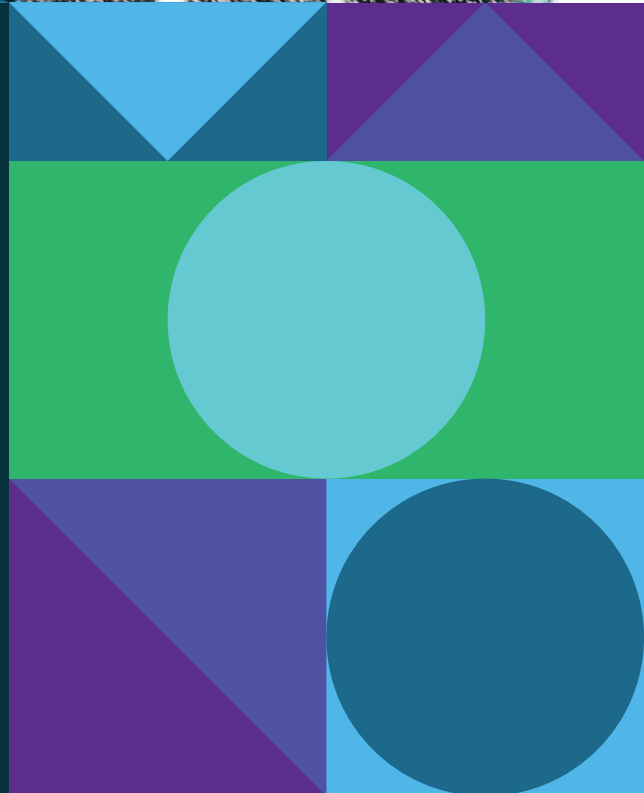




Alpine Resorts Corporate Plan 2024–2027



Alpine Resorts
Victoria



Authorised and published by

Alpine Resorts Victoria

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Aboriginal Acknowledgement

Alpine Resorts Victoria respectfully acknowledges all Aboriginal and Torres Strait Islander peoples as the Traditional Owners and custodians of the land and water on which all Australians rely.

We acknowledge and pay our respect to the Gunaikurnai, Taungurung and Wurundjeri Woi Wurrung People as the First People and original custodians of much of the alpine land and water on which we rely and operate, their unique ability to know, read and care for Country and their deep spiritual, social and cultural connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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Message from our Chair and CEO

At Alpine Resorts Victoria (ARV), we understand the important role the resorts play in Victoria's visitor economy, nature-based tourism and outdoor recreation sectors and their importance to the communities that live, work, and play in them. We also understand they are significant places for the protection of sensitive environmental and cultural values that can't be found anywhere else in the world.

For over a million people each year the resorts are part of their way of life, being their chosen destinations for holidays and recreation.

For the alpine industry, this is the decade that matters; a pivotal moment to secure a resilient future for the sector and a critical opportunity to take action to ensure these special places remain resilient for current and future generations.

This opportunity arises in the face of challenges brought on by climate change, population growth, rising living costs, visitor economy recovery and financial sustainability. Our Corporate Plan reflects where we are in our organisational maturity having been established on 1 October 2022; emphasises our continued focus on building strong foundations of a high performing organisation; and our adaptability and agility as we tackle these challenges with our partners. The establishment of Alpine Resorts Victoria creates the opportunity to build the economic resilience of the sector, streamline operations across the resorts and coordinate responses to these challenges.

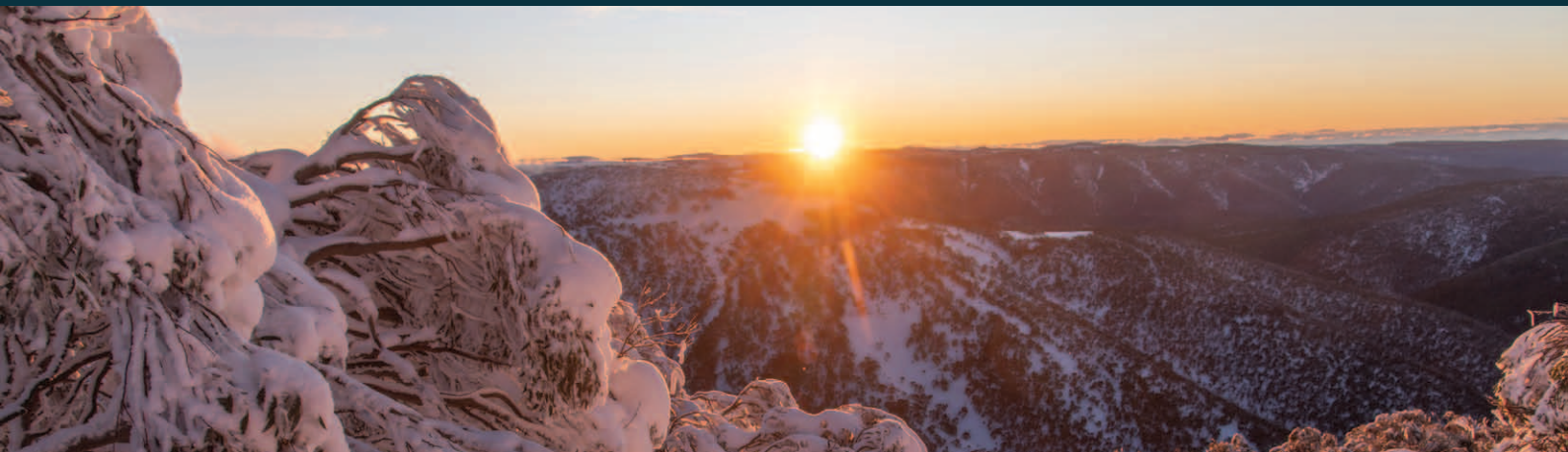
This year, the strategic objectives of the *Alpine Resorts Strategic Plan 2020-2025* will continue to be our focus together with two new objectives relating to the Alpine Resorts Victoria business. The objectives reflect our responsibility to *promote the management, development, promotion, and use of Victoria's six alpine resorts: Falls Creek, Lake Mountain, Mt Baw Baw, Mt Buller, Mt Hotham, and Mt Stirling, consistent with the object of the Alpine Resorts (Management) Act 1997.*

We are committed to delivering valued services to our visitors and stakeholders, meeting our financial obligations both now and into the future, and contributing to the broader Victorian visitor economy. Delivering safe, reliable, and high-quality essential services, including water, waste, sewerage, energy, and roads, continues to be our core priority to enable what is largely the commercial sector to enhance these special destinations with world class tourism and recreation services. We adapt and respond to changes in our operating environment so we can address challenges and seize significant opportunities for the future of the resorts.

In the 15 months since Alpine Resorts Victoria came into existence, we have embraced the opportunity to work with a broad range of stakeholders across the alpine resorts and share information, knowledge, and learnings. This year we will continue to engage with our diverse stakeholder groups to maintain an ongoing conversation about priorities, performance, and key financial considerations. We are committed to listening to stakeholders and community views and needs. Our commitment to effective and efficient outcomes, respect and transparency is unwavering.

As we face climate change challenges, which impact natural snow falls and increase the frequency and severity of weather events including fire and extreme rainfall, we recognise the opportunity to re-set how we plan, prepare, respond to, and recover from natural disasters and how we support the alpine industry to adapt and change. Alpine Resorts Victoria will continue to work with the Victorian and Commonwealth Government, resort stakeholders, local councils, communities, and emergency services to prepare our resorts for these events. We will focus on embedding climate change adaptation into all our decision making and lead industry adaptation.

Message from our Chair and CEO



The alps contain unique habitats for many rare and fragile plant and animal species. We have an important responsibility to protect and nurture this environment. We also have a wonderful opportunity to help our visitors to better understand and appreciate the alpine environment so that they too can play a role in their protection.

We are improving our relationships with the Traditional Owners of these areas and our own cultural competencies. We recognise the importance of Traditional Owner partnerships and are committed to supporting self-determination and reconciliation. We will work with the relevant Traditional Owners to understand and embed their priorities and objectives for Country in alpine strategies, policies, and programs. We will also build workforce capability to ensure this ongoing relationship can be developed in a culturally safe and respectful way.

Alpine Resorts Victoria's financial sustainability is predicated on attracting visitors to our resorts, delivering cost efficient and fit for purpose services, and leveraging private sector investment and alternative funding. We will proactively identify and seek opportunities for Commonwealth and State government grants. We will assess land availability in resorts and if appropriate prepare development prospectus. Our priority is to move towards each resort achieving an annual break even or cash positive position, with each resort being able to independently fund the renewal of their asset base, and surplus funds committed to an ARV Capital Investment Fund designed to support investment into new assets and initiatives across the portfolio.

Our dedicated and diverse team is central to achieving our goals. We will increase our focus on staff safety and well-being; embedding a culture that supports high performance; and stream-lining processes through the smarter use of technology and the sharing of resources and expertise.

This Alpine Resorts Victoria Board and staff are committed to our vision of *Vibrant, sustainable, and thriving alpine resorts that can be embraced by all and enjoyed by generations to come* and look forward to 2024 with excitement.

Ali Wastie
Chair

Amber Gardner
CEO

About this Plan

Alpine Resorts Victoria's Corporate Plan provides a roadmap for the achievement of our strategic objectives now and into the future. As required by section 46 of the *Alpine Resorts Management Act 1997*, our plan highlights the year ahead, while also detailing our long-term goals for the four-year life of the plan.

Our Statement of Corporate Intent reflects the priority areas of the Minister's Letter of Expectations:

- > Implementing the transition to Alpine Resorts Victoria
- > Community and stakeholder engagement
- > Financial sustainability
- > Integrating climate change adaptation into decision-making across the business
- > Partnerships with Traditional Owners, developing cultural competency and self-determination.

https://www.alpineresorts.vic.gov.au/__data/assets/pdf_file/0030/606369/ARV_letter-of-expectations.pdf

The *Corporate Plan 2024–27* complies with and responds to the most recent requirements issued by the Department of Energy, Environment and Climate Action (DEECA) and the Department of Treasury and Finance (DTF).



Statement of Corporate Intent

Statement of Corporate Intent

Establishing Alpine Resorts Victoria

Alpine Resorts Victoria was established by the Victorian Government on 1 October 2022 to promote the management, development, promotion and use of Victoria's six alpine resorts: Falls Creek, Lake Mountain, Mt Baw Baw, Mt Buller, Mt Hotham and Mt Stirling.

ARV is a statutory authority that reports to the Minister for Environment and is subject to the general direction and control of the Minister. ARV is a body corporate and is considered a public body for the purposes of the *Financial Management Act 1994* (FMA).

The establishment of ARV brings the management of the resorts together into one organisation and supersedes the Alpine Resort Management Boards to build the economic resilience of the sector, streamline operations across the resorts where possible and coordinate their response to challenges.

The Minister has outlined detailed performance priorities for ARV in a Letter of Expectations (LoE) dated 24 October 2022, which works alongside the *Alpine Resorts (Management) Act 1997* and the Victorian Climate Change Strategy to provide the current policy context that ARV operates within.

We are committed to establishing a successful Alpine Resorts Victoria and delivering great outcomes for our customers, stakeholders and the environment.

This is what we want to be - Our Vision

Vibrant, sustainable, and thriving alpine resorts that can be embraced by all and enjoyed by generations to come.

This is why we are here - Our Purpose

To lead and unite the alpine sector in driving the resilience, adaptation, and enhancement of Victoria's unique resorts.

Statement of Corporate Intent

This is how we want to be - Our Values

At Alpine Resorts Victoria, we are a diverse team of passionate, capable and proud people working towards our goal of a sustainable future for our resorts and the alpine environment.

Our behaviours, our work and our decisions are guided by five core values:

- > **Be positive** – We lead by example, work proactively to solve problems, and maintain a positive and constructive attitude.
- > **Work together** – We share knowledge, communicate openly, support each other, and collaborate across all areas.
- > **Show respect** – We take responsibility for our actions, have pride in our work and always act in an honest and transparent manner.
- > **Give support** – We are approachable, kind, listen to feedback and appreciate the different views and perspectives of others.
- > **Keep safe** – We protect our people and resorts and are committed to caring for the alpine environment in all we do.

This is what we will do - Our Objectives

To promote:

- > the management, development, promotion, and use of alpine resorts taking into account:
 - their unique characteristics;
 - the environment and ecology of each resort and the effect of climate change on them
 - economic considerations
 - the cultural heritage and landscape, including indigenous cultural heritage and the requirements of any relevant traditional owner recognition and settlement agreement
- > the use of alpine resorts for recreation and tourism in all seasons by diverse cultural and economic groups.

This is how we will make decisions - Our Principles

In performing our duties, Alpine Resorts Victoria will consider:

- > protecting the unique environmental, social, cultural, and economic characteristics of each alpine resort
- > planning for and managing all alpine resorts in a coordinated manner that adapts to and responds to the impacts and risks of climate change
- > the ongoing impact of the use of the alpine resorts on natural and cultural features and the ecology of the alpine resorts
- > respecting, protecting, and promoting Aboriginal self-determination, cultural values, practices, heritage, and knowledge in the alpine resorts
- > partnering with traditional owners in policy development, planning, and decision-making in the alpine resorts
- > protecting and enhancing the amenity, access, and use of each alpine resort, for the benefit and enjoyment of current and future generations of all Victorians; and
- > promoting investment in a diverse range of tourism and recreation experiences, for all seasons, in each alpine resort.

Our Operating Environment

Alpine Resorts Victoria operates in a global environment that is rapidly changing. We know the coming decade will bring significant challenges and opportunities, including climate change, greater Aboriginal self-determination, population growth, rising living costs, changing visitor economy trends, and financial sustainability. We will need to adapt to dramatic shifts to where and how our communities live, work and play.

Our obligations and accountabilities

Alpine Resorts Victoria operates with the context of legislation, government policy and obligations, and our Letter of Expectations as well as stakeholder and visitor needs and expectations. Our decisions will be informed by broader industry, community and environmental outcomes.

Figure 1. Obligations and accountabilities



Our Operating Environment

External drivers

Climate Change

Climate change poses a significant threat to Victoria's alpine industry and the alpine environment. The world is warming, natural snow falls are declining, the oceans are changing, and extreme climatic events are becoming more frequent. Increased prevalence of extreme weather events including storm activity, altered fire regimes, changes to rainfall and access to water are all pressures that are already manifesting themselves in the alpine resorts. This poses significant challenges for resort management and operations, which require rapid responses to adapt in the face of climate change. Climate change considerations will be progressively built into all Alpine Resorts Victoria's decision-making. We will lead the sector to prioritise preparedness and resilience planning to manage the impacts of climate change.

Financial sustainability

In alignment with legislation, ARV is required to provide a range of resort services including waste disposal, water supply, gas, drainage, sewerage, electricity, roads and transport. In fulfilling its legislative obligation to promote the management, development and use of the alpine resorts, ARV also offers a range of tourism infrastructure, public facilities and commercial operations.

While these services are comparable to what is delivered by local government authorities, the resorts have traditionally been unable to access equitable service funding to off-set these costs. As ARV is classified as a Public Non-Financial Corporation, it must cover the cost of maintaining resort assets and service delivery through a self-sustained funding model. To this effect, the primary revenue streams for ARV are resort entry fees charged to visitors in winter and rent and service charges associated with the leasing of the resorts' Crown Land.

Pre-COVID, the resorts were already experiencing challenges with generating sufficient revenue within this funding model to operate sustainably. In particular, the need to maintain a diverse asset base via a depreciation led model delivered only narrow profit margins in the Northern Resorts, and substantial losses in the Southern Resorts.

Post-COVID, following the losses of two winter seasons and their associated visitor and stakeholder revenue streams, the financial position of the resorts has been compromised, including a total depletion of ARV's cash reserves and a reliance on a Letter of Comfort to sustain operations.

As required under the Letter of Expectations from the Minister for Environment, we will work with the Department of Energy, Environment and Climate Action to develop a sustainable funding model for Alpine Resorts Victoria. In considering pathways to financial sustainability, we will:

- > review and benchmark alpine resort service provision;
- > quantify realised and potential operational efficiencies;
- > identify new or enhanced visitor experiences that will attract investment and grow revenue; and
- > determine the appropriate delivery of core and non-core services.

Aboriginal Self-determination

The alpine country within Victoria is part of an Aboriginal cultural landscape. This includes the traditional country of three Registered Aboriginal Parties:

- > Gunaikurnai Land and Waters Aboriginal Corporation within lands of the Mt Baw Baw and Mt Hotham resorts
- > Taungurung Land and Waters Council within lands of the Lake Mountain, Mt Buller, Mt Stirling, and Mt Hotham resorts
- > Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation within lands of the Lake Mountain resort.

There are other First Nations groups which also have connection to and assert interest and rights in alpine country, particularly the lands on which Falls Creek Alpine Resort operates. Alpine Resorts Victoria is committed to supporting self-determination and to partnering with Traditional Owners in the management of the Resorts, and in matters of policy development, planning, and decision-making where and when the Traditional Owners determine that aligns with their objectives and priorities.

Our Operating Environment

Volatile Economic Environment

The Australian economy is in a challenging phase, with high inflation, low wage growth, increasing interest rates, a tight labour market and cost of living pressures converging to create a volatile environment. The latest economic outlook from the Australian Government's *Statement on Monetary Policy* for August 2023 forecasts:

- > Growth in economic activity in Australia to remain subdued over the remainder of 2023 as cost-of-living pressures and the rise in interest rates continue to weigh on domestic demand. It is expected that growth will then increase gradually over the remainder of the forecast period, supported by an easing and a pick-up in household wealth.
- > Labour market conditions to ease, with an increase in both the unemployment and underemployment rate over coming years.
- > Inflation to decline to be around 3.75% by the end of 2024 and to be back within the 2–3% target range in late 2025. Goods prices are expected to continue to decline but in contrast, electricity costs will increase, and high services inflation is forecast to persist.

These pressures on the economy have a flow-on effect to the alpine industry via impacts such as decreased discretionary spending on holidays and hobbies, difficulty attracting and retaining staff (including lack of affordable and appropriate housing for staff), and reduced private investment due to higher interest rates, labour market pressures and supply chain shortages.

Visitor Economy Recovery

The Victorian visitor economy was heavily impacted by bushfires and the impacts of the global pandemic resulting in a \$19.5 billion decrease in visitor expenditure in 2020 from a high of \$32.5 billion in visitor expenditure in 2019. From 2023 tourism expenditure is expected to return to 2019 levels and continue to grow over the period of this plan and beyond. The Government's visitor economy strategic plan *Experience Victoria 2023* outlines the State's strong intrastate tourism market and forecasts strong growth and positive sentiments in interstate and international markets with significant growth opportunities in areas such as nature-based tourism and First Peoples-delivered tourism amongst others. The strategy also highlights that with Victoria's compact geography and diversity of nature, we have a significant opportunity to grow our reputation for nature-based tourism. Alpine Resorts Victoria will continue to work with our regional tourism and industry partners to capitalise on the

opportunities to respond to these trends and work with them to address market gaps and strengthen existing markets.

Population Growth

Victoria in Future 2023, the official Victorian state government projection of population and households, shows Victoria remains the fastest-growing state in Australia with our population expected to reach 10.3 million by 2051. Overseas migration – particularly from India and China – has been the key driver of population growth for Australia for the past decade and significant volume drivers during the snow season. The Chinese market were predominantly snow-players 5-10 years ago and are now taking lessons and buying property. The Indian market appears to be on the same trajectory.

Whilst the pandemic severely slowed overseas migration, it is expected to return as the key driver of population growth. It is also expected that Victoria's strong visiting friends and relatives' tourism market will increase in line with population growth. Alpine Resorts Victoria will continue to plan and prepare for increased visitation associated with population growth and increased tourism as well as the changing demographics of our visitors. We will improve our understanding of the current and future capacity of each resort and barriers to growth.

Legal responsibilities

Alpine Resorts Victoria operates under the *Alpine Resorts (Management) Act 1997*, the *Alpine Resorts Legislation Amendment Act 2022*, the *Alpine Resorts (Management) Regulations 2020* and the *Crown Land (Reserves) Act 1978*.

A comprehensive list of legislative and statutory obligations can be found at Appendix A.

Government policy and direction

Alpine Resorts Victoria works to several key government policies and directions including:

- > **Alpine Resorts Strategic Plan 2020-2025:** the long-term plan for the alpine sector and managing the alpine resorts while responding to the challenges of climate change and self-determination.
- > **Letter of Expectations:** expectations set annually by the Minister for Environment, aligned to the Alpine Resorts Strategic Plan 2020-2025 and setting priorities for ARV to address within the following year.

What We Manage

We manage six alpine resorts encompassing 10,590 hectares of Victoria's unique alpine environment

- > *We support and enable businesses that operate in the resorts and rely on us to provide all essential services*
- > *We build new and maintain and replace existing assets to service the industry, community, and visitors: from roads, water, sewerage, and energy to trails, playscapes and public open spaces*

- > *We protect important cultural and natural landscapes including the habitat of many rare and threatened flora and fauna species, including the critically endangered Mountain Pygmy-possum*
- > *Every year we welcome over one million visitors into the alpine resorts during the winter season and a further half a million over green season*
- > *Alpine sector contributes \$1.1b to Gross State Product and creates over 10,000 jobs annually*



Service Delivery Model



About Us

The ARV Board was established on 1 October 2022 and consists of nine members:

- > Ali Wastie, *Chair*
- > Helen Moran, *Deputy Chair*
- > Daniel Miller, *Board member*
- > Julia Hunter, *Board member*
- > Kaley Nicholson, *Board member*
- > Michael Monester, *Board member*
- > Nadia Jaworski, *Board member*
- > Natalie Ajay, *Board member*
- > Peter Anderson, *Board member*

ARV Board

(alpineresorts.vic.gov.au)

The Board has four committees being:

- > Finance, Risk and Audit Sub Committee
- > First Nations and Stakeholder Engagement Sub Committee
- > People, Culture and Remuneration Sub Committee
- > Strategic Planning, Asset Management and Commercial Operations Sub Committee

Charters

(alpineresorts.vic.gov.au)

Alpine Resorts Victoria is structured to enable the resorts to focus on delivering in-resort operations and services while two central teams deliver enabling services to support delivery.

Organisational Structure

(alpineresorts.vic.gov.au)

Alpine Resorts Victoria has formed Stakeholder Consultative Committees (SCCs) for each alpine resort to provide a conduit for information and advice between ARV and key stakeholders, recognising the importance of partnerships to the resorts and the alpine sector more broadly. The function of the SCCs is to give ARV the opinions and response of the community of each resort about:

- > matters relating to the promotion, operation, management, development, and use of the resorts.
- > strategic matters affecting alpine resorts and surrounding communities (including First Nations people).
- > the development of the alpine resorts strategic plan; and
- > matters relating to fees and contributions for the provision of services by ARV.

Stakeholder Consultative Committees

(alpineresorts.vic.gov.au)



Strategic Risks

SR-01 **Enabling investment**

An inability to generate, secure or facilitate public and private investment in the resorts inhibits their strategic growth, resilience and sustainability.

SR-02 **Environment – Climate Change**

Failure to implement appropriate strategies to adapt and build resilience to changing climates impacts the resorts' offering, operations and ongoing viability.

SR-03 **Visitor Experience**

Failure to evolve and diversify the resorts' visitor experiences, infrastructure, and services to meet the needs of current and emerging markets impacts the competitiveness and viability of ARV.

SR-04 **Regulatory reform – Human Resources**

The implementation of alpine governance reform, including a new organisational structure and culture, results in the loss of current staff and failure to attract new employees, impacting performance and the realisation of strategic objectives.

SR-05 **Finances**

External environmental factors including market downturn, emergency events, competition growth, political change and/or government funding reductions results in ARV failing to achieve financial sustainability.

SE-06 **Strategic engagement**

Failure to identify, build and maintain strategic partnerships adversely impacts ARV's performance and ability to deliver on strategic priorities and Ministerial expectations.

SR-07 **Asset Management**

Inadequate investment in the upgrade and renewal of ARV's asset base results in asset failure or service disruption, and an inability to operate or scale to support increased resort development and demand.

SR-08 **Southern Resorts (Lake Mountain and Mount Baw Baw)**

Failure to resolve the long-standing deficit of the southern resorts (Lake Mountain and Mount Baw Baw) results in cross subsidization from the northern resorts (Mt Hotham, Falls Creek, Mount Buller, and Stirling), undermining the viability of the alpine sector and resulting industry decline.

Our Strategic Objectives and 2024 Priorities

We have six strategic objectives to guide our activities over the Corporate Plan period, with a focus on the 2024 financial year. Our six objectives are informed by the industry wide *Alpine Resorts Strategic Plan 2020–2025* and ensure we have clear direction to support sound decision making. This includes balancing the need to continue to embed and improve our core functions through our establishment journey, while progressing towards our strategic objectives for visitors, stakeholders, our people and the environment.

The priorities outlined in this plan have been developed to progress the realisation of the strategic objectives. They include strategic responses to changes in our operating environment, investments in our transformation to Alpine Resorts Victoria, activities to meet compliance obligations, and projects to deliver on our commitments to stakeholders and customers.

Figure 2. Our Strategic Objectives (2024–2027)





How we will deliver on our objectives in 2024

Objective 01

Enable investment that drives sustainable businesses

To achieve this objective Alpine Resorts Victoria will:

- > Identify new, and enhance current, year-round experiences and assets that attract investment.
- > Seek opportunities for diverse sources of development funding.
- > Work with infrastructure and service providers to maintain, upgrade, replace, and provide the optimum suite of assets for a sustainable, climate ready alpine region.

To Enable investment that drives sustainable businesses in 2024 we will:

Action	Target
<i>Identify new, and enhance current, year-round experiences and assets that attract investment</i>	
Support completion, opening and marketing of Australia's first Via Ferrata, which is being privately funded as a new summer experience at Mt Buller	Open from January 2024
Enter contracts for, and support the private development of Australia's longest zip lines as a new year-round experience at Mt Buller	Construction to commence in Q4 2024.
Complete and open the Mt Hotham Alpine Gateway	Open in Q1 2024
Commence construction of the Mt Hotham Snow Play and Activity Hub for completion in 2025 and identify commercial opportunities associated with the site	Completion year end 2025
Progress the Falls Creek Lakeside Precinct, including development of the Australian National Antarctic Research Expedition shed as the trailhead for the Falls to Hotham Alpine Crossing	Completion year end 2025
Complete the Mirimbah Park Master Plan	Completion in Q1 2024
Complete the Mt Buller Village Precinct Master Plan to deal with chronic capacity and safety issues and increase visitation	Completion in Q1 2024
Complete Falls Creek's iconic Gateway Sculpture Commission – Flower of the Alpine Sun	Completion in Q4 2024
Finalise design principles and secure funding/grants to complete the 80km Falls Creek Mountain bike park	Completion of design by year end 2024
Continue our partnership with Tourism North East and Destination Gippsland to support and develop regional tourism	Ongoing

Objective 01

Enable investment that drives sustainable businesses

To Enable investment that drives sustainable businesses in 2024 we will:

Action	Target
<i>Seek opportunities for diverse sources of development funding</i>	
Identify sites for potential private sector development as stage one of alpine resorts land release packages (Mt Hotham and Falls Creek in 2024)	Completion by Q4 2024
Seek public and private sector investment in dedicated key worker accommodation and pursue partnerships and funding opportunities	Ongoing
<i>Work with infrastructure and service providers to maintain, upgrade, replace, and provide the optimum suite of assets for a sustainable, climate ready alpine region</i>	
Develop Alpine Resorts Victoria's first Asset Management Strategy and supporting resort-level Asset Management Plans	Completion in Q4 2024
Complete construction of the Mt Higginbotham water storage project	Completion by Q3 2024
Support extension of the snowmaking system at Mt Buller to create additional skiing/boarding tuition and snow play areas to meet growing demand	Additional Snow Factory operational by winter 2024
Complete an analysis of carrying capacity and the barriers to growth for each resort	Completion by Q4 2024

Key Performance Indicators:

- > Increase in capital improved value of leased assets across all resorts, current 2023 value is \$1.7B
- > Increase in number of new or enhanced experiences on offer in resorts

Strategic Risk:

SR-01 Enabling investment -
An inability to generate, secure or facilitate public and private investment in the resorts inhibits their strategic growth, resilience, and sustainability.

Objective 02

Protect and enhance the mountain environment and adapt to climate change

To achieve this objective Alpine Resorts Victoria will:

- > Lead climate change adaptation planning for the alpine resort sector informed by the Alpine Resorts Futures Vulnerability Assessment delivered by the Department of Environment Land Water and Planning in 2017
- > Sustain and protect the biodiversity of the alpine ecosystems
- > Connect people with the alpine environment and enable low impact visitation
- > Reduce the environmental footprint of the alpine resorts

To protect and enhance the mountain environment and adapt to climate change in 2024 we will:

Action	Target
<i>Create an inclusive, safe, and constructive work environment and become an Employer of Choice in our sector and region</i>	
Develop and commence implementation of Alpine Resorts Victoria's Climate Change Adaptation Strategy	Completion by Q4 2024
<i>Sustain and protect the biodiversity of the alpine ecosystems</i>	
Continue to implement pest plant and animal control programs across all resorts	Ongoing
Create a single Mountain Pygmy-possum Recovery Plan by updating the Mt Buller Recovery Plan to incorporate populations at Falls Creek and Mt Hotham and continue to implement recovery actions	Completion by Q3 2024 and ongoing
Continue to monitor Mountain Pygmy-possum populations within resorts	Ongoing
Continue to manage and maintain compliant offset sites at Mt Stirling, Falls Creek, and Mt Hotham in accordance with approved Offset Management plans	Ongoing
Continue to monitor Bogong Moths and improve monitoring methodologies in partnership with Traditional Owners	Ongoing
Continue to support and partner with research organisations, universities and other agencies on threatened species and other alpine projects including Baw Baw Frog, Leadbeater's Possum, Mt Stirling Stonefly, Guthega Skink, Alpine She-Oak Skink, Alpine Tree-frog, and Snow gum dieback	Ongoing
Further develop partnerships with Traditional Owner Corporations for the delivery of environment programs	Ongoing

Objective 02

Protect and enhance the mountain environment and adapt to climate change

To protect and enhance the mountain environment and adapt to climate change in 2024 we will:

Action	Target
<i>Connect people with the alpine environment and enable low impact visitation</i>	
Extend ARV sponsorship of the National Alpine Museum of Australia at Mt Buller to continue providing visitors with access to the rich history of the alpine region including through online catalogues.	Completion by Q4 2024
Continue to support Falls Creek Artist in Residence program promoting connection between arts, environment, and public communication outcomes	Ongoing
Continue to provide and upgrade the trails network across each mountain to enable passive enjoyment of the alpine environment during green season	Ongoing
<i>Reduce the environmental footprint of the alpine resorts</i>	
Develop Design and Siting Guidelines across all resorts which will incorporate sustainable design principles, reducing energy consumption	Completion by Q4 2024
Develop Operational Guidelines to maximise energy efficiency of existing ARV assets	Completion by Q4 2024
Explore options for carbon offsetting Alpine Resorts Victoria's operations	Completion by Q3 2024
Develop Integrated Water Management Plans for all resorts to improve future water security and maximise efficient use of water	Completion by Q1 2025
Undertake Energy Performance and Feasibility Analysis for Lake Mountain and Mt Baw Baw	Completion by Q4 2024
Promote the recycling and organics programs across resorts and begin transition to a four- bin collection system (waste, glass, comingled recycling, and organics) with support from Recycling Victoria and Sustainability Victoria	Completion by Q3 2024 and ongoing

Key Performance Indicators:

Environmental Footprint – Water (x resort)

- > Increase total recycled water produced (ML)/visitor day
- > Improve statutory compliance (% of year)

Environmental Footprint – Energy (x resort)

- > Reduce total electricity greenhouse emissions (CO2)/visitor day
- > Reduce total LPG greenhouse emissions (CO2) /visitor day
- > Reduce total diesel/petrol greenhouse emissions (CO2)/visitor day

Environmental Footprint – Waste (x resort)

- > Reduce total waste to landfill (tonnes)/visitor day
- > Increase total recyclables diverted from landfill (tonnes)/visitor day
- > Increase total organics diverted from landfill (tonnes)/visitor day

Biodiversity

- > No loss of threatened species in each resort

Strategic Risk:

SR-02 Environment – Climate Change

Failure to implement appropriate strategies to adapt and build resilience to changing climates impacts the resorts' offering, operations and ongoing viability.

Objective 03

Enhance the visitor experience

To achieve this objective Alpine Resorts Victoria will:

- > Deliver the optimum visitor experience by matching infrastructure and services with visitor needs via marketing and communication.
- > Deliver a resort experience that meets the needs of current visitors and emerging markets.

To enhance the visitor experience in 2024 we will:

Action	Target
<i>Deliver the optimum visitor experience by matching infrastructure and services with visitor needs via marketing and communications</i>	
Continue to innovatively market and promote each resort as a unique destination and the suite of experiences available at each mountain	Ongoing
Commence 3-year signage improvement program across resorts to upgrade trail signage	Completion Q4 2026
Undertake market research to provide direction on enhancing visitor experience	Ongoing
Create an all-resorts digital sales and information platform to improve visitor servicing	2 year project - completion Q4 2025
<i>Deliver a resort experience that meets the needs of current visitors and emerging markets</i>	
Explore expanding the designated tobogganing areas and snow play experiences at Mt Baw Baw and Lake Mountain	Completion by Q3 2024
Partner with Disabled Wintersport Australia (DWA) to support an enhanced presence in-resorts including a new central DWA facility established in Falls Creek Slalom Plaza and at the Lakeside Foreshore redevelopment	Completion by year end 2025
Complete the tender for new snowplay product at Falls Creek	Completion before winter 2024
Implement Windy Corner Snow play redevelopment at Falls Creek	Scope of development complete by year end 2024
Pursue sustainable and equitable provision of medical services at Falls Creek, Mt Buller, and Mt Hotham to underpin the million plus visitors each year and avoid overwhelming Victoria's ambulance system	Recommended model developed by Q3 2024

Key Performance Indicators:

- > Visitor satisfaction with diversity of visitor experiences available in resort*
- > Visitor satisfaction with ease of purchasing gate entry*
- > Visitor satisfaction with public facilities for visitors (toilets, public shelters, information) *

* Baseline to be established in winter 2024

Strategic Risk:

SR-03 Visitor Experience

Failure to evolve and diversify the resorts' visitor experiences, infrastructure, and services to meet the needs of current and emerging markets impacts the competitiveness and viability of ARV.

Objective 04

Implement practical policy and regulatory reform

To achieve this objective Alpine Resorts Victoria will:

- > Review and implement Alpine Resorts Victoria's Transition Plan 2023-2025 to deliver the alpine governance reforms and associated long-term sustainability and growth.
- > Develop a strong Governance and Policy Framework
- > Review and update the Alpine Resorts Strategic Framework

To implement practical policy and regulatory reform in 2024 we will:

Action	Target
<i>Implement Alpine Resorts Victoria's Transition Plan 2023-2025 to deliver the alpine governance reforms and associated long-term sustainability and growth</i>	
Consolidate and prepare a Long-Term Financial Plan (10 years) in conjunction with an Asset Management Strategy (20 years) to inform pathways to financial sustainability	Completion in Q4 2024
Negotiate and commence the first Alpine Resorts Victoria Enterprise Agreement 2024-2027	Completion in Q1 2024
Implement a consolidated Alpine Resorts Victoria Emergency Management Framework in consultation with stakeholders and deliver ongoing training and support	Completion in Q2 2024
Finalise the ARV ICT Strategy and Implementation Plan and commence 2024 deliverables	Strategy completion in Q1 2024
Deliver an ARV Property Management System	Completion by Q4 2024
Complete the implementation of the ARV HRIS & payroll system	Completion in Q1 2024
Complete the establishment of the standardised document management system (SharePoint)	Completion by Q1 2024
Complete process reviews and progress implementation of improvements in priority business areas: property and planning; finance, risk and audit; environment and climate change; tourism strategy and planning; and people and culture	Completion by Q2 2024

Objective 04

Implement practical policy and regulatory reform

To implement practical policy and regulatory reform in 2024 we will:

Action	Target
<i>Develop a strong Governance and Policy Framework</i>	
Complete the review of the existing <i>Alpine Resorts Strategic Plan 2020-2025</i> and plan the development of a new sector wide strategic plan for 2025	Review complete by Q1 2024 New Strategic Plan complete by Q4 2025
Review and enhance the Alpine Resorts Victoria Policy Framework & suite of policies	Completion in Q1 2024
Develop the ARV Service Charge and Revenue Strategy	Proposed strategy completion by end Q2 2024 for engagement with stakeholders Final strategy completion by end Q3 2024 for implementation Q1 2025
Develop a Capital Investment Framework to guide the prioritisation of financial investment across entire portfolio	Completion by Q4 2024
Complete the development of an updated Alpine Resorts Leasing Policy in partnership with the Department of Energy, Environment and Climate Action	Completion by Q4 2024
Develop a common approach to service planning and determine the appropriate model for delivery of core (legislated) and non-core services at each resort, then use this to re-examine and define service demand, service priorities, and levels of service for each resort	Common approach to service planning completion in Q4 2024
<i>Review and update the Alpine Resorts Strategic Framework</i>	
Develop a Strategic Planning Framework to guide and standardise efficient and effective planning across the resorts and commence development of associated priority plans	Completion by Q1 2024 and ongoing

Key Performance Indicators:

- > Project delivery – 100% Transition Plan projects delivered on time and within budget.

Strategic Risk:

SR-04 Regulatory reform – Human Resources

The implementation of alpine governance reform, including a new organisational structure and culture, results in the loss of current staff and failure to attract new employees, impacting performance and the realisation of strategic objectives.

Objective 05

Enhance organisational excellence and sustainability

To achieve this objective Alpine Resorts Victoria will focus on:

- > Financial management
- > ICT Services
- > Business Continuity, Risk and Emergency Management
- > Corporate Governance and Legal
- > Corporate Strategy and Planning
- > Strategic Communications and Engagement
- > Economic Development
- > Property and Planning Management
- > People and Culture

To enhance organisational excellence and sustainability in 2024 we will:

Action	Target
Confirm a dynamic Alpine Resorts Victoria Risk Management Framework in compliance with the Victorian Government Risk Management Framework	Completion by Q2 2024
Develop an ARV Occupational Health and Safety Safe Systems Manual and roll out training program	Manual completion in Q1 2024 Training delivered by end 2024
Review and consolidate resort Business Continuity Plans (including Disaster recovery planning)	Completion in Q2 2024
Develop and implement the Alpine Resorts Victoria Communications and Engagement Strategy	Strategy completed in Q1 2024
Continue to support and engage with the Stakeholder Consultative Committees (SCCs) for each resort	SCCs meet a minimum of 4 times/year
Continue to proactively position and seek grant funding from relevant State and Commonwealth funding programs	Ongoing
Implement process changes in partnership with relevant government departments to improve consistency and timeliness of leasing and planning decisions	Ongoing
Develop and commence implementation of Alpine Resorts Victoria's Traditional Owner Engagement and Self-determination Strategy	Strategy completed in Q4 2024
Work with relevant Traditional Owners to embed their priorities and objectives for Country and self-determination in Alpine Resorts Victoria's strategies, plans and programs	Ongoing
Actively support the Municipal Emergency Preparedness, Response and Recovery Programs	Ongoing

Objective 05

Enhance organisational excellence and sustainability

Key Performance Indicators:

- > **Project delivery**
90% key projects delivered on time and within budget
- > **Total output cost**
(variation between actual expenditure and budget) within +/- 10% of budget

Strategic Risk:

SR-05 Finances

External environmental factors including market downturn, emergency events, competition growth, political change and/or government funding reductions results in ARV failing to achieve financial sustainability.

SE-06 Strategic engagement

Failure to identify, build and maintain strategic partnerships adversely impacts ARV's performance and ability to deliver on strategic priorities and Ministerial expectations.

SR-07 Asset Management

Inadequate investment in the upgrade and renewal of ARV's asset base results in asset failure or service disruption, and an inability to operate or scale to support increased resort development and demand.

SR-08 Southern Resorts

(Lake Mountain and Mt Baw Baw)

Failure to resolve the long-standing deficit of the southern resorts (Lake Mountain and Mount Baw Baw) results in cross subsidisation from the northern resorts (Mt Hotham, Falls Creek, Mount Buller, and Stirling), undermining the viability of the alpine sector and resulting industry decline.

Objective 06

Build constructive culture and leadership capabilities

To achieve this objective Alpine Resorts Victoria will:

- > Create an inclusive, safe, and constructive work environment and become an Employer of Choice in our sector and region
- > Improve employee attraction and retention, enhance productivity, and ensure that staff are appropriately trained to deliver core organisational services
- > Build the cultural competence of all board and staff members to engage with Traditional Owner groups for alpine resorts, including the three Registered Aboriginal Parties for alpine resorts and those Traditional Owner groups without formal recognition who assert rights and interests in the affected Country

To build constructive culture and leadership capabilities in 2024 we will:

Action	Target
<i>Create an inclusive, safe, and constructive work environment and become an Employer of Choice in our sector and region</i>	
Develop and implement the ARV Onboarding and Offboarding Process	Completion in Q1 2024
Actively promote and create forums for staff engagement and feedback, including participation in the Victorian Public Sector People Matter Survey and pulse surveys	Ongoing
<i>Improve employee attraction and retention, enhance productivity, and ensure that staff are appropriately trained to deliver core organisational services</i>	
Develop an ARV Workforce Capability Plan	Completion in Q1 2024
Develop an ARV Learning and Development Framework including staff and board members	Completion in Q3 2024
Develop an ARV Wellbeing Framework	Completion in Q4 2024
Create an ARV Talent Acquisition Framework	Completion in Q1 2024
Create an ARV Career Pathways and Succession Framework	Completion in Q4 2024
Develop and implement the ARV Performance Management Program and Annual Cycle process	Completion in Q2 2024

Objective 06

Build constructive culture and leadership capabilities

To build constructive culture and leadership capabilities in 2024 we will:

Action	Target
<i>Build the cultural competence of all board and staff members to engage with Traditional Owner groups for alpine resorts, including the three Registered Aboriginal Parties for alpine resorts and those Traditional Owner groups without formal recognition who assert rights and interests in the affected Country</i>	
Provide First Peoples Cultural Competency and Safety Training programs	Participation by 70% permanent staff

Key Performance Indicators:

- > Improved employee engagement results in the People Matter Survey from 2023*
- > Improved employee satisfaction result in the People Matter Survey from 2023*
- > Percentage of permanent staff who have completed cultural awareness training - 70% target

Strategic Risk:

SR-04 Regulatory reform – Human Resources
The implementation of alpine governance reform, including a new organisational structure and culture, results in the loss of current staff and failure to attract new employees, impacting performance and the realisation of strategic objectives.

* Improvement from baseline established in 2023



Our Business Plan 2024

Overview

Alpine Resorts Victoria's four year financial plan comes off the back of a number of challenging years including COVID in 2020 and 2021, the amalgamation of the previous Resort Management Boards on 1 October 2022, a landslip at Falls Creek in 2022 and a short snow season in 2023.

The cash reserves and financial resilience of the resorts has been diminished during this period and State government support has been relied upon to ensure the resorts can continue to maintain the infrastructure base and deliver critical services to stakeholders and visitors.

It is acknowledged that the level of maturity of the organisation's financial management framework and strategy is starting from a low base and a significant amount of strategic and operational work will continue to be undertaken in 2024 to progressively enhance this, including the development of a long term financial plan which will enable accurate projections to be determined and published in the 2025 Corporate Plan in the format of a detailed business plan (1 year), forecasts (years 2-5) and projections (years 5-25).

As directed under the Letter of Expectations, Alpine Resorts Victoria will provide a report to the Minister on the board's consideration of pathways to financial sustainability by 1 October 2025.

This report will:

- > include a review of alpine resort service provision (and benchmarking of those costs with industry service standards);
- > quantify realised and potential operational efficiencies associated with the reform and identify associated implementation risks;
- > identify new or enhanced visitor experiences that will attract investment and grow revenue; and
- > determine the appropriate delivery of core (legislated) and non-core services at each resort, and whether it is appropriate for each or all resort to be providing any core or noncore services.

Year one business initiatives - 2024

The 2024 budget provides for the completion of a number of key initiatives and projects that are critical to informing the strategic direction of ARV's path to financial sustainability. A number of these are funded from the \$5million grant funding provided by the State Government to support the establishment of Alpine Resorts Victoria. These include:

> Common systems and practices

The amalgamation of the resorts into homogenous technology platforms, information systems and work practices will continue in 2024. An Information and Communication Technology (ICT) Strategy is under development and will guide the future implementation of new systems and platforms.

The financial system is expected to be fully migrated in December 2023 which will allow better access to comparable financial information across all resorts, and improve the ability to prepare informed financial strategies and plans.

The human resource information and payroll systems are in progress and are expected to be completed in 2024, subject to finalisation of an all-of-ARV enterprise agreement.

The 2024 budget includes provision for further ICT enhancements across property management, safety and risk, asset management, project management, records management, visitor servicing and general ICT infrastructure uplifts.

Each of the above system implementations are funded through the \$5million grant funding provided by the State Government to support the establishment of Alpine Resorts Victoria, and are required to improve the efficiency of the organisation and the ability to gather and access useful data that will inform the strategic direction of Alpine Resorts Victoria.

Overview

> Procurement Framework

Alpine Resorts Victoria is currently recruiting a Procurement and Contract Management Advisor to ensure the organisation is compliant with the requirements of the Victorian Government Purchasing Board and other relevant legislation and frameworks. The 2024 budget also includes provision for consulting services to consolidate existing policies and procedures into a single suite of compliant policy and guidance documents.

The following additional key strategic projects will be delivered in 2024, budgeted from internally generated funds:

> Service charge and revenue strategy

A detailed review of the methodology applied to determining the value of service charges recoverable will be completed in 2024, with a view to implementing any required changes for the 2025 budget year. The review will include:

- consideration of the various methods for allocation of service charges to individual site holders (i.e. CIV, FECA, bed numbers) and consideration for a single method that best represents the value received by each site for the services being provided
- a wholistic assessment of the classification of costs to each service category within the requirements of s13 of the AR(M) Act.
- consideration of the proportion of the cost of each service that should be recovered by each revenue stream available to ARV and the associated user profiles (i.e. service charges, visitor entry, site rental)
- homogenisation of the timing of the billing cycle for service charges across all resorts, with consideration given to the cashflow requirements of ARV and its site holders.

> Long term financial plan

Given the infancy of the organisation and the lack of a consolidated set of financial and other data, a long term financial plan has not yet been prepared but will be developed in 2024. The plan will cover at least a ten year period and be informed by ARV's strategic plans and critically assessed assumptions. The project will also include the development of a comprehensive suite of key financial performance indicators, as the measure of financial success for Alpine Resorts Victoria, which will be included in future Corporate Plans.

> Internal audit program

A three year strategic internal audit plan was adopted by the ARV Board in 2023 with the results of the audits on Procurement, Human Resource Management and Occupational Health & Safety to be delivered to the Finance, Risk and Audit Committee in December 2023, and remedial action plans to be enacted during 2024. The 2024 internal audit program includes a review of compliance with the Standing Directions, the Asset Management Accountability Framework and cyber security.

> Asset management planning

The 2024 budget includes provision for the completion of condition assessments and the development of a Strategic Asset Management Plan (including sub-Asset Category Plans), to enable compliance with the Asset Management Accountability Framework.

> Integrated Water Management Plans (IWMPs)

The 2024 budget includes provision for the examination of water lifecycle in resorts and how the delivery of water, wastewater and stormwater services can contribute to water security, public and environmental health, and amenity for each resort. The IWMPs will detail how all aspects of water lifecycle and water service planning will be built into future development plans at each resort, enabling innovative water cycle management solutions, in the context of climate change and future resort growth.

> Bushfire insurance strategy

In 2023, ARV engaged KPMG to undertake a bushfire insurance strategy to help address the significant challenges lessees are experiencing in securing insurance, which has continued to worsen in recent years, driven significantly by the increasing frequency and severity of weather-related events. Following completion of the recommendations and implementation plan, the 2024 budget includes provision of funding to enable ARV to progress key elements of the strategy.

Overview

> Medical services review

On advice from the Dept. Health, in 2023 ARV commenced the development of a strategy and framework for a financially sustainable medical service model for Mt Buller, Mt Hotham, and Falls Creek, which involved a comprehensive review of current service offerings, models and presentation data, and informed recommendations on suitable models and a clear plan for implementation. The 2024 budget includes provision of funding to enable ARV to progress the recommended model ahead of the 2024 snow season.

> Alpine Leasing Policy review

The current Policy is now more than 20 years old and does not reflect contemporary thinking and approaches nor address critical policy failures. The 2024 budget includes provision for the review and development of a new Alpine Leasing Policy in partnership with DEECA. The new Policy will establish updated overarching leasing principles around public benefit, and provide consistency and transparency in process, along with development principles to guide land managers, existing tenants and prospective tenants when making decisions about leasing.

> Climate change strategy

The Strategy will provide an overview of the expected impacts of climate change on Victoria's alpine resorts and its effects. It will detail practical actions that ARV will undertake to adapt to climate change to protect individuals, communities, infrastructure, and natural systems and increase overall resilience of the resorts. The Strategy will be all-resorts focused, community-led and values driven so that adaptation actions are tailored to our unique context and the communities that will be impacted. The Strategy will be underpinned by science and analysis to inform decision-making, help prioritise areas for adaptation, and choose the best responses.

Challenges

There are a number of challenges to achieving financial sustainability in relation to service delivery, expenditure and availability of funding.

> Southern resorts operating model

The Southern resorts (Mt Baw Baw Alpine Resort and Lake Mountain Alpine Resort) have historically operated at deficit and been supported financially by the State government for approximately the last 20 years. The 2024 budget implements a number of significant operational changes at each of these resorts designed to tread a path toward independent financial sustainability. These changes center around the seasonality and mix of services and products offered and are expected to reduce deficits by approximately \$3million, to \$2.5million at each of Mt Baw Baw and Lake Mountain. The continued reduction of these deficits will be a challenge to achieve and will be a step-change process that will continue to be assessed and modified over the coming years.

> Asset investment

The resorts have varying levels of maturity in their asset management planning and investment strategies with some resorts having quite mature asset management planning and others very low. Historically there has been an underinvestment in the renewal of existing infrastructure, with continued development of new infrastructure increasing the asset base and therefore the cost of asset renewal into the future. The sophistication of asset related data is not yet consistently at a level that enables detailed long term renewal funding predictions to a level of accuracy beyond an estimation that approximates depreciation. Strategic work is planned for 2024 to improve the quality and availability of data to support the development of a long term whole of ARV capital investment strategy. It is expected that the investment required may be beyond the internal funding capacity of Alpine Resorts Victoria.

Overview

> Imminent asset failure

Alpine Resorts Victoria is responsible for the delivery of legislated functions and services, resulting in it owning a large and diverse asset base across Victoria's six alpine resorts. Many of these assets are reaching end of life and require critical maintenance and renewal to continue to support efficient and compliant resort operations. Alpine Resorts Victoria is able to fund in 2024 \$10.4 million of capital works but is unable to fund all critical asset maintenance and renewal. A further approximately \$11 million of priority works on assets that are at end of life and imminent risk of failure across the resorts has been identified. These works include water supply pipe network replacement, upgrades to waste water and sewerage treatment plants, drinking water treatment upgrades, and roads, car parks and emergency helipad surface repairs.

> Visitation and snow fall

With approximately 37% of income generated from resort entry fees, the financial result of ARV is particularly sensitive to visitation levels during the snow season. Visitation can be impacted by a number of variables, however the most significant and uncontrollable is the snow depth, spread and timing that are all conducive to an enjoyable visitor experience in an Alpine snow setting. The long term financial plan that is to be developed in 2024 will incorporate meaningful modelling to predict the financial impact of a shift in visitation from an average visitation level to a low or high visitation level. A rudimentary estimate based on historical data currently indicates the fluctuation from an average visitation level to a low or high scenario could result in a positive or negative change in the net operating result of between \$0.4m - \$0.8m at each of the larger Northern resorts, and up to \$2.4m across ARV.

The main levers effected in these scenarios are:

- **Ski field rental**
related to ski field rental where the revenue is based on skier days on the mountain
- **Resort entry fees**
driven by visitation to the resorts
- **Other revenue (including lift revenue, food, beverage, and accommodation)**
driven by visitation to the resorts
- **Resort services and operations**
driven by visitation to the resort and snow depth
- **Employee costs**
driven by visitation to the resort
- **Administration costs**
driven by visitation to the resort
- **Utilities**
driven by visitation to the resort and weather conditions

Key Assumptions

Visitation

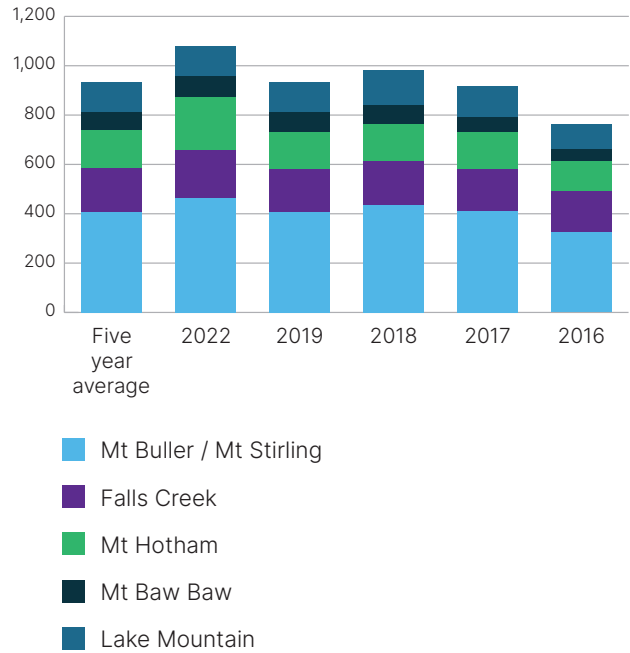
The resorts derive approximately 37% of income from gate entry fees during the winter season, and therefore winter visitation levels are a key driver of revenue.

Visitation is typically closely correlated to a number of uncontrollable environmental factors, the most significant being natural snowfall, or weather conditions favourable to making and retaining snow using the in-resort snow guns and factories. Alpine Resorts Victoria works closely with the lift companies at each resort to invest in and maintain the infrastructure required to supplement natural snow falls with man-made snow to improve both the quality and the longevity of the snow experience during winter, and therefore boost visitation and resort entry revenue.

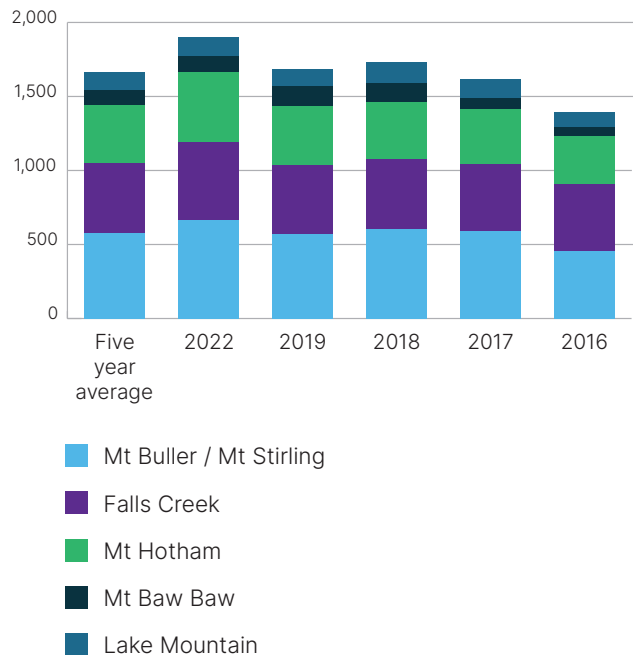
Visitation is, to some extent, restricted by the capacity limitations of the resorts. Capacity is primarily driven by access to adequate in-resort car parking facilities which is restricted primarily by available land space at each resort, and the appropriate infrastructure investment required to provide car parking suitable for an alpine environment. Alpine Resorts Victoria continues to plan and invest in strategic considerations for the improvement of visitor access to the resorts to ensure maximum visitation can be achieved, combined with an outstanding guest experience during each visitation, to the extent controllable by the resorts.

The budget makes an assumption around the level of winter visitation at each resort, to estimate the revenue expected from resort entry fees. It is assumed that visitation levels will approximate 90% of the average of the previous five years, excluding 2020 and 2021. COVID restrictions heavily impacted visitation levels in 2020 and 2021, which are considered to be unreflective of an ordinary year and outliers that will unrealistically skew the average. Instead, the five year average is based on the 2016, 2017, 2018, 2019 and 2022 winter seasons.

Visitor Numbers ('000s)



Visitor Days ('000s)



Key Assumptions

a) Enterprise Agreement

Alpine Resorts Victoria staff are currently employed under a variety of legacy Enterprise Agreements novated from the previous Alpine Resort Management Boards, all of which have either expired or are due to expire by the end of 2024. Negotiation on a new Enterprise Agreement for all of ARV commenced in November 2023. The budget assumes 3% base salary increase per annum which is subject to the outcomes of bargaining arrangements. In addition to base salary increments, the budget incorporates a 0.5% superannuation guarantee increase from 1 July 2024 in accordance with Australian Taxation Office requirements. Employee related expenditure constitutes approximately 40% of the operational expenditure of Alpine Resorts Victoria. A 1% change in the agreed annual base salary increase equates to approximately \$0.235m in employee benefit expenditure, including associated oncosts.

b) Land release

In an effort to be prudent, the 2024 budget does not include any projections for income related to land release. This will be recognised as it occurs, unless there is a significant project in-hand at the time of preparing the budget that is known to result in material income for ARV.

c) Service charges

Subject to the strategic work to be completed in relation to the service charge model in 2024, service charges for 2024 will be calculated and levied in accordance with each resort's current practices. Changes identified as a result of the development of the Service Charges and Revenue Strategy are expected to be implemented in 2025 and will be incorporated into the 2025 Budget and four year plan once known.

d) Letter of Comfort

Alpine Resorts Victoria is currently operating under a State government Letter of Comfort that is due to expire 30 April 2024. As ARV continues to work toward delivering a financial sustainability plan in October 2025, an extension to the 2023-24 Letter of Comfort will be sought for FY2024.

Alpine Resorts Victoria continues to exhibit fiscal restraint and frugality in budgeting, as evidenced by the forecast gradual reduction in reliance on State government financial support in the FY2024 budget and four year financial plan from \$6.4million in FY2024 down to \$0.2million in FY2027.

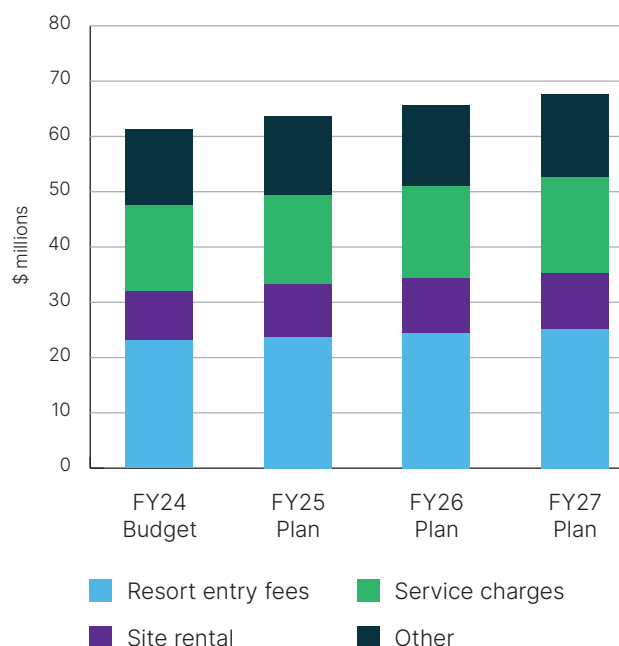
Financial estimates 2024–2027

Revenue

Resort entry fees

Revenue from resort entry fees assumes winter visitation levels will approximate 90% of the average of the previous five years, excluding 2020 and 2021. COVID restrictions heavily impacted visitation levels in 2020 and 2021, which are considered to be unreflective of an ordinary year and outliers that will unrealistically skew the average. Instead, the five year average is based on the 2016, 2017, 2018, 2019 and 2022 winter seasons.

Pricing of entry fees under the Resort Management Board models in 2022 varied across each of the Victorian Alpine Resorts. Upon inception, ARV has implemented a pricing strategy that will gradually shift resort entry pricing to a consistent methodology across all resorts, while minimising price shock to visitors. The 2024 budget pricing is set to maximise income in a fair and reasonable manner within the limits of legislative fee structures, with a view that resort entry income should contribute toward improving the financial sustainability of the resort.



Motor Vehicle	Regulated Maximum Fee	Mt Buller Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain
2023	\$63.30	\$63.00	\$63.00	\$63.00	\$62.00	\$62.00
2024	\$65.83	\$64.00	\$64.00	\$64.00	\$64.00	\$64.00
Change \$	\$2.53	\$1.00	\$1.00	\$1.00	\$2.00	\$2.00
Change %	4.0%	1.6%	1.6%	1.6%	3.2%	3.2%

Adult Bus Passenger	Regulated Maximum Fee	Mt Buller Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain
2023	\$20.03	\$16.30	\$18.50	\$18.50	\$20.00	\$20.00
2024	\$20.83	\$20.50	\$20.50	\$20.50	\$20.50	\$20.50
Change \$	\$0.80	\$4.20	\$2.00	\$2.00	\$0.50	\$0.50
Change %	4.0%	25.8%	10.8%	10.8%	2.5%	2.5%

* Note: Full schedule of entry fees will be published on resort websites prior to the commencement of the winter season

Financial estimates 2024–2027

Site Rental

Rental income is derived across 401 head lease agreements. Valuations for rental purposes does not include the value of improvements. All new alpine leases include a provision that provides for the site rental to be reviewed every three years and adjusted to market rates, and for CPI adjustments between reviews to be made annually. This approach takes into consideration the potentially fluctuating site values and ensures that the rental rates reflect current market valuations. The 2024 budget assumes CPI at 6% in accordance with the June 2023 all Groups Consumer Price Index (CPI).

Service charges

Assumed to increase by 5%, based on a midpoint between 6% CPI and 3% wages increases as these are the key drivers underlying the costs being recovered by service charges. A detailed review of the methodology applied to determining the value of service charges recoverable will be completed in 2024, with a view to implementing any required changes for the 2025 budget year.

Other Sources of revenue

Alpine Resorts Victoria derives revenue through a variety of other sources, including those outlined below.

i. Hospitality

(food, beverage and accommodation) - \$2.391m

Mt Baw Baw offers on-site guest accommodation and expects to derive \$0.400m from this in 2024. Mt Baw Baw and Lake Mountain resorts both operate food and beverage outlets. Revenue from these outlets is estimated based on an expected gross margin of 30% of the cost of goods sold. The operating days and hours of these outlets will be modified in 2024 to match anticipated demand and ensure the food and beverage offering is a profitable endeavour.

ii. Snowsports

(lifts, lessons, equipment rental) - \$3.454m

Mt Baw Baw owns and operates lifting infrastructure during the snow season and expects to generate \$1.160m in ticket sales during 2024. Lake Mountain will introduce charging for use of the toboggan parks for the first time in 2024.

iii. Alpine Nursery - \$0.240m

The Victorian Alps Nursery produces high quality plants for rehabilitation and restoration projects at all major Victorian alpine resorts, Dinner Plain, Mt Buffalo and the Alpine National Parks and the Kosciuszko National Park. Pricing at the nursery is determined to enable a break even result each year, however a small loss (circa \$28k) is anticipated in 2024 due to the need to deliver critical works to the greenhouses to ensure it remains operable.

iv. Child Care - \$0.452m

Falls Creek Child Care Centre is a registered service licensed to care for a maximum of 16 children at any given time, providing Long Daycare and 3 and 4-year-old Kindergarten Programs to families within the Falls Creek community. Fees and charges are set in accordance with industry standards to enable to service to achieve a break even result each year.

v. Gas Utilities - \$1.358m

Mount Hotham Alpine Resort offers an LP Gas service to tenants in the resort, to support efficient heating and reduce the hazards associated with the individual transportation of bottled LPG. The equation Mt Hotham Alpine Resort uses to determine the LPG price to the customer is below: Cost of gas to customer = Price per usage unit x volume of gas x energy conversion factor The energy conversion factor is determined using a formula that accounts for altitude, gas pressure, temperature of flowing gas, and the type of meter used.

vi. Oversnow transport rideshare - \$1.407m

Mt Buller Alpine Resort offers an in-resort guest transport service between overnight car parks and village accommodation. The service is contracted, and pricing is set to ensure the service achieves at least a break even result each year.

Financial estimates 2024–2027

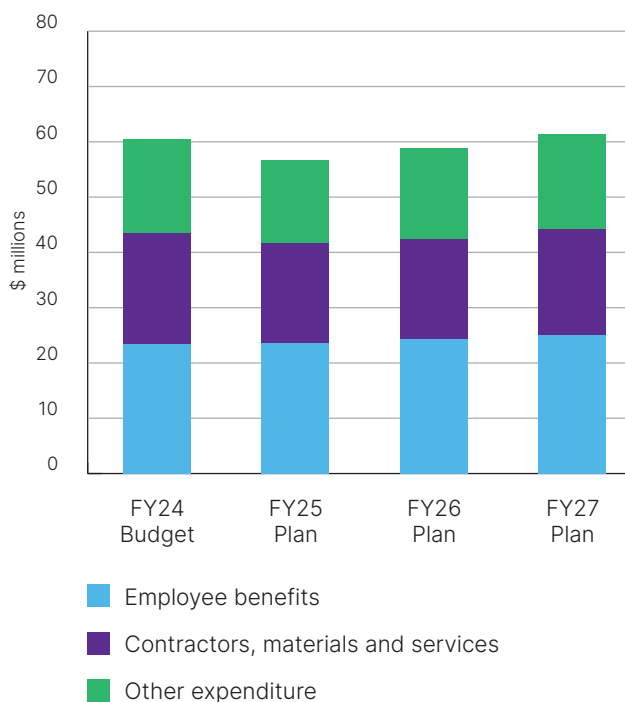
Operating Expenditure

Employee benefits

The FY2024 employee related expenditure budget is based on the continued transition toward an optimal organisational structure designed to enable the delivery of services in an efficient and effective manner whilst maintaining appropriate internal governance arrangements. Full time equivalent staff in FY2024 are budgeted at 257.

Contractors, materials and services

Other than employee related expenditure, the majority of operational expenditure relates to contractors, materials and services. Alpine Resorts Victoria contracts a number of significant services providers including for the provision of transport, waste collection, transport and disposal, snow making, ski patrol, medical services, cleaning of facilities and pest management (flora and fauna), together with consultants for the delivery of strategic projects and specialist expertise not retained inhouse. Expenditure in this category in FY2024 includes \$3.7million in once-off transition costs funded by grants received from the State government. This expenditure reduces to ordinary “business as usual” levels in FY2025 and beyond.



Other expenditure

This is the usage costs of gas, electricity, fuel for generators, and internet and telephone across Alpine Resorts Victoria.

- i. **Utilities and telecommunications - \$4.615m**
Includes the usage costs of gas, electricity, fuel, internet and telephone. These costs are uncontrollable outside of determination of usage. Seasonal operational changes planned for Lake Mountain and Mt Baw Baw Alpine resorts will see a significant reduction in gas and fuel costs for running generators in FY2024 that are expected to continue across the life of the four year plan.
- ii. **Administration and compliance - \$4.166m**
Includes essential uncontrollable costs such as insurance (\$2.491m) and audit (\$0.135m).
- iii. **Plant and equipment - \$2.853m**
Repairs and maintenance of plant equipment and fuel for vehicle and plant. Typically, a reduction in repairs and maintenance expenditure will lead to an increase in the level of asset renewal expenditure require over time, and therefore these costs are forecast to remain at similar levels of the life of the four year plan.
- iv. **Marketing and communication - \$2.700m**
Expenditure related to marketing and promotional campaigns and events. Alpine Resorts Victoria leverage partnerships with organisations such as Tourism North East, municipal Council's and other invested organisations to enhance the value of every dollar invested in marketing the Alpine Resorts.

Financial estimates 2024–2027

Capital works in 2024

Alpine Resorts Victoria is steward to an aging infrastructure portfolio valued at over \$520 million.

The level of maturity of asset planning and available asset data varies across the resorts and a number of strategic projects will be undertaken in 2024 to consolidate the strategic planning in accordance with the Asset Management Accountability Framework, and also to inform the long term financial requirements for the lifecycle of the asset portfolio.

In the interim, the principles applied to the 2024 budget build are that capital renewal expenditure should approximate depreciation, as a proxy for the expected decline in condition of the assets.

Where an operational cash surplus is generated, funds will be considered for investment in capital projects for new or upgraded infrastructure, where critical infrastructure renewal requirements have already been satisfactorily funded. Alpine Resorts Victoria continues to actively seek external grant funding for infrastructure investment, and there are a number of key development projects planned for 2024 and beyond funded from both existing and predicted grant revenue.

The capital plan includes the following key projects in 2024:

a) General capital renewal works

\$10.425m for the general capital renewal program across all resorts. The program will be based on a hierarchy of needs, prioritised by risk in accordance with the results of existing and new asset condition assessments to be completed in late 2023 and early 2024.

b) Mt Buller potable water filtration and village summit lookouts

This project involves reducing safety risk related to the production of potable water, removing the redundant Burnt Hut Reservoir and converting it into a ski school and snow play area along with additional snowmaking, and constructing a safe viewing platform at the Mt Buller Summit. An application has been submitted to the Growing Regions funding program seeking a \$3.000m contribution to this \$9.000m project, to be matched with \$3.000m from Alpine Resorts Victoria and \$3.000m from Buller Ski Lifts. If the grant funding application is unsuccessful the full project will not proceed in its planned form.

c) Ropers Saddle Car Park – Falls Creek

\$0.943m for the continuation of new carpark works that commenced in 2023. The new carpark will provide substantial buffer capacity to deal with additional day parking peak periods and enable a reduction in parking along the Bogong High Plains Rd Road reserve, improving operational safety in this area.

d) Insurance funded remediation works – Mt Buller

Two projects that will be fully funded via insurance claims being remediation works at the Corn Hill earthquake site (\$1.850m) and Skating Rink (\$0.500m).

Appendix A:

Legislative framework and statutory obligations

The statutory obligations and undertakings of ARV are:

- > as a public entity established under the *Alpine Resort Management Act 1997* to manage the Crown land declared to be the six alpine resorts and to deliver the functions and services specified in the Act;
- > to act as a Committee of Management under the *Crown Land (Reserves) Act 1978*, and to exercise the powers conferred under that Act;
- > to be taken as a municipal council for the purposes of the *Emergency Management Act 2013* and Division 2A of Part 9 of the *Environmental Protection Act 2017*;
- > to administer and enforce Parts 3, 4, 5, 7 and 8 of the *Building Act 1993* and the building regulations in the resort;
- > to regulate traffic and parking within the resort as a prescribed Public Authority under the *Road Safety Act 1986*;
- > to provide public health services within the resort under the provisions of the *Public Health and Wellbeing Act 2008* and *Food Act 1984*; and
- > to consider applications for planning permits in accordance with Sections 52 and 55 of the *Planning and Environment Act 1987*.

Other key legislation

- > *Aboriginal Heritage Act 2006*
- > *Aboriginal & Torres Straits Islander Heritage Protection Act 1984 (Cwlth)*
- > *Audit Act 1994*
- > *Building Act 1993*
- > *Catchment and Land Protection Act 1994*
- > *Charter of Human Rights & Responsibilities Act 2006*
- > *Child Wellbeing and Safety Act 2005*
- > *Children Youth and Families Act 2005*
- > *Circular Economy (Waste Reduction and Recycling) Act 2021*
- > *Climate Change Act 2017*
- > *Country Fire Authority Act 1958 Crown Land (Reserves) Act 1978*
- > *Education and Care Services National Law Act 2010*
- > *Environment Protection & Biodiversity Conservation Act 1999 (Cwlth)*
- > *Environment Protection Act 2017*
- > *Environment Effects Act 1978*
- > *Emergency Management Act 1986*
- > *Emergency Management Act 2013*
- > *Financial Management Act 1994*
- > *Flora and Fauna Guarantee Act 1988*
- > *Forests Act 1958*
- > *Freedom of Information Act 1982*
- > *National Parks Act 1975*
- > *Occupational Health & Safety Act 2004*
- > *Planning and Environment Act 1987*
- > *Public Administration Act 2004*
- > *Public Interest Disclosure Act 2012*
- > *Privacy and Data Protection Act 2014*
- > *Road Management Act 2004*
- > *Safe Drinking Water Act 2003*
- > *Traditional Owner Settlement Act 2010*
- > *Wildlife Management Act 1975*

Appendix B: Financial information

Income statement (\$'000s)

	FY24 Budget \$	FY25 Plan \$	FY26 Plan \$	FY27 Plan \$
Resort entry	23,045	23,737	24,449	25,182
Service charges	15,588	16,211	16,779	17,282
Site rent	8,974	9,423	9,800	10,094
Other income	13,676	14,180	14,642	15,055
COGS	(1,618)	(1,667)	(1,717)	(1,768)
Employee benefits	(23,441)	(23,629)	(24,338)	(25,068)
Other operating expenditure	(36,386)	(33,890)	(34,766)	(35,500)
Operating surplus (deficit)	(162)	4,366	4,849	5,276
Grant funding - letter of comfort	5,935	3,750	2,295	223
Grant funding - other	3,390	3,250	2,000	2,000
Net result before non-cash items	9,163	11,367	9,144	7,500
Depreciation & amortisation	(11,217)	(11,778)	(12,367)	(12,985)
Net profit / (loss)	(2,054)	(412)	(3,223)	(5,486)

Appendix B: Financial information

Balance sheet (\$'000s)

	FY24 Budget \$'000	FY25 Plan \$'000	FY26 Plan \$'000	FY27 Plan \$'000
Cash & cash equivalents	15,369	12,249	11,291	9,850
Other current assets	8,913	9,239	9,284	9,329
Infrastructure, property, plant and equipment	523,914	530,824	522,132	513,932
Other non-current assets	6,014	5,558	5,349	5,140
Total Assets	554,211	557,870	548,056	538,251
Trade creditors	5,868	5,823	5,778	5,733
Other liabilities	28,956	28,871	28,752	28,633
Total Liabilities	34,825	34,695	34,531	34,367
Net Assets	519,386	523,175	513,526	503,884
Accumulated surplus/(deficit)	43,911	43,500	40,277	34,792
Reserves	210,018	214,218	207,792	203,636
Contributed capital	265,457	265,457	265,457	265,457
Net Worth	519,386	523,175	513,526	503,884

Appendix B: Financial information

Cash flow statement (\$'000s)

	FY24 Budget \$'000	FY25 Plan \$'000	FY26 Plan \$'000	FY27 Plan \$'000
Receipts from customers	64,673	66,801	67,670	69,613
Payments to suppliers & employees	(61,445)	(59,185)	(60,821)	(62,336)
Cash Flows from Operating Activities	3,228	7,616	6,849	7,276
Capital expenditure	(16,595)	(14,487)	(10,102)	(8,941)
Cash Flows from Investing Activities	(16,595)	(14,487)	(10,102)	(8,941)
Government grants	5,935	3,750	2,295	223
Cash Flows from Financing Activities	5,935	3,750	2,295	223
Net Cash Inflow / (Outflow)	(7,432)	(3,120)	(958)	(1,441)
Committed Cash	15,369	11,719	10,219	8,219
Uncommitted Cash	0	530	1,072	1,631
Total Cash	15,369	12,249	11,291	9,850

Appendix B: Financial information

Capital expenditure (\$'000s)

	FY24 Budget \$	FY25 Plan \$	FY26 Plan \$	FY27 Plan \$
Property (land and buildings)				
Renewal	1,156	285	591	659
Upgrade	1,333	800	-	-
New	30	350	-	-
Plant & Equipment				
Renewal	1,538	1,017	1,302	1,411
Upgrade	62	95	75	80
New	123	61	27	27
Infrastructure				
Renewal	6,384	4,054	4,507	4,164
Upgrade	1,775	1,725	500	500
New	1,142	5,000	2,000	1,000
Other	3,053	1,100	1,100	1,100
Total Capital Expenditure	16,595	14,487	10,102	8,941

Funded by:

Resort Cash	9,870	7,787	6,602	4,941
Grant income	6,725	6,700	3,500	4,000



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