input and advice to the Review. Chaired by the Commissioner, the Group included representatives from the Department of Sustainability and Environment (DSE), Department of Premier and Cabinet (DPC), Department of Treasury and Finance (DTF), Department of Planning and Community Development (DPCD), Tourism Victoria (TV) and Regional Development Victoria (RDV).

The Review consulted extensively with a wide range of stakeholders, including the ARCC, the ARMBs, community groups, the private sector, local councils, government agencies, and interested individuals. Detailed discussions were held with the ARCC and the ARMBs on multiple occasions. A series of Melbourne-based and regional meetings in alpine areas were held to allow organisations and individuals to contribute directly to the Review. The Review team also made field visits to Thredbo, Perisher and Charlotte Pass in New South Wales (NSW). A list of consultations is at Appendix B.

A public call for submissions was issued on 18 January 2008 and closed on 29 February 2008. Advertisements were placed in two state-wide and four regional newspapers calling for submissions. The Review received 65 written submissions from a wide range of organisations and individuals. A list of submissions received is at Appendix C.

The Review conducted a comprehensive literature review, covering legislation and policy documents, government reports and guidelines, academic and research papers, and industry material. A reference list is at Appendix D. A summary of alpine management in other jurisdictions is at Appendix E.

The accounting firm HLB Mann Judd was engaged to provide financial and asset management analysis of alpine resort operations. This work was based on information provided by individual ARMBs and has informed the Review's findings and recommendations.

## 2 legislation and policy overview

Victoria's alpine resort areas are managed within the context of the Victorian Government's public land management framework. The government's goals for alpine areas emphasise the importance of environmentally sustainable management and development of resort areas.

A range of alpine specific and broader legislation governs the management of resort areas. The following sections outline the Victorian Government's legislation and policy initiatives relevant to the alpine resort areas.

### 2.1 legislation

#### 2.1.1 Alpine Resorts Act

The purpose of the *Alpine Resorts Act 1983* is to designate the six alpine resort areas: Falls Creek; Mt Hotham; Mt Buller; Lake Mountain; Mt Baw Baw; and Mt Stirling<sup>1</sup>. Under this Act, all Crown land within each resort area is deemed to be permanently reserved as Crown land. It also declares that certain access roads not part of resorts are deemed not to be part of any municipal district.

#### 2.1.2 Alpine Resorts (Management) Act

The purpose of the *Alpine Resort (Management) Act 1997* is to establish the administrative and governance arrangements for the management of the alpine resort areas. Although there are six alpine resort areas, Mt Buller and Mt Stirling are managed by a single ARMB.

The Act establishes the ARCC and the five ARMBs, sets out their statutory functions, outlines their governance and reporting arrangements, and sets out powers in relation to the leasing of Crown land within the resorts. The objects of the Act are presented in Box 2 below.

#### Box 2: Objects of the Alpine Resorts (Management) Act

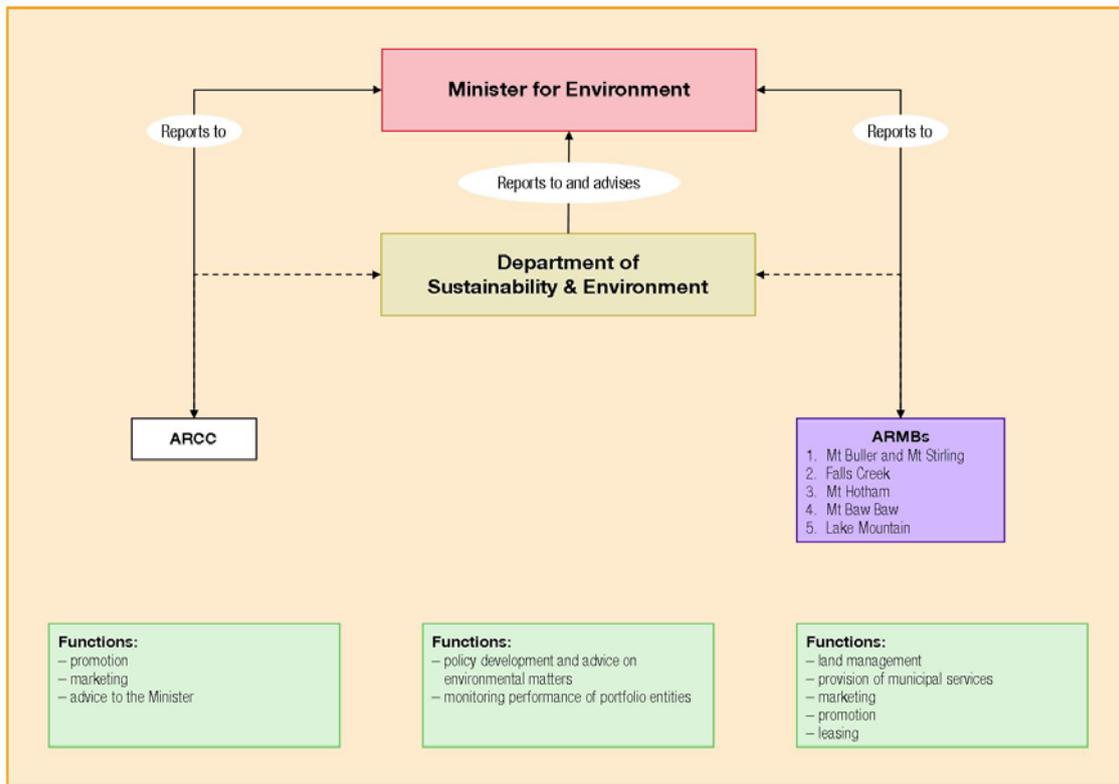
The object of this Act is to make provision in respect of alpine resorts:

- (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.

Both the ARCC and each of the ARMBs, through their respective chairs, report directly to the Minister for Environment and Climate Change. The administrative arrangements are shown in Figure 1.

<sup>1</sup> Under Schedule Part A of the *Alpine Resorts Act 1983*, Mt Torbreck is designated as an alpine resort area. It is not included as an alpine resort area under the *Alpine Resort (Management) Act 1997*.

Figure 1: Current administrative arrangements



### 2.1.3 ARCC

The ARCC is established under Part 3 of the Alpine Resorts (Management) Act. Its membership comprises:

- the chairperson appointed by the Governor in Council on the recommendation of the Minister;
- the chairperson of each ARMB established under the Act; and
- four persons appointed by the Governor in Council on the recommendation of the Minister.

Members of the ARCC hold office for a period not exceeding three years. Members are paid sitting fees, travelling and other allowances. DSE manages the appointment process.

The ARCC employs an Executive Officer and 2.5 full time equivalent staff to assist in carrying out its functions. ARCC staff are seconded from DSE.

### 2.1.4 ARMBs

Part 4 of the Alpine Resorts (Management) Act establishes each of the ARMBs. Each ARMB consists of a board of not less than three and not more than seven members appointed by the Minister. The Act does not specify specific skills and expertise required for ARMB membership.

Members of the ARMBs hold office for a period not exceeding three years. Members are paid sitting fees, travelling and other allowances. DSE manages the appointment process. The ARMBs each employ a Chief Executive Officer (CEO) and other staff to undertake administrative and operational duties.

The functions of the ARCC and ARMBs are outlined in Table 1.

Table 1: ARCC and ARMB functions

ARCC functions	ARMB functions
<ul style="list-style-type: none"> <li>• to plan for and facilitate the establishment, development, promotion, management and use of alpine resorts;</li> <li>• to undertake research into alpine resort issues;</li> <li>• to liaise with and encourage the co-operation of all State and local government authorities, industries, communities and other persons involved in the development, promotion, management and use of alpine resorts;</li> <li>• to review and coordinate the implementation of the Alpine Resorts Strategic Plan;</li> <li>• to monitor the development and implementation of Strategic Management Plans for each alpine resort;</li> <li>• to make recommendations to the Minister on matters related to the provision and improvement of services and facilities in alpine resorts;</li> <li>• to coordinate, in conjunction with Tourism Victoria, the overall promotion of alpine resorts;</li> <li>• to make recommendations to the Minister on any matter relating to alpine resorts in respect of which the Minister has asked for recommendations; and</li> <li>• to attract investment for the improvement of alpine resorts.</li> </ul>	<ul style="list-style-type: none"> <li>• plan for the development, promotion, management and use, of each alpine resort;</li> <li>• develop and promote; or facilitate the development of promotion by others of each alpine resort;</li> <li>• manage each alpine resort;</li> <li>• contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;</li> <li>• undertake research into alpine resort issues;</li> <li>• contribute to and support the operation of the ARCC;</li> <li>• prepare and implement a Strategic Management Plan for each resort;</li> <li>• expend or apply revenue of the board in accordance with a direction of the Minister;</li> <li>• to act as a committee of management of any Crown land;</li> <li>• to contribute, together with Tourism Victoria and ARCC to the overall promotion of alpine resorts;</li> <li>• develop a tourism and marketing strategy for and to promote each resort and to collect and expend voluntary contributions from commercial operations in each resort area for that purpose;</li> <li>• to provide services for garbage disposal, water supply, gas, drainage, sewerage, electricity, roads, fire protection, snow making and transport and to charge contributions for the provision of those services;</li> <li>• collect fees prescribed by the regulations for each alpine resort;</li> <li>• attract investment for the improvement of each alpine resort in respect of which the board is established; and</li> <li>• to carry out any other function conferred on the board by or under the Act or any other Act.</li> </ul> <p>In relation to Mt Stirling and Mt Buller, the ARMB must exercise its functions subject to the following principles:</p> <ul style="list-style-type: none"> <li>• that the resort must be planned for, developed, promoted and managed as a nature based tourist, recreational and educational resource for all seasons of the year; and</li> <li>• that there are not to be any ski lifts in the resort.</li> </ul>

### 2.1.5 Planning and Environment Act

The *Planning and Environment Act 1987* provides the framework for statutory land use planning in Victoria. It seeks to balance development needs with environmental protection and social amenity considerations. The Minister for Planning is the responsible authority for statutory land use planning at the six alpine resort areas.

Victoria's planning system under the Planning and Environment Act underpins the control of land use and development in the State. Planning schemes and planning permits are the main statutory mechanism for controlling land use and development. The Alpine Resorts Planning Scheme governs planning and land use within the alpine resorts areas.

### **2.1.6 Alpine Resorts Planning Scheme**

The Alpine Resorts Planning Scheme was introduced in 1997 and covers the six resort areas. It sets out the policies and controls for the development and protection of land within the resort, including types of use or development which require a permit.

The Minister for Planning is the Responsible Planning Authority for the alpine resort areas. DPCD is the government department responsible for managing strategic and statutory land use planning activities. As such, DPCD administers the Alpine Resorts Planning Scheme on behalf of the Minister for Planning and is responsible for any amendments to the Alpine Resorts Planning Scheme and the assessment of land use planning permit applications.

All Victorian planning schemes contain fixed State content, consisting of a State Planning Policy Framework, Particular and General Provisions, and Definitions. The Local Planning Policy Framework sets out the Strategic Statements and Local Policies that apply to the alpine resort areas. The Alpine Resorts Planning Scheme includes resort specific Strategic Statements that outline the strategic planning, land use and development objectives for each resort. Local Planning Policies are used to implement the objectives and strategies of the Strategic Statements.

The Scheme includes zones that control land use and development and overlays, which apply in addition to the zone requirements. The zone describes the purpose and requirements that apply regarding land use, subdivision and the construction and carrying out of buildings and works. Overlays generally concern environmental, landscape, heritage, built form, and land and site management issues.

DPCD considers proposals to use or develop land to ensure consistency with both the Planning and Environment Act and the Scheme. The Scheme is prepared by DPCD and approved by the Minister for Planning.

The ARMBs are involved in land use planning through:

- section 55 of the Act and their referral authorities status for service provision and site stability. Service provision includes the generation, transmission, distribution or supply of electricity, gas, power, telecommunications, water supply, drainage or sewerage services; and
- section 52 of the Act which provides the ARMBs, as Crown land managers, with the powers to provide comment on development proposals.

### **2.1.7 Crown land - committees of management**

In addition to their functions under the Alpine Resorts (Management) Act, each ARMB is deemed to be a Committee of Management for all Crown land within their resort area. As such, they are responsible for managing Crown land on behalf of the Minister for Environment and Climate Change and have the authority to manage, improve, maintain and control the land.

In this capacity, the ARMBs have the power under section 15 of the *Crown Land (Reserve) Act 1978* to:

- manage and develop the reserve;
- undertake financial transactions, including borrowing money (with the Treasurer's consent) and entering into contracts;
- enter tenure arrangements, such as leasing and licensing, for part or all of the reserve, subject to the Minister's approval;
- employ people; and
- enforce regulations.

## 2.2 policy

### 2.2.1 2006 Policy Platform

In its 2006 policy platform, the Victorian ALP committed to promote environmentally sustainable development in alpine resort areas and maintain them in full public ownership. This commitment is set out in Box 3.

#### Box 3: Environmental Sustainability and Resources<sup>2</sup>

Victoria's alpine resorts require careful public management as they are located on Crown land in sensitive alpine environments yet provide important economic, employment and recreational benefits for regional Victoria and create tourism opportunities for all Victorians and interstate visitors.

To secure the long term viability of these resorts, Labor will:

- build on its *Alpine Resorts 2020 Strategy* to ensure the long term sustainable growth of resorts, particularly year round usage;
- monitor each resort's environment management system;
- promote environmentally friendly and energy efficient practices; and
- encourage further investment by private sector interests in developing our alpine resorts for sustainable 'four season' patronage.

### 2.2.2 Alpine Resorts 2020 Strategy

Under the *Alpine Resorts (Management) Act*, the Minister must cause a strategic plan for the alpine resorts to be prepared. The current plan, the *Alpine Resorts 2020 Strategy*, was released in 2004. The future vision underpinning the Strategy is 'four season, vibrant, sustainable resorts'. The *Alpine Resorts 2020 Strategy* identifies resort viability, including financial viability as the major challenge in the context of climate change.

The *Alpine Resorts 2020 Strategy* is a framework for the long term management and planning of the six alpine resort areas through six 'statements of strategic direction'. The strategic directions are supported by a set of actions including:

- planning for climate change whilst remaining committed to a snow tourism industry;
- continued resort use and visitation which provides high quality experiences, facilitates safe access to Victoria's alpine environment for recreational use through both the winter and non winter seasons;

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<sup>2</sup> Australian Labor Party 2006, *Rising to the challenges*, Australian Labor Party, Melbourne, p. 130

- development of the resorts to enhance visitor experiences by providing attractive, ecologically sustainable mountain villages that have a local character and a distinct sense of place in the landscape;
- vibrant resorts which make a strong economic contribution to their regional economies and Victoria more broadly;
- environmental management where future management and development of the resorts is undertaken in an ecologically sustainable framework; and
- stewardship of public land, which taken at its basic level, is the practice of carefully managing the use of public land to ensure natural systems are maintained or enhanced for future generations.

The Alpine Resorts 2020 Strategy also details future resource use opportunities for each resort, along with implementation, review and reporting arrangements for achieving the directions outlined in the strategy.

### 2.2.3 Alpine Resorts Reform Package

The Alpine Resorts Reform Package 2003 included a range of initiatives to facilitate the long term sustainability of the alpine resorts and complement the Alpine Resorts 2020 Strategy. Some initiatives applied to a single resort, while others applied to all resorts. The Reform Package addressed a number of financial and structural issues requiring resolution in the short term to improve viability and position the resorts for a long term, sustainable future. Key measures included:

- establishment of a joint ARMB for Mt Buller and Mt Stirling;
- requirements to develop a Snow Drought Reserve and Capital Improvement Fund to enable ARMBs to better cope with the impact of poor snow seasons;
- removal of support payments from large resorts to small resorts;
- forgiveness of inherited debt;
- standardised financial reporting; and
- development of economic, environmental and social Key Performance Indicators (KPIs).

### 2.2.4 Alpine Resorts Leasing Policy

The *Alpine Resorts Leasing Policy* is the key policy document governing the leasing of Crown land within the alpine resorts. It was released in 2002. It sets out the terms and conditions of alpine leases, including criteria for deciding the term of the lease. Under the Alpine Resorts (Management) Act, ARMBs have powers to grant lease terms of up to 99 years, with the approval of the Minister for Environment and Climate Change.

The leasing policy sits within a framework of five leasing principles that apply to the management of Crown land in Victoria and this includes the alpine resorts. The *Alpine Resorts Leasing Policy* principles are presented in Box 4.

#### Box 4: Alpine resorts leasing principles

- **demonstrated public and economic benefit.** Crown land is public land managed and held in trust by Government for public use, enjoyment and benefit. Any lease proposal should provide clear benefits to the community from a social and economic perspective while ensuring that the public land values are not diminished;
- **approval in principle requirement.** All lease proposals require the approval in principle of the Minister

before the ARMB agrees or commits to lease Crown land;

- **transparent lease allocation and process.** Land in the alpine resorts is to be allocated for lease through an open and transparent process requiring approval by the Minister;
- **appropriate lease terms and conditions.** The terms and conditions of the commercial lease on Crown land should generally reflect practices in the private sector market. Public interest may demand matters other than those of a commercial nature be incorporated into the lease agreement; and
- **consistent lease documentation.** A consistent approach to leasing of Crown land, to cater for special requirements of legislation, and to address public land values shall be used by the ARMBs as managers of Crown land when presenting to the Minister.

Other key Victorian Government policy and strategic initiatives relevant to the management of the alpine resort areas are presented in Table 2.

**Table 2: Other policies relevant to alpine resort areas**

Policy/Strategy	Objective
Growing Victoria Together	A ten year vision outlining the Government priorities for building a better society.
Our Environment Our Future	Outlines Victoria's approach for achieving a sustainable future, including responses to climate change and strategies for the protection of the State's land and water assets.
Our Water Our Future	The strategic direction for the management of Victoria's water in the context of reduced water supplies through climate change. Supported by a set of <i>Sustainable Regional Water Strategies</i> .
A Fairer Victoria	A five to ten year plan to reduce disadvantage in Victoria.
10 Year Tourism and Events Industry Strategy	Creates a vision, sets a new direction and guides marketing and investment to grow the tourism industry by 2016.
Nature-Based Tourism Strategy 2007-2011	Identifies Victoria's high country as a major region for nature based tourism activities.
Victoria's Native Vegetation Management – A Framework for Action	The Framework is the Government's policy for the protection, enhancement and revegetation of native vegetation in Victoria to achieve a net gain in native vegetation.
Regional Catchment Strategies	Provides strategic direction and planning for catchment-based natural assets such as land, water and biodiversity with links to local planning schemes.
Indigenous Partnership Framework 2007-2010	Provides direction for all of DSE's (and portfolio agencies) Indigenous partnering initiatives.
White Paper on Climate Change (forthcoming)	To establish policy settings and concrete measures for actions to prepare industries, households and regions for adaptation to climate change and to capitalise on the shift to a low carbon economy.
Land and Biodiversity Green Paper (to be followed by a White Paper)	Establishes policy and program directions and sets the Victorian Government's agenda and investment decisions for land and biodiversity management over the next 20 to 50 years.

## 2.3 previous reforms

Current administrative arrangements for alpine resort areas are the product of multiple legislative and structural reforms. In the past, alpine resorts have been managed by a range of different government organisations, including the former Lands Department, the Forests Commission, the State Electricity Commission of Victoria, and the National Parks Service. Both centralised and decentralised management models have been used.

A series of major reforms during the 1980s culminated in the current management structures. During the early 1980s there was general agreement between the snow ski industry, environmental groups and the Government that a fragmented approach to resort administration did not provide for coordinated and effective resort development and marketing operations. In 1983, the Alpine Resorts Act established the Alpine Resorts Commission (ARC) to consolidate administration of the resorts under one agency.

In 1997, the introduction of the Alpine Resorts (Management) Act abolished the ARC and returned the management of alpine resorts to a decentralised model under the control of independent statutory bodies, the ARMBs. The new arrangements retained the resorts as part of the Crown estate. They were designed to:

- enhance and promote tourism and recreational opportunities;
- recognise the significance of the environment;
- facilitate future growth; and
- improve the reporting and accountability of the alpine resort management entities.

The Alpine Reform Package was released in 2003. It addressed a number of financial and structural issues to improve the viability and position of the alpine resorts for a long term, sustainable future. It included release from debt, removal of cross subsidies, improved governance and risk frameworks, and funding initiatives and mechanisms to enable the ARMBs to better cope with the impacts of poor snow seasons.

Table 3 summaries the major changes to the management arrangements for Victoria's alpine resort areas since the 1980s.

**Table 3: Summary of changes to the alpine resort areas since the 1980s**

Year	Changes and initiatives
Prior to 1979	Managed by a number of State Government agencies
1979	Land Conservation Council's Alpine Area Report published
1980	Report of the Ski Industry of Victoria Working Party
1983 - 84	<i>Alpine Resorts Act 1983</i> gazetted and Alpine Resorts Commission (ARC) established
1996	Review of the <i>Alpine Resorts Act 1983</i> , under the competition policy principles
1997	Government accepted the recommendations of Mt Stirling Environmental Effects Statement <i>Alpine Resorts (Management) Act 1997</i> gazetted, establishing the ARCC and the ARMBs
2001	Alpine Resorts Management Boards Financial Management Arrangement Review
2003	Alpine Reform Package addressing funding and management initiatives

### 3 alpine resort areas overview

As outlined in Section 2, five ARMBs directly manage Victoria's six alpine resort areas. The ARMBs plan for the development, promotion, management and use of their respective alpine resort areas and have extensive operational functions.

While each of the resort areas has unique social, economic and environmental characteristics, they are generally categorised as 'large' or 'small' resorts. Mt Hotham, Falls Creek and Mt Buller are typically referred to as large resorts. Mt Baw Baw and Lake Mountain are considered to be smaller resorts. Mt Stirling is considered to be part of a large resort. Although it is a separately designated resort area, Mt Stirling is managed jointly with Mt Buller by the Mt Buller and Mt Stirling ARMB.

There are economic, social and environmental differences between the large and small resorts. The large resorts typically have a greater level of infrastructure, are generally regarded as functional towns with a small population of year round residents and provide standard municipal services. The small resorts of Lake Mountain and Mt Baw Baw provide a more limited range of services and facilities. Lake Mountain offers no winter accommodation. Mt Baw Baw has a small village.

Key facts and figures for each resort are shown in Table 4.

**Table 4: Key facts and figures<sup>3</sup>**

	Mt Buller	Falls Creek	Mt Hotham	Lake Mountain	Mt Baw Baw	Mt Stirling
Elevation (metres) <sup>4</sup>	1804	1860	1861	1530	1564	1747
Highest lifted point (metres)	1790	1780	1845	n/a	1560	n/a
Number of ski lifts	25	15	13	n/a	7	n/a
Snow making area (hectares)	73	100	10	4	10	n/a
Skiable area (hectares)	180	451	245	n/a	35	n/a
Number of beds (approximate)	7000	4200	3500	n/a	700	n/a
Winter visitation figures (2007) <sup>5</sup>	284,149	138,535	138,222	110,807	50,657	3,323

<sup>3</sup> Source: ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economics and Industry Research, Melbourne, unless otherwise stated.

<sup>4</sup> Source: <http://www.vicsnowreport.com.au/report.html>

<sup>5</sup> Source: ARCC 2008, *Victorian Alpine Resorts: winter 2007 end of season report*, Melbourne.

### 3.1 alpine resort locations

Victoria's alpine resorts are scattered across the north-eastern and Gippsland regions of the State. In general, they are surrounded by national parks. The resorts are accessible by road. Figure 2 shows the location of each resort. Approximate driving times from Melbourne to the alpine resorts are shown in Table 5.

Figure 2: Location of Victoria's alpine resorts

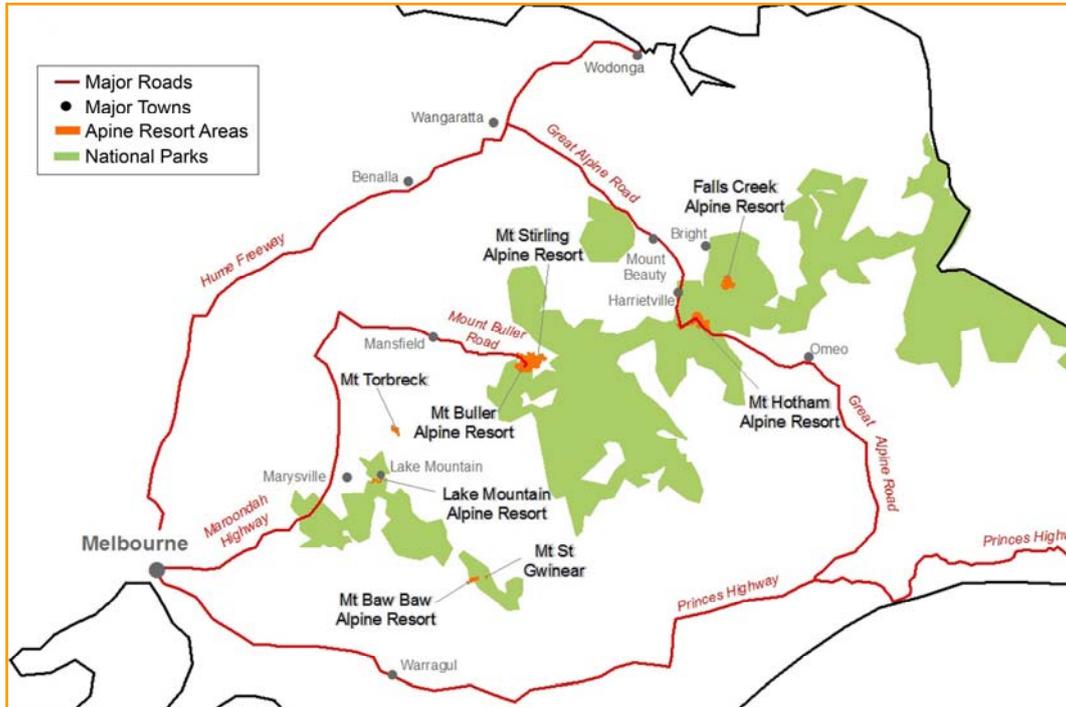


Table 5: Accessibility of resorts from Melbourne<sup>6</sup>

Resort	Drive time from Melbourne (approx)
Lake Mountain	2 hours
Mt Baw Baw	2 hours
Mt Buller	3 hours
Mt Stirling	3 hours
Mt Hotham	4.5 hours
Falls Creek	4.5 hours

<sup>6</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economics and Industry Research, Melbourne.

## 3.2 large resorts

Mt Hotham, Falls Creek and Mt Buller are located at higher altitudes (approximately 1800 metres) than the small resorts of Lake Mountain and Mt Baw Baw (approximately 1500 metres). The larger resort areas provide extensive resort style experiences including accommodation, restaurants and nightclubs. In winter they all provide downhill skiing and snowboarding (including ski lift infrastructure) as well as a range of snow play activities, including tobogganing and snow tubing. Mt Hotham and Falls Creek also offer groomed trails for cross country skiers and access to more remote-style 'back country' skiing.

Compared to the small resorts, the three large resorts generally have a greater level of infrastructure. Given their higher altitudes, they are more likely to experience longer ski seasons and are better equipped to make artificial snow during the winter ski season than the smaller resorts.

### 3.2.1 Mt Stirling

Although jointly managed with Mt Buller, Mt Stirling is less developed and has virtually no private sector involvement in its operations compared to the large resorts. It offers cross-country skiing experience on intermediate and advanced terrain as well as a range of nature based activities. There are minimal visitor facilities.

In 1997, an independent panel conducted an Environmental Effects Statement (EES) review of the future land use and management of the Mt Stirling Alpine Resort.<sup>7</sup> The panel found there was “no demonstrated demand or need for downhill skiing on Mount Stirling in addition to that already provided for at existing resorts”. It was considered that the natural attractions of Mt Stirling complement the more developed nature of Mt Buller, offering a broader range of alpine experiences and strengthening the all season tourism opportunities at both resorts.

The government accepted the EES panel's recommendation. The Alpine Resorts (Management) Act was amended in 2004 to establish the joint Mt Buller and Mt Stirling ARMB. It clearly stipulates the future use of Mt Stirling as being for nature based tourism and recreation purposes and specifically precludes ski lift infrastructure.

## 3.3 small resorts

Lake Mountain and Mt Baw Baw are the two small resorts. They have the lowest elevation of all alpine resort areas. Snowfall and the duration of the winter snow season at both Lake Mountain and Mt Baw Baw are more volatile than the larger and more elevated resort areas. Compared to the three larger resort areas, the two small resorts are less developed and have less private sector involvement in the operations and provision of services.

The small resorts market themselves as family orientated alpine destinations that are close to Melbourne, and as a training location for skiers prior to visiting and skiing at the larger resorts.

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<sup>7</sup> Mt Stirling Environmental Effects Statement, Report of the Panel of Inquiry.

### 3.3.1 Mt Baw Baw

Mt Baw Baw markets itself as a family oriented destination that provides a low cost alpine experience. Mt Baw Baw has some ski lift and ski trail infrastructure operated by the ARMB as well as limited snow making facilities. Its product range includes introductory and intermediate downhill skiing, cross country skiing and lodge style accommodation. Discussions with the Mt Baw Baw ARMB indicated that the resort is used by a diverse range of socio-economic groups.

Much of the infrastructure (e.g. hotel accommodation, ski lifts) at Mt Baw Baw is owned and operated by the Victorian Government. This is in contrast with the other resorts where the private sector owns the assets.

On 4 June 2008, the Minister for Environment and Climate Change opened the new South Face Road providing a tourist link and round trip between the Mt Baw Baw resort and the historic township of Walhalla. The project includes a new entry to the resort as well as a ticket booth and areas for vehicles to fit snow chains.

### 3.3.2 Lake Mountain

Lake Mountain is the closest resort to Melbourne. It is highly accessible for school groups and families, particularly for day visitation. There is an extensive trail network for cross country skiers in the surrounding Yarra Ranges National Park. Lake Mountain has minimal infrastructure and snow making facilities. There are no ski lifts and no downhill skiing options at Lake Mountain. No winter accommodation is available other than at the neighbouring town of Marysville. Lake Mountain attracts a broad range of day trip visitors.

## 3.4 economic and financial overview

In 2006, the ARCC published a report by the National Institute of Economic and Industry Research (NIEIR) on *The Economic Significance of the Australian Alpine Resorts*.<sup>8</sup> Key findings for Victoria from the NIEIR report showed:

- the alpine resorts attract \$369 million in direct expenditure each year;
- the resorts generate additional gross state product of approximately \$505 million per year. Of this, \$361 million (60 per cent) is attributable to the winter season and \$144 million (40 per cent) to the summer season;
- total winter season employment generated was 4694 and summer employment was 1877 (in annual equivalent terms as winter employment in some industries is shorter than one year);
- almost one million visitors access the resorts each winter. The largest resorts (Mt Buller, Mt Hotham and Falls Creek) account for 70 to 80 per cent of total visitors, with Mt Buller receiving the most visitors;
- the number of overseas visitors is small, at around 4.4 per cent; and
- the alpine industry is characterised by many businesses, a large proportion of which only operate during the snow sports season, a period of around four months.

Summer visitation is not formally measured, other than by rough approximations of car numbers and other ad hoc measures, such as attendance at special events. The ARCC is developing a standard methodology for measuring summer visitation.

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<sup>8</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economics and Industry Research, Melbourne.

### 3.4.1 links with surrounding towns

The alpine resorts are located close to surrounding regional towns that provide additional services for visitors, such as accommodation, equipment hire, restaurants, cafes and sightseeing opportunities. A significant proportion of the economic benefits generated by the ARMBs are distributed in regional Victoria. The ARMBs economic contributions to surrounding shires are summarised in Table 6.<sup>9</sup>

Table 6: Regional economic contributions<sup>10</sup>

Economic contribution	Alpine Shire	Mansfield and Benalla Shires	Murrundindi Shire	Baw Baw Shire
Additional gross regional product	\$106 million	\$49 million	\$7.3 million	\$7 million
Employment opportunities (annual equivalent no.)	1375	555	127	94

The focus on all season resorts through the Alpine Resorts 2020 Strategy has started to drive an expansion in the range of visitor and tourism products offered by ARMBs. In addition to winter and snow-based activities, the resorts now offer a range of broader activities such as abseiling, bushwalking, mountain biking, sports training, cultural heritage and general enjoyment of the alpine ambience. The ARMBs are exploring opportunities to expand on these activities. This has increased the economic ties between the ARMBs and regional communities. Wider recreational activities draw on joint cooperation with local communities and councils in areas such as marketing and local tourism strategies.

### 3.4.2 financial profile

The profitability of the ARMBs varies considerably. Historically, the large resorts have been more profitable and able to generate surpluses without government funding. However, the two small resorts rely heavily on government funding and would otherwise experience consistent deficits. Table 7 shows the surplus/deficit position of each ARMB over the past three financial years.

<sup>9</sup> Falls Creek and Mt Hotham are located within the Alpine Shire. Mt Buller and Mt Stirling are located in Mansfield Shire. Lake Mountain is located within Murrundindi Shire. Mt Baw Baw sits within Mt Baw Baw Shire.

<sup>10</sup> Source: ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economics and Industry Research, Melbourne.

Table 7: Historical surplus/(deficits)<sup>11</sup>

ARMB	2005	2006	2007
<b>Lake Mountain</b>			
Including government grants <sup>12</sup>	(\$976,008)	(\$332,674)	\$106,185
Excluding government grants	(\$1,340,463)	(\$1,552,674)	(\$783,083)
<b>Mt Baw Baw</b>			
Including government grants	\$187,505	(\$384,741)	\$126,611
Excluding government grants	(\$1,307,264)	(\$2,257,774)	(\$1,021,571)
<b>Falls Creek</b>			
Including government grants	\$351,569	(\$90,727)	\$840,410
Excluding government grants	(\$194,846)	(\$270,324)	\$721,140
<b>Mt Hotham</b>			
Including government grants	\$355,343	\$620,336	\$1,245,820
Excluding government grants	\$330,343	\$618,336	\$1,241,012
<b>Mt Buller &amp; Mt Stirling</b>			
Including government grants	\$918,436	\$1,213,000	\$1,489,000
Excluding government grants	\$918,436	\$1,193,000	\$1,456,000

Major revenue sources for the large and small resorts differ. Revenue for the large resorts is predominately sourced from site rental fees, service charges and gate entry. This is shown in Table 8.

Table 8: Major revenue sources for the large resorts<sup>13</sup>

Revenue source	Falls Creek	Mt Buller & Mt Stirling	Mt Hotham <sup>14</sup>
Site rental charges	\$3,040,747 (36%)	\$2,860,000 (28%)	\$1,210,576 (13%)
Service charges	\$2,439,499 (28%)	\$3,023,000 (29%)	\$2,798,879 (29%)
Resort entry charges	\$1,720,247 (20%)	\$3,168,000 (31%)	\$1,966,505 (20%)
Other	\$1,417,582 (16%)	\$1,292,000 (12%)	\$3,701,523 (38%)
<b>Total revenue</b>	<b>\$8,618,075</b>	<b>\$10,343,000</b>	<b>\$9,677,483</b>

Revenue patterns for the small resorts are more heavily dependent on gate entry fees (which vary with snowfall levels) and government grants. As there is no accommodation at Lake Mountain, it does not generate revenue from site rental or service charges. At Mt Baw Baw, the Victorian Government is the owner and operator of ski lift infrastructure and the ARMB generates significant income related to skiing (e.g. ski lift tickets). There are no ski lifts at Lake Mountain, therefore its ski field income only relates to cross-country trail fees, which are substantially less than ski lift fees. The revenue sources for small resorts are shown in Table 9.

<sup>11</sup> Source: HLB Mann Judd report to the SSA.

<sup>12</sup> Government grants refer to all sources of government funding

<sup>13</sup> Source: 2006-07 annual reports.

<sup>14</sup> Figure includes a once-off private investment of \$2.09 million for a water project. Mt Hotham also receives fixed income for gas trading operations.

Table 9: Revenue sources for small resorts<sup>15</sup>

Revenue source	Lake Mountain	Mt Baw Baw
Gate entry	\$813,505	\$482,224
Service charges	n/a	\$254,095
Site rental	n/a	\$61,331
Ski field income	\$110,368	\$1,238,503
Government grants <sup>16</sup>	\$889,268	\$1,148,182
Sale of goods	\$816,196	\$660,558
Other	\$117,088	\$614,361
<b>Total revenue</b>	<b>\$2,746,425</b>	<b>\$4,459,254</b>

Major expenditure items for all the ARMBs include visitor services, marketing, infrastructure and village operations and administration. However, detailed cross-comparisons are difficult as each ARMB reports their expenditure differently. Table 10 shows total annual expenditure of the ARMBs.

Table 10: Total ARMB expenditure<sup>17</sup>

ARMB	Total expenditure 2006-07
Falls Creek	\$7,777,665
Mt Hotham	\$8,431,663
Mt Buller and Mt Stirling	\$8,854,000
Lake Mountain	\$2,640,240
Mt Baw Baw	\$4,322,643

The land and other asset values (e.g. infrastructure and facilities) at each resort are significant. The asset values for each ARMB are summarised in Table 11.

Table 11: ARMB asset values<sup>18</sup>

ARMB	Value of non-current assets	Value of non-current assets excluding land
Falls Creek	\$88,000,000	\$21,000,000
Mt Hotham	\$87,000,000	\$28,000,000
Mt Buller & Mt Stirling	\$191,000,000	\$41,000,000
Lake Mountain	\$16,000,000	\$11,000,000
Mt Baw Baw	\$15,800,000	\$11,200,000

<sup>15</sup> Source: 2006-07 annual reports.

<sup>16</sup> Government grants refer to all sources of government funding.

<sup>17</sup> Source: 2006-07 annual reports.

<sup>18</sup> Source: HLB Mann Judd report to the State Services Authority. Values as at 31 October 2007.

### 3.5 social significance

The alpine resorts provide a diverse range of recreational activities to the community and attract a broad range of participants. Historically, community participation in Victorian alpine recreation was predominately ski-related and alpine users were mostly drawn from members of organised ski clubs. In more recent times, the breadth of both snow sports and summer activities has evolved to create a more diverse range of visitor attractions. The resorts now attract a wider demographic spread of visitors. Contemporary resort users now expect more extensive visitor facilities than traditionally provided by clubs such as day spas and wellness centres.

As Crown land assets, the resorts are publicly owned and managed for the benefit of all Victorians. Under the Alpine Resorts (Management) Act, the ARMBs have a statutory responsibility to ensure equitable access to the resorts by persons of varied cultural and socio-economic groups.

There is limited information on the socio-economic background of alpine resort visitors. Formal data collections typically record visitors in terms of age, sex and state of residence. Little is known about the spread of visitors across different income groups. However, costs associated with snow-based activities, such as skiing, can be high and are seen to limit growth. The data limitations make it difficult to comment on the extent to which government's objective of access by varied cultural and socio-economic groups has been achieved. Typical base-line visitor costs at alpine resorts are outlined in Table 12.

Table 12: Typical visitor costs<sup>19</sup>

	Mt Hotham, Mt Buller, Falls Creek, Mt Baw Baw	Lake Mountain (cross-country only)
Gate entry (per car)	\$30 - \$35	\$35 (weekend rate)
Ski lift ticket (per person) <sup>20</sup>	\$71 - \$94	n/a
Ski equipment hire (per person per day) (snowboard and boots/ ski, poles and boots)	\$36 - \$46	\$27
Ski clothing hire (per person per day)	\$27 - \$38	\$17
Helmet (per person per day)	\$10 - \$14	n/a
Snow chain hire (standard 2 wheel drive vehicle)	\$15 - \$30	\$12 <sup>21</sup>
Accommodation (room per night based) (on mountain/hotel style)	\$110 - \$195 (low season) \$220 - \$505 (high season)	n/a
Cross-country trail fees	\$8 - \$12	\$12
Toboggan hire	\$5 - 10	\$10

<sup>19</sup> Figures sourced (June 2008) through ARMB websites, unless otherwise stated. Figures indicate are approximate base prices where possible.

<sup>20</sup> Figures sourced (June 2008) through ARMB websites.

<sup>21</sup> [http://www.marysvilletourism.com/snow\\_faq.htm](http://www.marysvilletourism.com/snow_faq.htm)

In addition to the broad social benefits, the alpine resort areas are important for Indigenous and heritage reasons. Historically, the areas were important for cultural exchange between Indigenous groups. While there are few officially recorded sites of Indigenous heritage, some significant cultural heritage material was uncovered in the 2003 and 2006 alpine bushfires. Native title claims now extend across much of the alpine regions.

### **3.6 environmental significance**

The alpine resort areas contain significant environmental assets. This includes rare and fragile communities of flora and fauna. In Australia, the alpine areas represent a small and unique landscape on a dry, low continent. These areas are one of the lowest alpine regions in the world. The Victorian Alps cover 500,000 hectares and straddle the Great Dividing Range between North East Victoria and Gippsland. The alpine resorts are generally surrounded by national parks, where environmental protection is of importance. This has consequences for the environmental stewardship of alpine resorts, particularly in relation to the need for collaborative management of alpine resorts and the adjacent national park.

Alpine plants and animals have evolved to cope with extremes of their environment, including low temperatures, high winds and snow cover for long periods. As a result, many species and ecological communities only exist in alpine areas.

The moderate slopes of Victoria's alpine mountains provide for the establishment of a range of vegetation, including grasslands, herb fields, heathland, woodlands and alpine peat and bog communities. These vegetation communities support a wide range of fauna, including birds, mammals, reptiles and fish.

Victoria's alpine areas contain 64 known threatened species and an undetermined number of threatened ecological communities including:

- snow patch communities;
- alpine bog communities;
- the Mountain Pygmy Possum at Falls Creek, Mt Hotham and Mt Buller;
- the Baw Baw frog;
- several species of Stonefly at Mt Stirling and Mt Buller;
- the leadbeater possums; and
- the Barred Galaxias, a small native fish found at Lake Mountain.

Victoria's alpine resort areas contain the head waters for a range of river systems including the Murray, Goulburn, Ovens, Mitta Mitta, Kiewa, La Trobe, Yarra and Mitchell rivers. These rivers are a key resource not only for the resort areas but also for a range of downstream uses, such as domestic and stock water, irrigation and environmental flows. Combined, the Goulburn, Ovens, Mitta Mitta and Kiewa Rivers contribute approximately 49 percent of the inflows to the River Murray.

In addition to these ecological and landscape values, Victoria's alpine resort environments provide a number of ecosystem services for current and future generations, and across geographic locations. Such services include:

- maintenance of air quality;
- maintenance of water quality and supply;

- pest control;
- climate stabilisation;
- prevention and mitigation of natural degradation; and
- Indigenous cultural heritage.

### **3.7 local and international markets**

The Victorian alpine resorts compete as tourism destinations with interstate and international alpine resorts. The worldwide alpine resort industry is estimated to have annual revenues of nearly \$A80 billion. Australia's share of this is around \$900 million, less than 1 per cent.<sup>22</sup>

The NIEIR report notes that visitor day numbers for the snow season at Australian resorts have been stable for at least the past ten years. NIEIR estimates that 238,000 people or 1.2 per cent of Australia's population regularly engage in snow sports. This is a much lower rate than that of North America and Europe.

On average, around 73 per cent of visitors who use an Australian resort reside in the same state as the resort. However, that figure is far higher for Lake Mountain and Mt Baw Baw where 94 per cent of visitors surveyed by NIEIR lived in Victoria.

NIEIR estimated that there were 3.1 million visitor days to New South Wales and Victorian resorts during the 2005 snow sports season. Of these, 1.8 million visitor days (57 per cent) were attributable to New South Wales resorts and 1.3 million visitor days (43 per cent) to Victoria's resorts. However, it is difficult to precisely determine the degree of competition between Victoria and New South Wales. Discussion with New South Wales operators indicated that competition between Victorian and New South Wales resorts is negligible. However both Victoria and NSW resorts compete with other leisure destinations such as Queensland for tourists in other recreation sectors.

There is also a degree of international competition. Internationally, Victorian resorts compete with a range of alpine tourism destinations for snow-based activities, including New Zealand, Japan, Canada, the United States and Europe. The NIEIR report estimated that just under half (42.5 per cent) of all Victorian resort visitors had travelled to an overseas resort. The relatively close proximity of Victoria's resorts to Melbourne and the ability for visitors to stay in overnight accommodation above the 'snow-line' are competitive advantages offered by Victoria's resorts compared to New Zealand. While detailed data on Victorian visitors to overseas resorts is not available, there is anecdotal evidence of the attractiveness of international resorts as tourism destinations and international resorts are heavily marketed and promoted in Victorian media.

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<sup>22</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economic and Industry Research, Melbourne.

## 4 findings and recommendations

The primary purpose of examining the governance of alpine-related organisations is to ensure that institutional arrangements support the achievement of government’s objectives. In determining the optimal design of structures, government must make a range of decisions about:

- which functions should be performed;
- how those functions should be allocated between the public and private sectors;
- how to best establish relevant entities;
- which accountability systems might apply; and
- how to ensure whole-of-government coordination and alignment.

The following sections provide an overview of public sector governance and institutional design principles. It also outlines the Review’s findings and recommendations in relation to the governance and management of alpine resort areas.

### 4.1 public sector governance and institutional design principles

Good governance and institutional design provide the foundation for a high performing public sector. They help ensure that public institutions serve the Victorian community and deliver government objectives in a responsive, accountable and highly professional manner.

Governance encompasses processes by which organisations are directed, controlled and held to account.<sup>23</sup> That is, the processes whereby decisions important to the future of an organisation are taken, communicated, monitored and assessed. It refers to the authority, accountability, stewardship, leadership, direction and control exercised in the organisation.

Poorly conceived structural and governance arrangements can be costly and can undermine the effectiveness of organisations. Conversely, best practice institutional design provides for the alignment of structures and capability with functions and facilitates effective and efficient management in accordance with government’s objectives.

The SSA has developed public sector governance and institutional design principles as part of its broader governance mandate. These principles emphasise the importance of clear roles and responsibilities. Box 5 outlines these general principles of public sector governance and institutional design.

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<sup>23</sup> State Services Authority (2007), *Good practice guide on governance for Victorian public entities*.

## Box 5: Institutional design principles

### Role of a Minister

- Accountable to Parliament for portfolio matters including the application of Government policies to activities within the portfolio.
- The Minister responsible for a public entity is accountable to the Parliament in respect of the exercise by the public entity of its functions, and the exercise by the Minister of his or her powers in relation to the public entity.

### Role of a Department

#### *General:*

- Principal source of advice to the Minister for portfolio matters. This includes high level policy and strategic planning functions for the portfolio, and regulatory policy. Policy functions should sit with the Department rather than public entities.
- Manages portfolio budget. This includes controlling major portfolio revenue sources and developing high level expenditure priorities within parameters set by the Minister and Cabinet.
- Performs the ‘purchaser’ or ‘customer’ role in major procurement.
- Undertakes service functions that warrant a high level of Governmental or Ministerial control over how they are carried out.

#### *Regarding public entities:*

- Advises the Minister on the design of public entities in the portfolio. This includes function mix, accountability and performance relationships, and other administrative and governance matters.
- Monitors the performance (financial and non-financial) of public entities in the portfolio.
- Has regular contacts with public entities in the portfolio and should be aware at an early stage of significant initiatives being developed by the entities. Where practicable, the Department can prepare advice in advance of an entity briefing the Minister.

### Role of a Public Entity

- Complementary to Departmental role. Undertakes functions warranting a degree of independence and less Governmental or Ministerial control.
- Purchases and delivers services on behalf of the Government in accordance with plans and budgets agreed with the Minister and the Department.
- The entity’s board and management are accountable for the efficient and effective operation of the entity.

## 4.2 clarifying roles and responsibilities

The Review identified a range of issues relating to the functions undertaken by ARMBs. The ARMBs are Victorian Government entities established as public sector managers of publicly owned assets. As such, they play a critical role in achieving government’s objectives for alpine areas. Under the Alpine Resorts (Management) Act, the ARMBs are required to perform a wide range of statutory functions, including commercial, service delivery, regulatory and land management activities.

The broad scope of functions leads to internal role conflicts and tensions where ARMBs are required to simultaneously pursue commercial and ‘public good’ goals. For example, ARMBs functions include land development and promotion activities as well as environmental sustainability and protection functions. Similarly, requirements to maximise revenue while providing alpine access to all cultural and economic groups are potentially at odds with each other. Current

arrangements devolve decision making on the resolution of these inherent conflicts to ARMBs, resulting in inconsistent policy outcomes across the resorts.

There is a lack of clear policy guidance on how ARMBs are expected to balance their economic, social and environmental responsibilities and their relative priorities. In particular, planning and leasing mechanisms are being used to prioritise economic outcomes over social and environmental outcomes.

The functions of the ARMBs are not only broad but also vertically-integrated in that they undertake both high-level strategic planning activities (e.g. business and land development, major capital works procurement) as well as localised operational decisions (e.g. delivery of services, enforcement of regulations). This mix of strategic and operational roles leads to difficulties for alpine resort management. It leads to a perception of autonomy and undermines the role of DSE as the primary source of policy advice to the Minister for Environment and Climate Change on alpine related matters.

Public sector design principles indicate that a clear delineation between the party responsible for strategic planning decisions (DSE) and the party responsible for implementing those decisions (ARMBs) is desirable. Specifying a narrower range of clearly defined, operational functions for the ARMBs would better allow them to focus on their delegated tasks with maximum efficiency and effectiveness. ARMBs should not be expected to perform the dual roles of strategic decision-maker and service provider.

It is hard to justify an ongoing role for ARMBs in commercial activities (promotion, development, marketing and some elements of service provision) where there is no evidence of market failure. Government's role in alpine resorts is to ensure the appropriate use of alpine land for the broadest public benefits, including equity in the use of public land, a sound regulatory and legislative framework to underpin property rights, and the protection of environmental assets. Arguably, the private sector is better placed to deliver commercial activities and potentially some services. The Review found that there is a perception that rising service costs result from expanded ARMB activities. A sharper delineation between the role of public and private sector organisations would assist in clarifying the role of ARMBs and provide greater certainty for the private sector. In turn, this should improve the investment attractiveness of the resorts.

The wide ranging scope of activities performed by ARMBs also strains resources and the capability to deliver on statutory obligations. The Review found that while all of the ARMBs have undertaken a considerable amount of work and achieved much progress, there are significant capacity issues that need to be addressed. For example, there is evidence that ARMB members are spending excessive time fulfilling their roles and become involved in managerial tasks as a matter of necessity. Skills shortages are an issue and there is scope to scale-up and achieve more efficient resource use. ARMBs also expressed concerns over the level of compliance and reporting obligations that they are required to adhere to.

It is also apparent that the monitoring of ARMB strategic management plans by the ARCC has been limited. The ARCC has indicated it is inadequately resourced to fulfil all its functions to the level it would like.

The ARCC's role and functions also warrant consideration. In particular, a conflict of interest arises between the ARCC's strategic review functions of ARMBs and its membership base. The ARCC has statutory accountabilities for reviewing and coordinating the implementation of the Alpine Resorts Strategic Plan (Alpine Resorts 2020 Strategy) and monitoring of Strategic Management Plans for each ARMB. At the same time, ARCC membership includes the Chairs of each ARMB. Thus ARMB chairs are effectively asked to review and monitor their own performance. This situation is clearly undesirable from a good governance perspective and has resulted in difficulties in setting performance indicators for the Alpine Resorts 2020 Strategy.

There is also a significant overlap and duplication between the functions of the ARMBs and the ARCC. In particular, under the Alpine Resorts (Management) Act, both are required to plan for the development, promotion, management and use of alpine resorts. This further dilutes the clarity of purpose for ARMBs and DSE. In addressing these issues, the key challenge for government is to ensure that functions are appropriately allocated to organisations that are ‘fit-for-purpose’ and best positioned to deliver required tasks.

Based on the public sector institutional design principles in section 4.1, strategic planning and coordination of alpine matters are functions best performed by DSE, as the principal source of alpine policy advice to the Minister for Environment and Climate Change. This role should include provision of explicit guidance to ARMBs on how to prioritise competing tasks, and monitor and review ARMB activities. Areas where there is a particular need for more specific guidance by government and DSE include:

- the nature and availability of resort accommodation (including the desired mix of short stay backpacker/hotel and long stay or residential apartment facilities);
- future development potential;
- fire and emergency services management;
- public access and use of the resorts by community groups and individuals from diverse cultural and socio-economic backgrounds;
- overall marketing positioning of alpine resorts (orientation towards all season and winter) as a tourist and recreational destination and links with broader government tourism strategies; and
- service-related infrastructure development plans (e.g. roads and water).

The ARCC has played a role in researching alpine resort issues and coordinating implementation of strategic management activities. However public sector governance principles indicate that these are essentially high level policy, planning and accountability matters that should be undertaken by DSE. The overlaps and fragmentation within current structures limit DSE’s ability to perform its legitimate role in coordinating a whole-of-government position on alpine resorts policy matters. On that basis, the Review found little evidence to support the ongoing existence of the ARCC.

A positive and close relationship between DSE and the ARMBs is critical to effective communication about roles and responsibilities and the achievement of government policy objectives. To support role clarity, it would be desirable for the Minister for Environment and Climate Change to clearly articulate the general obligations of ARMBs as public sector entities (as set out in the *Public Administration Act 2004*), outline the roles and responsibilities of DSE and the ARMBs, including expectations for collaboration and cooperation.

This could be achieved through a formal Statement of Expectations process. This model is common in the public sector and has been used successfully elsewhere such as with catchment management authorities.

It will be critical that DSE has the appropriate capabilities and resources to effectively implement the proposed changes to roles and responsibilities. A key challenge for DSE will be to balance environmental, economic and social objectives for the alpine resorts. There is potential for tension between these objectives and this was consistent with discussions with NSW officials. However, any tensions can be addressed through clear policy guidance in order to ensure that the government’s priorities of sustainable environment and economic development are met.

### Recommendation 1 - Clarifying roles and responsibilities

- 1.1 That the Minister for Environment and Climate Change phase out the ARCC and clearly allocate alpine policy, research and strategic planning roles to DSE.
- 1.2 That the Minister for Environment and Climate Change issue annual statements of expectations to each ARMB to outline how the ARMBs should undertake their role, including the general obligations of ARMBs as public sector entities and clarify the roles and responsibilities of all alpine portfolio entities, including DSE. These statements should be fully integrated as part of the corporate planning and performance reporting process.
- 1.3 That DSE undertake relevant research and analysis to provide clear guidance on key policy matters for implementation by ARMBs, including: development capacity, accommodation mix, fire and emergency services management, support mechanisms for encouraging alpine visitation by community groups and individuals from diverse cultural and socio-economic backgrounds, market positioning and links with broader government tourism strategies.

## 4.3 planning and leasing

The ARMBs have statutory roles in both planning and leasing matters. In relation to land use planning, the ARMBs:

- act as a referral authority in relation to service provision and site stability under the Planning and Environment Act. As referral authorities, the ARMBs have the right to approve, reject, or approve with conditions a land use development proposal; and
- comment, as Crown land managers, on land use development proposals under the Planning and Environment Act. In this instance the ARMBs do not have a right of veto.

In respect of leasing activities, the ARMBs are 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. They also collect site rental fees from lessees.

The Review found a lack of understanding of the role of ARMBs in relation to planning and leasing activities. The statutory functions allocated to ARMB in relation to planning are narrow and do not envisage their involvement prior to applications being lodged with DPCD. In practice though, ARMBs are actively involved in planning applications and broader matters of urban design. This has the potential to create probity concerns and perceptions that ARMBs misuse their planning and leasing powers to drive economic outcomes and maximise revenue through development opportunities. It also contributes to uncertainty regarding planning processes and unnecessary time delays for developers.

### 4.3.1 planning

In their capacity as referral authorities and Crown land managers, the ARMBs should only become involved in planning matters once DPCD refers a permit application for land site stability and service advice. This role is appropriate as the ARMBs are the public land managers at alpine resorts and are in the best position to advise on these matters. It is also consistent with other Victorian planning schemes involving utility service providers.

It is through local variations in processes that ARMBs attempt to extend their role and shape planning applications before they are formally submitted. For example, some resorts have introduced an 'approval in principle' process to review planning applications prior to an applicant formally lodging their proposal with DPCD. In these circumstances, stakeholders perceive the ARMB as the de facto responsible planning authority. This results in inconsistency in the

application of the planning scheme across resort areas and duplication of planning activities between the ARMBs and DPCD.

In some circumstances, ARMBs seek to use their powers as a referral authority to approve or refuse development proposals on broader grounds than their referral authority status permits (i.e. design elements). There is also evidence that ARMBs use the leasing process to undertake planning activities that extend beyond their statutory role. In particular, some ARMBs have developed resort specific design and siting guidelines and policies to influence proposed developments. Such guidelines are imposed as 'hurdles' for approval during lease negotiations. In reality, locally developed guidelines have no formal status and sit outside the statutory planning process. Community groups such as ski clubs believe that these types of guidelines adversely impact on their ability to develop their alpine facilities.

The Alpine Resorts Planning Scheme already includes unique design and siting guidelines for the three large resorts. These are contained in schedules to the formal Design and Development Overlay for the resorts. Where the ARMBs use their own design and siting guidelines they are duplicating the requirements of the planning scheme. This creates confusion amongst developers and the community around the processes involved in lease negotiations and development proposals as well as the technical requirements for leasing and land use planning approvals. This use of resort specific design and siting goals is driven by the ARMBs desire to control development to achieve a particular urban design vision and economic outcome.

However, these design outcomes may be better achieved through reviewing or amending the Alpine Resorts Planning Scheme so that it incorporates the ARMBs planning requirements. This would enable the applicants to deal with planning matters in a streamlined way, through DPCD, and achieve consistency in processes across all resorts. It would also provide clarity to ARMBs and greater certainty for developers.

A number of submissions to the Review suggested that ARMBs could play a greater role in planning and become the responsible land use planning authority, with associated decision making powers in respect of planning applications. However, this approach is not supported on the basis that separating the roles of land manager and planning approver is important from a probity perspective in order to avoid conflict of interest. A blending of these two roles would arise with a more localised system and it would also be difficult to achieve within current resources. Local government was also identified as an alternative planning authority.

The Review found that planning approvals involve specialised skills and this role appropriately rests with DPCD. DPCD has overall responsibility for land use planning and has specialised planning knowledge and capabilities. It is in the best position to balance state-wide planning issues and local alpine requirements.

Nevertheless, there is scope to strengthen consultation processes and deepen understanding about long term development matters within alpine resorts. Review consultations and submissions indicated a high level of dissatisfaction with current arrangements for consultation and input to decision making at alpine resorts, especially with regard to planning and development.

Given the significant and wide-ranging interest in planning and development issues from broad stakeholder groups (e.g. developers, ski lift companies, leaseholders, alpine resort users and environmental groups), DSE could consider the implementation of an overarching alpine 'structure-type' plan as part of the statutory planning arrangements for alpine resorts. Such a plan could comprehensively address future planning and development for the alpine areas. A high level and long term plan for the future development of the resorts would provide certainty and a transparent mechanism to bring together the views of all interested stakeholder groups.

It will be critical for the Structure Plan to be developed in a holistic, consultative and objective way that recognises the appropriate division of policy and planning functions across government agencies. Discussions within government raised a number of suggestions as to how the Structure Plan could be developed, including the use of an independent body or a department led approach. Irrespective of the approach chosen, DSE and DPCD would have significant interest and contribution to the development of the plan, given their respective roles in setting strategic policy objectives and statutory planning for alpine resorts. To ensure an integrated approach, DSE and DPCD should work together to consider a way forward for the development of the plan, including appropriate processes and consultation models.

### **4.3.2 leasing**

DSE has a role in reviewing lease applications. However, these assessments tend to focus on the length of the leasehold, rates and charges. DSE can play a role in ensuring that special siting and design conditions are not being imposed by individual resorts through more rigorous checking of lease applications.

Review submissions point to a number of issues relating to site rental fees applicable to alpine resort leases. There are two types of leasing schemes that operate in the alpine resorts. This results in an inequitable, two-tiered pricing system. Site rental fees and other leasing terms and conditions vary, depending on which of the following leasing schemes applies to a particular site:

- Alpine Resorts Leasing Policy: Established in 2002, the policy provides for a standard lease and pricing based on market rental values; and
- Victorian Snowsports Association /Alpine Resorts Commission (VSA/ARC) agreement: Established in 1990, Site fees are generally much lower under this agreement. It provides for site rental adjustments based on site revaluations every six years, with annual CPI adjustments in intervening years.

The ARC/VSA agreement runs until 2013. Approximately 50 per cent of sites in the alpine resorts are subject to this agreement, with the majority of remaining sites subject to full market rent fees in accordance with the Alpine Resorts Leasing Policy.

The ARCC has commenced its six yearly review of site rental prices under the VSA/ARC agreement. Submissions to the Review indicated significant concerns from certain groups, such as community based ski clubs. Concerns relates to potential site rental fee increases (e.g. for lodges) as a result of adjustments to site values. These groups are seeking relief from price increases on the basis that many operate as not-for-profit entities which provide low cost access to alpine accommodation for lower socio-economic groups.

There is a lack of suitable mechanisms to resolve pricing treatment for community groups. Decisions about differential treatment and special circumstances need to be clearly understood and addressed in a transparent way and not resolved through negotiations at individual resort level. The issue of special fee treatment for groups and clubs should be seen within the broader context of how resorts are expected to ensure the 'use of the resorts by persons from varied cultural and economic groups' as required under the Alpine Resorts (Management) Act. Currently, there is little specific guidance regarding how this is to be achieved.

Should government wish to support certain community groups (e.g. ski clubs) through discounted pricing on grounds of hardship or special circumstances, this should be explicitly articulated in a policy statement and cover all alpine resorts. Such a policy would assist in clarifying the government's position on access to alpine resorts for persons from all cultural and socio-economic backgrounds. Site rental discounts are one way to provide low cost access to alpine resorts, through lower accommodation costs. In developing a policy position on equitable access, all

means of support should be considered (e.g. discounted gate entry fees or programs for school groups). As a first step, DSE should collate information on the nature of pricing and other forms of assistance sought by various parties and propose policy options to the Minister for Environment and Climate Change for decision making.

### Recommendation 2 - Planning

2.1 That DPCD work with DSE to ensure consistency in planning approval processes and provide certainty for developers and other stakeholders over long term planning and development matters at alpine resorts by:

- removing any local variations such as in-principle approval processes;
- developing communication tools and training materials to strengthen awareness and understanding among stakeholders regarding relevant planning roles and responsibilities for alpine resort areas. This is particularly relevant to clarify the roles of ARMBs in their capacity as referral authorities and Crown land managers and the boundaries of those roles; and
- ensuring that any requirements for resort specific design and development guidelines are formally developed as part of the Alpine Resorts Planning Scheme and not developed locally for use as part of leasing negotiations.

2.2 That DSE and DPCD consider a way forward for the development of an alpine resorts Structure Plan. The aim of the plan would be to comprehensively address future long term planning and development requirements.

### Recommendation 3 - Leasing

3.1 That DSE develop more rigorous assessment and monitoring mechanisms to enable it to comprehensively review lease proposals and ensure that resort specific design outcomes are dealt with through the Alpine Resorts Planning Scheme and not through local guidelines as part of leasing negotiations.

3.2 That DSE work with the ARMBs to develop comprehensive policy options for the Minister for Environment and Climate Change on mechanisms to achieve equitable access and use of resorts by individuals from diverse cultural and socio-economic backgrounds, including clubs and other community groups. This should include analysis of all available means to support public access to alpine resorts and not be restricted to leasing prices.

## 4.4 marketing

The Review found that there is scope to improve coordination of alpine marketing activities across government agencies in conjunction with the private sector. This would lead to clearer market positioning of resorts and better place them from an overall tourism perspective. The current approach to marketing is heavily fragmented and focussed on the provision of advertising and marketing services. There is a lack of a comprehensive, integrated strategy for alpine resort promotion and market positioning. There is also a threshold question about whether ARMBs should be directly involved in marketing activities.

Under the Alpine Resorts (Management) Act, a number of organisations have statutory responsibilities for elements of marketing related to the alpine resort areas. These include:

- ARMBs – responsible for contributing, in conjunction with TV and the ARCC, the overall promotion of alpine resorts through four seasons advertising and for the development of a tourism and marketing strategy. Although not specifically required, the ARMBs undertake data collection, product development, provide visitor services and provide booking and accommodation services either directly or indirectly;
- ARCC – responsible for co-ordinating, in conjunction with TV, the overall promotion of alpine resorts across all resort areas; and
- TV – responsible for developing and marketing Victoria both nationally and internationally. TV leads and coordinates the tourism industry.

In addition, the Alpine Resorts 2020 Strategy assigns the Board for Alpine Resorts Tourism (BART) the role of ‘lead agent’ to coordinate a marketing strategy for the alpine resorts. BART has no statutory basis but operates under a formal Memorandum of Understanding and annual financial agreement between the ARMBs and TV. BART’s membership consists of an independent chair, representatives of the ARCC, each ARMB and TV. These organisations jointly provide BART with \$805,000 for their coordinated marketing activities. The Ski Victoria Campaign developed by TV and BART specifically markets the Victorian alpine resort as a ski destination.

Ski lift companies also undertake significant marketing activities for winter based visitation at the three larger resorts. Many of the private sector accommodation, hospitality and service venues located at resorts also initiate marketing efforts, both in their own right, and in some cases, on a combined or cooperative basis.

The large number of organisations involved in marketing the alpine resorts creates confusion and a lack of transparency about roles and responsibilities. There is also a lack of linkages at a senior level between DSE and TV in terms of developing the overall marketing strategy for positioning the alpine resorts. The current approach to marketing is heavily fragmented and focussed on the provision of advertising and marketing services. There is a lack of a comprehensive, integrated strategy for alpine resort promotion and market positioning.

The Review found that the ARMBs do not operate within an agreed understanding of the overall market and competitive position of the resorts. This is critical given the changing trends in tourism, changing customer needs and continuation of aggressive international and local competition for alpine tourism. BART has an overarching winter marketing strategy, as outlined in its strategic plan. However, it does not have a comprehensive summer or all season strategy. Research into these areas has commenced but is at a preliminary stage.

Individual activities at resorts vary widely, both in terms of the amount of expenditure on advertising services and in the strategic direction of promotion activities (i.e. summer or winter orientation). While a number of resorts have increased their focus on marketing all season activities, this investment is not adequately supported by data and business plans, including measurement tools.

There is little evidence of rigorous processes to assess value propositions, market drivers and to undertake appropriate research such as market segmentation by price and location. ARMBs have also developed different relationships with relevant ski lift companies, resulting in a fragmented approach to marketing product and service delivery models.

Effective and coordinated marketing activities are important to underpin alpine tourism and community understanding about all season resorts. Development of a coordinated and integrated strategy is essential to ensure the efficient and most effective allocation of resources by government. The extent to which government invests in marketing of the alpine resorts should be based on a clear understanding of the relationship between marketing expenditure and visitor numbers, including to what extent the financial benefits of different marketing activities accrue to

private and public sector parties. A key aim of a strategy should be to clarify the desired market position of the alpine resorts and secure agreement by key players (both public and private) as to the actions and resources required for delivery. This might also include objectives related to access by diverse cultural and socio-economic groups.

Given government’s broad goals of community access, all season resort use, and increasing visitation, the Review believes that it is more appropriate that public sector funding for marketing be primarily directed at these activities.

Local government involvement in regional tourism is also critical. Review consultations indicated that while interest varies, local governments have a clear understanding of the economic benefit of winter-related activities and an emerging understanding of the importance of summer tourism. Continued cooperation with local government is essential to build understanding and integrated tourism strategies.

**Recommendation 4 - Marketing**

4.1 That DSE and Tourism Victoria develop a new alpine resorts marketing and promotion strategy that improves the coordination of marketing arrangements and which removes the role of the Board of Alpine Resorts Tourism.

4.2 That the new marketing and promotion strategy address the overall direction and budget for government funded marketing including the proportion to be spent on international, interstate and regional marketing activities as well as the proportion to be directed at all seasons versus winter season resort use.

The strategy should be based on a detailed study of relevant alpine tourism data, such as visitor profile information. It should be prepared in consultation with the ARMBs and coordinate with promotion activities undertaken by ski lift companies as well as regional tourism associations.

This recommendation assumes that under Recommendation 1, the ARCC no longer exists.

## 4.5 service provision

Under the Alpine Resorts (Management) Act, ARMBs are required to provide a range of services (eg garbage disposal, water supply, gas, drainage, sewerage, electricity, roads, fire protection) and to charge contributions for the provision of those services. Table 13 shows which services are provided at each resort and whether they are delivered directly by the ARMB or contracted out.

**Table 13: Service provision at the alpine resort areas<sup>24</sup>**

Service	Falls Creek	Mt Hotham	Mt Buller & Mt Stirling	Mt Baw Baw	Lake Mountain
Garbage disposal	Contracted	✓	Contracted	✓	✓
Water supply	✓	✓	✓	✓	✓
Gas	Contracted	✓	Contracted	Contracted	✓
Drainage	✓	✓	✓	✓	✓
Sewerage	✓	✓	✓	✓	✓
Electricity	Contracted	Contracted	Contracted	Contracted	✓
Roads (internal)	✓	✓	✓	✓	✓
Fire protection	CFA <sup>25</sup>	CFA	CFA	DSE	DSE

<sup>24</sup> Source: ARCC

<sup>25</sup> CFA refers to Country Fire Authority

Service	Falls Creek	Mt Hotham	Mt Buller & Mt Stirling	Mt Baw Baw	Lake Mountain
Snow making	Contracted to lift company	Contracted to lift company	Contracted to lift company	✓ (ARMB is the lift company)	✓
Transport (on mountain)	Contracted	✓	Contracted	✓	✓
Transport (to mountain)	✘	✘	✘	✘	✘
Snow patrol	✓	✓	Contracted	✓	✓
Snow clearing	✓	✓ & contracted	✓	✓	✓
Car park control	✓	✓	✓	✓	✓
Public facilities (eg public toilets, shelters)	✓	✓	✓	✓	✓

Note: ✓ indicates that the ARMB provides the service directly.

The Review found scope to improve the provision of services at alpine resorts by exploring the potential for best practice delivery models and developing an integrated, strategic plan for service-related infrastructure. This includes potential delivery by external parties.

A priority action is for DSE and ARMBs to ensure suitable processes are in place for the ARMBs to effectively engage with local government and potential private providers, such as ski lift operators, to determine which party is in the best position to deliver services. While some services within the resort areas are currently contracted out, there is a lack of adequate mechanisms for assessing delivery alternatives, such as formal procurement policies.

Consideration of alternative delivery options should be based on an analysis of how best to provide services to the resort and visitors. This should take into account all available options. It would also require a clear statement of the level of services to be provided. Joint visioning of future services between public (including local government) and private sector providers is imperative to underpin successful service delivery and positive visitor experiences. New approaches to service delivery options could also lead to innovative models for capital funding that could assist in reducing financial constraints for the ARMBs.

Where there are opportunities for external providers to deliver services in a more efficient and effective way, these should be formally evaluated and tested. Examples of where this might be appropriate include water, transport, ski patrol and snow making. Given the compliance, technical expertise and security of supply issues associated with water availability, ARMBs should give priority to formal discussions with water authorities regarding options for future services.

A number of submissions advocated transferring all ARMB service provision responsibilities to local government. However, discussions with councils indicated that this would not provide a viable across-the-board solution and that a rigorous approach to assessing opportunities on a case-by-case basis would be preferable. Ski lift operators should also be involved in any such assessment process given their role as on-mountain operators of significant infrastructure.

Discussions with providers should not be limited to infrastructure services. Corporate services (i.e. front and back office services) is another area where there may be opportunities to improve service provision through exploring alternative models. The Shire of Baw Baw and the Mt Baw Baw ARMB have made progress in this area and provide a model for broader consideration.

The Review also identified a need for a long term and strategic infrastructure plan so that government can develop an overview of future service-related asset requirements and plan appropriately. Priority areas where this should occur include long term responsibilities for road and water infrastructure.

An example of a longer term approach exists in New South Wales. In 2002, the National Parks and Wildlife Services (NPWS) developed the Perisher Ranges Resorts Infrastructure Service Strategy (PRRISS). PRRISS established the capital and operating expenditure required at Perisher Range Resort over 30 years to 2031. The NSW Treasurer requested the Independent Pricing and Regulatory Tribunal (IPART) review the pricing of infrastructure services at Perisher Range Resort. The report reviewed the infrastructure capital works program and operating expenditure, developed pricing principles and recommended specific prices and charges. In 2005, IPART released its report *Review of infrastructure pricing at Perisher Range Resort*.

A similar approach to long term planning for infrastructure services would be beneficial for Victoria's alpine resorts. The aim would be to ensure appropriate measures are in place to manage service infrastructure needs into the future. The development of such a plan based on a long term vision for resorts would provide government with clear operational and capital requirements for services over the long term and an understanding of the appropriate roles of public and private sectors in funding and service provision. It is also likely to lead to a reduction in government's exposure to future risk.

A critical element of any long term approach is clarity regarding pricing principles for services at resorts and how the principles might be applied at individual resorts. This will provide transparency of the costs associated with providing services to leaseholders and other resort users.

#### Recommendation 5 - Service provision

- 5.1 That the Minister for Environment and Climate Change direct the ARMBs to establish appropriate strategies to ensure there is a process in place to determine future service delivery models and to engage with local councils and potential private sector providers as part of that process.
- 5.2 That DSE work with ARMBs to implement formal procurement policies at each resort.
- 5.3 Following consideration of external service delivery opportunities, DSE should work with DTF and other relevant parties, (e.g. Essential Services Commission), to develop a long term strategy for service-related infrastructure at the alpine resorts. The strategy should have a long term (20 – 30 year) horizon and aim to provide clarity on the overall operating and capital requirements for service-related infrastructure at the alpine resorts.

## 4.6 financial and asset management

All ARMBs are required to be financially sustainable. This has been a key goal of previous legislative and institutional reforms. The Alpine Resorts Reform Package 2003 defines 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; and
- having the capacity to replace assets in a timely manner without requiring funds from government.

Based on an analysis of historical performance and current financial projections, the Review found that there is little prospect of the ARMBs achieving financial sustainability under current arrangements. In reality, the definition of financial sustainability is inappropriate and needs to be updated to reflect the financial capability and outlook of individual resorts.

While each of the ARMBs has taken significant steps to meet the goal of financial sustainability, they have different abilities to meet this requirement. The three large ARMBs (Mt Hotham, Mt Buller and Falls Creek) have a more diversified revenue base, are less affected by snowfall variability and are more profitable. Financial outcomes for the two smaller ARMBs, Mt Baw Baw and Lake Mountain, are far more volatile and depend heavily on snowfall levels. There is scope to improve financial management arrangements to explicitly recognise the differential asset base and revenue raising capacity of individual resort areas.

The Review also highlighted that the devolved nature of current ARMB structures presents challenges for government to understand the overall magnitude of the long term investment required to achieve all season resort objectives. There is no process to support aggregation of financial information or the establishment of priority projects over time. There is also evidence of duplication of effort and inconsistent processes for budgeting and financial planning procedures across alpine resorts. There are opportunities to improve information sharing between resorts about best practice asset maintenance, capital works and risk management procedures.

Despite the introduction of standardised reporting arrangements as part of the Alpine Resorts Reform Package, there are still variations and inconsistencies in the way ARMBs report financial information, making cross-comparisons difficult.

Historically, funding gaps for operational and capital requirements at alpine resorts have been backfilled through government funding of approximately \$5 million in total per annum. The ad hoc nature of this process creates significant financial uncertainty for the ARMBs and other key stakeholders, including DSE. It masks the true financial outlook for ARMBs and limits their ability to plan and progress with required levels of investment in product and infrastructure to achieve the Alpine Resorts 2020 Strategy vision. Such an approach to alpine resort funding arrangements is untenable in the long term. Government needs to be fully informed of the financial position of its entities in order to manage risks and plan appropriately.

In general, the three larger ARMBs, (Mt Hotham, Mt Buller and Mt Stirling and Falls Creek) are able to finance their operations without recurrent funding assistance. These resorts have only sought government assistance with capital funding. This has tended to be provided on an ad hoc basis from a range of different sources, including the Regional Infrastructure Development Fund, Water Trust Fund and bushfire recovery funding initiatives.

Lake Mountain and Mt Baw Baw have a distinctly different financial outlook and depend heavily on government support to fund their ongoing operations. As shown in Table 14, total operational funding by government in recent years is in the order of \$1 million - \$3 million per annum.

**Table 14: Government operational support to small resorts<sup>26</sup>**

	2005	2006	2007
Mt Baw Baw	\$830,769	\$1,570,000	\$1,110,000
Lake Mountain	\$350,455	\$1,220,000	\$880,000
<b>Total</b>	<b>\$1,181,224</b>	<b>\$2,790,000</b>	<b>\$1,990,000</b>

<sup>26</sup> Source: ARMB annual reports.

Capital funding for maintenance and infrastructure upgrades is a major issue facing each ARMB. While all ARMBs have developed capital works plans and actions to improve revenue, forward projections in each case assume some level of government funding. The larger ARMBs have the potential to meet ongoing asset maintenance needs without government assistance but will continue to require additional funding for major capital or asset developments. The smaller ARMBs face difficulties in financing even smaller, ongoing asset acquisitions and remain almost entirely reliant on government or other external funding for their development programs. The projected capital budgets of each ARMB are outlined in Table 15.

**Table 15: Capital works projections<sup>27</sup>**

ARMB	Proposed capital budget
Mt Baw Baw	\$17.0 million (2008-2012)
Mt Hotham	\$2.5 million (2007-2008)
Mt Buller & Mt Stirling	\$13.0 million (2008-2012)
Lake Mountain	\$3.0 million (2007-2011)
Falls Creek	\$8.3 million (2008-2010)

Understanding the overall investment pattern at alpine resorts is difficult. Inconsistencies in reporting formats do not allow for aggregation of forward estimates. Projections are based on a range of timeframes and key assumptions, including the level of government funding. While each ARMB reports a breakdown of capital projects in their corporate plan, the extent to which initiatives address maintenance issues as against capital improvement is unclear.

A key part of the Alpine Resorts Reform Package was the requirement that each ARMB establish a seasonal Snow Drought Fund to maintain a cash flow in seasons of poor snowfall and a Capital Investment Fund to ensure appropriate maintenance and asset replacement. While all ARMBs have established a Snow Drought Fund, only the three larger ARMBs have a balance above \$1. Only two of the ARMBs (Mt Buller and Mt Stirling and Lake Mountain) have established a Capital Investment Fund. For the larger and higher altitude resorts, their diversified revenue base and access to snow making facilities has reduced the impact of snow fall variability. Details of each ARMB's Snow Drought and Capital Investment Funds are summarised in Table 16.

**Table 16: Snow Drought Fund and Capital Investment Fund balances**

ARMB	Snow Drought Fund		Capital Investment Fund	
	Fund established	Oct 07 balance	Fund established	Oct 07 balance
Falls Creek <sup>28</sup>	✓	\$260,000	✗	n/a
Mt Hotham <sup>29</sup>	✓	\$304,625	✗	n/a
Mt Buller and Mt Stirling	✓	\$600,000	✓	\$1.5 million
Lake Mountain	✓	\$1	✓	\$1
Mt Baw Baw	✗	n/a	✗	n/a

<sup>27</sup> Source: Figures provided by ARMBs to HLB Mann Judd as part of the Review.

<sup>28</sup> The annual Falls Creek ARMB capital budget represents their capital improvement fund. However, there is no reserve with a balance of funds for the Board to call on as per the requirement of the Reform package.

<sup>29</sup> The Mt Hotham ARMB seeks to fund capital works each year at least equal to depreciation plus 70 per cent of capital ingoings from the previous year. However, there is no reserve with a balance of funds for the Board to call on as per the requirement of the Reform package.

A clear priority identified by the Review is for government to ensure a more proactive process for resolving future funding requirements. Recommendation 5 relating to service provision provides a mechanism for government to better understand the long term requirements for service delivery and also to determine what funding should be provided by the private sector.

It is important to note that the Review did not seek to audit or verify the financial information provided by ARMBs but rather to develop an overview of their financial position going forward. Determining the precise amount of government support for alpine resorts is beyond the scope of the Review and is subject to government's broader budget deliberations. To some extent the level of external funding required is also dependent on whether the recommendations in other parts of this report are adopted. The Review therefore focused on appropriate processes to ensure a robust and planned approach to government funding of resorts.

In particular, a range of key assumptions and factors impacting on financial performance would need to be clarified in order to estimate required levels of financial support. As a first step, DSE should lead and coordinate further work in consultation with DTF to determine an overall picture of future government funding required to support the ARMBs. The analysis should take into account both capital and operational funding and other critical assumptions, such as snowfall projections, future development potential at individual resorts and service-related infrastructure requirements.

This work should contribute to the development of a new financial management framework for alpine resorts to support achievement of the Alpine Resorts 2020 Strategy goals. The framework should recognise the need for external funding and plan for government and private sector investment in alpine resorts in a coordinated and integrated way. Rather than focusing on financial sustainability, key objectives should include financial efficiency and minimising the amount of government funding required.

The framework should consider those activities and initiatives best funded by government and those where private sector funding may be more appropriate. Government funding should be directed towards those activities with the greatest long term public benefits – that is, protecting the long term future of environmental assets, ensuring community access to resorts and assisting the transition towards all season resorts. Other non-government funding sources should be considered for initiatives and activities focussed on snow-based activities and/or revenue raising ability.

### Recommendation 6 - Financial management

- 6.1 That DSE work with DTF and the ARMBs to develop a new financial management framework for the alpine resorts that explicitly recognises the differential asset base, development potential and revenue raising capacity of individual resort areas. The framework should aim to promote financial efficiency and minimise requirements for government funding rather than financial sustainability.
- 6.2 That DSE work with DTF and the ARMBs to determine the overall amount of capital and recurrent funding required from government and other sources to support achievement of the Alpine Resorts 2020 Strategy goals. This should take into account any changes to institutional arrangements as well as other critical assumptions, such as snowfall projections, future development potential at individual resorts, service-related infrastructure requirements, and the role of public and private funding.
- 6.3 That DSE work with the ARMBs to implement a standardised suite of financial procedures for ARMBs, including asset management, maintenance, capital planning, risk management and procurement policies, based on best practice for public sector entities of this size.

## 4.7 performance and reporting arrangements

Sound accountability and reporting arrangements are critical to ensure high quality performance of all organisations, including government agencies. Performance and reporting mechanisms need to be clear, rigorously enforced and should support the achievement of government's goals for alpine resort management.

The Review found scope to improve the current approach to performance monitoring and reporting for alpine-related entities. Current arrangements are fragmented and diffused, with key reporting requirements and performance indicators spread across multiple documents and processes. This creates challenges for DSE to rigorously monitor the overall performance of key entities, such as ARMBs in achieving government's objectives. In some instances, this is due to a lack of appropriate key performance indicators (KPIs), particularly social indicators, thereby making progress measurement impossible. Where appropriate indicators are available, more rigorous monitoring processes need to be implemented to allow DSE and the Minister for Environment and Climate Change to better understand Victoria's performance at managing alpine resorts and to support informed decision making.

The Review also highlighted a threshold issue concerning the roles and responsibilities of various parties in monitoring the performance of alpine-related entities. In general, departments are responsible for monitoring the performance of their portfolio entities. In the case of alpine resorts, DSE should be the primary agency responsible for reviewing the performance of the ARMBs.

Key performance and reporting requirements for alpine resorts are summarised in Table 17.

Table 17: Current performance and reporting requirements for alpine resort areas

Requirement	Description	Source	Prepared by	Reviewed by
Alpine Resorts 2020 Strategy	<p>A guide for the sustainable long term planning and management of Victoria's alpine resorts. Endorsed by the Minister and published in the Government Gazette.</p> <p>A report on the implementation of the Strategy is required. It states the progress towards each action.</p> <p>Report every five years and at a midway point through this period.</p>	Alpine Resorts (Management) Act	ARCC and DSE	ARCC (collated by)
Strategic Management Plan	<p>A long term plan for the each alpine resort. Endorsed by the Minister and published in the Government Gazette.</p> <p>Reviewed every five years, or at any time directed by the Minister.</p>	Alpine Resorts (Management) Act	ARMBs	ARCC
Annual Reports	Prepared annually and to be tabled in Parliament.	Alpine Resorts (Management) Act	ARMBs and ARCC	DSE
Corporate Plans	<p>Prepared annually and to be approved by the Minister.</p> <p>Each must contain a statement of corporate intent; business plan and financial statement.</p>	Alpine Resorts (Management) Act	ARMBs and ARCC	DSE
	<p>Each ARMB is to report in their Corporate Plans on the economic (2004) and environmental (2008) Key Performance Indicators.</p> <p>Social KPIs have been drafted but not approved.</p>	Ministerial Direction (Alpine Reform Package 2003)	ARCC	
Quarterly Financial Reports	To demonstrate progress against the approved Business/Corporate Plan.	Ministerial Direction (Alpine Reform Package 2003)	ARMBs	DSE

### **4.7.1 Alpine Resorts 2020 Strategy**

The Alpine Resorts 2020 Strategy is the government's key policy framework setting the directions for long term management and planning of the alpine resort areas. The Alpine Resorts 2020 Strategy contains multiple actions to progress each strategic direction. However, there is a lack of key performance indicators, timeframes, prioritised actions and resource allocation. A number of ARMBs commented on the limited financial and human resources available to achieve the full intent of the Alpine Resorts 2020 Strategy.

There needs to be much closer links between corporate planning processes and key objectives under the Alpine Resorts 2020 Strategy. While ARMBs use the Alpine Resorts 2020 Strategy to guide the development of their corporate plans, the absence of prioritised actions in the Alpine Resorts 2020 Strategy means that ARMBs individually choose which actions to focus on. As a result, it is difficult to measure progress towards goals and objectives. Overall, there is a lack of rigorous review of what has been achieved by ARMBs and the ARCC against what was intended by the Alpine Resorts 2020 Strategy.

Under the Alpine Resorts (Management) Act, the Alpine Resorts 2020 Strategy is to be reviewed every five years, with a review due in 2009. The Act specifies that the ARCC is responsible for the monitoring and review of the Alpine Resorts 2020 Strategy. As noted previously, ARCC membership includes the Chairs of each ARMB. Thus ARMB chairs are effectively asked to review and monitor their own performance. This is inconsistent with good governance practices. DSE should be responsible for reviewing the performance of all entities within its portfolio, including the ARMBs. Consequently, DSE should lead the five year review of the Alpine Resorts 2020 Strategy.

### **4.7.2 corporate plans and annual reports**

ARMBs supply their corporate plans and annual reports to DSE. The Review found that these do not provide an adequate basis for DSE or others to assess the performance of ARMBs. The plans and reports incorporate some reporting such as visitor numbers, revenue and expenditure. However, there is an overall lack of reporting on targets.

Under the Alpine Resorts Reform Package, the government committed to the ARMBs reporting on a set of economic, environmental and social KPIs. To date, only economic KPIs have been reported. The economic KPIs were released by the then Minister for Environment in 2004 in a document titled *Reporting and Planning Arrangements 2004-2009: Information Paper*.

The ARCC subsequently undertook research to facilitate preparation of environmental and social KPIs. In 2007, the ARCC publicly released a report proposing a range of environmental and social KPIs. The environmental KPIs were agreed and released in final form in April 2008. However, no agreement was reached on social KPIs and these are not yet available. This is a deficiency, given the explicit requirement of the Alpine Resorts (Management) Act for ARMBs to facilitate access to the resorts by persons from varied cultural and socio-economic groups.

The Review found that there are potential conflicts of interest with respect to the setting of KPI targets. The Alpine Resorts Reform Package specified that the ARMBs themselves are to develop targets for KPIs. This approach is inappropriate as it creates incentives for the ARMBs to develop targets that are easily achievable. DSE should set reasonable targets on behalf of the government in consultation with the ARMBs. These should be included in reporting arrangements within corporate and annual plans.

## 4.8 quarterly financial reporting

The Alpine Reform Package included a requirement for the ARMBs to provide DSE with quarterly financial reports. However, the Review found that this is not consistently occurring. Further, where reports are provided, only limited feedback is provided to the ARMBs.

Overall, the current performance monitoring and reporting approach does not help ARMBs improve the way they conduct their business. The reporting framework has led to confusion and potentially unnecessary reporting requirements. It does not allow ARMBs and DSE to identify areas where functions have been performed well and where there are areas for improvement. As a result, ARMBs are missing opportunities to improve the way they operate. Ultimately, this approach can lead to an ineffective use of financial and human resources and reduce ARMBs' capacity to manage change.

Consequently, the reporting process does not facilitate alignment between the objectives of ARMBs and DSE. It tends to work in reverse and this is of no value to either party. The reporting requirements should be reviewed to provide clear and measurable reporting requirements that enable DSE to monitor the performance. This will also allow DSE to better inform the Minister in a timely manner.

### Recommendation 7 - Performance monitoring and reporting

7.1 That DSE lead the development of a new, consolidated performance monitoring and reporting framework for ARMBs, including:

- streamlined financial and non-financial reporting requirements, aligned with government goals, corporate and business planning and quarterly reporting requirements;
- long term targets and key performance indicators (KPIs) for ARMBs, including social KPIs. KPIs should be measurable and achievable. There should be clear links between requirements and KPIs in key documents, such as corporate plans and the Alpine Resorts 2020 Strategy; and
- clear milestones and processes for major reviews of key planning and strategic initiatives, such as the Alpine Resorts 2020 Strategy.

## 4.9 climate change

Under the Review Terms of Reference, the SSA is required to develop advice and recommendations on the impacts of climate change on small alpine resorts. Lake Mountain and Mt Baw Baw are generally referred to as small resorts. These resorts are located at lower altitude, have fewer facilities and are less developed than the larger resorts.

Mt Stirling is sometimes considered a small resort as it has limited infrastructure facilities and development potential. However, a key difference is that it is situated at a higher altitude and therefore the impacts of climate change at Mt Stirling are similar to those of large resorts. The future management of Mt Stirling is already clear and outlined in the Alpine Resorts (Management) Act. The Act states that Mt Stirling should be planned, developed, promoted and managed as a nature-based, tourist, recreational and educational resource for all seasons. It further states that there are not to be any ski lifts at Mt Stirling.

CSIRO simulations show that climate change will impact on alpine resorts in a number of ways. Increased greenhouse gases and global warming will reduce the level of natural snow cover due to less precipitation in alpine regions. Other effects include vegetation and biodiversity changes due to rising temperatures. There are associated implications for fire management as a result of climate change impacts. A summary of the impacts from the CSIRO's modelling is shown in Box 6.

### Box 6: Impact of climate change on snow conditions

In 2003, the CSIRO published a report on *The impact of climate change on snow conditions in mainland Australia*. The analysis included simulations of future snow conditions in the Australian alpine regions for the years 2020 and 2050. The key findings of the CSIRO's report for Victoria were that by 2020:

- the average annual duration of snow cover decreases by between five and 48 days;
- maximum snow depths are reduced and tend to occur earlier in the year; and
- the snowline rises and the total area covered in snow shrinks by 10-40 per cent.

All projections were relative to the 20-year period 1979-1998.

While climate change impacts will affect the operations of all ARMBs, the smaller and lower altitude resorts (Lake Mountain and Mt Baw Baw) are particularly vulnerable to the adverse impact of climate change on snowfall levels and revenue projections. The Review found that climate change impacts set natural limits to winter season development at small resorts and therefore reduce the range of suitable adaptation strategies. There is a strong case for setting different goals and objectives for the small resorts, in terms of market positioning, development and investment.

The implications of climate change at small resorts highlights the need for management and investment strategies at both Lake Mountain and Mt Baw Baw to focus on achieving all season visitation rather than seeking to artificially prolong snow-based recreation (e.g. through investment in winter infrastructure such as snow making facilities). Re-positioning the small resorts towards all season usage will therefore be based on a different product mix of broad recreational activities. It will also involve significant cooperation and engagement with local government and adjacent national parks in activities such as joint marketing initiatives.

The outlook for climate change impacts on large resorts is different. As the larger resorts are located at higher altitudes and less affected by reductions in natural snow cover, snow making is a more viable option to adapt to climate change. All three large resorts (Mt Hotham, Mt Buller and Falls Creek) are pursuing snow making as a means to maintain snow based recreational activities. Mt Buller and Mt Hotham have also initiated water recycling schemes to ensure adequate water supplies for snow making.

While the Alpine Resorts 2020 Strategy maintains a commitment to a snow tourism industry, its strategic directions also require the ARMBs to actively pursue the expansion of non-winter use of the resort areas. ARMBs have made some progress towards this goal by targeting a range of all season recreational uses and activities, such as mountain biking and cultural events. In some cases, opportunities to improve linkages with adjacent national parks and tourist assets of surrounding municipalities have also been explored. However, the current approach to growing all season visitation is ad hoc and varies markedly across resorts. There is an urgent need to research the market potential and product requirements of all season resort visitation and incorporate this information into an overarching strategy for the development of the non-winter season.

The Alpine Resorts 2020 Strategy and its actions were developed on the basis of a 2003 CSIRO report on climate change. However, this data has been superseded as the CSIRO and the Bureau of Meteorology published updated climate change projections for Australia in 2007<sup>30</sup>. As such, the data in the Alpine Resorts 2020 Strategy should be updated. Updated climate change modelling and impacts on snow conditions at alpine resorts will ensure that government and the ARMBs are fully informed of the potential financial and non-financial risks associated with climate change. This will assist in informed decision making regarding the future direction of all resorts.

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<sup>30</sup> CSIRO and Bureau of Meteorology *Climate Change in Australia* available at [www.climatechangeinaustralia.gov.au/resources](http://www.climatechangeinaustralia.gov.au/resources)

### Recommendation 8 - Climate change

- 8.1 That future management options for Lake Mountain and Mt Baw Baw recognise that these resorts are not suitable for winter season development given climate change projections. Management arrangements should reflect all season, nature-based tourism uses.
- 8.2 That DSE conduct a comprehensive analysis of the impacts of climate change on all resort areas that considers the financial and non-financial costs and impacts, including the pursuit of all season activities. This analysis should be ongoing and be informed by updates of the CSIRO Report on climate change impacts on snow conditions in Victoria.

## 4.10 community engagement

Alpine resorts are an important part of Victoria's regional economy and local communities. They are a key generator of economic and social activity. Strong community links and engagement processes are important to the overall success of alpine resorts and the surrounding areas.

There are four local government areas adjoining the six alpine resort areas: Murrindindi, Baw Baw, Mansfield and Alpine Shire Councils. While the ARMBs provide most services and infrastructure at resorts, there are a number of areas of common interest between local government and the ARMBs. This includes a shared interest in local marketing and tourism promotion, similar community and service provision functions, and some shared booking services. Improving cooperation between local government and the ARMBs is essential and would provide a mechanism for greater community engagement.

In general, the Review found that engagement mechanisms between ARMBs and the local community (including groups such as local government, resort residents and regional industry associations) are currently inadequate. They do not support open dialogue and strong relationships.

Review submissions and consultations raised dissatisfaction with existing consultation and engagement mechanisms as a significant issue. While there are some existing processes, the majority of these tend to be ad hoc, reactive and often related to decisions taken by ARMBs. Review participants expressed concern that ARMBs operate autonomously in their decision making, without adequate community consultation and processes. Developing long standing and respectful community engagement processes has the capacity to enable positive engagement, even where different views exist.

The Review found there is scope to improve community engagement through the development of formalised processes, such as a community engagement policy and regular meetings with groups such as the local council. Establishing clearer mechanisms to connect the ARMBs and the local community would facilitate increased transparency in decision making and improve trust and confidence in resort operations. This would allow for an ongoing dialogue with the community, while recognising that ultimate accountability for decision making does rest with ARMBs.

The Review also encountered a misunderstanding about the role and accountabilities of the ARMBs. Some Review participants perceived the ARMBs as similar to municipalities or groups elected to represent local resident and stakeholder interests. Many submissions to the Review suggested that stakeholder representation on boards would improve community engagement. A range of models for achieving this (e.g. a mix of Ministerial appointees and locally elected board members) were proposed. However, the Review does not support the appointment of stakeholder representatives on ARMBs. An important aspect of the public function of ARMBs is the need for objectivity and impartiality in decision making and carrying out public duties. This would be undermined if board members were elected to represent sectional interests.

Alternative means of improving consultation and relationships with community stakeholders should be pursued. In particular, formal engagement between the ARMBs with local government would provide residents an opportunity through their elected representatives to open a proactive dialogue with ARMBs.

#### Recommendation 9 - Community engagement

9.1 That the Minister for Environment and Climate Change direct the ARMBs to establish formal community and stakeholder engagement practices to support effective dialogue with local councils and other alpine stakeholders, within the alpine resort and in the surrounding regions. These practices should be based on formal community and stakeholder engagement policies and included in the corporate planning process, with appropriate key performance indicators.

9.2 That DSE develop and implement a communication strategy that informs the community about the governance arrangements at alpine areas, especially the roles and functions of ARMBs.

## 4.11 legislation

There is scope to simplify the legislative arrangements governing the management of alpine resorts. Currently the Alpine Resorts Act designates the six alpine areas. A separate Act, the Alpine Resorts (Management) Act, sets out the administrative and management arrangements. In addition, there are complex overlaps and interactions between the Crown Land (Reserves) Act and Alpine Resorts (Management) Act relating to the powers and functions of ARMBs.

The Review found that there is confusion about how to interpret the interplay between the Crown Land (Reserves) Act and the Alpine Resorts (Management) Act. This issue further compounds the difficulties relating to clarity of roles and responsibilities for the ARMBs outlined in section 4.2. In particular, section 4 of the Alpine Resorts (Management) Act deems the ARMBs to be Committees of Management under the Crown Land (Reserves) Act. To fully understand the functions of the ARMBs, both the Acts must be read 'as one'. Examples of areas where there are overlaps between the legislation include:

- leasing and licensing – both Acts provide for ARMBs to issue a lease or licence over Crown land within the alpine areas. However, the two Acts provide for different maximum lease terms;
- powers to expend or apply revenue – ARMBs derive these powers under both Acts.

A detailed legislative examination of the overlap between the Crown Land (Reserves) Act and the Alpine Resorts (Management) Act is beyond the scope of this Review. However, this analysis could be undertaken by DSE with a view to consolidating relevant sections and powers into a single Alpine Areas Act. The Review notes that Crown land management roles and responsibilities are complex and generally not well understood. A broader examination of Crown land management arrangements could potentially have wider application.

There would also be merit in considering whether the designation of the alpine resort areas under the Alpine Resorts Act could be accommodated within a single Alpine Act. The status of Mt Torbreck should also be addressed through this process. Under the Alpine Resorts Act, Mt Torbreck is currently a designated alpine resort area. However, this is an anomaly. In 1997 Government accepted the Land Conservation Council's (LCC) recommendation that Mt Torbreck should not be a designated alpine area.<sup>31</sup>

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<sup>31</sup> Land Conservation Council 1994, *Melbourne area district 2 review: final recommendations*, Land Conservation Council, Melbourne.

Submissions to the Review raised a number of issues concerning the complexity of legislative arrangements for fire and emergency management at alpine resorts. In particular, there is a need to clarify roles and responsibilities of the ARMBs, fire agencies (e.g. the Country Fire Authority), DSE and the wider community. The current arrangements are inconsistent with other state-wide fire and emergency management frameworks being developed. Discussions with the Office of the Emergency Services Commissioner indicated that there is no justification for different arrangements to remain in place at alpine resorts.

The increased risk of fire at alpine resorts due to temperature changes associated with climate change heightens the need to provide clear direction for governance arrangements for fire management. DSE should undertake a detailed study of the relevant statutes in order to clarify roles and responsibilities of these agencies.

#### **Recommendation 10 - Legislation**

- 10.1 That DSE should develop legislative amendments to the Alpine Resorts (Management) Act to consolidate the Alpine Resorts Act and the Alpine Resorts (Management) Act. This should include clarification regarding the status of Mt Torbreck.
- 10.2 That DSE should develop legislative amendments to the Alpine Resorts (Management) Act to remove duplication and overlap with the Crown Land (Reserves) Act.
- 10.3 That DSE review the legislative arrangements for fire and other emergency management at alpine resorts and clarify roles and responsibilities of key agencies, including the Office of the Emergency Services Commissioner, ARMBs, DSE and the Country Fire Authority.



## 5 future management options

Section 4 proposes 10 recommendations to improve the governance and effectiveness of alpine resort areas management. These recommendations should be progressed as a matter of priority to facilitate improved management of the resorts. However, these recommendations alone will be insufficient to address the scope of the issues identified by the Review. Fundamental structural reform is required to fully realise the benefits of these recommendations.

The findings in section 4 strongly suggest the need for a more appropriate institutional model to better align structures with functions. Further, retention of the status quo would not adequately address key issues such as the need to build capability and scale through integrated strategic planning in critical areas such as financial management, asset management and improved cross-government coordination. Certain desirable outcomes, such as DSE assuming the strategic policy and coordination roles of the ARCC, are also not possible without structural reform.

As such, the Review considered a range of structural reforms to facilitate greater strategic planning coordinate policy directions across the resorts and address issues of fragmentation. The Review examined six future management options. An overview of these options is shown in Table 18. Appendix F provides a summary of the evaluation criteria and assessment for each option.

**Table 18: Overview of reform options**

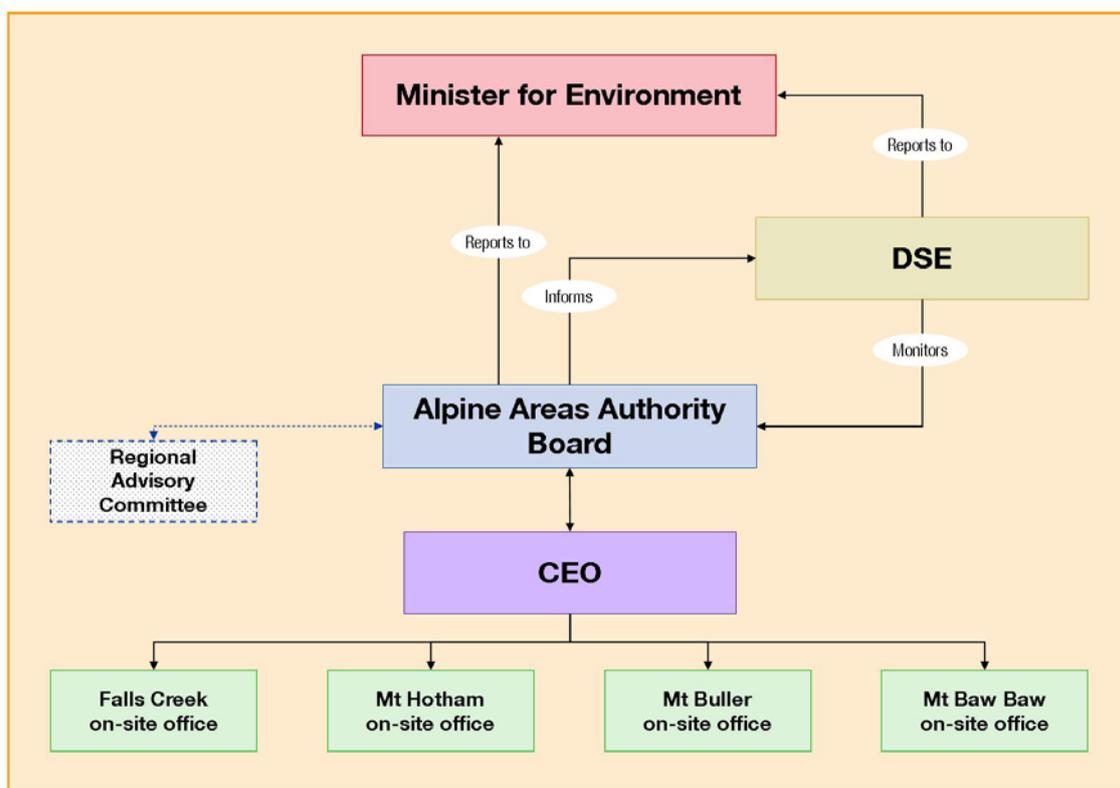
Option	Description
Option 1	<p><b>Status quo</b></p> <p>Retains current ARMB and ARCC structures.</p>
Option 2	<p><b>Modified status quo – no ARCC</b></p> <p>Retains ARMB structures but removes ARCC. DSE would absorb ARCC's policy and research functions.</p>
Option 3	<p><b>Alpine Areas Authority</b></p> <ul style="list-style-type: none"> <li><b>with board</b></li> </ul> <p>Consolidates the board arrangements into one Alpine Areas Authority, supported by a single board and single CEO. Retains regional site offices at individual alpine areas which would be responsible for operational matters.</p> <ul style="list-style-type: none"> <li><b>executive management structure (no board)</b></li> </ul> <p>As above but the Authority would operate as an executive management structure, with no board.</p>
Option 4	<p><b>Parks Victoria</b></p> <p>Parks Victoria is responsible for the operation and management of alpine areas.</p>
Option 5	<p><b>Local government</b></p> <ul style="list-style-type: none"> <li><b>Committee of Management</b></li> </ul> <p>Local government is responsible for management of alpine areas as a Committee of Management.</p> <ul style="list-style-type: none"> <li><b>head lease</b></li> </ul> <p>Local government is responsible for management of alpine areas under a head lease arrangement.</p>
Option 6	<p><b>Private sector head lease</b></p> <p>Day-to-day operation and management of alpine areas by private sector provider(s) under a head lease arrangement. Alpine areas remain as Crown land, in public ownership.</p>

## 5.1 preferred option

There is considerable evidence to support consolidation of the ARMBs to drive a more integrated and long term approach to alpine area management. As such, Option 3 – the establishment of the Alpine Areas Authority – is preferred for Mt Hotham, Falls Creek, Mt Buller and Mt Baw Baw. The Authority would provide for streamlined and enhanced strategic planning capability within a simplified, single structure. The new Authority would also best enable and support the effective implementation of the broader suite of Review recommendations.

Under this option, a new statutory authority would replace the current ARMB and ARCC structures. The Authority would be headed by a single CEO, reporting to a single, consolidated board. The Authority would be established under a new Alpine Areas Act, with a skills-based board, reporting to the Minister for Environment and Climate Change, through DSE. Management of individual alpine areas would be undertaken by individual resort offices. These would focus on operational and service delivery issues. A Regional Advisory Committee comprising representatives from each of the alpine area local communities would be responsible for coordinating consultation and engagement between local communities and the Authority. Figure 3 shows the recommended structure of the Alpine Areas Authority.

Figure 3: Proposed Alpine Areas Authority structure



The Alpine Areas Authority would be established under a new Alpine Areas Authority Act. The primary functions of the Alpine Areas Authority would be to:

- coordinate the management of each alpine resort in accordance with the objectives of the Alpine Areas Authority Act;
- report and provide advice to the Minister for Environment and Climate Change on financial and non-financial performance and operational matters, including through the preparation and implementation of corporate and business plans for the alpine resorts;

- establish and promote community awareness and understanding of sustainable use of alpine resort areas;
- develop, maintain and enhance strategic partnerships with the local community, including local government and private sector providers;
- liaise with DSE and Tourism Victoria in the overall promotion and market positioning of alpine resorts and linkages to broader tourism initiatives;
- ensure provision of services, either directly or through contractual arrangements, in the following areas: garbage disposal; water supply; gas; drainage; sewerage; electricity; roads; fire protection; snow making; and transport;
- ensure access to the resorts by persons from diverse cultural and socio-economic groups, in accordance with government policy directions;
- facilitate coordination of investment proposals for the improvement of alpine resorts consistent with the objectives of the Act and government policy directions;
- contribute to strategic planning for the alpine resorts as a whole, in line with government policy directions. This should include a focus on infrastructure planning, integrated service delivery and community engagement; and
- collect fees prescribed by the regulations for each alpine resort area.

In developing the new Act, consideration would need to be given to the interaction with the Crown Land (Reserves) Act and how best to provide for leasing and management of Crown land within the alpine areas.

Specific roles and functions under the Alpine Areas Authority model are outlined in Box 7.

## Box 7: Roles and responsibilities under the Alpine Areas Authority model

### Role of DSE

DSE would be responsible for:

- monitoring the performance of the Alpine Areas Authority;
- developing high level policy advice and undertaking strategic planning for alpine areas, in consultation with other relevant agencies, such as DPCD, Tourism Victoria, Parks Victoria, Regional Development Victoria. This would include provision of guidance on policy implementation to the Authority.

### Role of the Alpine Areas Authority board

Within the policy and strategic framework set by DSE, the role of the board would be to set the direction for the Alpine Areas Authority and ensure coordinated management of each alpine area.

### Role of the CEO and management

The CEO would report to the board. The CEO would be responsible for the efficient and effective operation of the Authority, including financial and asset management and employment of staff.

Within the policy and legislative parameters provided by the Government and DSE, the Authority would be responsible for developing operational policies, standards and procedures for alpine area operations.

### Role of Alpine Area site offices

The Alpine Area on-site offices would replace the current ARMBs and undertake the day-to-day operation and management of alpine resort areas.

### Role of the Regional Advisory Committee

The members of the Regional Advisory Committee (RAC) would include representatives from each of the alpine area local communities. The RAC would be responsible for coordinating consultation and engagement between local communities and the Authority.

While RAC is a formal mechanism to coordinate local area issues, each site office would need to maintain strong and effective local linkages with local councils and other stakeholder groups, such as tourism associations and businesses. This is in accordance with Recommendation 9 on community engagement.

Some Review participants commented that a move to consolidate arrangements into a single Alpine Areas Authority could be criticised as a move back to the former Alpine Resorts Commission model. However, the Alpine Areas Authority approach has notable differences and adds value in several ways.

Moving to an Alpine Areas Authority model involves more than simply consolidation. The supporting Review recommendations will drive governance improvements in the areas of role clarity (particularly with regard to entities responsible for alpine policy, planning, leasing and marketing) and better align structures with functions. Unlike the previous ARC model, the Alpine Areas Authority would retain the financial independence of individual resort areas and would not involve a return to cross-subsidisation between resorts. The move to independent financial identities is a positive legacy of previous reforms under the Alpine Resorts Reform Package. The unique asset base and revenue raising potential of each resort would be recognised under the new financial management framework proposed in Recommendation 6.

The Alpine Areas Authority model would strengthen the relationship between the alpine resorts, the local community and potential private sector interests. The Regional Advisory Committee reflects the importance of strong engagement with alpine stakeholder groups and provides a formalised mechanism to achieve this. A single board and CEO also provide a simplified interface for dialogue between the alpine resort areas and stakeholders.

### **5.1.1 head lease potential**

While Option 3 is advocated as a major improvement on the status quo, in the longer term, head lease arrangements could be an attractive management option for the three larger resorts and Mt Baw Baw. A head lease arrangement is where government enters into a lease with a head lessor who is responsible for the management and operation of the resort. The head lessor can then sub-lease to other parties.

Head lease models are common in other jurisdictions. The Review observed positive experiences with head lease arrangements, both internationally and in New South Wales in terms of effective land stewardship, service delivery and high quality visitor experiences. In most cases, these relate to year-round resort operations. These examples lend support to such an approach in Victoria.

While the alpine resorts are permanently designated as Crown land, managed for public purposes, there is no prima facie reason why service provision and/or day-to-day administration of resort areas could not be undertaken by the private sector or local government under a contractual arrangement. Government's role in alpine resorts is to ensure the appropriate use of alpine land for the broadest public benefits, including equity in the use of public land, a sound regulatory and legislative framework to underpin property rights, and protection of environmental assets. Where there are opportunities for the private sector or other providers to more efficiently and effectively deliver activities and/or services, these should be explored.

Government would contract with a head lessor to deliver specified goods and services at the resorts within desired terms and conditions. The head lessor would manage any sub-contractual arrangements with other lessees. In this way, the head lessor has the advantage of being able to draw together the diverse commercial interests at the resorts and drive a consistent and unified direction.

Head lease arrangements are likely to work best where there is clear development potential and commercial opportunities. A key goal of the Alpine Areas Authority would be to position the resorts to assess the potential for future head lease arrangements. This sets a strategic purpose for the Authority as an interim manager of resort operations with a long term vision for transitioning the resorts towards greater involvement by the private sector.

Successful head lease arrangements would be dependent on a strong understanding of government's objectives for alpine resorts to underpin a clear operating framework for the head lessor. Moving from current decentralised arrangements directly to a head lease model would be ambitious, given the significant change involved. In particular, the level of government financial support, development potential, desired accommodation mix, policy on access by varied cultural and economic groups, market positioning and links with broader tourism strategies would need to be confirmed. Recommendation 1 of the Review on clarifying roles and responsibilities proposes improved guidance in these key policy areas.

The Alpine Areas Authority model would facilitate a coordinated approach to assessing head lease options in the future.

### **5.1.2 Lake Mountain and Mt Stirling**

Given the significant differences between the resorts, the Review considered the case for differential treatment of large and small resorts. While consolidation of structures and building strategic planning capabilities are key aims for the larger resorts, the Review's analysis supports alternative solutions for the small resorts and Mt Stirling.

The small ARMBs have the same management responsibilities as the large ARMBs, yet considerably fewer resources. This is an unsustainable position. Future management of the small resorts is different in several respects and needs to reflect their smaller size, appropriate development potential and the more significant impacts of climate change. There are no real opportunities for head lease arrangements, with the exception of Mt Baw Baw.

In the case of Mt Stirling, the Review recommends de-coupling management from Mt Buller. Mt Stirling is more akin to a national park and should be positioned and managed as such. On the other hand, Mt Buller has more significant infrastructure and commercial lease potential which should be explored through the Alpine Areas Authority model.

The limited development opportunities at Mt Stirling and Lake Mountain means there is not as much choice between future management models. Head lease arrangements are not viable. Only the Parks Victoria management option offers any practical improvement over the status quo. There are no real benefits from including these two resorts within a consolidated Alpine Areas Authority. There is not the same urgency to consolidate planning for future infrastructure development needs and position the resorts for head lease management. What is required is a long term, financially stable solution. Direct management by Parks Victoria would provide the simplest and most effective long term solution for these resorts.

It is important to distinguish between management models and land use activities permitted within alpine resort areas. Review consultations highlighted a strong perception that the management of Lake Mountain and Mt Stirling by Parks Victoria would preclude snow-based recreational activities and represent a phasing out of the winter product market. This perception is incorrect as existing permitted uses of the resort areas would continue under the Parks Victoria management.

The resorts are currently categorised under Victoria's public land system as alpine resort areas. The Review is not proposing any change to existing land use categories. This category permits many recreational uses, including snow-based activities. Similarly, management by Parks Victoria would not place additional restrictions on commercial opportunities and development. Parks Victoria has experience in facilitating private sector involvement such as issuing leases and licences for adventure and nature based tourism operations on public land elsewhere in Victoria, such as at Mt Buffalo.

As noted earlier, there are existing resource and capacity constraints on all ARMBs, particularly the smaller ones. Management by Parks Victoria would leverage additional organisational capabilities. Parks Victoria's strengths include experience in community and cultural engagement, provision and management of seasonal work capacity, management of sensitive issues (e.g. removal of the cattle from the High Country), regional employment and actively pursuing commercial recreational activities.

In contrast to the other resorts which are surrounded by national park, Mt Stirling is bordered by State forest, except where it is adjacent to the Mt Buller alpine resort area. State forest areas are managed by DSE and not by Parks Victoria. However, the Review notes that Parks Victoria has experience in managing areas other than national parks such as state parks, regional parks and historic reserves. The proposed change in governance should not affect the tourism links between Mansfield, Mt Buller and Mt Stirling.

### 5.1.3 Mt Baw Baw

Unlike Lake Mountain and Mt Stirling, there is potential for some development to occur at Mt Baw Baw. In line with the lower snowfall and nature of the environmental resources at Mt Baw Baw, such development would be primarily oriented towards summer season, nature-based tourism opportunities. This is seen as essential to improving the resort's financial position and has been identified by the ARMB.

Previous attempts to introduce head lease arrangements have been unsuccessful. However, these efforts did not clearly position Mt Baw Baw as a nature-based tourism destination.

One alternative would be to treat Mt Baw Baw as a special case and implement unique structural arrangements. The Review did look at alternative options for managing Mt Baw Baw, including local government, either as a committee of management or through an alliance arrangement. The Review considered that an alliance would not suitably resolve core structural and governance issues. Nevertheless, local government management should not be excluded under a head lease arrangement.

On balance, the Review considered that unique treatment of Mt Baw Baw at this stage would introduce unnecessary complexity into administrative arrangements. The benefits of consolidation of structures and strategic planning are relevant for Mt Baw Baw. The longer term possibility of a future head lease cannot be discounted. On this basis, Mt Baw Baw should be included with the larger resorts in a consolidated Alpine Areas Authority. The need to assess the potential for a head lease is more urgent at Mt Baw Baw than the other resorts. The precise timing for any evaluative process would need to be considered in the context of the implementation and sequencing of the broader Review recommendations.

Government has a broader range of investments in infrastructure and facilities at Mt Baw Baw than at other resorts. For example, it has invested in accommodation facilities and other commercial businesses (e.g. food and beverage outlets). However, operating these facilities is not consistent with government's core role in alpine resorts and would be better allocated to the private sector.

The Mt Baw Baw ARMB has already identified a range of activities with particular links to regional tourism (e.g. the provision of accommodation and facilities to support summer tourism). Following consideration of any government support required, this could be sufficient to attract private sector investment under a head lease. DSE should commence evaluating potential for a head lease based on all season activities immediately. Should a head lease prove unviable, future management by Parks Victoria would need to be seriously considered.

### Recommendation 11 - Future management options

11.1 That the Minister for Environment and Climate Change implement necessary legislative and machinery of government changes to establish a single, Alpine Areas Authority with the functions to:

- coordinate the management of each alpine resort in accordance with the objects of the Alpine Areas Authority Act;
- to report and provide advice to the Minister for Environment and Climate Change on financial and non-financial performance and operational matters, including preparation and implementation of corporate and business plans for the alpine resorts;
- to establish and promote community awareness and understanding of sustainable use of alpine resort areas;
- to develop, maintain and enhance strategic partnerships with the local community, including local government and private sector providers;
- to liaise with DSE and Tourism Victoria in the overall promotion and market positioning of alpine resorts and broader tourism initiatives;
- to ensure provision of services, either directly or through contractual arrangements, in the following areas: garbage disposal; water supply; gas; drainage; sewerage; electricity; roads; fire protection; snow making; and transport;
- to ensure access to the resorts by persons from diverse cultural and socio-economic groups, in accordance with government policy directions;
- facilitate coordination of investment proposals for the improvement of alpine resorts consistent with the objectives of the Act and government policy directions;
- to contribute to strategic planning for the alpine resorts as a whole, in line with government policy directions. This should include a focus on infrastructure planning, integrated service delivery and community engagement; and
- to collect fees prescribed by the regulations for each alpine resort area.

11.2 That the Minister for Environment and Climate Change consolidate the administration of Mt Hotham, Falls Creek, Mt Buller and Mt Baw Baw within the Alpine Areas Authority, with four on-site offices and provide for the management of Lake Mountain and Mt Stirling by Parks Victoria from 2010.

## 6 transition arrangements and next steps

Implementing the recommendations of the Review will involve a range of inter-related activities. Critical issues include:

- strategic planning and development of high level policy guidance (e.g. to develop a Structure Plan for the alpine areas and introduce a new financial management framework);
- legislative amendments (e.g. to establish the Alpine Areas Authority);
- process improvements (e.g. reporting and reviewing requirements);
- structural changes (e.g. moving to a consolidated Alpine Areas Authority model, transferring management of Lake Mountain and Mt Stirling to Parks Victoria); and
- adequate and appropriate resources to effectively implement the proposed changes.

The recommendations will have major resource implications for DSE and require coordination with other government organisations involved in alpine resort areas. For some recommendations, considerable lead time will be required to effect legislative changes and transition resort management to the proposed structural arrangements. However, research and analysis actions arising from the Review could commence immediately.

The transition to new governance arrangements should consider:

- **resourcing requirements** – given the significant workload involved in implementing the Review, adequate resourcing within DSE will be a critical success factor. DSE could consider the appointment of a Taskforce, headed by an Executive Director, to oversee implementation. Based on the nature of the recommendations, capabilities and skills could be drawn from DSE and other government agencies in the areas of alpine policy, finance, legal, governance, marketing and Crown land.
- **cross-portfolio coordination** – some recommendations directly involve other agencies, such as DPCD and Tourism Victoria. All Victorian government agencies involved in alpine resorts areas will need to have an active part in implementation. An ongoing government interdepartmental group, potentially a continuation of the Review Reference Group, could provide this function.
- **industry liaison** – certain recommendations have potential consequences for private sector operators at alpine resorts (e.g. Recommendation 5 on service provision). DSE could consider establishing an industry advisory group to provide a means to coordinate and liaise with existing and potential industry providers.
- **engagement with the community** – the proposed recommendations affect a wide range of community stakeholders, including local government, alpine residents and groups (e.g. ski clubs). It will be important to consult widely with these groups during transition, particularly in relation to matters such as future resort development. DSE would need to develop and put in place processes to ensure this occurs. Existing forums with local government could also be considered.

The Review considers it critical that transition planning draws on the expertise within existing alpine structures (ARCC and ARMBs). Prior to the establishment of the new Alpine Areas Authority, there is an opportunity to engage closely with existing board members on the future directions of alpine resorts and seek their advice on the proposed role and functions that the Authority will perform.

The timing of the various stages of implementation will depend on a range of factors, including existing ARMB and ARCC board tenures, and government's broader legislative and budget considerations. Decisions as to how best to deal with existing institutional arrangements and transition to new structures should be informed by these factors. If required, the SSA could provide further advice in these areas.

While the Review recommends a move to new structural arrangements, the recommendations are not based on a judgement about performance by individual members of the ARCC or ARMBs. The ARCC and ARMB members and staff have engaged positively and professionally throughout the Review. The Review found much evidence to suggest that these organisations are making progress to achieve government's goals for alpine resorts but they are constrained by current institutional arrangements.

Broader issues such as a lack of clarity around roles and responsibilities are key barriers to success. The Review's recommendations are therefore based on an assessment of the appropriate role of government at alpine resort areas in the future.



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## appendix A summary of findings and recommendations

Number	Issue	Findings	Recommendations
1	Clarifying roles and responsibilities	<p>The Review found that current institutional arrangements lead to duplication and confusion amongst key agencies involved in alpine resorts and sub-optimises their effectiveness. Accordingly, the Review identified a number of opportunities to clarify the roles and responsibilities of key agencies, including the ARCC, ARMBs, and DSE.</p> <p>Under the Alpine Resorts (Management) Act, the ARMBs are required to perform a wide range of statutory functions, encompassing a mix of commercial, service delivery, regulatory and land management activities.</p> <p>There are internal role conflicts and tensions where ARMBs are required to simultaneously pursue commercial and ‘public good’ goals and achieving one goal typically requires a trade-off with another. For example, ARMBs functions include land development and promotion activities as well as environmental sustainability and protection tasks. Similarly, requirements to maximise revenue while providing alpine access to all cultural and economic groups are potentially at odds with each other. Current arrangements inappropriately devolve decision making on how to resolve inherent conflicts in these functions to ARMBs, resulting in interpretation of policy intent and inconsistent policy outcomes across the resorts.</p> <p>This mix of strategic and operational roles leads to difficulties for alpine resort management. It leads to a perception of autonomy and undermines the role of DSE as the primary source of policy</p>	<p>1.1 That the Minister for Environment and Climate Change phase out the ARCC and clearly allocate alpine policy, research and strategic planning roles to DSE.</p> <p>1.2 That the Minister for Environment and Climate Change issue annual statements of expectations to each ARMB to outline how the ARMBs should undertake their role, including the general obligations of ARMBs as public sector entities and clarify the roles and responsibilities of all alpine portfolio entities, including DSE. These statements should be fully integrated as part of the corporate planning and performance reporting process.</p> <p>1.3 That DSE undertake relevant research and analysis to provide clear guidance on key policy matters for implementation by ARMBs, including: development capacity, accommodation mix, fire and emergency services management, support mechanisms for encouraging alpine visitation by community groups and individuals from diverse cultural and socio-economic backgrounds, market positioning and links with broader government tourism strategies.</p>

Number	Issue	Findings	Recommendations
		<p>advice to the Minister for Environment and Climate Change on alpine related matters.</p> <p>While the ARCC has played an important and distinct role in undertaking research into alpine resort issues and coordinating implementation of strategic management tasks, public sector governance principles indicate that these are essentially high level policy, planning and accountability activities that should be undertaken by DSE.</p> <p>The ARCC's other statutory functions relating to promotion and development of alpine resorts mirror those of the ARMBs, resulting in duplication of effort. The overlaps and fragmentation within current structures limit DSE's ability to perform its legitimate role in coordinating a whole-of-government position on alpine resorts policy matters. On that basis, the Review found little evidence to support the ongoing existence of the ARCC.</p>	
2	Planning	<p>The Review found a lack of understanding of the intended role of ARMBs in relation to planning and leasing activities. The statutory functions allocated to ARMB in respect of planning are narrow and do not envisage their involvement prior to applications being lodged with DPCD.</p> <p>In practice, though, ARMBs are actively involved in planning applications and broader matters of urban design. This has the potential to create probity concerns and perceptions that ARMBs misuse their planning and leasing powers to drive economic outcomes and maximise revenue through development opportunities. It also contributes to uncertainty regarding planning processes and can result in unnecessary time delays for developers.</p>	<p>2.1 That DPCD work with DSE to ensure consistency in planning approval processes and provide certainty for developers and other stakeholders over long term planning and development matters at alpine resorts by:</p> <ul style="list-style-type: none"> <li>removing any local variations such as in-principle approval processes;</li> <li>developing communication tools and training materials to strengthen awareness and understanding among stakeholders regarding relevant planning roles and responsibilities for alpine resort areas. This is particularly relevant to clarify the roles of ARMBs in their capacity as referral authorities and Crown land managers and the boundaries of those roles; and</li> </ul>

Number	Issue	Findings	Recommendations
		<p>Attempts by ARMBs to extend their role and actively shape planning applications before they are formally submitted occurs through local variations in processes. For example, some resorts have introduced an ‘approval in principle’ process to review planning applications prior to an applicant formally lodging their proposal with DPCD.</p> <p>In some circumstances, ARMBs seek to use their powers as a referral authority to attempt to approve or refuse development proposals on broader grounds than their referral authority status permits (i.e. design elements).</p> <p>The current practices of ARMBs in the planning process reflects the overall lack of clarity as to the desired future for alpine resorts. In essence, there is a lack of linkages between strategic policy objectives and land use planning. The absence of a framework that reflects the government’s future long term vision for the resorts, supported by appropriate planning and policy strategies is a significant barrier.</p> <p>Given the significant and wide-ranging interest in planning and development issues from broad stakeholder groups (e.g. developers, ski lift companies, leaseholders, alpine resort users and environmental groups), DSE could consider the implementation of an overarching alpine ‘structure-type’ plan as part of the statutory planning arrangements for alpine resorts. Such a plan could comprehensively address the future planning and development approach for the alpine areas. By taking a high level and long term future plan for the development of resorts, it would provide certainty and a transparent mechanisms to bring together the views of all interested stakeholder groups.</p>	<ul style="list-style-type: none"> <li>ensuring that any requirements for resort specific design and development guidelines are formally developed as part of the Alpine Resorts Planning Scheme and not developed locally for use as part of leasing negotiations.</li> </ul> <p>2.2 That DSE and DPCD consider a way forward for the development of an alpine resorts Structure Plan. The aim of the plan would be to comprehensively address future long term planning and development requirements.</p>

Number	Issue	Findings	Recommendations
3	Leasing	<p>The Review found evidence that ARMBs use the lease granting process to undertake planning activities that extend beyond their statutory role. In particular, some ARMBs have developed resort specific design and siting guidelines and policies to influence proposed developments. Such guidelines are imposed as ‘hurdles’ for approval during lease negotiations. In reality though, locally developed guidelines have no formal status and sit outside the statutory planning process.</p> <p>There are two types of leasing schemes in operation across the alpine resorts. Effectively this results in an inequitable, two-tiered pricing system. Site rental fees and other leasing terms and conditions vary, depending on which leasing scheme applies to a particular site:</p> <p>Submissions to the Review indicated significant concerns from certain groups, such as community-based ski club relating to potential site rental fee increases (e.g. for lodges) as a result of adjustments to site values. These groups are seeking relief from price increases on the basis that many operate as not-for-profit entities which provide cheap access to alpine accommodation for lower socio-economic groups.</p> <p>However, there is a lack of suitable mechanisms to resolve pricing treatment for community groups. Should government wish to support certain community groups through discounted pricing (or other forms of support) on grounds of hardship or special circumstances, this should be explicitly articulated in a policy statement. Such a policy would assist in clarifying the Government’s position on access to alpine resorts for persons from all cultural and socio-economic backgrounds.</p>	<p>3.1 That DSE develop more rigorous assessment and monitoring mechanisms to enable it to comprehensively review lease proposals and ensure that resort specific design outcomes are dealt with through the Alpine Resorts Planning Scheme and not through local guidelines as part of leasing negotiations.</p> <p>3.2 That DSE work with the ARMBs to develop comprehensive policy options for the Minister for Environment and Climate Change on mechanisms to achieve equitable access and use of resorts by individuals from diverse cultural and socio-economic backgrounds, including clubs and other community groups. This should include analysis of all available means to support public access to alpine resorts and not be restricted to leasing prices.</p>

Number	Issue	Findings	Recommendations
4	Marketing	<p>The Review found that there is scope to improve coordination of alpine resort marketing activities across government agencies and better position the resorts from an overall tourism perspective.</p> <p>The current approach to marketing is heavily fragmented and focussed on the provision of advertising and marketing services. There is a lack of a comprehensive, integrated strategy for alpine resort promotion and market positioning. Such an approach is essential to ensure the efficient and most effective allocation of resources by government. There is also a threshold question about whether ARMBs should be directly involved in marketing activities.</p> <p>While a number of resorts have increased their focus on all seasons marketing activity, marketing investment is adequately supported by data and business plans, including measurement tools.</p>	<p>4.1 That DSE and Tourism Victoria develop a new alpine resorts marketing and promotion strategy that improves the coordination of marketing arrangements and which removes the role of the Board of Alpine Resorts Tourism.</p> <p>4.2 That the new marketing and promotion strategy address the overall direction and budget for government funded marketing including the proportion to be spent on international, interstate and regional marketing activities as well as the proportion to be directed at all seasons versus winter season resort use.</p> <p>The strategy should be based on a detailed study of relevant alpine tourism data, such as visitor profile information. It should be prepared in consultation with the ARMBs and coordinate with promotion activities undertaken by ski lift companies as well as regional tourism associations.</p> <p>This recommendation assumes that under Recommendation 1, the ARCC no longer exists.</p>
5	Service provision	<p>The Review found scope to improve service provision at alpine resorts by evaluating the potential for external service delivery arrangements. A priority action is to ensure that processes are in place to ensure that ARMBs effectively engage with local councils and potential private providers, such as ski lift operators, to determine which party is in the best position to efficiently and effectively deliver services. Given the compliance, technical expertise and security of supply issues associated with water availability, ARMBs should give priority to formal discussions with water authorities as to options for future services.</p> <p>There is a need for a long term strategic infrastructure plan to ensure appropriate measures are in place to manage service</p>	<p>5.1 That the Minister for Environment and Climate Change direct the ARMBs to establish appropriate strategies to ensure there is a process in place to determine future service delivery models and to engage with local councils and potential private sector providers as part of that process.</p> <p>5.2 That DSE work with ARMBs to implement formal procurement policies at each resort.</p> <p>5.3 Following consideration of external service delivery opportunities, DSE should work with DTF and other relevant parties, (e.g. Essential Services Commission), to develop a long term strategy for service-related infrastructure at the alpine resorts. The strategy</p>

Number	Issue	Findings	Recommendations
		<p>infrastructure. Any long term planning should be based on future business models that best respond to future needs, rather than the status quo. This will create opportunities for public and private sector interest to become more closely aligned.</p>	<p>should have a long term (20 – 30 year) horizon and aim to provide clarity on the overall operating and capital requirements for service-related infrastructure at the alpine resorts.</p>
6	Financial management	<p>All ARMBs are required to be financially sustainable. This has been a key goal of previous legislative and institutional reforms. However, based on analysis of historical performance and current financial projections, the Review found that there is little prospect of the ARMBs achieving financial sustainability under current arrangements.</p> <p>It is also clear that the capacity to achieve the intent of the Alpine Resorts 2020 Strategy will require further resources, including recurrent and capital funding.</p> <p>Capital funding for maintenance and infrastructure upgrades is a major issue facing each ARMB. While all ARMBs have developed capital works plans and actions to improve revenue, forward projections in each case assume some level of government funding. The larger boards have the potential to meet ongoing asset maintenance needs without government assistance but will continue to require additional funding for major capital developments. The smaller boards face difficulties in financing even smaller, ongoing asset acquisitions and remain almost entirely reliant on government or other external funding for their development programs.</p> <p>The devolved nature of current ARMB structures presents challenges for government to understand the overall magnitude of its long term investment required to achieve all season resort</p>	<p>6.1 That DSE work with DTF and the ARMBs to develop a new financial management framework for the alpine resorts that explicitly recognises the differential asset base, development potential and revenue raising capacity of individual resort areas. The framework should aim to promote financial efficiency and minimise requirements for government funding rather than financial sustainability.</p> <p>6.2 That DSE work with DTF and the ARMBs to determine the overall amount of capital and recurrent funding required from government and other sources to support achievement of the Alpine Resorts 2020 Strategy goals. This should take into account any changes to institutional arrangements as well as other critical assumptions, such as snowfall projections, future development potential at individual resorts, service-related infrastructure requirements, and the role of public and private funding.</p> <p>6.3 That DSE work with the ARMBs to implement a standardised suite of financial procedures for ARMBs, including asset management, maintenance, capital planning, risk management and procurement policies, based on best practice for public sector entities of this size.</p>

Number	Issue	Findings	Recommendations
		<p>objectives. It also results in duplication of effort and inconsistent processes for budgeting and financial planning procedures across alpine resorts. While standardise reporting was a key goal of the Alpine Reform Package, there are still unnecessary variations in financial reporting arrangements.</p> <p>There is scope to improve financial management arrangements to explicitly recognise the differential asset base and revenue raising capacity of individual resort areas.</p> <p>Rather than focusing on financial sustainability, key objectives should include financial efficiency and minimising the amount of government funding required.</p>	
7	Performance monitoring and reporting	<p>The Review found scope to consolidate and streamline the current approach to performance monitoring and reporting for alpine-related entities. Current arrangements are fragmented and diffuse, with key reporting requirements and performance indicators spread across multiple documents and processes. This creates challenges for DSE in its ability to rigorously monitor the overall performance of key entities, such as ARMBs in achieving government’s objectives. In some instances, this is due to a lack of appropriate key performance indicators (KPIs), making progress measurement impossible. In other cases, while appropriate indicators are available, more rigorous monitoring processes need to be implemented.</p> <p>The Review also highlighted a threshold issue concerning the roles and responsibilities of various parties in monitoring the performance of alpine-related entities. In general, Departments are responsible for monitoring the performance of their portfolio entities. In the case of alpine resorts, DSE should be the primary agency responsible for reviewing the performance of relevant</p>	<p>7.1 That DSE lead the development of a new, consolidated performance monitoring and reporting framework for ARMBs, including:</p> <ul style="list-style-type: none"> <li>• streamlined financial and non-financial reporting requirements, aligned with government goals, corporate and business planning and quarterly reporting requirements;</li> <li>• long term targets and key performance indicators (KPIs) for ARMBs, including social KPIs. KPIs should be measurable and achievable. There should be clear links between requirements and KPIs in key documents, such as corporate plans and the Alpine Resorts 2020 Strategy; and</li> <li>• clear milestones and processes for major reviews of key planning and strategic initiatives, such as the Alpine Resorts 2020 Strategy.</li> </ul>

Number	Issue	Findings	Recommendations
		alpine entities, such as ARMBs.	
8	Climate change	<p>The Review is required to consider the impact of climate change on small resorts.</p> <p>While climate change will affect the operations of all ARMBs, smaller resorts (Lake Mountain and Mt Baw Baw) are particularly vulnerable to the adverse impact of climate change on snowfall levels and revenue projections.</p> <p>The reduced snowfall levels have important consequences for the natural limits to winter season development at small resorts. Management and investment options for small resorts need to be made in line with these lower expectations and suggest a case for setting different goals and objectives for the small resorts, in terms of financial viability, future development and investment attraction and future management options.</p> <p>Current snowfall projections at ARMBs are based on a 2003 CSIRO report. This requires updating to inform the analysis of financial and non-financial impacts on all resorts.</p>	<p>8.1 That future management options for Lake Mountain and Mt Baw Baw recognise that these resorts are not suitable for winter season development given climate change projections. Management arrangements should reflect all season, nature-based tourism uses.</p> <p>8.2 That DSE conduct a comprehensive analysis of the impacts of climate change on all resort areas that considers the financial and non-financial costs and impacts, including the pursuit of all season activities. This analysis should be ongoing and be informed by updates of the CSIRO Report on climate change impacts on snow conditions in Victoria.</p>
9	Community engagement	<p>The Review found that community engagement mechanisms are inadequate and do not support strong relationships between alpine resorts, local councils and community groups. In general, approaches to community engagement are ad hoc, reactive and informal. This was a significant issue raised in submissions to the Review. Improvements are required to ensure transparency in decision making and adequate community consultation processes.</p> <p>Many submissions suggested that stakeholder representation on boards would improve community engagement. However, an important aspect of ARMBs public function is the need for</p>	<p>9.1 That the Minister for Environment and Climate Change direct the ARMBs to establish formal community and stakeholder engagement practices to support effective dialogue with local councils and other alpine stakeholders, within the alpine resort and in the surrounding regions. These practices should be based on formal community and stakeholder engagement policies and included in the corporate planning process, with appropriate key performance indicators.</p> <p>9.2 That DSE develop and implement a communication strategy that informs the community about the governance arrangements at</p>

Number	Issue	Findings	Recommendations
		<p>objectivity and impartiality in carrying out its duties. This would be undermined if board members were elected to represent sectional interests.</p> <p>Formal engagement between the ARMBs with municipalities would provide residents an opportunity through their elected representatives to open a proactive dialogue with ARMBs.</p>	<p>alpine areas, especially the roles and functions of ARMBs.</p>
10	Legislation	<p>There is scope to simplify the legislative arrangements governing the establishment and operation of alpine resorts. Currently the Alpine Resorts Act designates the six alpine areas. A separate Act, the Alpine Resorts (Management) Act, sets out the administrative and management arrangements. In addition, there are complex overlaps and interactions between the Crown Land (Reserves) Act and Alpine Resorts (Management) Act relating to the powers and functions of ARMBs.</p> <p>This primarily relates to the functions and powers of the ARMBs in their capacity as Committees of Management.</p> <p>Under the Alpine Resorts Act, Mt Torbreck is currently a designated alpine resort area. However, this is an anomaly. In 1997 Government accepted the Land Conservation Council's recommendation that Mt Torbreck should not be a designated alpine area.</p> <p>Submissions to the Review raised a number of issues concerning the complexity of legislative arrangements for fire and emergency management at alpine resorts. In particular, there is a need to clarify roles and responsibilities of the ARMBs, fire agencies (e.g. the Country Fire Authority), DSE and the wider community.</p>	<p>10.1 That DSE should develop legislative amendments to the Alpine Resorts (Management) Act to consolidate the Alpine Resorts Act and the Alpine Resorts (Management) Act. This should include clarification regarding the status of Mt Torbreck.</p> <p>10.2 That DSE should develop legislative amendments to the Alpine Resorts (Management) Act to remove duplication and overlap with the Crown Land (Reserves) Act.</p> <p>10.3 That DSE review the legislative arrangements for fire and other emergency management at alpine resorts and clarify roles and responsibilities of key agencies, including the Office of the Emergency Services Commissioner, ARMBs, DSE and the Country Fire Authority.</p>
11	Future	<p>The preceding recommendations should be progressed as a</p>	<p>11.1 That the Minister for Environment and Climate Change implement</p>

Number	Issue	Findings	Recommendations
	management options	<p>matter of priority to facilitate improved management of the resorts. However, more fundamental structural reform is required to fully realise the benefits of these recommendations. The earlier findings emphasise the need to clarify roles and responsibilities and strongly suggest the need for a more appropriate institutional model to better align structures with functions. A sub-optimal outcome is likely within current structures.</p> <p>In particular, retention of the current structure would not adequately address key issues such as the need to build capability and scale through integrated strategic planning in critical areas (e.g. financial and asset management) and improved cross-government coordination. Certain desirable outcomes, such as DSE assuming the strategic policy and coordination roles of the ARCC, are also not possible without structural reform.</p> <p>While Option 3 – single board and single CEO consolidated within a new Alpine Areas Authority and four operational units - is advocated as a major improvement over the status quo, in the longer term, head lease arrangements could be an attractive management option for the three larger resorts and Mt Baw Baw.</p> <p>While the resorts are permanently designated as Crown land, managed for public purposes, there is no prima facie reason why service provision and/or day-to-day administration of resort areas could not be undertaken by the private sector or a local government under a contractual arrangement. Government’s role in alpine resorts is to ensure the appropriate use of alpine land for the broadest public benefits, including equity in the use of public land, a sound regulatory and legislative framework to underpin property rights and protection of environmental assets.</p> <p>A head lease arrangement could provide a mechanism to</p>	<p>necessary legislative and machinery of government changes to establish a single, Alpine Areas Authority with the functions to:</p> <ul style="list-style-type: none"> <li>• coordinate the management of each alpine resort in accordance with the objects of the Alpine Areas Authority Act;</li> <li>• to report and provide advice to the Minister for Environment and Climate Change on financial and non-financial performance and operational matters, including preparation and implementation of corporate and business plans for the alpine resorts;</li> <li>• to establish and promote community awareness and understanding of sustainable use of alpine resort areas;</li> <li>• to develop, maintain and enhance strategic partnerships with the local community, including local government and private sector providers;</li> <li>• to liaise with DSE and Tourism Victoria in the overall promotion and market positioning of alpine resorts and broader tourism initiatives;</li> <li>• to ensure provision of services, either directly or through contractual arrangements, in the following areas: garbage disposal; water supply; gas; drainage; sewerage; electricity; roads; fire protection; snow making; and transport;</li> <li>• to ensure access to the resorts by persons from diverse cultural and socio-economic groups, in accordance with government policy directions;</li> <li>• facilitate coordination of investment proposals for the improvement of alpine resorts consistent with the objectives of</li> </ul>

Number	Issue	Findings	Recommendations
		<p>coordinate contractual arrangements with external providers. Government would contract with a head lessor to deliver specified goods and services at the resorts within desired terms and conditions. The head lessor would manage any sub-contractual arrangements with other lessees. In this way, the head lessor has the advantage of being able to draw together the diverse commercial interests at the resorts and drive a consistent and unified direction. Head lease arrangements are likely to work best where there is clear development potential and commercial opportunities. A key goal of the Alpine Areas Authority would be to position the resorts to assess the potential for future head lease arrangements.</p> <p>Mt Baw Baw should be included with the larger resorts in a consolidated Alpine Areas Authority. One alternative would be to treat Mt Baw Baw as a special case and implement unique structural arrangements (e.g. management the local government, either as a committee of management or through an alliance). The Review did not consider that an alliance would suitably resolve core structural and governance issues. Nevertheless, local government management should not be excluded under a head lease arrangement. On balance, though, the Review considered that unique treatment of Mt Baw Baw at this stage would introduce unnecessary complexity into administrative arrangements.</p> <p>The need to assess the potential for a head lease is more urgent at Mt Baw Baw. Government has a broader range of investments in infrastructure and facilities at Mt Baw Baw than at other resorts. For example, it has invested in accommodation facilities and other commercial businesses (e.g. food and beverage outlets). However, operating these facilities is not consistent with government's core role in alpine resorts and would be better allocated to the private</p>	<p>the Act and government policy directions;</p> <ul style="list-style-type: none"> <li>• to contribute to strategic planning for the alpine resorts as a whole, in line with government policy directions. This should include a focus on infrastructure planning, integrated service delivery and community engagement; and</li> <li>• to collect fees prescribed by the regulations for each alpine resort area.</li> </ul> <p>11.2 That the Minister for Environment and Climate Change consolidate the administration of Mt Hotham, Falls Creek, Mt Buller and Mt Baw Baw within the Alpine Areas Authority, with four on-site offices and provide for the management of Lake Mountain and Mt Stirling by Parks Victoria from 2010.</p>

Number	Issue	Findings	Recommendations
		<p>sector.</p> <p>The Mt Baw Baw ARMB has already identified a range of activities with particular links to regional tourism (e.g. the provision of accommodation and facilities to support summer tourism). Following consideration of any government support required, this could be sufficient to attract private sector investment under a head lease. DSE should commence evaluating potential for a head lease based on all seasons activities immediately. Should a head lease prove unviable, future management by Parks Victoria would need to be seriously considered.</p>	

# appendix B consultations

## B.1 Victorian external consultations

Name(s)	Role	Organisation
Judith Geraghty	Manager	Access above 500ft task- group
Andrew Fairley	Chair	Alpine Resort Co-ordinating Council
Brad Miles	Executive Officer	Alpine Resort Coordinating Council
John Stanley	Member	Alpine Resorts Co-ordinating Council
Ralph Booth	Chair	Mt Baw Baw Alpine Resort Management Board
Leona Turra	Chief Executive Officer	Mt Baw Baw Alpine Resort Management Board
Nino Mautone	Mayor	Alpine Shire Council
Ian Nichols	Chief Executive Officer	Alpine Shire Council
John Perks		Arlberg Hotel Mt Buller
Ian Farrow	Member	Australian Alpine Club
Andrew Ramsey		Australian Ski Lift Association
Ben Davis	Organiser, Public Sector	Australian Workers Union
Dick Van Leeuwen	Mayor	Baw Baw Shire Council
Glenn Patterson	Chief Executive Officer	Baw Baw Shire Council
Michael Monester		Buller Ski Lift - Grollo Group
Nick Whitbey		Buller Ski Lift - Grollo Group
David Risby	President	Falls Creek Alpine Association
David Shaw	Acting Chair	Falls Creek Alpine Resort Management Board
Ross Passalacqua	Chief Executive Officer	Falls Creek Alpine Resort Management Board
Charlie Newton-Brown	Member	Falls Creek Chamber of Commerce
Ralph Booth	Chair	Lake Mountain Alpine Resort Management Board
Richard Rogerson	Chief Executive Officer	Lake Mountain Alpine Resort Management Board
Marg Attley	Mayor	Mansfield Shire Council
David Roff	Chief Executive Officer	Mansfield Shire Council
Sandie Jeffcoat	Councillor	Mansfield Shire Council
John Jenkins		Mt Baw Baw Association
Rae Moore		Mt Baw Baw Association
Don Cummins	Deputy Chair	Mt Buller and Mt Stirling Alpine Resort Management Board
John Dyson	Chair	Mt Buller and Mt Stirling Alpine Resort Management Board

Phil Nunn	Chief Executive Officer	Mt Buller and Mt Stirling Alpine Resort Management Board
Michelle Morrise	Vice President	Mt Buller Chamber of Commerce
Hans Grimmus	Member of Chamber of Commerce	Mt Buller Chamber of Commerce
Barry Cooper	President	Mt Buller Ratepayers Association
Chris Wilson	Secretary	Mt Buller Ratepayers Association
Peter Dyson and John Aird	Members	Mt Buller Ratepayers Association
Peter Sadow	President	Mt Hotham Ski Association
Jim Atteridge	Chief Executive Officer	Mt Hotham Alpine Resort Management Board
Tim Piper	Member	Mt Hotham Alpine Resort Management Board
Geoff Provis	Chair	Mt Hotham Alpine Resort Management Board
Rob Anderson		Mt Hotham Ski Association
John Castran		Mt Hotham Ski Association
Murray Neilson		Mt Hotham Ski Association
Graeme Blair	Member	Mt Hotham Chamber of Commerce
Danny Hogan	Chief Executive Officer	Murrindindi Shire Council
Janet Hogan	Deputy Mayor	Murrindindi Shire Council
John Schryver	Chief Executive Officer	Octavia Managed Funds Investment Australia (formerly MFS Living and Leisure Group)
John Bailey		Nationals Real Estate North East
Chris Box		The Arlberg Mt Hotham
Jenny Barnett	Member	Victorian National Parks Association
Phil Ingamells	Member	Victorian National Parks Association
Matt Ruchell,	Member	Victorian National Parks Association
Hartley Higgins	Immediate past President	Victorian Snowsports Association
Callum Fraser		Zacamoco
Alex Lawler		Zacamoco
Mike Balfe		Individual
Ron Bassett		Individual
Aldo De Luca		Individual
Martin Cash		Individual
Simon Cuzens		Individual
Ian Gross		Individual
Dr John Millar		Individual
Robert Thomson		Individual
Judy Ward		Individual

## B.2 Victorian Government agencies

Name	Role	Organisation
Dorana Wirne	General Manager, Marketing and Communications	Board of Alpine Resort Tourism
John Phillips	Manager, Alpine Planning Unit	Department of Planning and Community Development
Oliver Moles	Manager, Planning North East	Department of Planning and Community Development
Athena Andriotis	Team Leader, Resources and Infrastructure	Department of Premier and Cabinet
Judy Backhouse	Executive Director, Public Land Director of Public Land	Department of Sustainability and Environment
Matthew Clancy	Deputy Chief Finance Officer	Department of Sustainability and Environment
Pauline Clancy	Director, Planning and Performance, Corporate Services	Department of Sustainability and Environment
Caroline Douglass	Director Public Land Use and Development	Department of Sustainability and Environment
Ken King	Deputy Secretary	Department of Sustainability and Environment
Melinda Knapp	Manger Public Land Services	Department of Sustainability and Environment
Melissa Lee	Director, Strategy and Governance, Public Land	Department of Sustainability and Environment
Gil Marshall	Public Land Division, Melbourne (formerly)	Department of Sustainability and Environment
Kevin Ritchie	Regional Manager, North East	Department of Sustainability and Environment
Michael Scrafton	General Manager, Corporate Services	Department of Sustainability and Environment
Peter Sizeland	Manager Business Performance, Public Land Division	Department of Sustainability and Environment
Alison Stone	Public Land Division, Melbourne (formerly)	Department of Sustainability and Environment
Peter Watkinson	Executive Director, Public Land Division	Department of Sustainability and Environment
Garry Phibbs	Director, Commercial Advisory Services	Department of Treasury and Finance
Bruce Esplin	Commissioner	Office of Emergency Services Commissioner
Ian Christie	Acting General, Manager, Regional Management	Parks Victoria
Kate Millar	Manager, River Red Gum Project	Parks Victoria

Trevor Miles	Regional Manager, Central Region	Parks Victoria
Mark Stone	Chief Executive	Parks Victoria
Diana Barrie	Project Manager – Regional Infrastructure Development	Regional Development Victoria
Jim Demetrious	Manager, Water Infrastructure	Regional Development Victoria
Lea Corbett	Executive Director, Infrastructure	Regional Development Victoria
Nick Byrne	Manager, Investment and Infrastructure Projects	Tourism Victoria
John Dalton	Director, Strategy and Policy	Tourism Victoria
Sean Daugherty	Nature Based Tourism	Tourism Victoria
Chris White	Group Manager Product Marketing	Tourism Victoria
Alan Collins	Manager, Network Policy and Manager Program Delivery	VicRoads
John Harvey	Manager, Program Delivery, Benalla	VicRoads

### **B.3 New South Wales Government agencies**

Name	Role	Organisation
Andrew Logan	Manager Municipal Services Unit	Department of Planning
Jim Corrigan	Team Leader, Alpine Resorts Team	National Parks and Wildlife Service
Andrew Harrigan	Manager Resorts Section	National Parks and Wildlife Service
Alistair Henschman	Director Southern Branch, Parks and Wildlife Division	National Parks and Wildlife Service

### **B.4 New South Wales ski industry organisations**

Name	Role	Organisation
Kevin Blyton	Chairperson	Charlotte Pass Village Pty Ltd
Peter Brulisauer	Chief Executive Officer	Perisher Blue Ski Resort
Kim Clifford	General Manager	Thredbo Resort

## appendix C submissions

No.	Individuals and organisation
1	Access above 500ft task – group, VicNord
2	Alpine Resort Coordinating Council
3	Alpine Shire
4	Arlberg Hotham
5	Arrabri Ski Club
6	Australian Alpine Club, Ian Farrow
7	Australian Alpine Club, Phillip Robinson
8	Australian Alpine Enterprises Pty Ltd
9	Australian Ski Areas Association
10	Australian Ski Patrol Association
11	BSM Ski Club Co-operative Ltd
12	Camber Ski Club
13	Country Fire Authority
14	Crebbin, Jim
15	Diana Alpine Lodge Pty Ltd
16	Falls Creek Alpine Association
17	Falls Creek Alpine Resort Management Board
18	Falls Creek Chamber of Commerce
19	Falls Creek Co-operative Society
20	Falls Creek Country Club
21	First National Real Estate
22	Glass, Dom
23	Grening, Lyn
24	Gross, Ian
25	Hangman's Drop Ski Club
26	Halley's Lodge, Apartments and Ski Hire
27	Hotham Ski Association
28	Jeffcoat, Sandie
29	Kalyna Ski club Co-operative Ltd
30	Kilimanjaro Apartments Falls Creek
31	Langrenn Ski Club
32	Leeton Alpine Ski Club

33	MacPhee, Elizabeth
34	Mansfield Shire Council
35	Mansfield - Mt Buller Bus Lines
36	Marsland, Allan
37	Mogul Ski Club
38	Mt Baw Baw Alpine Resort Management Board
39	Mt Baw Baw Association
40	Mt Baw Baw Ski Club
41	Mt Buller Chamber of Commerce
42	Mt Buller and Mt Stirling Alpine Resort Management Board
43	Mt Buller Ratepayers Association
44	Mt Buller Ski Lifts
45	Mt Hotham Alpine Resort Management Board
46	Mt Hotham Chamber of Commerce
47	Mystic Mountains Tourism
48	Nicholas, Sarah
49	Office of Emergency Services Commissioner
50	Parks Victoria
51	Pretty Valley Alpine Lodge
52	Red Onion Falls Creek
53	Riverina Alpine Ski Club
54	Shaw, Mike & Tomsett, Paula
55	Shirling, George
56	Ski Cross Country Victoria Inc
57	Stirling Experience
58	The Man Hotel
59	Tivoli Ski Club
60	Tourism Victoria
61	VicRoads
62	Victorian Employers' Chamber of Commerce and Industry, Victorian Tourism Council and Victoria Events Industry Council
63	Victorian High County Huts Association Inc.
64	Victorian National Parks Association
65	Womburro Ski Club

# appendix D references

## D.1 legislation

Sixty Acts of Parliament are relevant to the management of the alpine resort areas. The key Acts are listed below.

*Alpine Resorts Act 1983 (Vic)*

*Alpine Resorts (Management) Act 1997 (Vic)*

*Alpine Resorts (Management) Regulations 1998 (Vic)*

*Crown Land (Reserves) Act 1978 (Vic)*

*Environment Protection Act 1970 (Vic)*

*Environment Protection and Biodiversity Conservation Act 1999 (Cth)*

*Financial Management Act 1994 (Vic)*

*Flora and Fauna Guarantee Act 1994 (Vic)*

*Parks Victoria Act 1998 (Vic)*

*Planning and Environment Act 1987 (Vic)*

*Public Administration Act 2004 (Vic)*

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# appendix E alpine management in other jurisdictions

The following section outlines management arrangements for other Victorian alpine resort areas. It also looks at alpine management arrangements nationally and internationally.

## E.1 other Victorian alpine resort areas

### Dinner Plain, Victoria

Dinner Plain is one of a small number of freehold parcels within the Victorian alpine resort areas. The village of Dinner Plain is located 10 kilometres from Mt Hotham on the Great Alpine Road. Construction of the Dinner Plain Village commenced in 1986. There is one downhill ski lift and a network of cross country ski trails. A shuttle bus connects Dinner Plain to Mt Hotham.

The Alpine Shire Council has managed Dinner Plain since the mid 1990s. It provides land management and service provider functions commensurate with the municipality. In addition to these functions, the Council has also taken on responsibility for snow clearing/grooming, trail development, shuttle bus services and television services. The Council is the planning and responsible authority for Dinner Plain.

The Alpine Shire Council's Dinner Plain Management Committee (DPMC) is a special committee formed under the *Local Government Act 1989*. The role of the Committee is to:

- determine the range and level of services required to meet the needs of the community.
- establish a process of Council budget/financial plan preparation which allows for input from the Dinner Plain community in relation to expenditure and funding.

The environmental management requirements of freehold land within the State of Victoria apply to Dinner Plain.

Dinner Plain - facts and figures <sup>32</sup>	
Location	10km south east from Hotham
Elevation	1590 (elevation meters)
Ski lifts	1
Terrain	Beginner/intermediate
Daily lift ticket price(2007)	\$45
Cross country trails	Total of 16 km
Toboggan run	Named Peashooter, it is located to the east of the ski run
Distance from Hotham Airport	10km
Year round residents	70
Winter guest capacity	2000

<sup>32</sup> Source: [www.hotham.com.au/index.php?pid=1385](http://www.hotham.com.au/index.php?pid=1385)

## Mt Buffalo, Victoria

Declared in 1898, Mt Buffalo National Park is one of Victoria's oldest national parks and now covers an area of 31,000 hectares. The Mt Buffalo Chalet was built in 1910, soon after the first road to the plateau was constructed. The Park receives visitation in all seasons. Passive recreational and adventure based activities opportunities are available during summer and in winter the park provides snow based activities. Prior to 2006, this included downhill skiing).

Under the *National Parks Act 1975*, the Minister for Environment is responsible for the management of Victoria's national parks. Parks Victoria is established under the *Parks Victoria Act 1998*. Parks Victoria manages parks, reserves and other land under the control of the State. DSE, as the Environment portfolio agency, and Parks Victoria entered into a 'Management Service Agreement', which outlines land management responsibilities.

Parks Victoria is responsible for the provision of services, collection of garbage, transport (contracted out) and car parking. Electricity is provided via a diesel generator, water from a reservoir and the sewer is via a septic system. Parks Victoria is also responsible for the provision of snow patrol (in the absence of a ski field lease), first aid, public access, safety and education.

There is a single lease at Mt Buffalo for the Chalet site. Prior to the 2006-07 fires there was a second lease over the ski field, this lease has since been rescinded. Parks Victoria is the responsible leasing agent. Parks Victoria is also responsible for investment attraction for Mt Buffalo Chalet and is also involved with high level marketing.

Mt Buffalo - facts and figures <sup>33</sup>	
Location <sup>34</sup>	320 kilometres by road north-east of Melbourne, between Myrtleford and Porepunkah
Highest lift point (2006)	1695 (elevation metres)
Ski lifts (operated prior to 2006/07 fires)	4
Skiable area (operated prior to 2006/07 fires)	4ha
Terrain	Advanced(10%) /intermediate (40%) /beginner (50%)
Daily lift ticket price (2008)	n/a
Cross country trails	Total of 11 km
Toboggan run	Located at Cresta Valley
Year round residents (2008)	Nil
Winter guest capacity (prior to 2006/07 fires)	400

## E.2 New South Wales

Established in 1906, Kosciuszko National Park is the largest national park in NSW at 673,542 hectares. It receives more than one million visitors a year. There are four key alpine resort areas located within the Kosciuszko National Park - Thredbo, Perisher Blue, Charlotte Pass and Selwyn. The Kosciuszko National Park Plan of Management (the Plan) requires each resort area to develop and implement an Environmental Management System (EMS).

<sup>33</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economic and Industry Research, Melbourne.

<sup>34</sup> Source: [http://www.parkweb.vic.gov.au/1PARK\\_DISPLAY.CFM?PARK=151](http://www.parkweb.vic.gov.au/1PARK_DISPLAY.CFM?PARK=151)

Thredbo, Perisher Blue and Charlotte Pass provide overnight accommodation and snow based activities (including downhill ski lift infrastructure). There is no overnight accommodation at the Selwyn snowfields.

The Minister for Environment is responsible for land management and lease approval for the Kosciuszko National Park. These responsibilities are managed through the National Parks and Wildlife Service (NPWS). The Act defines the responsibilities of the Director General of the National Parks and Wildlife in the management of national parks. The management of resort based recreational activities is controlled through leases, licences and planning instruments prepared by the NPWS and Department of Planning.

The Minister for Planning is the responsible planning authority and delegates responsibility for planning matters to the Department of Planning. The State Environment Planning Policy (Kosciuszko National Park – Alpine Resorts) 2007 governs development within the alpine resorts.

### Thredbo Resort

Thredbo Resort is located within the Kosciuszko National Park and covers an area of 960 hectares (defined by the lease), 37 kilometres from Jindabyne. It operates year round and provides a broad range of summer and winter activities.

Thredbo Resort operates under a head lease agreement, between the Minister for Environment and a private operator. The term of the agreement is 50 years. It was originally granted in 1962 and the lessor has taken up the option for a further 50 years. The head lease confers certain rights and obligations to the lessor, such as encouragement of all seasons use, a mix of accommodation types and year round bed availability. The operation and management of Thredbo Resort (within the lease) is the responsibility of the head lessor. This includes municipal service providers, sub-leases agent, ski lift company, resort operator, marketing body and undertake transport management.

Thredbo Resort - facts and figures <sup>35</sup>	
Location	37 kilometres from Jindabyne along the Alpine Way
Highest lifted point (elevation meters)	2037
Ski lifts	14
Skiable area (hectares)	480
Snow making (hectares)	120
Ski trails (kilometres)	80
Terrain	Advanced (17%)/intermediate (67%)/beginner (16%)
Daily lift ticket price <sup>36</sup>	\$97
Winter guest capacity (2006 current)	4,448

<sup>35</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economic and Industry Research, Melbourne.

<sup>36</sup> Source: <http://www.thredbo.com.au/bookings-and-tickets/lift-and-activity-prices/winter.asp>

## Charlotte Pass

Charlotte Pass is located within the Kosciuszko National Park and covers an area of 165 hectares (defined by the lease), approximately 35 kilometres from Jindabyne. The agreement commenced in 1974 and will expire in December 2015. It will operate year round from 2008. During winter the resort is snowbound and only accessible via oversnow transport from the Perisher Valley ski tube terminal.<sup>37</sup>

Charlotte Pass also operates under a head lease agreement, between the Minister for Environment and a private operator. The term of the agreement is 50 years. The head lease confers certain rights and obligations to the lessor, such as encouragement of all seasons use, a mix of accommodation types and year round bed availability. The operation and management of Charlotte Pass (within the lease) is the responsibility of the head lessor. This includes resort operations, municipal service, sub-leases agent, ski lift operator, marketing and transport management.

Charlotte Pass - facts and figures <sup>38</sup>	
Location	35 kilometres from Jindabyne along the Kosciuszko Road
Highest lifted point (elevation meters)	1945
Ski lifts	4
Skiable area (hectares)	50
Snow making (hectares)	-
Ski trails (kilometres)	45
Terrain	Advanced (10%)/intermediate (70%)/beginner (20%)
Daily lift ticket price <sup>39</sup>	\$69
Winter guest capacity (2006 current)	607

## Perisher Blue

Perisher Blue was formed in 1995 through the amalgamation of the Perisher Valley, Smiggins Holes, Blue Cow and Guthega resorts areas.

Perisher Blue and covers an area of 1598 hectares. Unlike Thredbo and Charlotte Pass, Perisher Blue is not managed under a single head lease arrangement. Land in the resort area is leased on an individual basis. Leases are held between the Minister for Environment and individual club lodges, commercial operators and the resort operator. The lease confers certain rights and obligations to the lessor, such as encouragement of all seasons use, a mix of accommodation types and year round bed availability.

In contrast to the management and operational requirements for Thredbo and Charlotte Pass, the resort operator is only responsible for the operation and management and marketing of the alpine resort. The NPWS are responsible for municipal services (water, sewerage and waste), internal roads, public facilities and amenities, emergency services, medical services and freight and passenger services.

<sup>37</sup> Source: <http://www.chaletjindabyne.com/site/skiresorts/>

<sup>38</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economic and Industry Research, Melbourne.

<sup>39</sup> Source: <http://www.charlottepass.com.au/mountainprices.html>

Perisher Blue - facts and figures <sup>40</sup>	
Location	33 kilometres from Jindabyne along the Kosciuszko Road
Highest lifted point (elevation meters)	2034
Ski lifts	50
Skiable area (hectares)	1245
Snow making (hectares)	38
Ski trails (kilometres)	104
Terrain	Advanced (18%)/intermediate (60%)/beginner (22%)
Daily lift ticket price <sup>41</sup>	\$98
Winter guest capacity (2006 current)	3644

### E.3 Whistler Resort, British Columbia, Canada

Whistler Resort in British Columbia (Canada) is renowned as a sustainable year round resort and has been a popular summer tourist destination since the early 1920s. Ski infrastructure was developed in the 1960s to host the 1968 Winter Olympic Games. Although the Olympic plans were unsuccessful, the ski area plans were pursued and in 1966 Whistler was officially opened to the public. The ski season stretches from November to late May. The Resort focus is not only on providing a vibrant village atmosphere and alpine experiences, but also on social and environmental sustainability.

The *Resort Municipality of Whistler Act 1996* establishes the Resort Municipality of Whistler. The Resort Municipality of Whistler (Council) is run by an elected Council (One Mayor, six councillors) and Council staff. The term for Councillors is three years.

Responsibilities of the Council include planning and building services, provision of municipal services and stewardship of public assets. The Municipality is answerable to both the Provincial and Federal Government for domestic and national issues. The Minister for Municipal Affairs is responsible for planning matters on a federal level. The Council must consider a number of local policies through the development process and a number of planning instruments including:

- Whistler Comprehensive Development Plan (CDP): Whistler 2020 – Moving Towards a Sustainable Future, provides the strategic direction for the Municipality of Whistler, including a vision for an environmentally sustainable village.
- Whistler Official Community Plan (OCP), details the policies regarding land use, development, servicing and protection of the environment. The Whistler OCP is founded on and consistent with the Comprehensive Development Plan; and
- Whistler Village Design Guidelines.

Whistler Resort - facts and figures <sup>42</sup>	
Location	Resort Municipality of Whistler
Highest lifted point (elevation meters)	2,182

<sup>40</sup> ARCC 2006, *The economic significance of the Australian alpine resorts*, report prepared by the National Institute of Economic and Industry Research, Melbourne.

<sup>41</sup> Source: <http://www.perisherblue.com.au/winter/index.php>

<sup>42</sup>Source: <http://www.whistler.com/stats/>

Ski lifts	16
Skiable area (hectares)	4,757
Snow making (hectares)	87
Longest run (kilometres)	11
Total ski trails (number)	200+
Terrain	Advanced (25%)/ intermediate (55%)/ beginner (20%)
Daily population equivalent (est. daily total of residents, visitors, employees)	28,289
permanent residents (2006)	9,595
seasonal residents (est.)	2,266
second-home owners (est.)	11,522

# appendix F evaluation of reform options

	Status quo	Modified status quo	Alpine Areas Authority	Parks Victoria	Local government	Private sector head lease
<b>Sustainability</b>						
Support integrated, strategic planning across resorts	x	✓	✓✓✓✓	✓✓	✓	✓✓✓
Financial viability of the alpine areas and mechanism to attract investment	x	x	✓✓✓✓	✓	✓✓✓	✓✓✓✓
Support all season resorts	✓	✓	✓✓✓✓	✓✓✓✓	✓✓✓	✓✓✓
<b>Community engagement</b>						
Retain local knowledge and skills	✓✓	✓✓	✓✓✓✓	✓✓	✓✓✓✓	✓✓
Provide mechanisms for engagement with local community	x	x	✓✓✓✓	✓✓✓	✓✓✓✓	✓✓
<b>Roles and responsibilities</b>						
Clear roles and responsibilities	x	✓	✓✓✓✓	✓✓✓✓	✓✓	✓✓✓✓
Appropriate reporting and monitoring arrangements	x	✓	✓✓✓✓	✓✓✓✓	✓✓	✓✓✓✓
Structures aligned with functions and capabilities	x	✓✓	✓✓✓✓	✓✓✓✓	✓✓✓	✓✓✓✓
<b>Comments</b>	The status quo model is fragmented and does not support achievement of government's key objectives	Minor benefits from removing the ARCC and clarifying roles and responsibilities between existing parties	Preferred model for three large resorts and Mt Baw Baw  Clarifies roles and responsibilities  Facilitates economies of scale and integrated planning  Strengthens community engagement	Preferred model for Lake Mountain and Mt Stirling only  For larger resorts, would not support achievement of investment and development of resorts	Possible longer-term model for Mt Baw Baw under head lease arrangement	Preferred longer-term model for three large resorts and possibly Mt Baw Baw  Significant change involved and work would be required to position the alpine areas to achieve this option



