Alpine Resorts Leasing Policy 2026

Introduction

Victoria has six alpine resorts: Falls Creek, Mt Hotham, Mt Buller, Mt Stirling, Lake Mountain and Mt Baw Baw. The resorts are unique places that attract 1.45 million visitors a year seeking to enjoy the alpine environment and experience snow activities in winter and a range of other nature-based activities, including bushwalking, mountain biking and cycling, from spring through to autumn. The resorts are major contributors to the Victorian visitor economy, contributing nearly $1.4 billion annually, and sustain more than twelve thousand full-time equivalent jobs.

The resorts are managed by ARV in accordance with the *Alpine Resorts (Management) Act 1997.* The Act requires the responsible Minister and ARV, in performing their functions and exercising their powers under the Act, to consider:

- protecting the unique environmental, social, cultural and economic characteristics of each alpine resort;
- 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; and
- promoting investment in a diverse range of tourism and recreation experiences, for all seasons, in each resort.

The Act also provides ARV the power, with the approval of the Minister, to grant a lease of any land in an alpine resort that is permanently reserved under the *Crown Land (Reserves) Act 1978*. The majority of facilities within the resorts occupy Crown land under leasehold, such as club lodges, apartments, hotels, retail operations, medical centres, telecommunications towers and ski lifts. These leases, which give the tenant the exclusive right to occupy the land for a specific term, play a critical role in facilitating the full range of experiences and services required to support visitors to the resorts.

Crown land is a valuable public asset that must be managed to maximise social, environmental and economic benefits to the State. It is therefore important to have a robust, transparent and contemporary policy for the leasing of Crown land within Victoria's alpine resorts that balances public and private needs and helps maintain the success and sustainability of the resorts.

Purpose and Scope

The Alpine Resorts Leasing Policy (ARLP) assists the Minister and ARV in satisfying the above statutory requirements when making decisions about the leasing of Crown Land within Victoria's alpine resorts. The ARLP is also consistent with the Leasing Policy for Victorian Crown Land 2023 that applies to the leasing of Crown land outside of alpine resorts.

The purpose of this policy is to provide a consistent framework for leasing in alpine resorts that recognises the unique challenges of development in alpine resorts, protects the key environmental, social and economic values of the resorts, and responds to the impacts of climate change over the medium to long term.

The ARLP applies to all applications for a Crown land lease within any Victorian alpine resort received by ARV on or after the date this policy is approved by the Minister, and all land releases within an alpine resort that are approved by the Minister on or after the date this policy is approved by the Minister. The policy will not apply to existing tenants unless or until they surrender their existing lease, or their existing lease expires or is terminated, or they seek to exercise their first right to negotiate a new lease.

This policy is supported by a set of procedures that assist with its transparent and consistent implementation. These procedures will be reviewed and updated periodically by ARV in consultation with all Alpine Resort Stakeholder Consultative Committees to ensure they remain effective and contemporary.

Existing tenants and stakeholders will be informed when changes are made to this policy or the supporting procedures.

The ARLP contains five principles to inform ARV in its role of managing leasing within alpine resorts:

- Principle 1 - Provide benefits to the public through leasing
- Principle 2 - Consistency and transparency in leasing
- Principle 3 - First right to negotiate
- Principle 4 - Environmentally sustainable lease management
- Principle 5 - Appropriate lease term and conditions

Principle 1 - Provide benefits to the public through leasing

Crown land is administered by the State for the benefit of the Victorian community. Decisions to lease need to consider social, economic and environmental outcomes that may result from a lease proposal.

Granting exclusive occupation of Crown land under a lease in alpine resorts is justified by the benefits provided to the State in that it enables and supports the significant tourism industry and regional communities and economies.

Leasing should support the development of healthy, resilient communities and, where appropriate, promote investment and encourage innovation, without causing over development of the Resorts. Both future and present needs and opportunities should be considered. Benefits may be short or long term; direct or indirect.

Applications to lease Crown land will be assessed by ARV on their merits and an assessment will be made of the potential benefits.

Site Rental

Site rental is critical to enabling the use of Crown land within alpine resorts as, amongst other things, it funds the provision of essential services and infrastructure.

Site rents are assessed as a percentage (currently 3.5%) of site value. All leasehold sites will be subject to a site value determination by the Valuer General Victoria (VGV) or a VGV-endorsed registered valuer. This determination uses a market-based approach considering all restrictions, regulations and conditions specified in the lease document. Given market values will potentially fluctuate over time, particularly taking into consideration the impacts of climate change, site values will be reviewed every three years and site rentals will be adjusted accordingly. Consistent with the position adopted in relation to improvements, valuations for rental purposes will not include the value of those improvements.

A discount on the VGV-determined market-based rent may be considered in some circumstances, such as when there are clear and demonstrable community benefits. The assessment of the benefits, and determination of any commensurate discount, will be done in accordance with the Alpine Resorts Leasing Procedures.

Community Use Leases

Lease proposals for certain activities may be deemed a Community Use Lease if the prospective tenant is a government agency providing services to the community, or satisfy all of the following criteria:

- is a not-for-profit organisation; and
- will manage the lease primarily for the community; and
- prohibits the payment of any dividend or amount to members; and
- does not provide accommodation on the site except in circumstances agreed with ARV; and
- meets compulsory public benefit criteria such as:
    - social engagement
    - the service is non-discriminatory
    - there are no barriers to participation
    - a demand exists for the service

Organisations such as club lodges are not eligible for a Community Use Lease.

Where a leasing proposal is determined by ARV to satisfy the Community Use Lease criteria, it will be categorised as either a:

1. Full community use lease (Profit is low to medium and there are no permanent commercial activities);
2. Mixed use lease (Profit is low to medium and there are permanent commercial activities); or
3. High profit lease (Profit is high regardless of permanent commercial activities).

The above categories will be used to determine what discount on the market rent, if any, will be offered to the tenant. The categorisation of the lease, and determination of any commensurate discount, will be done in accordance with the Alpine Resorts Leasing Procedures.

Principle 2 - Consistency and transparency in leasing

A competitive selection process will apply for any lease over greenfield or unleased Crown land within alpine resorts unless it is determined that the public benefit of direct allocation outweighs the benefits that may be produced by using a competitive process, including:

- where, after an assessment of the land, it can be determined that direct negotiation with a prospective tenant would maximise benefits to the community and/or government;
- when the current site rent is low relative to the cost of conducting a competitive process;
- when an appropriate competitive process has not produced a satisfactory outcome;
- when it can be demonstrated that there is only one prospective tenant with the required capability;
- when industry specific legislation prohibits a tenant from excluding competitors from the land regardless of who holds the head lease, such as telecommunication leases;
- where there is evidence that conducting a competitive process may place a project of regional or state significance at risk; or
- where the only practical access is available from adjoining land owned or already leased by the prospective tenant.

Two stage process

To ensure consistency and transparency in leasing processes, and to adhere to legislative requirements, a two-stage process applies to the granting of leases:

1. Approval in principle to lease
2. Approval to terms and conditions of the lease

Approval in principle to lease

All lease proposals require the approval in principle (AIP) of the Minister, or their delegate, to lease before ARV offers, agrees or commits to lease Crown land. The AIP process provides the Minister with the ability to:

- properly review a lease proposal before the parties commit to a lease; and
- assess if the proposal aligns with the principles of the ARLP.

The AIP process requires ARV to prepare a detailed submission for assessment by the Minister or their delegate.

The Minister, or their delegate, may direct ARV to modify aspects of a proposal to reflect legislative or government policy requirements. This process provides more certainty in the planning and implementation of a lease proposal. The AIP does not guarantee that a lease will be granted.

Approval to terms and conditions of the lease

Subject to the requirements of the AIP being achieved and a lease agreement being prepared, all lease agreements require the approval by the Minister or their delegate of the lease terms and conditions. This includes confirmation that the lease is consistent with the AIP.

Costs

Unless ARV decides otherwise, or the *Retail Leases Act 2003* applies, the prospective tenant is responsible for the legal, survey and site rent determination costs associated with the preparation of the AIP submission by ARV and the ARV's published fees for the negotiation and preparation of the lease and other related documents.

Principle 3 - First right to negotiate

Existing tenants will be offered the first right to negotiate a new lease. This right will only be available where tenants:

- have not persistently or significantly committed breaches of the existing lease of which it has been given notice;
- have a satisfactory rent, service charges and capital ingoings payment history;
- satisfy statutory building standards; and
- are consistent with the Alpine Resorts Strategic Plan (ARSP).

A new lease should be finalised prior to the expiration of the existing lease.

Where an existing tenant is proposing to undertake significant works, an Agreement to Lease (ATL) will be used, with an appropriate standard lease held in escrow. This standard lease is to be executed by the tenant at the same time as the ATL and will be issued to the tenant if and when the conditions of the ATL are satisfied. The term of the lease held in escrow will not include the term of the ATL, and the terms will run sequentially.

This principle does not provide an existing tenant with an automatic right to the grant of a new lease upon the expiration or the early surrender of the existing lease, nor is there any guarantee that the conditions in a new lease will be the same as those in the current lease. Conversely, an existing tenant is free to seek new terms and conditions, such as a longer lease term, if their circumstances have changed and they meet relevant criteria.

This principle provides existing tenants with certainty about the process for seeking to continue occupancy of the site as well as encouraging them to maintain and use the site effectively throughout the whole of the lease term.

Principle 4 - Environmentally sustainable lease management

Victoria's alpine environment is diverse, unique and precious. Victorians and visitors alike treasure the environment not just for its own sake, but for its indispensable value to individuals and communities. The economic, social and cultural benefits to the community from the leasing of Crown land within alpine resorts depend on the long-term sustainable management of this important natural resource. These benefits should be available to current generations without compromising the ability of future generations to enjoy similar benefits.

The object of the Alpine Resorts (Management) Act is to promote:

(a) the management, development, promotion and use of alpine resorts that takes into account:

- the unique characteristics of each alpine resort;
- the environment and ecology of the resorts and the effect of climate change on them;
- economic considerations in relation to the resorts;
- the cultural heritage and landscape of the resorts, including indigenous cultural heritage and the provisions of any relevant traditional owner recognition and settlement agreement; and

(b) provision for the use of alpine resorts in all seasons of the year by persons from different cultural and economic groups, primarily for the purposes of recreation and tourism.

Depending upon the type and term of the lease being sought, proposals to lease Crown land within alpine resorts will need to demonstrate the application of these matters, including by demonstrating some or all of the following:

- buildings having an appropriate level of energy efficiency
- an appropriate capital investment
- preparation of a landscape management plan for the site
- preparation of a business case or statement of operational intent for the use of the site

Principle 5 - Appropriate lease term and conditions

The terms and conditions of a commercial lease on Crown land should generally reflect practices in the private sector market, including payment of market rent. However, public interest considerations may demand that matters other than those of a purely commercial nature need to be incorporated into the lease agreement, such as protection of identified public land values and the need for a public notification process. Detailed business cases or statements of operational intent shall be required to support and inform applications for certain categories of alpine leases.

All new alpine resort leases will incorporate a mechanism that recognises that the full market value in the improvements rests with the tenant during the term of the lease or in the renegotiation of a new lease and that the tenant is able, upon assignment of a lease to an in-coming party, to capture that value through the 'sale' of improvements to the assignee. All responsibilities and liabilities for improvements (including structural) will lie with the tenant and ARV will charge rent only on the land value.

All new leases will stipulate required building standards for the tenant. These standards will reflect the Government's objectives for safety and environmental performance, as well as relevant statutory requirements.

All new leases will contain terms and conditions which align with the purpose of the lease, conform to relevant State government policy and statutory requirements and reflect an appropriate balance between the needs of the tenant and the responsibility of ARV as manager of the Crown land.

If a formal lease cannot be entered into until certain events have occurred (for example, planning approvals are obtained or capital works carried out), ARV, with the approval of the Minister (or their delegate), may offer a prospective tenant an ATL.

Lease term categories

With the exception of leases issued under the Retail Leases Act, standard alpine resort leases available to both new and existing tenants will be for a minimum term of 15 years. Leases with longer terms will be considered where there are demonstrable benefits that align with the object of the Alpine Resorts (Management) Act as per the lease term categories and corresponding criteria set out in Appendix 1 to this policy.

Lease terms and conditions for special operations such as ski fields will be negotiated on a case-by-case basis.

Appendix 1 – Lease Term Categories

Sites with existing buildings

Applications for a **minimum 15 year standard alpine lease of a site with existing buildings** must, as a minimum, satisfy the following:

- the proposed use of the site is consistent with the Alpine Resorts Strategic Plan
- the proposed use of the site is consistent with the permitted use as per the Alpine Resorts Planning Scheme
- all buildings within the lease area meet statutory building requirements
- a satisfactory Landscape Management Plan is submitted
- a satisfactory Business Case or Statement of Operational Intent is submitted if required
- the tenant has a satisfactory rent, service charges and capital ingoings payment history (existing tenants only)
- the tenant has not consistently or significantly committed breaches of the existing lease of which it has been given notice (existing tenants only)

Applications **for leases with terms greater than 15 years** must satisfy all of the above **plus** the criteria as set out in the following table:

Lease Term Category	Category Requirements
21 Years	Satisfies minimum lease requirements At least 50% improvement in energy efficiency rating [1] (unless buildings already meet National Construction Code (NCC) requirements) [2]
31 Years	Satisfies minimum lease requirements At least 75% improvement in energy efficiency rating [1] (unless buildings already meet NCC requirements) [2] At least $0.2 million invested in refurbishment
49 Years	Satisfies minimum lease requirements At least 100% improvement in energy efficiency rating [1] (unless buildings already meet NCC requirements) [2] At least $0.5 million invested in refurbishment[3]
50+ Years	Satisfies minimum lease requirements The purpose for which the lease is to be granted, and the proposed use, development, improvements or works, are of an exceptional nature and will make a major contribution to the resort consistent with the Object of the Alpine Resorts (Management) Act.

Notes

1. Energy efficiency rating as per an accredited rating tool such as Nationwide House Energy Rating Scheme, Residential Efficiency Scorecard or National Australian Built Environment Rating System.
2. NCC Requirements mean the National Construction Code (successor to the Building Code of Australia) requirements and the measures in part 13 of the Code about Energy Efficiency.
3. Capital investment figure is indexed annually to CPI from the policy commencement date.

Greenfield sites or total redevelopment

Applications for an **alpine lease over a greenfield site or a fully redeveloped existing site** must, as a minimum, satisfy the following:

- the proposed use of the site is consistent with the Alpine Resorts Strategic Plan
- the proposed use of the site is consistent with the permitted use as per the Alpine Resorts Planning Scheme
- all buildings within the lease area meet all statutory building requirements
- a satisfactory Landscape Management Plan is submitted
- a satisfactory Business Case is submitted
- the tenant has a satisfactory rent, service charges and capital ingoings payment history (existing tenants only)
- the tenant has not persistently or significantly committed breaches of the existing lease of which it has been given notice (existing tenants only)

Applications for leases with terms of 21 years and greater must satisfy all of the above **plus** the criteria as set out in the following table:

Lease Term Category	Category Requirements
21 Years	Satisfies minimum lease requirements At least $2 million in capital investment[1]
31 Years	Satisfies minimum lease requirements At least $5 million in capital investment[1]
49 Years	Satisfies minimum lease requirements At least $20 million in capital investment[1]
50+ Years	Satisfies minimum lease requirements The purpose for which the lease is to be granted, and the proposed use, development, improvements or works, are of an exceptional nature and will make a major contribution to the resort consistent with the Object of the Alpine Resorts (Management) Act.

Notes
1. Capital investment figure is indexed annually to CPI from the policy commencement date