



PO BOX 522 BRIGHTON VICTORIA 3186  
ABN 20 364 967 657  
INC REG A000 4541Y

## **VSA Position Statement – What we seek to achieve.**

### **1. Introduction**

The Victorian Snowsports Association (VSA) represents the combined interests of ratepayers and other stakeholders from Victoria's major alpine resorts at Falls Creek, Mt Baw Baw, Mt Buller and Mt Hotham. The combined membership represents some 24,000 persons from 200 clubs, apartments and businesses. As such, VSA members provide a large proportion of the resorts' funding, through site rental, service charges and gate entry fees.

The VSA believes there is a significant opportunity for the government to work more closely with the resort stakeholders to:

- Resolve important issues,
- Achieve positive outcomes that benefit all Victorians, and
- Ensure the future viability of Victorian Alpine Resorts.

Many of these issues are outlined below.

There are benefits for both government and stakeholders, to have a mutually co-operative and consultative approach to Alpine issues. This is especially the case after the reform of Victorian Alpine Governance in 2022 resulting in the formation of Alpine Resorts Victoria "ARV" and the individual resort stakeholder consultative committees (SCC's).

### **2. Governance**

Resort management is of vital concern to the alpine stakeholders and could be made simpler and fairer by considering the following:

- (a) Alpine policy, research and strategic planning be undertaken directly by DEECA.
- (b) All resorts as mentioned, plus Lake Mountain and Mt. Stirling Alpine Resorts, remain governed by ARV, but each resort's individuality be maintained by resort-based management and the applicable SCC.
- (c) All changes to governance and other decisions affecting stakeholders should be subject to independent cost benefit analysis and the VSA informed of the process and the resulting decisions.
- (d) Stakeholders to continue to have involvement in ARV and resort management through SCC's.
- (e) The promotion of visitation to Victoria's alpine areas should be managed by Tourism North East, Destination Gippsland and Yarra Ranges Tourism, as applicable.
- (f) Marketing and promotion of each individual resort be managed by a specific stakeholder committee.
- (g) Regional local government authorities be encouraged to provide complementary service requirements for the resorts.



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(h) The government and ARV implement the following recommendations of the 2008 State Services Authority Review of Alpine Resorts:

:

“Ensure consistency in planning processes across alpine resorts and address long term planning and development requirements”

“Ensure robust leasing practices and develop formal policy options to support equitable access and use of the resorts by community groups and individuals from diverse cultural and socio-economic backgrounds”

“Establish processes and strategies to determine the appropriate mix of public and private sector service delivery “

“Develop a new consolidated performance monitoring system and reporting framework, including streamlined reporting requirements aligned with government goals and incorporating key performance indicators”

Remove overlap and duplication between the Alpine Resorts Management Act 1997 and the Crown Land (Reserves) Act 1978 and streamline arrangements for fire and emergency services management”

(i) The government and the ARV immediately implement the following recommendations of the April 2019 CT Management Group Report entitled “Business Systems and Services Analysis” (the report”) which Hon Lily D’Ambrosio MP on the 6th of January 2020 directed must be implemented:

“1.1 Develop an Asset Management Governance Framework.

Once complete, complete an Asset Management Assessment Framework (AMAF) Maturity Assessment

1.2 Ensure that the Asset Management Strategy developed pursuant to Direction 1.1 above incorporates development of Asset Management plans per asset category, supported by rolling condition assessment program, valuations, componentisation and revised renewal demand and depreciation calculations

1.4 Prepare a Workforce Plan with reference to the Victorian Public Sector Commission’s workforce Planning Toolkit. The plan should clearly identify roles and responsibilities, training and future skill development, and key risks.

2.1 Implement a common chart of accounts and an agreed list of services, to improve the capacity to benchmark service and capital costs, and unit rates.

2.2 Develop a 10-year Capital Works Program per asset category incorporating renewal, new and upgrade.

2.3 Develop a common approach to service planning and prioritisation, then use this to re-examine and define service demand, service priorities, and levels of service per service, as outlined in the report.”

The VSA is extremely concerned the report says that from a financial sustainability perspective when it reviewed the forward financial forecasts, the resorts are trending towards an unsustainable position. The VSA supports the report’s view that the government must increase recurrent operating grants.



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### 3. Finance

ARV should oversee the development /maintenance /renewal of all Resorts' assets and infrastructure and provide required services to stakeholders in a financially sustainable way.

It should do so, via a combination of recurrent operating and capital grants from the government as well as, utilization of site rental charges, service fee charges and gate entry, within an integrated financial planning framework.

Site Rental and Service Fee charges are significant and represent the major cost of maintaining an alpine property. The following suggestions would make the system more equitable:

a) *Community Service Obligations (CSO's)* – These should be funded by the government, as is the case with Victorian local government authorities. The VSA notes the Deloitte report referred to below fully supports this. This would lead to a decrease in costs to site holders.

b) *Service Fee Charges and Site Rental Charges* – The amounts charged should be determined and fixed, on a common date, with prior consultation with the VSA, for all existing site holders. The common date should be no later than the 1st of November each year.

Once Service charges and Site Rental have been determined – these should be subject to the rate-capping rules that already apply to local government.

c) *Site Valuations* – Sites should be valued on 'Permitted Use' (a condition of the lease) and not 'Highest and Best Use' as is the current practice.

d) *Market Rent* – Currently it is an arbitrary 3.5% of site value. The methodology to determine site value needs to be more clearly defined and understood by the stakeholder community. We recommend involving people with suitable technical expertise to conduct this review.

Access and Equity Proposal – The 2014/15 proposal by the ARCC/VSA which was approved at the time by government but not funded, should be revisited and implemented.

Mt. Baw Baw and Lake Mountain Funding– To avoid the stakeholder enmity and public uproar that arose from the ARC model requiring the larger Resorts to subsidize Mt Baw Baw and Lake Mountain, it is imperative that the gap between Baw Baw and Lake Mountain's expenditure and income, NOT be covered by other resorts. Indeed, there should be no cross subsidization of one resort, from the income of another resort.

The VSA strongly supports the Deloitte Alpine Governance Report of June 2022 (Deloitte report) which includes the following-

“•It is recommended that further government operational funding is required over the next five years to support ARV in delivering on critical operational elements of its prescribed service profile, enabling self-funded baseline investment in critical assets and prioritising the rebound from pandemic impacts.

•Funding for non-commercial community service obligations, most notably in Land Management areas, will

reduce the ‘user-pays’ impact of the current funding model to the vulnerable rate base and align funding mechanisms for these services to that of local municipalities and other State entities.

- Support to deliver upgraded maintenance, and ultimately meet replenishment asset levels, allows ARV to address critical infrastructure requirements.

- To provide greater certainty to the new ARV Board and Executive, we recommend that operating funding for community service obligations and maintenance portions should be provided on an ongoing basis. This would assist in the strategic and financial planning of ARV. It would also provide confidence to current and potential private operators to invest in the resorts.

- The proposed operational funding would allow for the ARMBs to cover the cost of critical maintenance and a baseline level of capital replenishment of existing infrastructure. However, prioritised capital funding would be required for critical and priority infrastructure enabling each of the resorts to upgrade existing facilities and attract and develop strong, new offerings for their brands.

- Investments in the infrastructure of the resorts will support in the recovery from the pandemic and help to address the over-reliance on winter season visitation, attracting year-round visitation and unlocking new revenue streams. This would provide greater financial reliance for ARV in mitigating future challenges (such as climate change) and contribute to regional jobs and economies.

- Capital investment, both from government and private investors, will be critical to ensure the long-term financial sustainability of the resorts and the Alpine industry.

- Confirmation of a government financial contribution to the operating costs of ARV would help to alleviate stakeholder cross-subsidisation concerns, in particular the notion that the northern resorts (e.g., Mt Buller & Stirling, Mt Hotham, Falls Creek) are seen to cross-subsidise the southern resorts (e.g., Mt Baw Baw, Lake Mountain).

- Stakeholders are also looking for greater transparency around the services and associated costs that are incorporated into service charges.”

#### **4. DEECA Responsibilities**

a) Develop a comprehensive policy to achieve equitable access and use of the resorts, by people from diverse cultural and socio-economic backgrounds.

b) Actively promote within government the need to fund ongoing maintenance and asset investment (both replenishment and growth) to reflect the obligations of the government’s ownership and preservation of its asset base.

c) Ensure Alpine Resorts Victoria has the same rights and access to funding sources as local government.

#### **5. Insurance**

The current position in which many site holders are unable to obtain bushfire insurance or bushfire insurance at other than exorbitant premium rates must be immediately remediated by the government supporting a mutual insurance proposal by providing sufficient seed funding and confirming that a site holder which participates will not be in breach of its lease.

#### **6. Planning**



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- a) Planning Schemes should be amended to reflect each Resort's current Master Plan and include zones (via development overlays) to allow for the effective future planning of each Resort.
- b) The planning process and permit application procedure is cumbersome and needs to be streamlined to avoid duplication and time wasting.

## **7. Traditional Owner's Settlement Act (TOS)**

The current exemption for Alpine Resorts to comply with the TOS Act should continue.

If the exemption is removed, the resulting cost penalties incurred by stakeholders should be funded by the government.

The VSA recognizes the need for meaningful/balanced discussions in connection with this matter.

## **8. Leasing**

The lease renewal process can be obscure, with often unclear outcomes.

The process is a major undertaking for lessees. The process could be more transparent/simple by:

- a) All existing lessees being given the first option to renew or extend.
- b) Lease terms and conditions being uniformly applied across all Resorts.
- c) Developing a simplified procedure to reduce the time taken to develop a lease application.
- d) Provision of a 'best practice' road map for lease renewals/applications.

The VSA believes the 2002 Alpine Leasing Policy is out of date and needs immediate replacement. The VSA is concerned the process for revision of the policy which commenced in 2019 has stalled after a working group, in which the VSA was a participant, submitted its report to a steering committee in March 2020.

The VSA's model for determining lease terms is set out in the VSA's Alpine Leasing Position Statement (Version April 2023).

The VSA should be consulted when the Steering Committee develops its draft model in response to the Working Group's submissions.

Until the new Leasing Policy is finalized, site holders negotiating renewals of leases should have the option of putting those negotiations 'on hold', by extension of their current lease.

***This document is endorsed by and signed by all members of the Victorian Snowsports Association:  
Mt Buller Ratepayers Association Inc.  
Hotham Stakeholders Association Inc  
Falls Creek Alpine Association Inc.  
Mount Baw Baw Stakeholders Association Inc.***