



Alpine Resorts Asset Management Strategy 2025-2028



Alpine Resorts
Victoria

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Acknowledgement of Country

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 respect Victorian Traditional Owners as the original custodians of Victoria's land, waters and mountains, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose wisdom has ensured the continuation of culture and traditional practices. We acknowledge the profound impacts of climate change on Country and recognise the power of Traditional Owner knowledge in responding to and adapting to change.

We are committed to genuinely partner, and meaningfully engage, with Victoria's 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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Foreword

Alpine Resorts Victoria (ARV) is a statutory authority established by the Victorian Government in 2022 to bring a sector-wide focus and strategic leadership to the management of Victoria's six alpine resorts: Falls Creek, Mt Buller, Mt Hotham, Mt Baw Baw, Mt Stirling and Lake Mountain. Key expectations set out for us by the Minister include building economic resilience and financial sustainability for the alpine sector and integrating climate change adaptation into decision making.

ARV acts as the crown land manager for each of the six resorts and performs council-like services and functions (see Box 1). In performing our functions and services, ARV must pay regard to the following principles as defined in the *Alpine Resorts (Management) Act 1997* (the Act):

- Protecting the unique environmental, social, cultural and economic characteristics of each alpine resorts.
- Planning for and managing all alpine resorts in a co-ordinated 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.
- Promoting investment in a diverse range of tourism and recreation experiences, for all seasons, in each alpine resort.

This strategy focuses on actions within ARV's current legislated responsibilities, as shown below.

Figure 1. ARV's core functions¹



1. Source: Section 21 of the Alpine Resorts (Management) Act 1997 (and 2022 amendments)

Victoria's alpine resorts currently contribute \$2.14 billion in economic output annually - 8% of the State's tourism - with \$1.33 billion generated directly by visitor expenditure. We see 1.4 million visitors come through our gates, and provide over 12,000 jobs, all in regional areas.

Further details of ARV's purpose, priorities and objectives, which this Asset Management Strategy is aligned to, can be found in the following documents:

- *Letter of Expectations – Alpine Resorts Victoria, October 2022*
- *Alpine Resorts Corporate Plan 2024-2027*
- *Alpine Resorts Strategic Plan 2020-2025*
- *Alpine Resorts Strategic Plan 2020-2025 Action Plan.*

Purpose

The purpose and intent of the ARV Asset Management Strategy is to describe how the physical assets and asset management activities are leveraged to realise the purpose, priorities and objectives outlined in the Alpine Resorts Corporate Plan 2024-2027 and to deliver the service delivery outcomes required by ARV's stakeholders.

Asset portfolio

Our asset portfolio

Across its six resorts, ARV owns and manages almost 9,000 individual assets spanning 14 asset classes.

Table 1. Asset class

Asset Class	No. of Assets
Buildings	503
Appliances and Furniture	382
Civil Structures and Geotechnical	681
Gas	156
Lifts and Snowmaking	181
Plant	276
Small Plant	281
Power	204
Roads, Carparks and Trails	960
Stormwater Drainage	2,052
Vehicles	307
Water and Drinking Water	1,792
Wastewater	1,592
Total	8,864

Information and Communications Technology (ICT) assets have not been included above and in the following financial modelling. This will be incorporated at next update.

The total replacement value of the ARV fixed asset base across the resorts is \$434 million as at December 2024. Mt Buller has the largest asset base at \$134 million, followed by Mt Hotham and Falls Creek.

Asset condition

Through its assets, ARV is responsible for delivering critical services that are the foundational support for the resorts and all activities that occur in them, including: road access; parking; water, wastewater and stormwater services; power and gas supply; trail and natural asset management; buildings and facilities; and in some cases, snow making and lift operations.

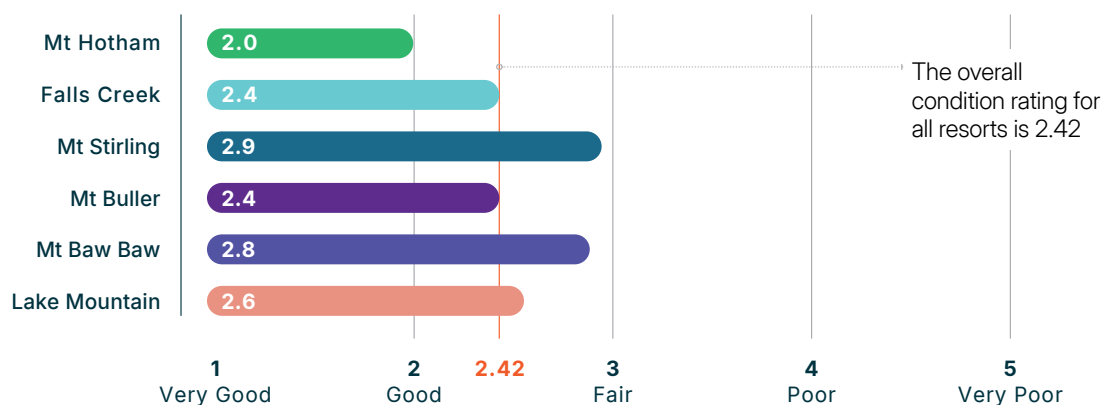
It is the expectation of stakeholders and visitors that ARV's assets will be maintained and operated to a standard that will sustainably deliver high standards of safety, reliability, functionality, quality, access, capacity and visual amenity, commensurate with the importance or criticality of the asset type.

In terms of asset condition standards, this means that assets contributing to critical or essential services should generally be maintained to a 'Good' or 'Very Good' condition, while it is acceptable that less critical assets are maintained to lower level conditions.

The current state of average asset condition for each resort is shown in Figure 2.

Figure 2 shows that, on average, the asset condition of each resort is between Fair and Good, with Mt Hotham having the best average condition and the smaller resorts including Mt Stirling and Mt Baw Baw tending closer to Fair condition. This indicates that maintenance of the assets has generally been effective, notwithstanding funding challenges over the past decade. Behind these averages there are, however, variations and exceptions by asset and class, and there are many instances where maintenance and investment are needed to restore assets to their desired standards. By regularly measuring asset condition, and progressively improving its associated business processes, ARV aims to more optimally direct maintenance effort and funding to where it is most needed, and gradually close the gap between actual and desired condition and performance.

Figure 2. Average asset condition by resort

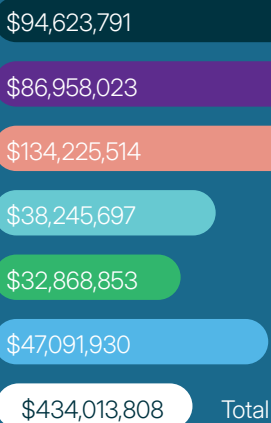


We manage six alpine resorts encompassing 10,590 hectares of Victoria's unique alpine environment

- > 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 1.4 million visitors into the alpine resorts during the winter season and a further half a million over green season
- > Alpine sector contributes \$2.14b to Gross State Product and creates over 12,000 jobs annually

Asset value by resort



- ▲ Mt Baw Baw
- ▲ Lake Mountain
- ▲ Mt Buller
- ▲ Mt Stirling
- ▲ Mt Hotham
- ▲ Falls Creek



Current state of the assets

Key

Condition:

The actual physical and technical state of the asset.

Capacity:

The ability of the physical infrastructure to meet demand.

Function:

The ability of the physical infrastructure to meet service program delivery needs.

Score	Rating	Estimated Remaining Useful Life
1	Very Good	95%
2	Good	80%
3	Fair	50%
4	Poor	10%
5	Very Poor	1%

Appliances and Furniture	
No.	503
Value	\$3,242,724
Condition	1.8
Capacity: Capacity is driven by building space.	

Civil Structures and Geotechnical	
No.	681
Value	\$27,703,470
Condition	2.5
Capacity: No major capacity issues to note. Ongoing risk mitigation works required.	

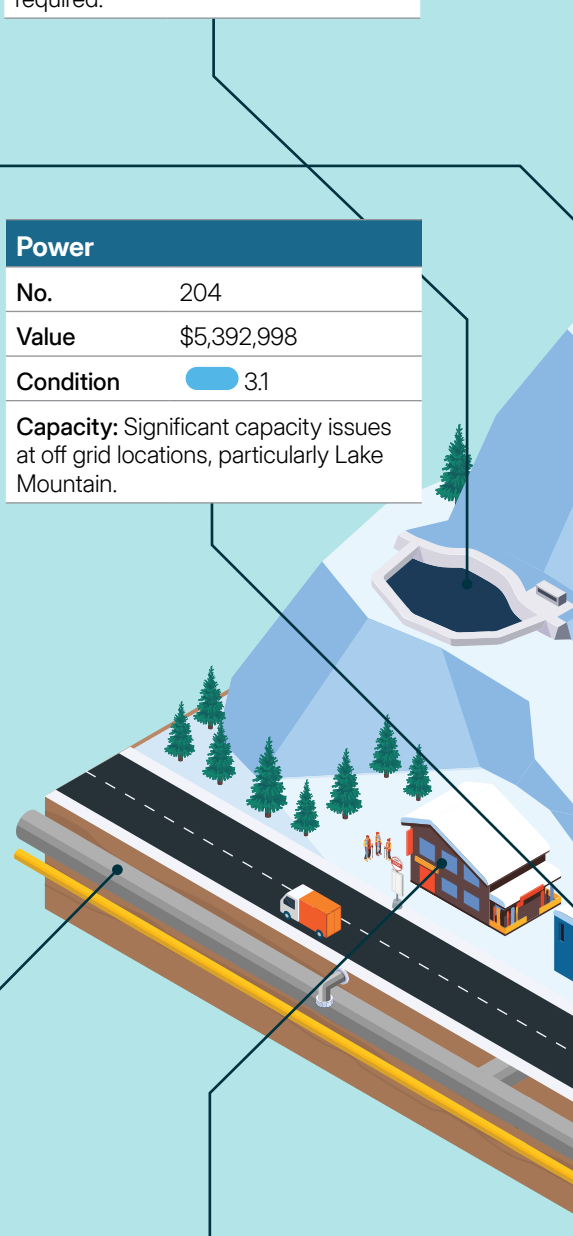
Plant	
No.	276
Value	\$3,287,954
Condition	2.1
Capacity: No major capacity issues to note.	

Power	
No.	204
Value	\$5,392,998
Condition	3.1
Capacity: Significant capacity issues at off grid locations, particularly Lake Mountain.	

Small Plant	
No.	281
Value	\$1,530,414
Condition	2.0
Capacity: Capacity driven by services provisions and there are no major concerns.	

Stormwater Drainage	
No.	2,052
Value	\$19,395,470
Condition	2.2
Capacity: Review of future capacity issues being undertaken as part of integrated water management planning.	

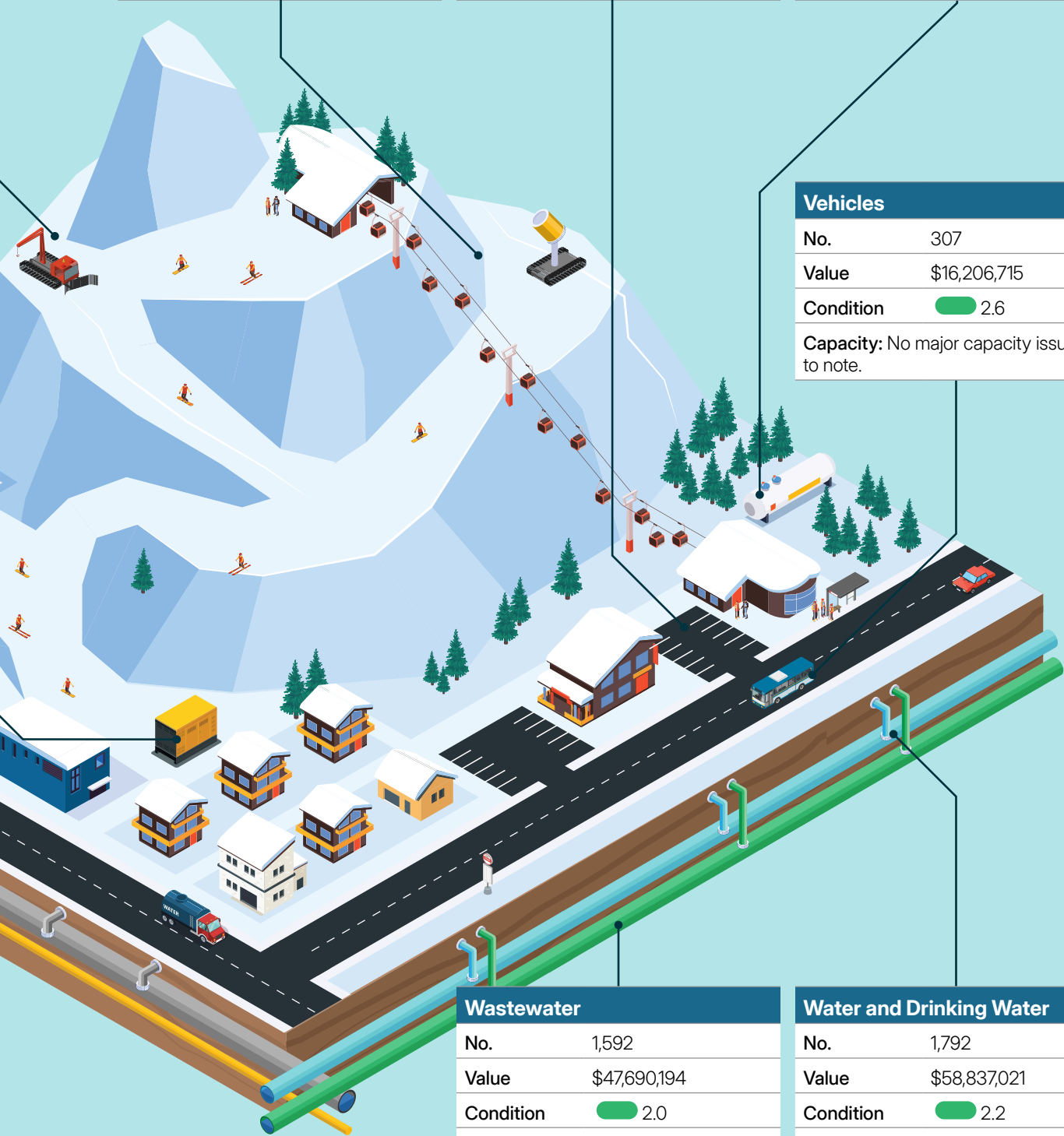
Buildings	
No.	503
Value	\$110,889,590
Condition	2.5
Capacity: Day shelter capacity is regularly exceeded during winter at all resorts. Review required for toilet facilities and consideration of flexible approaches to low visitation periods.	



Lifts and Snowmaking	
No.	181
Value	\$13,362,154
Condition	● 2.3
Capacity: Infrastructure age is a concern, and capacity is regularly exceeded at Lake Mountain.	

Roads, Carparks and Trails	
No.	960
Value	\$121,325,448
Condition	● 2.6
Capacity: Capacity issues are experienced during the peak winter periods.	

Gas (LPG)	
No.	156
Value	\$5,149,655
Condition	● 2.5
Capacity: Storage capacity at Mt Baw Baw and Mt Hotham requires further consideration.	



Vehicles	
No.	307
Value	\$16,206,715
Condition	● 2.6
Capacity: No major capacity issues to note.	

Wastewater	
No.	1,592
Value	\$47,690,194
Condition	● 2.0
Capacity: All systems are currently meeting requirements, but there is limited future capacity available.	

Water and Drinking Water	
No.	1,792
Value	\$58,837,021
Condition	● 2.2
Capacity: Capacity and treatment are currently under review	

Challenges and opportunities to deliver on the Strategy

In addition to funding the investment required to maintain and elevate the asset base to the required asset condition level, there are several other key challenges facing ARV and the management of its assets. Foremost among these are: the multiple impacts of climate change, including reduced natural snow depth and length of season, more extreme events and increased frequency and intensity of bushfire events; changes in visitor demographics; and the potentially adverse implications for demand and income that these may collectively have.

As with risks and challenges, ARV's key asset management-related opportunities have generally informed or been incorporated into the objectives, strategies and improvement initiatives described in this Strategy.

Table 2. Key asset management opportunities

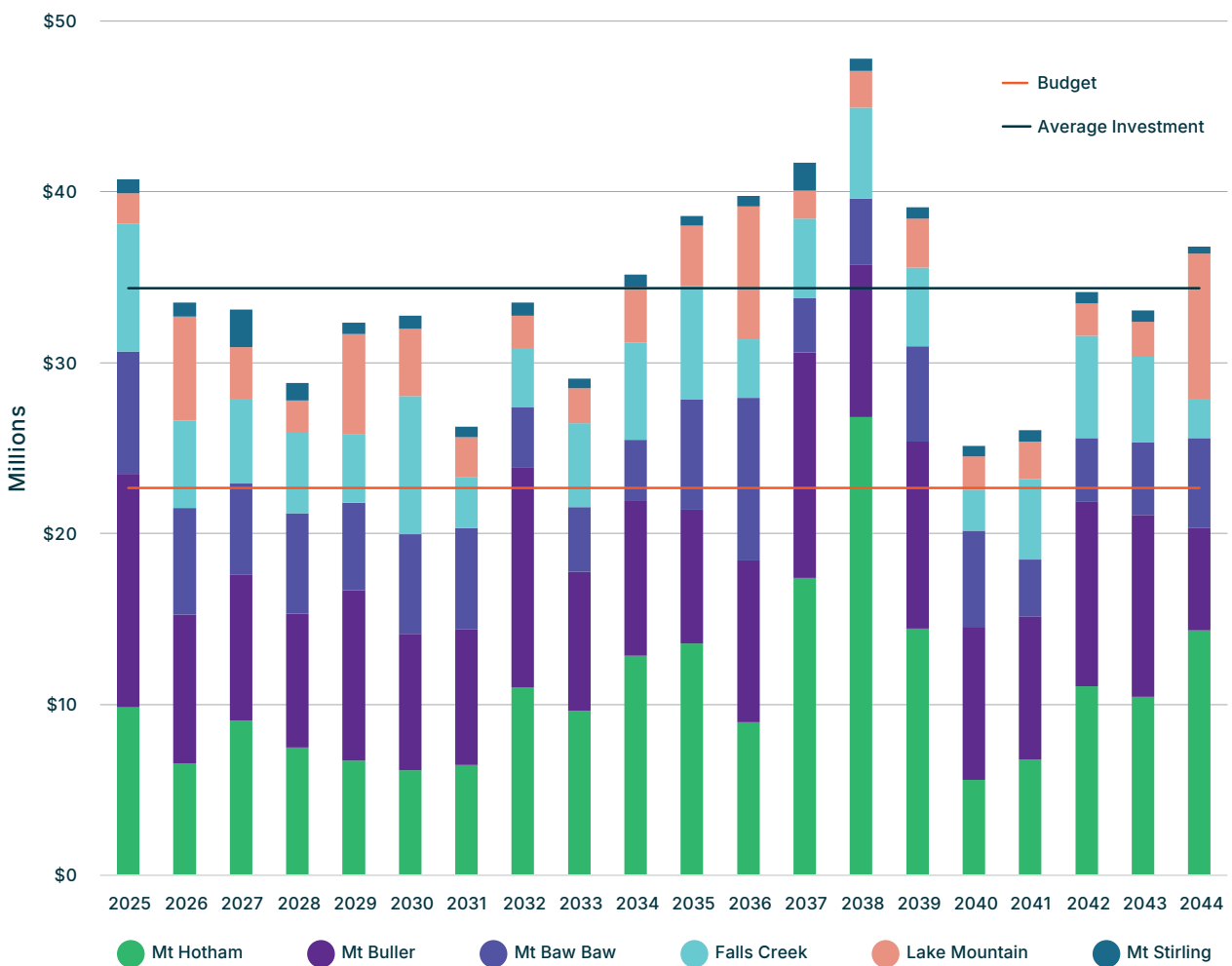
Opportunity	Description
Adoption of consistent and enhanced asset management practices across ARV	The continued implementation of the current initiative to integrate and standardise enhanced asset management practices represents an opportunity for a step-change improvement in asset management decision making, outcomes across all resorts.
Upgrading of life-expired assets to more energy and cost-efficient technologies	Assets nearing or at the end of their useful lives provide the opportunity for consideration of alternatives to like-for-like replacement. Initiatives such as electrification of currently fossil-fuelled equipment and appliances, increased uptake of electric vehicles (EVs), adoption of more efficient lighting, and investment in renewable energy sources such as solar or wind power each offer significant potential to reduce carbon emissions and operating and maintenance costs.
Consolidation of asset base	Opportunities to consolidate the asset base to enhance operational efficiency and cost effectiveness can be achieved by evaluating underperforming or redundant assets, such as outdated equipment, facilities or infrastructure, and exploring the potential to integrate, upgrade or decommission them to reduce maintenance and operational costs. Consolidation can also include improving asset utilisation and aligning investments with future growth plans to ensure sustainable long-term value creation.
Implementation of data driven decision making	Integration of data collection systems can enable the resort to utilise data accumulated to predict maintenance needs and identify inefficiencies. Data-driven decision making enables ARV to make more informed decisions on asset investments, maintenance schedules and resource allocation, as examples, that can lead to improved asset reliability, reduced asset downtime and cost savings for the organisation. A data-driven approach also supports continuous improvement by providing insights to refine ARV's actions to achieve the strategic goals and attain long-term sustainability.
Establishment of asset category levels of service and criticality	Developing clear asset levels of service and performing asset criticality assessments will ensure ARV's assets are aligned with the organisation's goals and priorities. Conducting asset criticality assessments will identify which assets are critical for business continuity and risk mitigation. Defining service levels for key assets will further help the resort to establish performance benchmarks that meet visitor expectations and operational requirements.
Monitoring and leveraging technological advancements	In addition to enhancing energy efficiency and decarbonisation, advances in technology offer potential to reduce operating and maintenance costs, or enhance service levels, in other ways. Advances in remote, real-time monitoring of mechanical plant and processes, for example, can improve maintenance, reliability and service quality. Similarly, new material technologies can improve the durability of items exposed to harsh alpine conditions. ARV will actively monitor and consider relevant technologies.

Long-term investment plan

Figure 3 shows the combined financial forecast (maintenance, operations, renewal, acquisitions and disposals) for the 20-year period to implement the initiatives set out in this Strategy. Mt Hotham requires the largest amount of investment, mostly attributed to capital acquisitions. Across all resorts, a significant investment in asset renewals is required to ensure continuity of service. Improvements in data capture and planning are proposed to be implemented to improve the accuracy of financial projections. The financial forecast will be reviewed and updated annually.

Current budget allocation for assets does not meet forecast expenditure requirements, with an annual gap of approximately \$11.7 million between the forecast budget and average investment, as shown in Figure 3.

Figure 3. 20-year financial investment forecast for all resorts





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