

**Department of
Sustainability and
Environment**

**Regulatory Impact Statement of
the Proposed Alpine Resorts
(Management) Regulations 2009**

4 August 2009

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Statement of responsibility

This RIS was prepared for the Department of Sustainability and Environment as set out in our engagement letter dated 23 December 2008 to review and amend the draft Regulatory Impact Statement for the proposed Alpine Resorts (Management Regulations 2008).

In preparing this Report we have relied on the accuracy and completeness of the information provided to us by the Department of Sustainability and Environment, the Alpine Resort Boards and from publicly available sources. This Report was prepared from pre-existing material prepared by Tim Harding and Associates in association with Rivers Economic Consulting.

We have not audited or otherwise verified the accuracy or completeness of the information. We have not contemplated the requirements or circumstances of anyone other than the Department of Sustainability and Environment.

The information contained in this Report is general in nature and is not intended to be applied to anyone's particular circumstances. This Report may not be sufficient or appropriate for your purposes. It may not address or reflect matters in which you may be interested or which may be material to you.

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Executive Summary

Introduction

The *Alpine Resorts (Management) Regulations 1998* (the Regulations) were made under section 57 of the *Alpine Resorts (Management) Act 1997*. The Regulations were extended on 23 April 2008 for a period of twelve months and in May 2009 the *Alpine Resorts (Management) Interim Regulations 2009* were made by the Governor in Council for a period of six months. The *Alpine Resorts (Management) Interim Regulations 2009* will be revoked on 4 November 2009.

In 2007, prior to the Regulations sunsetting, the Department drafted replacement Regulations and engaged a consultant to undertake a Regulatory Impact Statement (RIS).

In October 2007, the Minister for Environment and Climate Change announced the State Services Authority (SSA) Review of alpine areas institutional and governance arrangements. In order to accommodate any potential policy changes following the outcome of the review, the regulations were extended under section 5(4) of the *Subordinate Legislation Act 1994*.

Given the time lapse between when the Regulations were due to expire and now, new information (such as 2007/08 financial data) has become available, requiring an update to the draft RIS. The postponement has also provided an opportunity to refine the methodology for determining the most appropriate fee level and structure for the Alpine Resort Management Boards (Boards).

The objective of this Regulatory Impact Statement (RIS) is to determine whether market failures continue to exist which warrant government regulation of Alpine Resorts and to consider an appropriate level and structure for regulated fees for visitors to Alpine Resorts.

The Alpine Resorts

Victoria's alpine resorts are unique public assets facilitating access to a scarce resource – the Australian alpine environment. These resorts are limited to relatively small areas of permanently reserved Crown land and are generally surrounded by national parks.

The larger resorts of Falls Creek, Mount Hotham and Mount Buller/Stirling offer a wide range of alpine experiences including downhill skiing, snow play, retail, accommodation and dining. Mount Hotham and Falls Creek also offer extensive cross country trails and easy access to the Bogong High Plains, together with on-mountain accommodation which allow ski in / ski out access to the ski field.

The smaller resorts are mostly closer to Melbourne and provide easy access to the snow, especially for day visitors. Lake Mountain and Mount Stirling have no lift systems but attract cross country skiers and snow players. Mount Baw Baw offers similar experiences to that of Mount Buller, Falls Creek and Mount Hotham, but on a smaller scale.

The alpine resorts are managed by Alpine Resort Management Boards (the Boards). The Boards are established as statutory authorities under Part 4 of the *Alpine Resorts (Management) Act 1997*. The Boards are subject to Ministerial direction, and their members are appointed by the responsible Minister (currently the Minister for Environment and Climate Change).

Problem to be addressed

Because the Regulations are sunseting, the RIS must identify the nature and extent of the problem to be addressed and evaluate the need for continuing government intervention. There are two categories of ‘problems’ that have been identified which warrant continuing government intervention.

Risks to public safety, amenity and environmental sustainability

There is a clear economic case for government intervention in markets where some form of market failure is taking place. The relevant sources of market failure addressed by the proposed regulations are associated with those of externalities and public goods, including information failure. It is considered that market forces alone would not be expected to solve a number of risks to public safety, amenity and environmental sustainability identified and intervention in the form of regulations is necessary.

Cost recovery

Because of the specific provisions of the Act, alpine resort fees for visitor services can only be set by regulation. For these reasons, intervention through some form of regulation is necessary in relation to fees.

If the regulations were not remade, the Boards would not be able to recover the cost of providing visitor services. Such a policy is inconsistent with the principles of cost recovery. In order to achieve financial viability, the Boards would need to make up this funding shortfall either through increased Government funding, resulting in the subsidisation of alpine resort service users by non-alpine resort users. Alternatively increasing charges to alpine lessees, commercial operators of lodges, accommodation facilities and other commercial operations, is not considered equitable as many alpine resort users do not stay overnight on the mountain. An increase in costs to lessees would likely result in increased costs to users.

Objective of the regulations

The purpose of the proposed regulations is to provide for the protection, management and control of alpine resorts by regulating the general use and control of alpine resorts and prescribe the level and structure of fees charged by the Boards to recover the costs of providing visitor services.

Alternative regulatory options considered

The regulatory options considered within this RIS are as follows.

Options relating to public safety, amenity and environment sustainability:

- *Regulation Option A*: the proposed regulations
- *Regulation Option B*: the proposed regulations (with variation on requirements for snow tyres or wheel chains)
- *Non-regulation Option C*: promotion of user group codes of conduct.

Options relating to the level and structure of fees:

- *Base case*: no regulated fees
- *Fee Option 1* – fees set to reflect weighted average cost recovery (indexed)
- *Fee Option 2* – different fees set for each Board, based on full cost recovery (indexed)
- *Fees Option 3* – increase fees by CPI from previous level (indexed)

- *Fees Option 4* – maintain fees at the current level (indexed).

These options have been assessed against a base case of no Regulations, which implies that the Boards would have no regulatory basis on which to make decisions regarding public safety, amenity and environment sustainability, and no revenue from regulated fees could be generated over the next ten years.

Proposed regulations

Public safety, amenity and environmental sustainability

The preferred option for addressing public safety, amenity and environment sustainability issues is to remake the existing Regulations with minor amendments to clarify definitions, and improve the Regulation's ability to meet the objectives of providing for the protection, management and control of alpine resorts.

The only quantifiable cost of the proposed Regulations is that relating to the carriage of wheel chains. The total estimated annual cost of wheel chain hire would come to approximately \$3.2m per annum or approximately \$26.8m over 10 years in present value (2007/08) dollars. However, it should be noted that even without the requirement to carry wheel chains, a certain proportion of visitors to the mountains would still carry wheel chains of their own volition.

Fees for providing visitor services to users of alpine resorts

Fees Option 3 (increase fees by CPI from previous level (indexed)) is the preferred option. It is expected to be a substantial improvement on the base case of having no fees. Given that existing cost data is an inadequate basis on which to make significant decisions regarding amendments to the fees, Option 3 appears to be the most appropriate in the short term. The option provides the Boards with the ability to 'catch-up' with inflationary impacts to their cost base and ensures that they will be able to increase their fees in line with CPI from now on. The Option maintains the real value of the regulated maximum fees over time and ensures that service levels can be maintained.

The table below compares the current maximum fees to the maximum fees under the proposed Regulations. The increases in the maximums range from 12 per cent to 38 per cent. It should be noted that these are regulated maximums and the Boards will continue to have the authority to discount below these as have been their recent practice.

Table E.1: Calculation of maximum fees under Option three

Fee regulation	Description	Current max. fee	Last time fee was set	Proposed max. fee	Fee units	Increase (%)
Regulation 27(2)	Daily bus passenger access and use fee	\$ 13.25	2005	\$ 14.82	1.31	12%
Regulation 28(2)(a)	Daily motor vehicle access and use fee	\$ 42.00	2005	\$ 46.98	4.14	12%
NA	Daily motor vehicle access and use fee with passengers > minimum number of passengers (as determined by the Board)	\$ 39.75	2005	NA	NA	NA

Fee regulation	Description	Current max. fee	Last time fee was set	Proposed max. fee	Fee units	Increase (%)
NA	Daily motor vehicle access and use fee per passenger with passengers < minimum number of passengers (as determined by the Board)	\$ 13.25	2005	NA	NA	NA
Regulation 29(2)	Daily individual access and use fee	\$ 13.25	2005	\$ 14.82	1.31	12%
Regulation 30(2)	Annual motor vehicle access and use fee	\$ 504.00	2005	\$ 563.77	49.67	12%
Regulation 34(2)(a)	Daily cross country skiing fee					
	Adult fee with authority	\$ 8.80	2000	\$ 11.58	1.02	32%
	Child fee with authority	\$ 4.40	2000	\$ 5.79	0.51	32%
	Family fee with authority	\$ 22.00	2000	\$ 28.94	2.55	32%
Regulation 34(2)(b)	Seasonal cross country skiing fee including authority					
	Adult fee	\$ 110.00	2000	\$ 144.69	12.75	32%
	Child fee	\$ 55.00	2000	\$ 72.35	6.37	32%
	Family fee	\$ 264.00	2000	\$ 347.26	30.60	32%
Regulation 36(2)(a)	Annual vehicle village access fee with non-transferable authority	\$ 286.00	2000	\$ 376.20	33.15	32%
Regulation 36(2)(b)	Annual vehicle village access and parking fee with non-transferable authority	\$ 495.00	2000	\$ 651.11	57.37	32%
Regulation 36(2)(c)	Annual vehicle village access and parking fee with transferable authority	\$1,650.00	2000	\$ 2,170.36	191.22	32%
Regulation 36(2)(d)	Annual oversnow vehicle use and parking fee with authority	\$ 20.00	2000	\$ 26.31	2.32	32%
Regulation 38(2)	Daily camping fee per person with authority	\$ 3.30	2000	\$ 4.34	0.38	32%
Regulation 39(2)	Replacement authority	\$ 20.00	1998	\$ 27.60	2.43	38%

Note: Fees that equate to less than one fee unit cannot be converted to fee units; hence in practice the children's cross country fee and the daily camping fee would be stated in dollar values in the Regulations.

Data constraints and evaluation methodology

In undertaking this RIS it has been found that, while the Boards meet the requirements under the *Financial Management Act*, current data collection is not conducive to the analysis required for a RIS. The data provides unusual results, which based on observations made during our qualitative discussions with the Boards; do not reflect the actual experiences of the Boards. In addition, data currently available contains too many gaps which require key assumptions concerning the allocation of cost, and a number of inconsistencies between cost treatment of different Boards, to provide an adequate basis on which to make significant decisions regarding amendments to the fees.

The quality of the data on which to determine the regulated fees has strongly influenced the recommendations for the proposed regulations and has also prompted specific recommendations for the proposed evaluation strategy to ensure that better information is available in the future. The proposed regulated maximum fees are intended to be a transitional measure while the evaluation strategy is conducted. The intention is to review the fee structure once the evaluation strategy is completed and more robust data is available.

The Department has proposed a scope of works that will look to develop a standard data collection and financial planning and reporting framework for Victoria's Alpine Resort Management Boards. The proposed framework would look to harmonise the financial reporting and corporate planning requirements for the alpine resorts and facilitate the accurate costing of products and services.

Public consultation

Preliminary consultation on the proposed Regulations was conducted during 2007 (prior to the Regulations receiving a 12 month extension). While potential changes to the regulated fees was considered as part of the consultation process, to-date no public consultation has been undertaken on the specifics of the proposed changes to the regulated maximum fees.

A further consultation period of 30 days will be held upon the publication of the RIS. During this period stakeholders will be invited to make further submissions on the proposed changes to the Regulations. The RIS will be advertised on the DSE website, in local newspapers, and hardcopies will be sent to the stakeholders listed in Appendix F.

1 Introduction

1.1 Purpose of the report

The purpose of the proposed regulations is to provide for the protection, management and control of alpine resorts by regulating the general use and control of alpine resorts and prescribe the level and structure of fees charged by the Alpine Resort Management Boards to recover the costs of providing regulated services.

The proposed regulations will replace the existing *Alpine Resorts (Management) Interim Regulations 2009* which were made on 12 May 2009 for a period of six months and will expire on 4 November 2009.

Section 10 of the *Subordinate Legislation Act 1994* requires that a Regulatory Impact Statement (RIS) must be prepared in respect of a proposed statutory rule or amendment unless an exception or exemption certificate is issued. The Department of Sustainability and Environment (the Department) engaged Deloitte Economics to prepare this report to assist the Department in fulfilling this requirement.

1.2 Background to the project

The *Alpine Resorts (Management) Regulations 1998* (the Regulations) were due to sunset on 28 April 2008 (10 years after the day of making the regulations). The Department drafted replacement Regulations and engaged a consultant to undertake a RIS. Pre-existing material prepared for the previous draft of the RIS has been used in this document.

In October 2007, the Minister for Environment and Climate Change announced the State Services Authority (SSA) Review of the institutional and governance arrangements for Victoria's alpine areas¹.

In order to accommodate any potential policy changes following the outcome of the review, the regulations were extended for an additional 12 months under section 5(4) of the *Subordinate Legislation Act 1994*.

¹ SSA Review Terms of Reference:

In conducting the review, the SSA is to consider:

- institutional, governance and accountability arrangements, including:
 - legislation;
 - entity structures;
 - performance management and reporting; and
 - relationships with other entities, local government and the Minister for Planning;
- financial management, asset management and land management; and
- application of the public sector values (as set out in section 7 of the Act).

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

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

([http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/alpine_resort_terms_reference/\\$File/alpine_resort_terms_reference.pdf](http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/alpine_resort_terms_reference/$File/alpine_resort_terms_reference.pdf)).

In May 2009, the *Alpine Resorts (Management) Interim Regulations 2009* were made for a period of six months, again to enable any outcomes of the review to be considered. These regulations are largely identical.

In June 2009, the findings of the SSA Review were released to the public on the SSA website. The *Sustainable Alpine Resorts – A Framework for Discussion* was released by the Minister for Environment and Climate Change at the same time and may be found on the Department's web site.

Neither the SSA review nor the Minister's framework for discussion document made specific recommendations about specific regulatory changes considered in this RIS. They do propose clarification of roles and responsibilities for alpine policy, planning and governance and further development of a financial management framework. The implementation of these proposals may provide an improved basis for the analysis required for any future changes to the regulated fees.

Given the time lapse between when the Regulations were due to expire and now, new information (such as 2007/08 financial data) has become available, requiring an update to the draft RIS. The postponement has also provided an opportunity to refine the methodology for determining the most appropriate fee level and structure for the Boards.

1.3 Structure of report

This report is structured as follows.

- Chapter 2: sets out the context for the regulations, including the current legislative framework, the role of key stakeholders as well as the economic and policy context.
- Chapter 3: identifies the problem to be addressed by the Regulations, including a discussion of the principles of cost recovery through user fees as well as non fee related problems addressed by the Regulations, namely risks to public safety, amenity and environmental sustainability.
- Chapter 4: outlines the framework for options analysis. Options have been developed to address the cost recovery problems identified in Section 3 and also the public safety, amenity and environmental sustainability problems.
- Chapter 5: contains an assessment of regulatory options, including an assessment of options for the non-fee related aspects of the regulation and options for fee collection relative to a base case of no regulation.
- Chapter 6: provides a summary of stakeholder consultation conducted during the development of the RIS.
- Chapter 7: contains the statements of compliance, namely: the impact on small business; assessment of competition impacts; the administrative burden statement; and notice of the Human Rights Charter Certificate.

The following appendices are attached to the report:

- Appendix A: Bibliography
- Appendix B: Cost recovery tables and calculations
- Appendix C: Proposed changes to the regulations
- Appendix D: Proposed changes to the regulations with insignificant impacts

- Appendix E: Other cost calculations
- Appendix F: Consultation
- Appendix G: Board Questionnaire
- Appendix H: the proposed Regulations.

2 Context

2.1 Legislative framework

The existing *Alpine Resorts (Management) Interim Regulations 2009* have been made under the authority of section 57 of the *Alpine Resorts (Management) Act 1997* (the Act).

2.1.1 Legislation

The purpose of the Act is to establish an Alpine Resorts Co-ordinating Council and six Alpine Resort Management Boards and provide for the management of several alpine resorts².

Box 2.1: The Alpine Resorts (Management) Act 1997

The object of the Act is to make provision in respect of alpine resorts -

(a) for the development, promotion, management and use of the resorts on a sustainable basis and in a manner that is compatible with the alpine environment, having regard to -

- (i) environmental and ecological considerations, in particular, climate change; and
- (ii) economic considerations; and
- (iii) cultural heritage considerations, in particular, Indigenous cultural heritage considerations; and

(b) for the use of the resorts -

- (i) primarily for alpine recreation and tourism; and
- (ii) in all seasons of the year; and
- (iii) by persons from varied cultural and economic groups.

Section 57(1) of the Act authorises the Governor in Council to make regulations for or with respect to a wide range of matters to assist in achieving the above object, including the fixing of fees for entry, parking, transport and access to or use of any area.

Section 57(1)(o) provides that the Governor in Council may make regulations for or with respect to: *(o) any other matter or thing required or permitted by this Act to be prescribed or necessary to be prescribed to give effect to this Act.*

This paragraph thus provides authority to make regulations wherever the words ‘prescribed’ are used in other provisions of the Act.

Section 57(2) states that the regulations can be of general or limited application and differ according to differences in time, place or circumstances and expressly provides for the setting of specific minimum or maximum fees and for the waiver or reduction of fees where appropriate.

2.1.2 Regulations

The *Alpine Resorts (Management) Regulations 1998* (the Regulations) were made under section 57 of the *Alpine Resorts (Management) Act 1997*. The Regulations were extended on 23 April 2008 for a period of twelve months under section 5(4) of the *Subordinate Legislation Act 1994*. In May 2009, the *Alpine Resorts (Management) Interim Regulations*

² The *Alpine Resorts Act 1983*, most of which has since been repealed, provides for the declaration of alpine resorts, permanently reserves them under the *Crown Land Reserves Act 1978*, and specifies that alpine resorts are not part of any municipality.

2009 were made by the Governor in Council for a period of six months. *The Alpine Resorts (Management) Interim Regulations 2009* will be revoked on 4 November 2009.

Box 2.2: The Alpine Resorts (Management) Regulations

The objectives of these Regulations are to provide for the protection, management and control of alpine resorts by -

- (a) regulating the general use and control of alpine resorts; and
- (b) prescribing fees for the purposes of this Act.

Since coming into effect, the Regulations have been amended twice (2000 and 2005) to increase the entrance fees.

2.2 Role of key stakeholders

2.2.1 Alpine Resort Management Boards

Alpine Resort Management Boards (the Boards) are established as statutory authorities under Part 4 of the Act. The Boards are subject to Ministerial direction, and their members are appointed by the responsible Minister (currently the Minister for Environment and Climate Change).

Five Boards have been established:

- Falls Creek Alpine Resort Management Board
- Lake Mountain Alpine Resort Management Board
- Mount Baw Baw Alpine Resort Management Board
- Mount Buller and Mount Stirling Alpine Resort Management Board
- Mount Hotham Alpine Resort Management Board.

The functions of the Boards (established under section 38 of the Act) are outlined in the box below.

Box 2.3: Functions of the Boards

The functions of each Board, in respect of each alpine resort for which the Board is established, are:

- (aa) to plan for the development, promotion, management and use, of each such alpine resort in accordance with the object of this Act;
- (ab) to -
 - (i) develop and promote; or
 - (ii) facilitate the development or promotion by others of - the use of each such alpine resort in accordance with the object of this Act;
- (ac) to manage each such alpine resort in accordance with the object of this Act;
- (ad) to contribute to the development of the Alpine Resorts Strategic Plan and other strategic planning for alpine resorts as a whole;
- (ae) to undertake research into alpine resort issues;
- (af) to contribute to and support the operation of the Council;
- (ag) to prepare and implement a Strategic Management Plan for each such resort;
- (ag) to prepare and implement a Strategic Management Plan for each such resort;
- (ah) to expend or apply revenue of the Board in accordance with a direction of the Minister under section 36(1A);

- (a) to act as a committee of management of any Crown land deemed to be permanently reserved under the Crown Land (Reserves) Act 1978 in each such alpine resort;
- (b) to contribute, together with Tourism Victoria, established under the Tourism Victoria Act 1992, and the Council, to the overall promotion of alpine resorts;
- (c) to develop a tourism and marketing strategy for and to promote each such alpine resort and to collect and expend voluntary contributions from commercial undertakings in each such alpine resort for this purpose;
- (d) to provide services in the nature of -
- (i) garbage disposal;
 - (ii) water supply;
 - (iii) gas;
 - (iv) drainage;
 - (v) sewerage;
 - (vi) electricity;
 - (vii) roads;
 - (viii) fire protection;
 - (ix) snowmaking;
 - (x) transport -
- for each such alpine resort and to charge contributions for the provision of those services.
- (f) to collect fees prescribed by the regulations for each such alpine resort;
- (g) to attract investment for the improvement of each such alpine resort in respect of which the Board is established;
- (h) to carry out any other function conferred on the Board by or under this or any other Act.

Part 4 of the Act provides for the preparation of a corporate plan for each Board and a Strategic Management Plan for each alpine resort.

The Boards perform similar functions to local councils in alpine resorts. However, it is important to note that alpine resorts are not municipalities under the *Local Government Act 1989*. Nor are they located within any other municipality. Boards are deemed to be municipal councils for the purposes of the *Emergency Management Act 1986* and the *Environment Protection Act 1970*, but not for the purposes of other Acts. There is no private land within alpine resorts, except for small parcels of freehold land at Mount Hotham.

Boards are deemed to be committees of management under the *Crown Land (Reserves) Act 1978*, except in relation to specified main roads within alpine resorts. The Boards manage unique areas of Crown land on behalf of the State. The resort areas are not parks managed under national parks legislation, as is the case in other states.

2.2.2 Alpine Resorts Co-ordinating Council

The Alpine Resorts Co-ordinating Council (ARCC) was established under Part 3 of the Act to plan and facilitate the establishment, development, promotion, management and use of the six Victorian alpine resorts.

The ARCC consists of up to ten members including a chairperson, the chairperson of each of the five Boards and up to four other persons nominated by the Minister.

The functions of the ARCC include:

- to plan for and facilitate the establishment, development, promotion, management and use of alpine resorts

- to review and coordinate implementation of the Alpine Resorts 2020 Strategy
- to undertake research into alpine resort issues
- to liaise with and encourage cooperation of all parties involved in the development, promotion, management and use of alpine resorts
- to monitor the development and implementation of Strategic Management Plans for each alpine resort
- to make recommendations to the Minister on matters related to the provision and improvement of services and facilities in alpine resorts
- to coordinate, in conjunction with Tourism Victoria, the overall promotion of alpine resorts
- to attract investment for the improvement of the alpine resorts.

2.2.3 Department of Sustainability and Environment

The Department of Sustainability and Environment (the Department) is Victoria's lead government agency for sustainable management of water resources, climate change, bushfires, public land, forests and ecosystems.

The Department is responsible for providing advice to the Minister for Environment and Climate Change on alpine issues and supporting and assisting the Boards on matters affecting all or multiple resorts.

2.3 The alpine resorts

Victoria's alpine resorts are unique public assets facilitating access to a scarce resource – the Australian alpine environment. These resorts are limited to relatively small areas of permanently reserved Crown land and are generally surrounded by national parks³ where conservation and environmental protection are of paramount importance. The public ownership of alpine resorts requires that public access to them should remain reasonably affordable.

The larger resorts of Falls Creek, Mount Hotham and Mount Buller/Stirling offer a wide range of alpine experiences including downhill skiing, snow play, retail, accommodation and dining. Mount Hotham and Falls Creek also offer extensive cross country trails and easy access to the Bogong High Plains, together with on-mountain accommodation which allow ski in / ski out access to the ski field.

The smaller resorts are closer to Melbourne and provide easy and affordable access to the snow, especially for day visitors. Lake Mountain and Mount Stirling have no lift systems but attract cross country skiers and snow players. Lake Mountain is particularly renowned for its cross-country skiing opportunities. Mount Baw Baw offers similar experiences to that of Mount Buller, Falls Creek and Mount Hotham, but on a smaller scale.

The resorts also offer significant recreational opportunities outside the snow season, including bushwalking, cycling, horse riding, photography and other artistic pursuits.

These six alpine resorts provide a significant contribution to Victoria's economy. In the most recent detailed economic study undertaken in 2006, the total combined summer and winter benefit for Victoria in 2005 was \$505 million for additional gross state product and 6,571

³ However, it should be emphasised that unlike in New South Wales and Tasmania, Victorian alpine resorts are not parks managed under national parks legislation. The resorts are managed under their own Act, as discussed in section 2.1.1 above.

additional annual equivalent employment opportunities. The cumulative discounted value of the winter and summer impact of the alpine resorts, in terms of additional gross state product, over and above what would have been the case in the absence of the resorts, for the period 2006 to 2020 is \$5.6 billion in 2005 prices for Victoria⁴. The resorts also generate substantial commercial activity in sub-alpine regions throughout the year⁵.

2.4 Policy context

Since the Regulations were made in 1998, there have been several significant changes in the legislative, policy and physical context of these Regulations, including:

- the publication of the Alpine Resorts 2020 Strategy in 2004, with its emphasis on the environmental, social and financial sustainability of resorts, together with the promotion of year-round visitation
- amendments to the Act, such as a new power to make regulations authorising the removal of illegally parked vehicles (2004)
- various other changes in legislation and government policies or strategies, such as *Growing Victoria Together* and the 2004 Alpine Reform Package
- the Victorian Auditor General's report – Results of Audits for Entities with other than 30 June Reporting Deadlines
- the State Services Authority (SSA) Review of alpine areas institutional and governance arrangements and the Minister for Environment and Climate Change's release of the 'Sustainable Alpine Resorts A Framework for Discussion'.

Growing Victoria Together

Growing Victoria Together, released by the then Premier in 2001 and updated in 2005, is a 10 year vision that articulates what is important to Victorians and the priorities that the State Government has set to build a better society. Important goals of this vision are:

- protecting the environment for future generations
- efficient use of natural resources.

The *Growing Victoria Together* vision includes the following statement:

'The natural environment sustains every aspect of our lives. We must actively conserve and manage it in order to achieve our social and economic goals. Victoria has magnificent alpine, desert, rainforest, grassland, wetland, marine and coastal environments - all of which are critical for the survival of our precious native plants and animals. We need to preserve these diverse environments for future generations to enjoy.'

Victorian Alpine Resorts 2020 Strategy

The *Victorian Alpine Resorts 2020 Strategy* (the Strategy) addresses the objectives of sustainable use and management of this valuable Victorian tourism resource.

The Strategy states that "the resorts are unique assets and provide access to a scarce resource – the alpine environment. The alpine resorts are key economic drivers in their regions throughout the year and, sustainably managed, can make a greater contribution to Victoria's economic health and growth".

⁴ National Institute of Economic and Industry Research, 2006.

⁵ Department of Sustainability and Environment, 2004.

The Strategy lists a ‘statement of strategic direction’ for each of six broad issues which need to be addressed to realise the vision. Detailed challenges and actions have been identified for each statement of strategic direction. The strategic directions are:

- *climate change* - Resorts will remain committed to a snow tourism industry and proactively plan for the impacts of climate change
- *resort use and visitation* - Alpine resorts will provide high quality experiences, facilitating safe access to Victoria’s alpine environment for recreational use through both winter and non-winter seasons
- *development of the resorts* - The resorts will enhance the visitor experience by providing attractive, ecologically sustainable mountain townships that have local character and a distinct sense of place in the landscape
- *vibrant resorts* - The resorts will be vibrant economic entities making a strong contribution to Victoria and their local regions
- *environmental management* - The future management and development of the resorts will be undertaken within an ecologically sustainable framework
- *stewardship of public land* - Resort management will embrace the stewardship role they have across each resort, working cooperatively with their communities.

Alpine Reform Package

Concurrent with the *Alpine Resorts 2020 Strategy*, an Alpine Reform Package was approved by the Government and released in August 2004. This reform package introduced a series of measures designed to give each of the alpine resorts greater independent financial viability and efficiency. Measures contained in the Alpine Reform Package included:

- the abolition of the support payments system whereby the larger resorts subsidised the smaller resorts of Mt Baw Baw and Lake Mountain
- a greater emphasis on year round visitation
- consistent financial reporting mechanisms
- the establishment of a snow drought fund, for each resort, to guard against the impact of poor snow seasons
- the establishment of a capital improvement fund, for each resort, to allow for asset improvement programs.

SSA Review of Alpine Resort Areas

In October 2007, the Minister for Environment and Climate Change announced the State Services Authority (SSA) Review of alpine areas institutional and governance arrangements. In order to accommodate any potential policy changes following the outcome of the review, the regulations were extended for an additional 12 months under section 5(4) of the *Subordinate Legislation Act 1994*. The findings of the SSA Review were made public in June 2009. The ‘Sustainable Alpine Resorts - A Framework for Discussion’ was released by the Minister for Environment and Climate Change on 1 June 2009.

While the SSA report makes no specific recommendations as to the specific regulatory changes considered in this RIS, clarification of roles and further development of a financial management framework may provide an improved base for the analysis required for any future changes to the regulated fees (and an associated RIS).

2.5 Economic context

The current global economic downturn has seen a slowing in economic growth in Australia and some economists are predicting that Australia will go into recession in 2009. The extent to which these macro factors will affect the financial position of the Boards is not clear. However, a substantial fall in visitor numbers may handicap the Board's ability to achieve full cost recovery through fees and user charges in the near future.

2.6 Environmental context

Bushfires

The bushfires of January-February 2003 burnt over 1,000,000 hectares of public and private land. The fires burnt through the Falls Creek and Mount Hotham alpine resorts and the Mount Buffalo National Park. Although the resorts themselves escaped with minor damage to infrastructure and no substantial assets were lost, much of the resort area and the Alpine National Park were burnt, resulting in significant environmental impact and loss of visitation in summer 2003.

The Great Divide Fires of 2006/07 were the longest running bushfires in Victoria's fire history. They lasted 69 days and burnt approximately 1,048,000 hectares of public and private land. The Mount Buller Alpine Resort was evacuated on 9 December 2006 due to the fire threat, resulting in significant losses in tourism trade. Snow making machines were used to protect the multimillion dollar infrastructure.

Lake Mountain was impacted upon by the bush fires that occurred in February 2009⁶, with a number of buildings and machinery being lost. The main visitor centre building which accommodates the bistro and ski hire facilities survived the fires. Lake Mountain is a non residential resort, with much of the accommodation for overnight visitors provided by the nearby town of Marysville. The fires have destroyed much of Marysville and this will inevitably have an effect (as yet unquantifiable) on revenues and visitation for the Lake Mountain Resort. Lake Mountain Alpine Resort has opened for the 2009 snow season.

Climate change

The effect of climate change on the quality and duration of snow seasons was calculated by CSIRO in 2003. Under the low impact and the high impact scenarios respectively, the total alpine area with an average of at least one day of snow covers decreases 10 to 39 per cent by 2020, and 22 to 85 per cent by 2050. The area with at least 30 days of snow cover decreases 14 to 54 per cent by 2020, and 30 to 93 per cent by 2050. The area with at least 60 days of cover shrinks 18 to 60 per cent by 2020, and 38 to 96 per cent by 2050.⁷

It is reasonable to assume that any long-term decline in the quality of the snow seasons would have a similar impact to the difference between average and bad seasons now. The financial impact of a poor snow season on the Boards is discussed in section 4 of this report. The long term effects of climate change have not been factored into the calculation of user fees in section five.

⁶ Additionally, a Royal Commission is being conducted into the February 2009 bushfires, the outcome of which may have implications for Alpine Resort Management Boards.

⁷ The Impact of Climate Change on Snow Conditions in Mainland Australia, CSIRO, 2003

3 Problem to be addressed

3.1 Policy objective

Based on the objective of the Act and the policy objectives identified in the *Victorian Alpine Resorts 2020 Strategy*, the policy objective for the proposed regulations or its alternatives is defined as:

To protect public safety, amenity and the environmental sustainability of alpine resorts; to equitably recover the costs of efficiently providing services to visitors to alpine resorts; and to assist the resorts in achieving their potential to be vibrant economic entities making a strong contribution to Victoria and their local regions.

In order to determine that there is a role for government intervention, it must be demonstrated that there is a market failure which prevents the policy objectives being achieved and/or maximised. If it is determined that a market failure exists and there is a role for government, the options available to government must be assessed for their ability to contribute to the policy objectives, while maximising the net social benefit.

3.2 Definition of regulatory problem

There is a clear economic case for government intervention in markets where some form of market failure is taking place. Government can justify this by saying that intervention is in the public interest. Basically market failure occurs when markets fail to deliver an efficient allocation of resources (economic efficiency). The result is a loss of economic and social welfare. The relevant sources of market failure addressed by the proposed regulations are associated with those of externalities and public goods, including information failure. In other words, market forces alone would not be expected to solve the problems identified above and intervention in the form of regulations is necessary.

Externalities arise where private decision makers do not incur all the costs or receive all the benefits of their decisions. Negative externalities in the alpine resorts market arise where visitors do not incur all the costs of their actions. Examples include the risks to visitors and fauna from the unauthorised use of firearms; and litter, pollution and wild fires associated with unauthorised camping.

With public goods it is argued that the market for alpine resorts of its own accord will fail to supply 'adequate' public safety or environmental sustainability because there is a lack of revealed preferences by consumers regarding the true benefit of public safety and the environment. In other words, there remains no effective market demand (that is, therefore no effective market price) for 'public safety' or 'environmental sustainability' as such. Visitors to the alpine resorts may hope that others would pay for such public goods, leading to free riding - and the result may be a total lack of public safety and environmental sustainability. In other words, market forces alone would not be expected to solve the problems identified above.

Information failure occurs where people are ill informed and act inconsistently with their preferences, resulting in economic inefficiency. It is assumed that most visitors to the alpine resorts are sufficiently informed about the services they are purchasing based on their

previous consumption and experience of the activity in question. However there are still instances, particularly in relation to safety, where visitors may be ill informed and act inconsistently with their preferences. Firstly, first-time/new visitors to the alpine resorts may not be aware of all the safety consequences of various activities including such things as the implication of driving on slippery surfaces without wheel chains or skiing without a safety strap. Markets do not generate information in an optimal way given that once produced knowledge is non-rival in consumption leading to free riding problems. Therefore it is assumed that the market will fail to provide for adequate investment in safety information and that without the proposed regulations too few resources would be allocated to safety.

Market power and imperfect competition are said to exist when agents are able to set the market price (rather than through the forces of supply and demand). For the purpose of this RIS the market is defined as the market for alpine resorts (not including visitation of national parks or other parks in general) due to the fact that alpine resorts are differentiated by their specific recreational use, altitude and characteristics of snowfall. Importantly, it should be noted that the Act specifies that fees must be set by regulation and therefore 'market power' does not strictly exist. However setting fees based on actual average cost of each relevant alpine resort would result in a complete lack of competition and no capacity to promote efficiency (to reduce the average costs of providing alpine resort services over time). By setting fees at a 'maximum' level, the proposed regulations promote a more competitive environment as resorts have the flexibility to set prices anywhere below the maximum as they strive for market share, thereby ensuring that public access to public land remains reasonably affordable. This has the benefit of promoting lower cost services over time. Any question of anti-competitive behaviour such as predatory pricing (that is, engaging in a price competition to remove incumbent competitors) would be dealt with by the Australian Competition and Consumer Commission.

In addition, governments may also intervene in the alpine resorts market to ensure intergenerational equity. If the current generation is myopic and overuses alpine resources or damages sensitive alpine ecosystems – that can reduce the resources available for future generations.

Whether market failure arises from externalities, public goods, information failure or market power, the role of government intervention is to strike the socially optimal balance between economic activity resulting from the use of alpine resources on the one hand, and risks to those resources, on the other.

3.3 Risks to public safety, amenity and environmental sustainability

3.3.1 Risks to public safety

3.3.1.1 Fires, natural disasters and other emergencies

Under the *Alpine Resorts 2020 Strategy*, Boards are required to prepare comprehensive fire management plans for each resort in accordance with the Report of the Inquiry into the 2002-2003 Victorian Bushfires. Appropriate regulations or other effective alternatives are needed to implement such fire management plans and to minimise the risk of such fires starting in alpine resorts. Departmental research has shown that 9.5 per cent of all fires affecting public land during the period 1976 to 1996 were caused by escaped campfires and barbecues.

Whilst the *Forests (Fire Protection) Regulations 2004* apply within alpine resorts, there is a need for Boards to have the power to specify areas where and when fires may be safely lit. For example, some areas of alpine resorts are more at risk from wild fires at different times

of the year than others, and some types of vegetation are more fire resistant than others. Also, the requirements for lighting fires in alpine areas are different from those in other areas, and so there is a need for regulations enabling Boards to set aside areas, periods and other conditions under which fires may be lit and maintained.

There is also a need to protect public safety in the event of an uncontrolled fire, natural disaster or other emergency occurring in alpine resorts. Boards need the power to close resorts to entry where they consider there is a risk to public safety from such events. However, in contrast to park regulations, there is no power to force people to leave alpine resorts once they have entered.

3.3.1.2 Road safety risks

Roads in alpine areas can become very dangerous in wet or icy conditions, significantly increasing the risk of vehicle accidents resulting in injury, death or damage to vehicles and other property.

The existing regulations require that wheel chains (sometimes referred to as 'snow chains') must be carried by all vehicles entering the resorts during the snow season, except when prescribed Boards⁸ determine otherwise. At the direction of an authorised officer, wheel chains must be properly fitted to the drive wheels of vehicles, usually in poor weather conditions.

Similar requirements to carry wheel chains throughout the winter season and fit them where directed exist at alpine resorts in New South Wales (except for 4WD vehicles) and New Zealand. At northern hemisphere alpine resorts, such as in Canada and the USA, winter tyres are normally fitted to vehicles throughout winter in preference to fitting wheel chains.

Although the safety of those driving to the resorts in the winter must remain the paramount consideration, there is often a great difference in road conditions between the high altitude resorts and the low altitude resorts. At Falls Creek and Mount Hotham, wheel chains must continue to be required at all times during the winter season due the nature of the weather conditions at those resorts. On safety grounds, the Victoria Police has advised against enabling the waiving of the requirement to carry wheel chains at Falls Creek and Mount Hotham, including 4WD vehicles.

At the other resorts, however, there are many days when snow is not forecast and the road is clear of snow and ice. For example, during the snow season in 2007, wheel chains were not required to be fitted to vehicles on 33 per cent of days at Mt Baw Baw, 83 per cent of days at Lake Mountain, and at Mt Buller on 54 per cent of days for 4WD and 27 per cent of days for 2WD.

At these lower altitude resorts, day visitors only have greater ease of access if the requirement to carry chains is waived on days when they are not needed, particularly towards the end of the season. There are also considerable savings for day visitors both in terms of time and money and a resulting 'demystification' of the winter resort experience. .

An important general principle of safety management is that the on-site operator (in this case the Boards) should be responsible for assessing and minimising risks to public safety, rather than the regulator⁹. In accordance with this principle, there is an expectation that the prescribed Boards exercise their waiver powers reasonably and responsibly and in strict accordance with internal policies and procedures. These responsibilities include real time

⁸ Prescribed Boards are those for the lower altitude resorts of Mt. Buller, Lake Mountain and Mt. Baw Baw.

⁹ Barrell, 1996.

assessments of the latest road and weather conditions as to whether wheel chains should be carried by all vehicles, or whether by only 2WD and not 4WD vehicles.

As there is no other legislation dealing with wheel chains in alpine resorts, there is a clear need for similar regulations to be remade, in the interests of public safety. Winter tyres are discussed in further detail in section 5.2 of the RIS.

3.3.1.3 Pollution and health risks

The alpine region contains the headwaters of important river systems including the Murray, Goulburn, Ovens, King, Kiewa, Mitta Mitta, La Trobe, Yarra and Mitchell rivers. As stated in the *Alpine Resorts 2020 Strategy*, the maintenance of water quality, control of runoff and effective catchment management are particularly important to ensure downstream water quality¹⁰.

Preliminary results from data collected show that human faeces take far longer to decompose in national parks than people assume. Faecal pathogens can survive in soil for nine months or more. This has serious implications for the plants and animals living in these environments, for bushwalkers who could be sitting or camping nearby and for water quality, especially in water supply catchments. Other findings show that when camping, people do not go much further than 50 metres from a base camp or hut to defecate¹¹. It is reasonable to assume that such findings would also apply to camping, bushwalking or cross-country skiing areas within alpine resorts.

Some areas within alpine resorts form parts of catchments for potable water supplies, either within alpine resorts or further downstream. Whilst most water supplies are disinfected by chlorination or other means, such disinfection is not always 100 per cent effective. It is prudent water quality management practice to avoid human contamination of water supplies at their sources, rather than to rely on disinfection alone.

Regulations or other effective alternatives are needed to protect the alpine environment and downstream water quality from pollution (for example, through inappropriate disposal of human waste). Existing legislation, such as the *Environment Protection Act 1970*, is not specific enough for this purpose. There is a need for Boards to be able to set aside areas within resorts as water supply catchments, and to restrict entry to such areas.

This power is not included in the existing regulations, or any other legislation and so is proposed for the new regulations.

3.3.1.4 Dangerous or destructive behaviour

Some activities of some alpine resort visitors can constitute risks to public safety. These impacts include area use conflicts and various dangerous activities.

Management planning and regulation (including the power to set aside areas where specified activities are prohibited or restricted) is required to minimise conflicts between certain uses within resorts, such as camping, horse riding or tobogganing on ski slopes, or the landing of aircraft. In particular, the use of some types of toboggans, ski bobs and ski sleds (for example, those of heavy weight or with sharp edges) can pose a safety risk to other users of ski slopes.

There is no other legislation available to deal with these problems apart from the *Summary Offences Act 1966*, which applies to only a few of the offences under the proposed regulations. However, this Act can only be enforced by members of the Police force, who are not stationed at most alpine resorts.

¹⁰ Department of Sustainability and Environment, 2004.

¹¹ <<http://www.abc.net.au/catalyst/stories/s665492.htm>>

Without the proposed regulations, there would be inadequate restrictions on the possession, carrying or use of firearms and other weapons in alpine resorts, provided there were generic authorisation under other legislation, such as the *Firearms Act 1996*, the *Control of Weapons Act 1990*, the *Wildlife Act 1975* or the *Dangerous Goods Act 1985*. This would obviously be highly dangerous in alpine resorts with significant numbers of people engaged in outdoor recreational activities, especially when there is poor visibility.

3.3.1.5 Uncontrolled vehicles and parking

Private vehicles must be parked in car parks or on roadsides set aside for the purpose outside of village areas. It is not possible to allow the unrestricted access of private vehicles to villages, as the village tracks are often narrow and suitable only for small numbers of vehicles. Pedestrians often use the same tracks. Limited parking spaces are available in village areas, usually located next to leased buildings. These parking spaces are needed by lessees for the delivery or pick up of goods and guest luggage. A separate system of authorisation of vehicle access to special areas such as villages is therefore required.

For safety reasons, the use of oversnow vehicles for recreational purposes cannot be permitted at resorts. A separate system of authorisation of oversnow vehicles, which are used for commercial or search and rescue purposes, is also required.

Vehicles that block roads, rights of way or cross country ski trails need to be deterred, and in some cases removed. Appropriate vehicle management and parking restrictions within resorts are important throughout the year but are even more imperative in winter due to the dangerous icy road conditions.

Because the *Local Government Act 1989* and other legislation dealing with vehicle access and parking do not apply within alpine resorts, separate regulations are needed.

3.3.1.6 Uncontrolled animals

There is a need to control the bringing in and use of animals in alpine resorts, just as there is in national parks. Uncontrolled animals can be a safety hazard, can interfere with authorised public uses of alpine resorts, and can cause environmental damage.

For example, the presence of large animals such as horses can conflict with other uses of resorts and can damage sensitive alpine vegetation.

Uncontrolled smaller animals such as dogs can create noise and other nuisances in alpine resorts, particularly in village areas. They can also pose a safety threat from dog attacks.

Uncontrolled animals also pose a major threat to native fauna and flora through risk of predation and the spread of disease and weeds (see section on Environmental Sustainability below).

Once again, existing legislation is not adequate to solve these problems. For example, the *Domestic (Feral and Nuisance) Animals Act 1994* currently applies only within municipalities, and only to dogs and cats. There is also a need for Boards to be able to set aside areas where animals can and cannot be brought in or used, which would not be possible without the proposed regulations.

3.3.2 Risks to amenity

The unacceptable activities of some alpine resort visitors can adversely impact the enjoyment of other visitors. These impacts include area use conflicts, offensive behaviour, uncontrolled domestic animals, vandalism and unsightly littering.

A large capital investment has been made in the development of visitor facilities and other resort infrastructure. Vandalism can significantly reduce the value of this investment.

In some cases, offences and penalties are needed to deter unacceptable behaviour by a small minority of resort users who may devalue the recreational experience for the overwhelming majority. Such intervention allows the abovementioned diverse interests to co-exist and for each interest group to benefit from its use of the resort.

There is no other legislation available to deal with these problems apart from the *Summary Offences Act 1966*, which applies to only a few of the offences under the proposed regulations. However, as mentioned above, this Act can only be enforced by members of the Police, who are not stationed at most alpine resorts.

The use of soap and detergents in or near alpine waterways can cause unsightly foaming downstream, even beyond the resorts themselves. Litter can also seriously detract from the aesthetic value of relatively pristine alpine environments.

Regulations or other effective alternatives are needed to protect the alpine environment and downstream water quality from pollution (for example, through littering, or inappropriate disposal of waste and detergents). Existing legislation, such as the *Environment Protection Act 1970*, is not specific enough for this purpose.

3.3.3 Risks to environment sustainability

Sensitive environments within alpine resorts require adequate protection from adverse visitor impacts, not only for their own sake, but because of their proximity to alpine national parks. The following discussion of environmental sustainability is necessarily restricted to matters within the scope of the Act and the proposed regulations.

3.3.3.1 Risks to biodiversity

As at December 2007, there were two alpine flora and fauna communities¹² and several individual species listed as threatened under the *Victorian Flora and Fauna Guarantee Act 1987* (the FFG Act) and the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act).

The ecological communities of the alpine areas, although evolved to survive in this harsh environment, are also highly sensitive to some forms of change. Invasion by environmental weeds is a present and potential problem. Some weeds may be kept in check by present climate or other factors; however some are aggressive invaders (such as English Broom and Orange Hawkweed) particularly where the soil is disturbed. The five ski resort areas represent the most developed and altered areas of the Victorian Alps bio-region. While the total area of the resorts is relatively small it forms a significant proportion of the treeless area¹³.

Individual alpine fauna species listed as threatened under the FFG Act include the Mountain Pygmy-possum (*Burramys parvus*) which is the only Australian mammal restricted to the alpine-subalpine zone above 1400 metres. The action statement published under the FFG Act states that the main threat to the species is habitat destruction and fragmentation from human activities associated with skiing and alpine resort development. These include absolute destruction, weed invasion, erosion, soil deposition, and interruption of the breeding cycle and hibernation¹⁴.

Other threatened species in the region include Leadbeater's Possum (*Gymnobelideus leadbeateri*) and the Barred Galaxias (*Galaxias fuscus*), a small native fish found at Lake Mountain. There is also one frog, six lizard species and several species of stone fly restricted

¹² The 'Alpine Bog Community' and the 'Alpine Snowpatch Community'.

¹³ Department of Natural Resources and Environment, 1997.

¹⁴ Department of Natural Resources and Environment, 1991.

to the Victorian alpine bio-region that are considered threatened at a national and/or state level.

Visitor impacts on wildlife can include inappropriate hunting, poaching, unintended harassment and disturbance (for example, predation from domestic cats and dogs at large), taming (for example, through animal feeding), transmission of diseases to animals, translocation of animals, and modification of habitat that affects feeding and reproduction habits. Domestic animals, especially cats and dogs, can have devastating effects on native wildlife, not only from predation but also from habitat disturbance by leaving scents etc¹⁵.

Visitor impacts on wildlife can include inappropriate hunting, poaching, unintended harassment and disturbance (for example, predation from domestic cats and dogs at large), taming (for example, through animal feeding), transmission of diseases to animals, translocation of animals, and modification of habitat that affects feeding and reproduction habits. Domestic animals, especially cats and dogs, can have devastating effects on native wildlife, not only from predation but also from habitat disturbance by leaving scents etc. There are inadequate restrictions on the disturbance of habitat or predation by dogs and cats.

3.3.3.2 Land degradation risks

Visitor use can affect vegetation including cover and species composition and condition. For example, visitation can increase the risk of escaped campfires, the spreading of seeds (including weed species), the use of off-road vehicles, tree bark stripping near campsites and so on, all of which can all impact deleteriously on vegetation. Invasion of weeds can displace native flora and alter resort ecosystems. Vehicles in the wrong places can significantly damage native flora and fauna¹⁶.

Some visitor activities can lead to increased erosion beyond natural levels. There can also be erosion impacts from loss of vegetation, soil compaction and loss of organic matter. Soil erosion can detrimentally impact on water quality, causing increased loads of sediment and nutrients. Creation of bare earth increases the likelihood of weed invasion and establishment, and minimises the chances of establishment of native vegetation due to frost heave. Compaction of soil increases the likelihood for runoff, and reduces establishment rates of native vegetation (such as a reduction in ability for roots to penetrate soil)¹⁷.

Following the destructive 1997 landslide at Thredbo in NSW, DSE commenced a program for land stability risk mitigation in Victorian alpine resorts. The continuation of the program will aid in reducing risk and soil erosion potential.

Existing legislation such as the *Catchment and Land Protection Act 1994* is insufficient for this purpose. In particular, without the proposed regulations there would be no restrictions on introducing weeds or other plants to alpine resorts

3.3.4 Need for regulatory action

The irreversibility of some forms of damage to alpine environments (and the flora, fauna and natural and cultural features they contain) points to a need to implement the 'Precautionary Principle' in the development and management of these areas. This principle is one of the fundamental tenets of sustainable development and has been defined in the *National Strategy for Ecologically Sustainable Development* as follows:

Where there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.

¹⁵ Tim Harding & Associates, 2004a.

¹⁶ Tim Harding & Associates, 2004a

¹⁷ Mount Buller and Mount Stirling Alpine Resort Management Board, 2007.

Application of the precautionary principle underpins the *Alpine Resorts 2020 Strategy*. It is particularly relevant considering the risks associated with climate change, biodiversity and environmental protection.

The *Alpine Resorts 2020 Strategy* (2020 strategy) states that the future management and development of the resorts will be undertaken within an ecologically sustainable framework. In particular:

- the rare and fragile communities of alpine flora and fauna living in and adjacent to the resorts will be effectively managed and protected from the impact of resort use and development
- pest plant and animal species will be proactively controlled and where possible eliminated, to minimise their impact on native species
- soil disturbance and earthworks will be managed to maintain slope stability and minimise erosion
- the quality of waste water discharge and drainage from the resorts will be improved to minimise downstream impacts
- vegetation and revegetation programs, including habitat restoration, will be prioritised as an essential component of resort management.

To implement the 2020 strategy all resorts have developed an Environmental Management Plan (EMP) in which is included an environmental policy. The purpose of the EMP is to focus the efforts in environmental management by resort staff on priority areas and provide a plan to implement actions which address the key impact areas in a timely manner. The EMPs include the management of biodiversity protection, the protection of native and vegetation and the reduction of soil erosion. Regulations or effective alternatives are needed to assist in giving effect to these EMPs.

For these reasons, alpine resorts need to be adequately protected against damage, especially irreversible damage, by visitors and other threats such as pest plants and animals. Regulations controlling vegetation removal will assist in reducing soil erosion and the resulting risk of land slippage. Regulations are also needed to help protect native fauna from destruction or disturbance.

3.3.5 Risk analysis

When considering the need for government intervention, both the risk of incidence of problems and the likely impacts if such problems do occur are relevant. For example, while the risk of a natural disaster such as an earthquake or an avalanche occurring in an alpine resort is low, the consequences to public safety would be sufficiently high to require a power to prevent public access to alpine resorts in such an event. High public safety impacts generally justify stronger regulatory instruments, even where the incidence of such events may be low. Conversely, where there are low impacts, less interventionist forms of regulation, including self-regulation, may be considered.

Table 3.1 analyses both the likely incidence and impact of various problems occurring in alpine resorts in the absence of regulations or other effective alternatives.

Table 3.1: Problem risk analysis

Nature of risk	Likely incidence	Likely impact
Natural disaster (wild fire, earthquake, avalanche)	Low	High to very high
Wild fires starting in alpine resorts	Medium	High to very high

Nature of risk	Likely incidence	Likely impact
Road accidents from icy conditions	High	Medium to high
Pollution of water supplies	Low	High
Area use conflicts	High	Low to medium
Dangerous activities	Medium	Medium
Use of weapons	Low	High
Dog attacks	Low	Medium to high
Vehicles parked in wrong places	High	Low to medium
Unauthorised vehicles in villages	High	Low
Recreational use of oversnow vehicles	Medium	Low to medium
Uncontrolled large animals	Low	Medium
Uncontrolled small animals	Medium	Low
Offensive behaviour	Low-Medium	Low
Vandalism	Low-Medium	Low to medium
Littering	Low-Medium	Low
Soap and detergent in waterways	Low	Low
Biodiversity loss	Medium	High
Soil erosion	Medium	Medium
Land slippage	Low	High
Introduction of weeds	Medium	Medium

Table 3.2 lists the existing legislation (other than the existing regulations) relating to each problem and summarising why such legislation is inadequate in the context of alpine resorts.

Table 3.2: Existing legislation relating to problems

Nature of problem	Related legislation	Reason why inadequate
Need to close resorts to entry in the event of natural disaster (wild fire, earthquake, avalanche)	Nil.	N/A
Wild fires starting in alpine resorts	<i>Forests (Fire Protection) Regulations 2004</i>	Need for Boards to have the power to specify areas where and when fires may be safely lit.
Road accidents from icy conditions	Nil.	N/A
Pollution of water supplies by faeces	<i>Environment Protection Act 1970</i>	Does not prohibit the deposit of faeces in water catchments within alpine resorts
Area use conflicts	Nil.	N/A
Dangerous activities	Nil.	N/A

Nature of problem	Related legislation	Reason why inadequate
Use of weapons	<i>Firearms Act 1996, the Control of Weapons Act 1990, the Wildlife Act 1975 or the Dangerous Goods Act 1985.</i>	Does not prohibit the use of weapons in alpine resorts, provided these Acts are complied with.
Dog attacks	Nil.	N/A
Vehicles parked in wrong places	Nil.	N/A
Unauthorised vehicles in villages	Nil.	N/A
Recreational use of oversnow vehicles	Nil.	N/A
Uncontrolled large animals	Nil.	N/A
Uncontrolled small domestic animals	<i>Domestic (Feral And Nuisance) Animals Act 1994</i>	Only applies in municipalities
Offensive behaviour	<i>Summary Offences Act 1966.</i>	This Act can only be enforced by members of the Police, who are not stationed at most alpine resorts.
Vandalism	<i>Summary Offences Act 1966.</i>	This Act can only be enforced by members of the Police, who are not stationed at most alpine resorts.
Litter at campsites	<i>Environment Protection Act 1970</i>	Does not require removal of litter from campsites
Soap and detergent in waterways	<i>Environment Protection Act 1970</i>	Does not expressly prohibit the use of soap and detergents in or near waterways
Biodiversity loss	<i>Planning and Environment Act 1987, Flora and Fauna Guarantee Act 1987, Wildlife Act 1975</i>	Does not sufficiently regulate habitat disturbance or vegetation removal
Soil erosion and land slippage	<i>Catchment and Land Protection Act 1994</i>	Does not sufficiently regulate vegetation removal or soil erosion
Introduction of weeds	Nil.	N/A

3.4 Fees for providing visitor services to users of alpine resorts

Because of the specific provisions of the Act, alpine resort fees for providing visitor services can only be set by regulation. For these reasons, intervention through some form of regulation is necessary in relation to fees.

Cost recovery through fees

Cost recovery through fees occurs on the basis of a user-pays system, whereby those who utilise services are obliged to pay for the cost of those services, rather than having them funded from general taxation revenues. Under full cost recovery through fees, the people who use the services are not being subsidised by the taxpayers who do not.

Under the *Alpine Resorts 2020 Strategy* and the objectives of the Alpine Reform Package, the Government demonstrated its intention to assist the alpine resorts gain greater independent financial viability and efficiency. In order to provide for independent financial viability, fully recovering the costs of providing visitor services is considered appropriate.

Visitor fees are presently collected on this basis of cost recovery. These costs cannot be recovered through site rentals and site service and utility charges without substantial cross-subsidisation occurring between the lessees and resort visitors, many of whom do not stay overnight. Visitor service fees are intended to recover the costs of services provided to visitors, such as public safety (including ski-patrol at some resorts), visitor information, community facilities, car parking, transport to and from car parks, snow clearing, traffic control, administration and other Board costs.

Cost recovery through fees is consistent with the *Victorian Government's Cost Recovery Guidelines* (summarised in the box below). It is unclear whether the level of fees provided in the current regulations provides the Boards with the opportunity to fully recover the cost of providing users services. The current fees are not indexed to allow for inflation and any increases in costs. Further many have not been reset since 2000, when provisions were made for the introduction of the GST. The maximum regulated fees have therefore not increased with inflation, other than a specific increase to entrance fees in 2005.

Box 3.1: Cost recovery

The Victorian Department of Treasury and Finance (DTF) has published Cost Recovery Guidelines that establish a framework to promote the development of appropriate cost recovery consistent with the Victorian Government's vision of a best practice regulatory environment and transparent arrangements that promote efficient use of resources within the State.

In general, cost recovery for regulatory fees and user charges is considered appropriate by DTF. There are, however, a number of situations when this is not the case. These circumstances include where full cost recovery is inconsistent with policy objectives or when there are equity considerations which might outweigh the efficiency gains.

Appropriate cost recovery can improve the way that resources are allocated within the economy, thereby contributing to allocative efficiency (a situation where resources are allocated in a way that maximises the net benefit to society).

When used in a public finance context, equity can have both horizontal and vertical dimensions. Horizontal equity refers to treating people in similar situations in similar ways. Vertical equity refers to those with greater means contributing proportionately more than those with lesser means.

Horizontal equity would imply that the fees to cover the Boards' services are equivalent to fees charged for similar services.

Vertical equity would imply that individuals on low incomes would contribute less to the overall cost recovery than those with higher incomes.

Source: Department of Treasury and Finance, 2007, Cost Recovery Guidelines, Melbourne.

3.4.1 Competitive neutrality

Some of the services Boards provide are in competition with the private sector. Given this, Boards are subject to the principles of competitive neutrality and should be taken into account when determining appropriate fee levels.

Box 3.2: Competitive neutrality

Under the Competition Principles Agreement, the Victorian Government is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local governments where the benefits of applying competitive neutrality exceed the costs.

Competitive neutrality is about ensuring that the significant business activities of publicly owned entities compete fairly in the market when it is in the public interest for them to do so. It is about transparent cost identification and pricing in a way which removes net cost advantages arising from public ownership. Competitive neutrality does not apply to non-business, non-profit activities of government.

The Competitive Neutrality Policy Victoria sets out the Victorian Government's approach to competitive neutrality. The Policy sets out the financial principles of competitive neutrality and the public interest test to determine how to balance competitive neutrality measures with public policy objectives.

Competitive neutrality can be achieved by corporatisation, commercialisation or full cost-reflective pricing. This implies that, in principle, the business activities of a government agency should:

- set up as a separate legal entity
- have clear delineation between commercial and non-commercial activities – typically through a business plan, and/or
- achieve full cost recovery through appropriate pricing structures.

Source: Department of Treasury and Finance, 2000, Competitive Neutrality Policy Victoria.

3.5 Feasibility of intervention

The feasibility of regulations and cost recovery arrangements is influenced by practical implementation considerations, and by what is administratively feasible. This, in turn, will be determined by:

- levels of compliance and evasion
- transaction costs – the costs of collection, compliance and enforcement.

3.5.1 Enforcement and compliance

A measure of the effectiveness of the proposed regulations, and whether Government intervention is practicable, is the likely level of compliance with them.

The *Alpine Resorts (Management) Act 1997* is a 'relevant law' under the *Conservation, Forests and Lands Act 1987*. This means that employees of Boards can be appointed as authorised officers to enforce the *Alpine Resorts (Management) Act 1997* and regulations made under that Act, using the enforcement provisions of the *Conservation, Forests and Lands Act 1987*.

Where offences against the Act or the Regulations are detected, authorised officers are empowered to issue warnings or infringement notices or to issue proceedings by summons, depending upon the circumstances and evidence in each case.

The Boards advise that the general record of visitor compliance with the existing regulations is relatively high. In fact, apart from oral warnings, enforcement action rarely needs to be taken. If any breaches of the regulations are observed, an authorised officer is called to the scene, and if appropriate, offenders are usually asked to cease doing the offending activity or

Deloitte: RIS of the Proposed Alpine Resort (Management) Regulations 2009

to leave the alpine resort, as empowered by the Regulations. Enforcement costs are therefore minimal.

For example, the Falls Creek Alpine Resort Management Board issues written warnings called 'Z notices', exclusively during the winter, to vehicles not displaying a valid resort entry permit. The reasons why a valid permit is not displayed include that visitors have arrived late into the resort after the ticket box is closed, have stayed in the resort for a longer period than shown on their permit, or have otherwise driven into the resort without stopping to purchase a resort entry pass. The 'Z notice' includes a notice to attend the Board office and pay the requisite entry permit fee. Failure to attend can incur a fine. The Board issued some 260 'Z notices' during the 2007 winter.

The Falls Creek Alpine Resort Management Board also issues Parking Infringement Notices (PINs) under the existing regulations. It issued some 200 PINs during the 2007 winter, with around 75% of these related to parking for a period longer than indicated. The remainder of the PINs issued were for cars stopped in a no stopping area or within 10 metres of an intersection.

The number of offences detected at alpine resorts per year is small in comparison with the likely number of visits. There are two possible interpretations of this relatively small number of offences. One interpretation is that the number of offences against the regulations is so small that the regulations may be unnecessary. Against this interpretation is the fact that some of these offences could result in risks to public safety, or severe damage to the property of the Boards, to the environment or other properties, for example from wild fires.

The alternative interpretation is that the regulations are successful in deterring a higher number of offences. Even where warnings are issued, the existence of the regulations and the possibility of an infringement notice or court summons underpins the effectiveness of the warning. Warnings are generally useless unless there are legal consequences for failure to heed them.

By using these methods, it has not yet been necessary to prosecute visitors in the courts for breaches of the existing regulations. In this way, the regulations provide an effective and necessary deterrent against non-compliance. The current high rate of compliance outcomes (that is, close to 100 per cent after advice and warnings) is expected to be continued under the proposed regulations.

Board staff advise that very few complaints are received from the public about the existing regulations. In the experience of these staff, visitors to alpine resorts generally accept the need for regulations to maintain the values which attract them to these areas, minimise conflicts between users of various areas within resorts, and protect life and property.

Given the high degree of public acceptance and compliance with the existing regulations, there is no reason to assume that the implementation of the proposed regulations is not feasible.

3.5.2 Efficiency of fee collection process

According to the *Victorian Department of Treasury Cost Recovery Guidelines*, if it is possible but very costly to develop an appropriate charging system, there is a risk that the costs of administering cost recovery will outweigh its benefits, and so it would not be in the public interest to charge. A good example of this is attempting to charge an entry fee into a national park where there are multiple entrances. The costs of manning and collecting entrance fees under such circumstances may be prohibitive.

The efficiency of the fee collection process must be taken into account when determining the options for regulated fees. For example, while fees for cross-country skiing have a regulatory basis, practically where there are many points of access to cross-country trails collection of

these fees would require a large number staff, potentially at an expense that is greater than the value of the fees collected.

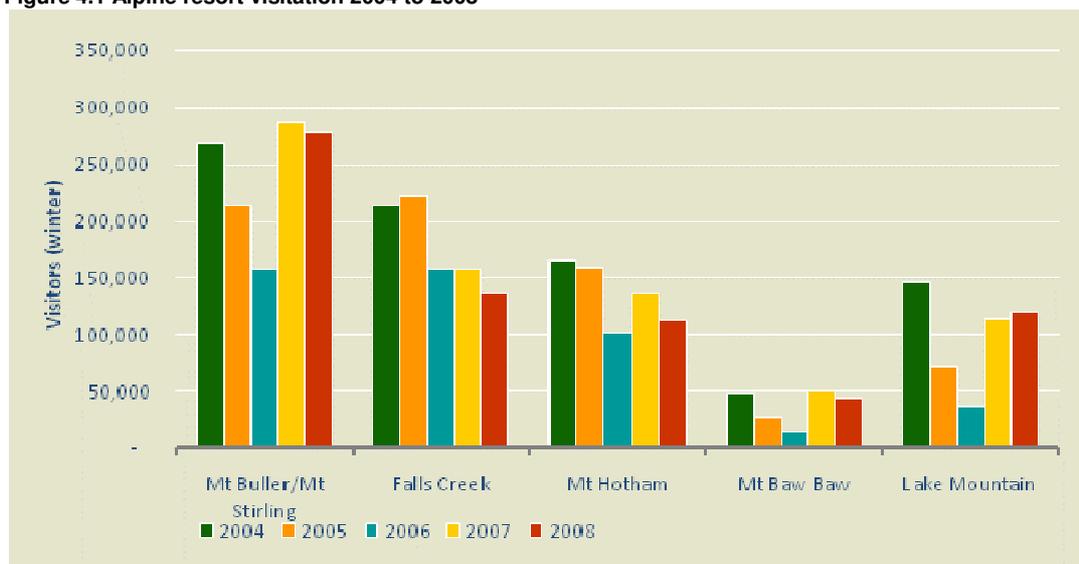
4 Framework for options analysis

4.1 Financial overview

As discussed in section 3.4 above, regulated fees need to be set to recover the cost of providing visitor service to users of the Alpine Resorts. In order to determine the appropriate level of regulated fee, the financials of each Board needs to be considered. In particular, the sources of revenue and expenditure needs to be analysed in order to match costs to regulated revenue streams.

4.1.1 Historical visitation

Figure 4.1 Alpine resort visitation 2004 to 2008¹⁸



Visitation at the alpine resorts is dependent on a number of factors, including the snow conditions in a given year. Although visitors at the five Alpine resorts have remained relatively similar between 2004 and 2008 there was a noticeable decline in visitors in 2006. The 2006 winter season was regarded as a very poor snow season in terms of natural snow fall.¹⁹

4.1.2 Historical revenue

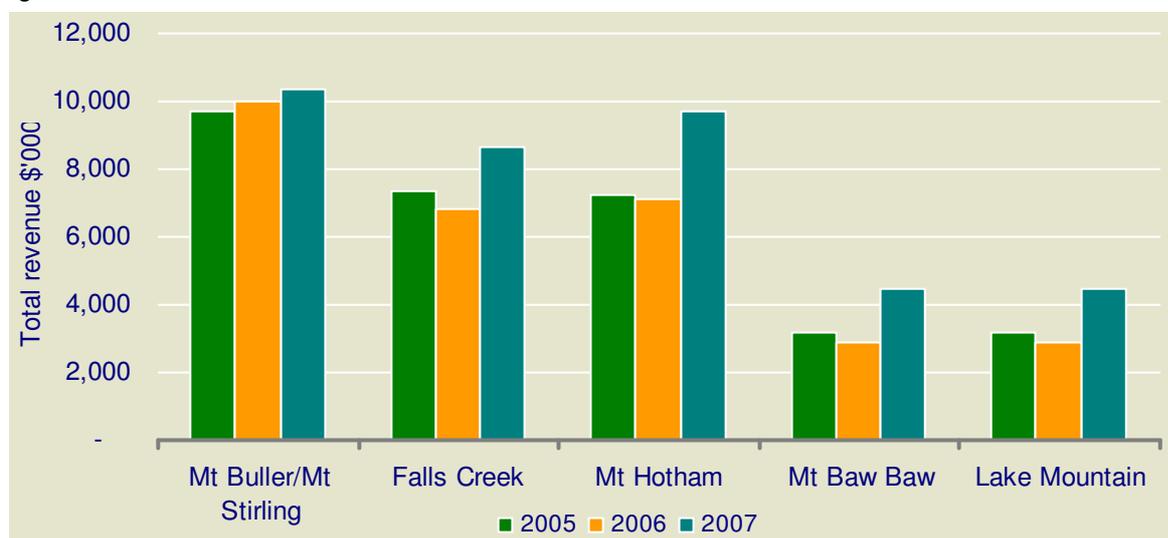
Total revenue earned by the Boards has grown by 22 percent from 2005 to 2007 (the last year for which data is available). Annual revenues are influenced by the quality of the snow season. Revenues for four of the five Boards (the exception being Mount Buller/Mount Stirling) fell from 2005 to 2006, the 2006 winter season was regarded as a very poor snow season in terms of natural snow fall. The 2007 total revenue figures were higher than the

¹⁸ Victorian Alpine Resorts Entry Statistics, Winter 2008

¹⁹ Alpine Resorts Coordinating Council, *Victorian Alpine Resorts End of Season Report – winter 2006*, April 2007.

both the 2005 and 2006 figure for all five of the Boards, this season was regarded as average to good.

Figure 4.2 Historical Board Revenues²⁰



4.1.3 Sources of revenue

The five Alpine Resort Management Boards earn revenue from a number of sources, including:

- visitor service fees (including gate entry)
- site rentals
- site service and utility charges.²¹

Site rentals as well as site service and utility charges are payable by the lessees at alpine resorts. These lessees are usually commercial operators of lodges, accommodation facilities and other commercial operations. Visitor service fees are collected upon entry to the resorts through the issuing of various permits (authorities) for vehicle access, camping, cross-country skiing etc. The Boards also earn revenues from a number of other sources including government funding, interest income, project management income, commission received and marketing.

Table 4.1 Board operating revenue, by source 2007

Alpine resort	Visitor service fees	Site rentals	Site service and utility charges	Government	Other ²²	Total
Mt Buller/Mt Stirling ²³	3,168,000	2,860,000	3,023,000	33,000	1,146,000	10,230,000
Falls Creek ²⁴	1,782,293	3,040,747	2,439,499	-	1,355,536	8,618,075

²⁰ Alpine Board Annual Reports

²¹ Mount Baw Baw also earns revenue from the operation of ski lifts

²² Other, for the purpose of this table includes revenue from interest income, advertising, and profits on assets disposed.

²³ Mount Buller/Mount Stirling Annual Report 2006-07

²⁴ Falls Creek Annual Report 2006-07

Alpine resort	Visitor service fees	Site rentals	Site service and utility charges	Government	Other ²²	Total
Mt Hotham ²⁵	1,967,000	1,210,000	2,799,000	5,000	3,514,000	9,495,000
Mt Baw Baw ²⁶	1,893,347 ²⁷	67,139	248,287	1,148,182	1,102,299	4,459,254
Lake Mountain ²⁸	945,675	NA ²⁹	NA	889,268	290,789	2,125,732

Table 4.2 Relative share of revenue sources 2007

Alpine resort	Visitor service fees	Site rentals	Site service and utility charges	Government	Other	Total
Mt Buller/Mt Stirling	31%	28%	30%	0%	11%	10,230,000
Falls Creek	21%	35%	28%	0%	16%	8,618,075
Mt Hotham	21%	13%	29%	0%	37%	9,495,000
Mt Baw Baw	42%	2%	6%	26%	25%	4,459,254
Lake Mountain	44%	0%	0%	42%	14%	2,125,732

4.1.4 Historical expenditure

Operating expenditure of the five Boards increased by 14 percent over the period 2005 to 2007 (the last year for which data is available). The majority of this increase was from 2006 to 2007, when operating expenditures increased by 16 percent. This is partly attributed to the poor snow season in 2006, which had some downward effect on expenditures for that year. The Mount Buller/Mount Stirling Board had experienced the smallest increase in operating expenditure from 2005 to 2007 (no significant change), while the largest increase was Mount Baw Baw (44 percent). Mount Hotham also had a significant increase in operating expenditure over this time (23 percent), with some of the increase attributed to the operation of a new waste-water treatment (required to comply with state regulations).

²⁵ Mount Hotham Annual Report 2006-07

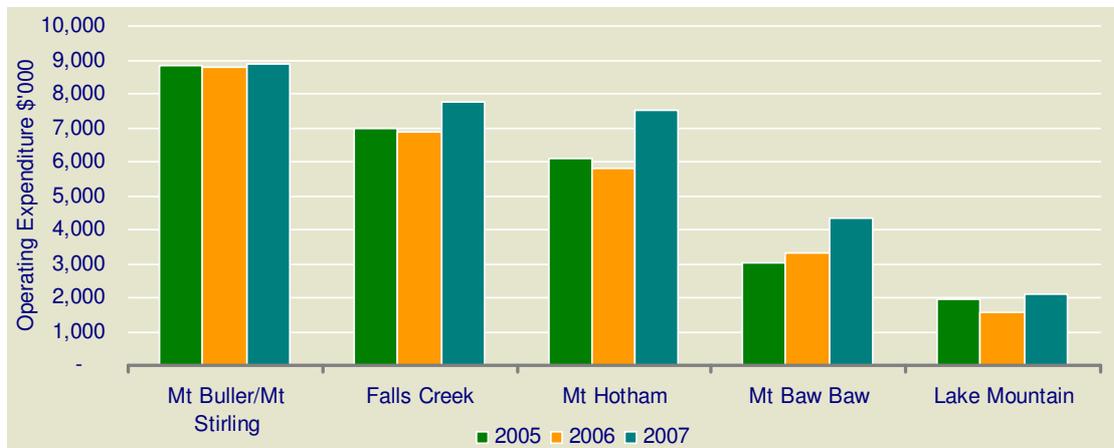
²⁶ Mount Baw Baw Annual Report 2006-07

²⁷ Mount Baw Baw is the only Alpine Board to operate its own ski lift facilities. This leads to proportion of visitor service fee revenue than the large Boards

²⁸ Lake Mountain Corporate Plan 2006-07

²⁹ Lake Mountain is a non-residential resort, with much of the accommodation for overnight visitors provided by the nearby town of Marysville. The February 2009 bush fires, now the subject of a Royal Commission, have destroyed much of Marysville and extensively damaged the Lake Mountain resort itself. This will inevitably have a significant effect on resort operation and visitation – although this effect has not been quantified in this report.

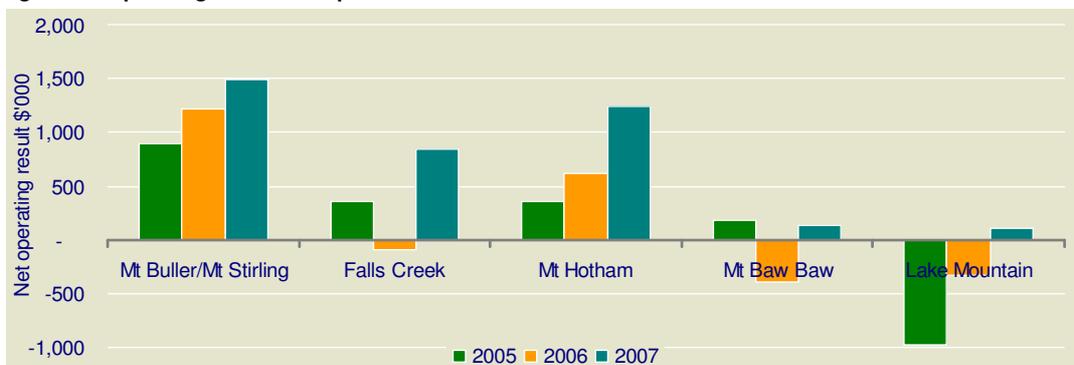
Figure 4.3 Historical Board Expenditure³⁰



4.1.5 Financial results

The operating results of the five Boards for the period 2005 to 2007 are set out in the figure below. These figures include government subsidisation, which is a significant source of revenue for a number of the Boards. In the years 2005 to 2007 the Lake Mountain Board received \$2.45 million in support payment, including \$880,000 in 2007. Over the same period the Mount Baw Baw Board received \$4.52 million in government funding, including \$1.15 million in 2007. State government funding was not as significant proportion of revenue for the three large Boards.

Figure 4.4 Operating results of Alpine Boards 2005-07³¹



4.2 Regulated fees

Of the alpine resorts’ main revenue sources (visitor service fees, site rentals, and site service and utility charges), only the visitor service fees are regulated. Hence, for the purposes of this RIS, the analysis must focus on the costs of providing the visitor services and the appropriate level of fees to recover these costs.

³⁰ Alpine Resort Management Board Annual Reports 2007

³¹ Alpine Resort Management Board Annual Reports 2007

4.2.1 Current fees

The current fee regulations set out the maximum amount the Boards can charge visitors for activities and then permit Boards to individually set fees up to this amount.

The current level of fees charged by the Boards is outlined below. This is not a complete list of all fees charged by the Boards, as it excludes certain fees that are unique to one resort.

Table 4.3: Current Board fees charged - 2009

	Regulated maximum	Mt Buller/Mt Stirling ³²	Falls Creek ³³	Mt Hotham ³⁴	Mt Baw Baw ³⁵	Lake Mountain ³⁶
		<i>2007-08 fees</i>	<i>2007-08 fees</i>	<i>2007-08 fees</i>	<i>2007-08 fees</i>	<i>2008-09 proposed fees</i>
Car						
Day gate entry	\$42	\$32	\$30	\$32	\$25 to \$35	\$25 to \$35
Season pass	\$504	\$175 to \$225	\$200 to \$240	\$280 to \$320	\$210	\$150 (restricted) to \$350
Motorcyclist/ Pedestrian/Cyclist						
Day entry	\$13.25	\$8 to \$10	NA	NA	\$11	\$12
Consecutive day	NA	NA	NA	NA	\$9	NA
Season pass	NA	NA	NA	NA	\$85	NA
Bus Passenger						
Day entry	\$13.25	\$6 to \$12	\$4 to \$11	\$11	\$10	\$12
Multiple days	NA	NA	NA	max. \$40	\$20	NA
School child						
Day gate entry	NA	NA	NA	\$5	\$7	\$8
Multiple days	NA	NA	NA	max. \$15	\$10	NA
Cross country trail fees						
Adult	\$8.80	NA	\$12 ³⁷	NA	\$8.80	\$12 ³⁸
Child	\$4.40	NA	\$6 ³⁹	NA	\$4.40	\$5.50 to \$6 ⁴⁰

³² http://www.mtbuller.com.au/winter/gate_entry.aspx, fees are for Mount Buller only

³³ 2008-2011 Falls Creek corporate plan

³⁴ 2008-09 Mount Hotham Corporate Plan

³⁵ 2008-11 Corporate Plan

³⁶ Lake Mountain Alpine Resort Corporate Plan 2008-09

³⁷ Note: Future fees charged by the Boards will be commensurate with regulated fee cap.

³⁸ Note: Future fees charged by the Boards will be commensurate with regulated fee cap.

³⁹ Note: Future fees charged by the Boards will be commensurate with regulated fee cap.

⁴⁰ Note: Future fees charged by the Boards will be commensurate with regulated fee cap.

The Boards have applied CPI rises to the cross country fees. One of the key amendments to the current regulations is to express the fees in fee units proposed and provide for automatic CPI increases in the future (consistent with the Government's cost recovery guidelines).

Generally fees are charged at levels below the regulated maximums, which is an indication of competition between the alpine resorts. The Boards generally discount fees to different user groups and offer other discounts for bulk purchases. Common discounts include:

- child and family tickets
- season passes, including early bird specials
- school discounts
- consecutive day discounts etc.

In addition to these discounts it is not uncommon for alpine resorts to amend their fees for other commercial reasons, such as discounting during periods of poor snow coverage.⁴¹

Changes in fees over time

The table below summarises the changes in fees from the 2003-04 season to the 2007-08 season for the three Boards for which data is available. The increases in fees vary substantially throughout the period shown.

Table 4.4: Recent changes in Board fees charged⁴²

ARMB	Fee type	2004-05 % Increase	2005-06 % Increase	2006-07 % Increase	2007-08 % Increase
Mt Buller	Gate	3.4%	6.6%	0%	6.25%
	Bus	62.5%	20%	0%	16%
Mt Hotham	Gate	3.7%	5%	7.8%	7.8%
	Bus	0%	0%	10%	9%
Lake Mountain	Gate	7.4%	0%	10%	22.8%
	Bus	20%	0%	9%	8.4%
	Adult Trail	0%	16.6%	0%	0%

4.2.2 Attributing costs to different user groups

As noted in section 3.4.1, cost recovery through fees should occur on the basis of a user-pays system, whereby those who utilise services are obliged to pay for the cost of those services and there is no subsidisation across different groups of users.

In order to determine the costs that should be recovered through the regulated fees, it is necessary to establish the subset of the Boards' overall costs that can be attributed to providing visitor services to the users of alpine resorts. These costs include, but are not limited to:

- visitor information

⁴¹ Discussions with Boards, See Appendix F

⁴² Data provided by DSE, May 2009

- ski village facilities
- snow clearing
- shuttle bus services
- roads and car parking
- water
- sewerage
- Board administration.

The Boards collect and maintain their financial accounts consistent with the Financial Management Act; however this does not lend itself to easily extrapolating the costs attributable to each user group.

Given this, the Department engaged a consultant in 2007 (as part of the previous drafting of the RIS) to undertake a survey of the Boards to establish an estimate of the costs. This cost data was provided to Deloitte as an input into developing the options for the fees.

Our assessment of the cost data collected was that it contains substantial gaps which require key assumptions concerning the allocation of cost, and a number of inconsistencies between cost treatment of different Boards.

Given that the Regulations are due to expire in November 2009, a zero-based, full activity based costing survey was not possible within the time constraints. Deloitte undertook further consultation with the Boards in an attempt to gather further cost data and to test the extent of variation between alpine resorts in terms of their costs and underlying causes for such variations (e.g. whether there are efficiency variables or other factors such as location, visitor type etc.). However, based on the data available, we were unable to develop a more robust data set on which to base recommendations for amendments to the fees. Qualitative discussions with the Boards' raised further concerns with the previous data.

4.2.3 Estimating cost recovery

Cost recovery for the five Boards, in a given season, is a function of costs and revenue, of which the variable components are driven by changeable factors such as visitor numbers and snow conditions. There is substantial variability in the degree of cost recovery occurring:

- between different Boards
- between different snow seasons; and
- at different times in the snow season.

The variation between the Boards includes a variation in the amount of cost recovery occurring at the low altitude resorts (Lake Mountain and Mount Baw Baw), which the Auditor General found to be “in the weakest condition” with regards to financial sustainability.⁴³

The variation in cost recovery between seasons is driven by the dependence on high visitor numbers to recover costs, with visitor numbers in turn driven by the quality of snow conditions during the season.

The variation in cost recovery at different times in the season was highlighted during consultation, with Boards reporting a dependence on good snow conditions at the peak times

⁴³ Victorian Auditor General, Results of Audits for Entities with other than 30 June Report Dates, May 2009, pg 49.

of the season (including during the June/July school holidays) in order to adequately recover cost for the season.

These variations mean that cost recovery is occurring at different rates between the Boards and at different times in seasons and between seasons.

An analysis of the snow depth and visitor numbers for five Boards for the years 2004 to 2008 shows a clear relationship between the two (see charts in appendix B). Where snow depth increases there are higher number of visitors and where snow depth is lower there are fewer visitors. The consequence of this relationship is variability in fee revenue from visitors, due to fluctuations in the snow depth.

An analysis of the annual gate entry income and the total expenditure of Boards shows that, from 2004 to 2008, the total gate entry income of the boards has increased by 15 percent, while the Boards total expenditure has increased by 38 percent. Total expenditure per dollar of gate entry income varied from \$3.46 to \$5.36 over the period.

Table 4.5: Gate entry income 2004 to 2008⁴⁴

Gate Entry Income (\$000s)	2004	2005	2006	2007	2008
Mt Baw Baw	428	287	134	482	453
Lake Mountain	743	393	129	813	880
Mt Hotham	1,961	1,820	1,586	1,966	2,224
Falls Creek	1,728	1,655	1,403	1,720	1,812
Mt Buller & Mt Stirling	2,629	2,404	1,889	3,186	3,207
Total	7,489	6,559	5,141	8,167	8,576

Table 4.6: Total expenditure 2004 to 2008⁴⁵

Total Expenditure (\$000s)	2004	2005	2006	2007	2008
Mt Baw Baw	2,877	3,002	3,293	4,332	4,793
Lake Mountain	1,931	2,307	2,085	2,640	2,966
Mt Hotham	6,456	6,877	6,525	8,431	8,646
Falls Creek	6,101	6,980	6,898	7,777	7,160
Mt Buller & Mt Stirling	8,539	8,831	8,758	8,854	12,231
Total	25,904	27,997	27,559	32,034	35,796

4.2.4 Assumed level of cost recovery

Estimating the current level of cost recovery for the Boards is difficult given the data constraints and variability discussed in the preceding sections. Despite this an estimate has been made, based on the available data, although the results should be treated with caution.

The table below provides the current maximum level of cost recovery from visitor services, which is the maximum amount that Boards would recover based on recent usage figures at the maximum regulated fees.

⁴⁴ Source: Victorian Alpine Resort Management Board Annual Reports. Collated and published by the Alpine Resorts Co-ordinating Council

⁴⁵ Ibid.

As the table demonstrates that by charging current maximum fee levels the Boards could have achieved a maximum of 94 per cent cost recovery. The Boards often charge below this maximum amount, however suggesting that actual cost recovery is likely to be significantly below this level. There is also a significant variation in cost recovery between the Boards. At one end of the scale Mount Baw Baw has an implied maximum cost recovery of 292 per cent, while Mount Hotham has only 45 per cent. Given that Mount Baw Baw has been identified by the Auditor General as being, along with Lake Mountain, “in the weakest condition” with regards to financial sustainability⁴⁶ the high level of cost recovery at this Board implied by the current data set should be seen as an example of the uncertainty associated with the data, rather than an indication of actual cost recovery.

Table 4.7 Implied current cost recovery⁴⁷

Board	Recovery through visitor fees ('000)	Percent of visitor costs recovered through fees
Mt Buller/Mt Stirling	\$ 3,753	72%
Falls Creek	\$ 5,127	138%
Mt Hotham	\$ 2,138	45%
Mt Baw Baw	\$ 2,355	292%
Lake Mountain	\$ 1,302	116%
Total	\$ 14,675	94%

Box 4.1: Note on data constraints

Based on the data currently available, there are too many gaps which require a number of assumptions concerning the allocation of cost, and a number of inconsistencies between the treatment of costs at different Boards.

The data provides unusual results, which based on observations made during our qualitative discussions with the Boards; do not reflect the actual experiences of the Boards.

The quality of the data on which to determine the regulated fees has strongly influenced the recommendations for the proposed regulations (as detailed in the following chapter) and has also prompted specific recommendations for the proposed evaluation strategy to ensure that better information is available in the future.

The Department have a scope of works that will look to develop a standard data collection and financial planning and reporting framework for Victoria’s Alpine Resort Management Boards. The proposed framework would look to harmonise the financial reporting and corporate planning requirements for the alpine resorts and facilitate the accurate costing of products and services.

Given the noted time constraints in preparing this report the specific response to the above recommendation cannot be included in the report, however this is discussed further in the evaluation section (chapter 8).

⁴⁶ Ibid

⁴⁷ 2007 Alpine Resorts Fees Survey and Board financial statements

4.2.5 Regulated fees as a proportion of the overall cost of skiing

Gate entry is generally a small proportion of the overall cost of skiing. The table below shows the typical cost of a day of skiing. For the three high altitude resorts (Mt Hotham, Mt Buller and Falls Creek) as well as Mt Baw Baw gate entry accounts for around four to ten percent of the cost of a day of skiing (including one night accommodation). At Lake Mountain gate entry accounts for around 30 percent of cost, although this figure excludes the cost of transport and accommodation.

Table 4.8 Typical cost of ski activity (per day)

	Mt Hotham, Mt Buller, Falls Creek, Mt Baw Baw	Lake Mountain (cross- country only)
Gate entry (per car)	\$30 - \$35	\$35 (weekend rate)
Ski lift ticket (per person) ²⁰	\$71 - \$94	n/a
Ski equipment hire (per person per day) (snowboard and boots/ ski, poles and boots)	\$36 - \$46	\$27
Ski clothing hire (per person per day)	\$27 - \$38	\$17
Helmet (per person per day)	\$10 - \$14	n/a
Snow chain hire (standard 2 wheel drive vehicle)	\$15 - \$30	\$12
Accommodation (room per night based) (on mountain/hotel style)	\$110 - \$195 (low season) \$220 - \$505 (high season)	n/a
Cross-country trail fees	\$8 - \$12	\$12
Toboggan hire	\$5 - 10	\$10
Total Cost	\$312 - \$784	\$113
Gate entry percentage	4% to 10%	30%

4.3 The base case

As the Regulations expire shortly, analysis of the proposed Regulations must be in comparison to the case of no regulations. That is, the impact if the Regulations were not remade.

4.3.1 Risks to public safety, amenity and environmental sustainability

While the financial cost or quantitative impact of not remaking the Regulations that address the risks to public safety, amenity and environmental sustainability have not been estimated, section 3.2 above identified where existing legislation would fail to meet the policy objectives for Victoria's alpine resorts.

4.3.2 Fees for providing visitor services to users of resorts

The estimated cost of providing visitor services to the users of alpine resorts is shown in Appendix B, tables B1 through B5. Under the base case it is assumed that fees are not collected to cover the service costs outlined. These costs include, but are not limited to:

- visitor information
- ski village facilities

- snow clearing
- shuttle bus services
- roads and car parking
- water
- sewerage
- Board administration etc.

The present value of these costs is calculated for the next ten years assuming that real costs remain constant. To reflect the fact that people prefer to receive benefits as early as possible and pay for the costs as late as possible⁴⁸ the value associated with the user costs have been discounted by a real rate of 3.5 percent per annum, providing the Net Present Value (NPV) of these costs in 2007-2008 dollars.⁴⁹

Table 4.9 (below) shows the NPV of the cost of providing visitor services for the five Boards. The NPV of these costs are the greatest for Mount Buller/Mount Stirling at \$43.6 million and are lowest for Mount Baw Baw (\$6.7 million). The total cost of providing these services across the five Boards is estimated to be \$129.7 million. If the regulations were allowed to sunset and the Boards were not able to collect visitor fees, these costs could not be recovered from visitors.

Table 4.9 Present value (2007-08 dollars) of the cost of providing services to users of Alpine Resorts

Year	Mt Buller/Mt Stirling	Falls creek	Mt Hotham	Mt Baw Baw	Lake Mountain	Total costs
2007/08	\$5,239,610	\$3,713,853	\$4,715,916	\$805,288	\$1,124,315	\$15,598,982
2008/09	\$5,062,425	\$3,588,264	\$4,556,441	\$778,056	\$1,086,295	\$15,071,480
2009/10	\$4,891,232	\$3,466,922	\$4,402,358	\$751,745	\$1,049,560	\$14,561,817
2010/11	\$4,725,828	\$3,349,683	\$4,253,486	\$726,324	\$1,014,068	\$14,069,388
2011/12	\$4,566,017	\$3,236,408	\$4,109,648	\$701,762	\$979,776	\$13,593,612
2012/13	\$4,411,611	\$3,126,965	\$3,970,675	\$678,031	\$946,643	\$13,133,924
2013/14	\$4,262,426	\$3,021,222	\$3,836,401	\$655,102	\$914,631	\$12,689,782
2014/15	\$4,118,286	\$2,919,055	\$3,706,667	\$632,949	\$883,701	\$12,260,659
2015/16	\$3,979,020	\$2,820,343	\$3,581,321	\$611,545	\$853,818	\$11,846,047
2016/17	\$3,844,464	\$2,724,969	\$3,460,214	\$590,865	\$824,945	\$11,445,456
2017/18	\$3,714,458	\$2,632,820	\$3,343,202	\$570,884	\$797,048	\$11,058,412
Present value	\$43,575,768	\$30,886,650	\$39,220,412	\$6,697,262	\$9,350,484	\$129,730,577

⁴⁸ *Victorian Guide to Regulation* (page C-4).

⁴⁹ In accordance with VCEC, 2007, *Guidance Note on Discounting*, Melbourne.

4.4 Scope of analysis

As the Regulations will expire shortly, the costs and benefits of each of the regulations must be considered. An analysis of the significance of the expected impact of each of the regulations was undertaken in order to focus the cost benefit analysis on the proposed Regulations with significant impacts.

The proposed Regulations are summarised in Appendix C. Where there is a proposed amendment to the current regulations, this is identified and the key reason for the proposed change is stated.

Many of the regulations are expected to impose an insignificant cost/benefit and these changes are not addressed in the RIS. Appendix D provides a summary of the impact analysis of these regulations.

The significant impacts are considered to be:

- the impact of fees charged by the Alpine Resort Management Boards
- the impact of requiring all vehicles to carry and/or fit wheel chains.

This analysis provided the scope for formulating the options considered in chapter five.

4.5 Regulatory options considered

Options relating to public safety, amenity and environment sustainability:

- *Base Option*: no regulation - promotion of user group codes of conduct
- *Regulation Option A*: the proposed Regulations
- *Regulation Option B*: the proposed Regulations (with variation on requirements for snow tyres or wheel chains).

Options relating to the level and structure of fees:

- *Base case*: no regulated fees
- *Fee Option 1* – fees set to reflect weighted average cost recovery (indexed)
- *Fee Option 2* – different fees set for each Board, based on full cost recovery (indexed)
- *Fees Option 3* – increase fees by CPI from previous level (indexed)
- *Fees Option 4* – maintain fees at the current level (indexed).

4.6 Criteria for assessment

4.6.1 Multi criteria analysis

We have utilised multi-criteria analysis (MCA) to assess the options. The box below provides an outline of what a multi-criteria analysis should consist of.

Box 4.2: Multi-criteria analysis

MCA refers to a range of techniques to assess policy options against decision criteria. MCA enables options to be compared in a way that utilises quantitative and qualitative evidence fully. The approach enables the inclusion of a wider range of criteria — including social and environmental considerations for example — than used in a typical financial analysis. In addition, the approach is transparent— necessarily subjective judgements and assumptions made to determine options and criteria, and to assign scores and weights are made explicitly. The preferences of the decision maker reflected in these judgements and assumptions can be readily changed in a sensitivity analysis or to incorporate more robust indicators of community preferences.

The UK Prime Minister's Strategy Unit notes that MCA may include the following steps:

- identify options for analysis
- identify criteria against which options will be assessed
- assess options against criteria using quantitative or qualitative data
- score options against criteria on a consistent basis
- weight criteria and compare options
- carry out sensitivity analysis and revisit conclusions.

Source: Prime Minister's Strategy Unit, UK Cabinet Office 2004, Strategy Survival Guide: Appraising Options, Multi-criteria analysis in practice, http://interactive.cabinetoffice.gov.uk/strategy/survivalguide/skills/ao_multi.htm

Our approach to the assessment of alternative options for determining the preferred option includes most of these steps.

- *Options* – We have established options for assessment – three regulation options and three fees options.
- *Criteria* – The principles used as assessment criteria are set out in Table 4.6. They reflect an interpretation of effectiveness (how well the outputs of a service achieve the policy objectives) and efficiency (how well governments use their resources to produce units of services or undertake the relevant task) for cost recovery for the Boards. To the extent possible, we have minimised overlap between criteria, but some degree of overlap may be unavoidable.
- *Assessment* – We have assessed each alternative option against the base case (i.e. the no regulations) relative to each criterion outlined in sections 4.6.2 and 4.6.3 below.
- *Scoring* – Next, we have scored the options against criteria on a systematic basis. Reflecting the qualitative nature of this assessment, we have utilised a common scoring basis using a numerical scoring system, as set out in the table below.

Table 4.10: Multi-criteria analysis scale

Score	
- 10	Much worse than the base case
- 5	Somewhat worse than the base case
0	No change from the base case
+ 5	Somewhat better than the base case
+10	Much better than the base case

- *Weighting and comparison of options* – We have incorporated weightings into our analysis. Determining relative weightings, to reflect the relative importance of each criterion, is a difficult stage. Weights are subjective, and reflect the values of those assigning them.

4.6.2 Public safety, amenity and environmental sustainability criteria

We have assessed each alternative option for regulations related to public safety, amenity and environmental sustainability against the base case (i.e. no regulations) relative to each criterion set out in the table below. The basis of our assessment is our qualitative judgement of the regulations' ability to reduce the risks, as outlined in section 3.2, and a quantitative estimate of the expected compliance costs of each option.

Table 4.11: Evaluation criteria for assessment of public safety, amenity and environmental sustainability options

Principle	Weighting	Description
Protects public safety, amenity and environmental sustainability	33.3%	The regulations achieve the objective of reducing the risks to public safety, amenity and environmental sustainability
Minimises compliance costs	33.3%	The regulations achieve the objective, while minimising compliance costs to all stakeholders where possible
Practicality and enforceability	33.3%	The regulations are enforceable and compliance with the regulations is expected to be achievable and compliance rates are predicted to be high.

4.6.3 Fee structure and level criteria

We have assessed each alternative option for the level and structure of fees against the base case (i.e. the no regulated fees) relative to against each criterion set out in the table below. The basis of our assessment is primarily our modelling as described in section 5 and our qualitative judgement of public administration implications of each option. The objective of the Regulations that are most relevant to the setting of fees is to provide for the protection, management and control of alpine resorts by prescribing fees for:

- entry to alpine resorts
- access and use of areas set aside for public use
- prescribing any other thing generally required to be prescribed by the *Alpine Resorts (Management) Act 1997*.

The objectives of the *Alpine Resorts (Management) Act 1997* are outlined in section two of this report. The objectives of this Act that are of the greatest relevance to the setting of user fees are:

- development, promotion and management activities – as they relate to ‘economic considerations’
- the provision of the resort for alpine recreation and tourism in all seasons of the year by persons from varied cultural and economic groups.⁵⁰

Table 4.12: Evaluation criteria for assessment of fees options

Principle	Weighting	Description
Consistent with principles of cost recovery	50.0%	The level of cost recovery is consistent with the principles of vertical and horizontal equity The revenue from regulated fees is aligned to the nature of the Alpine Resort Management Boards’ costs Cost recovery is practical and feasible, with reasonable costs associated with collecting fees
Access	20.0%	Encourages access to Alpine areas in all seasons of the year by persons of varied cultural and economic groups
Ease of immediate	30.0%	The regulated fee structure can be implemented by the Alpine

⁵⁰ See Box 2.1 of this report for a copy of the objectives of the *Alpine Resorts (Management) Act 1997*

Principle	Weighting	Description
implementation		Resort Management Boards based on current financial and management structures

5 Assessment of the regulatory options

5.1 Options relating to public safety, amenity and environment sustainability

5.1.1 Base case: no regulations

The base case assumes that the Regulations are not remade and the Boards are required to rely on alternative measures to achieve the objective of improving public safety, amenity and environmental sustainability.

Benefits to public safety, amenity and environmental sustainability

The option would not adequately address many of the problems (excluding cost recovery) identified in section 3.2, including the need to:

- protect public safety in the event of an uncontrolled fire, natural disaster or other emergency occurring in alpine resorts;
- minimise conflicts between certain uses within resorts such as camping, horse riding or tobogganing on ski slopes, or the landing of aircraft;
- protect water quality from pollution;
- reduce the threat to native fauna and flora through risk of predation by uncontrolled animals and the spread of disease and weeds;
- appropriately manage vehicles and parking within resorts, especially in winter due to the dangerous icy road conditions;
- address vehicle and passenger safety in travel to and from the resorts; and
- protect sensitive environments within alpine resorts from adverse visitor impacts, not only for their own sake, but because of their proximity to alpine national parks.

Compliance costs

If there were no Regulations, there would be no compliance costs attributable to the regulations. However, the Boards would still incur costs in providing visitor services that aim to meet the objectives of improving public safety, amenity and environmental sustainability.

Practicality and enforceability

Attempting to deter adverse visitor behaviour instead of and without the support of regulations is also not considered to be a practicable alternative to Regulations.

Scoring of base case

The base case is used as the benchmark for the scoring of the alternative options. A positive score for these options indicates an improvement on the base case; a negative score indicates a worse outcome than the base case. The base case has an inherent score of zero.

Table 5.1: Scoring of the base case

Principle	Weighting	Scoring of option
Protects public safety, amenity and environmental sustainability	33.3%	0
Minimises compliance costs	33.3%	0
Practicality and enforceability	33.3%	0
TOTAL	100.0%	0

5.1.2 Regulation Option A: the proposed regulations (not including fees)

Option One consists of the proposed regulations except for those that prescribe fees, which are considered separately.

Benefits to public safety, amenity and environmental sustainability

The proposed regulations are intended to solve the problems identified in section 3.2 regarding public safety, amenity and environmental sustainability.

Proposed regulations 8, 9 and 10 which would control access to and within the resorts would help to promote one or more of the following:

- public safety in the event of occurrences such as fire, avalanche, land slip, earthquake or other like disasters
- environmental sustainability such as re-establishing vegetation; protecting, conserving or preserving flora, fauna or natural features; or protecting water supply catchments or waterways or the water quality of water supply catchments or waterways
- visitor amenity in preventing unacceptable behaviour; carrying out works or improvements; or protecting works, improvements, facilities or amenities.

Box 5.1: Regulations 8, 9 and 10

- Regulation 8 – Temporary closure of alpine resort to entry
- Regulation 9 – Board may determine parts of alpine resort to which entry is prohibited
- Regulation 10 – Areas set aside for public use

Regulations 17 to 24 restrict the following particular activities including: camping; use of toboggans, sleds, ski-bobs or inflatable devices; cross country skiing; downhill skiing, snowboarding and other snow-play activities; aircraft landing; riding and bringing of horses or pack animals to an alpine resort; a prohibition on possessing and consuming liquor; and lighting or maintaining fires. Whilst such restrictions impose various compliance costs on various groups of visitors (such as campers, owners of horses, pack animals, or those using aircraft), they are outweighed by the benefits conferred in terms of public safety and environmental sustainability. For example, restrictions on lighting or maintaining fires would minimise the risks of bushfires and associated environmental damage. Restrictions on riding and leading horses or pack animals into a resort would minimise serious injuries between conflicting uses. They would also assist in protecting sensitive vegetation or areas that are being re-vegetated.

Other regulations that would promote public safety and environmental sustainability include:

- regulation 42 controlling the throwing of objects, playing or engaging in activities which could result in injury to oneself or others or environmental assets such as flora or any natural rock surface

- regulation 48 is designed exclusively for the protection of flora and fauna;
- regulation 43 dealing with hygiene and regulation 44 dealing with use of soaps and detergents are aimed at preserving the state of the environment, as well as ensuring that water supplies are not contaminated
- regulations 45, 46 ,49 and 50 which deal with dogs, other animals beehives and use of firearms and other weapons, respectively, would also help to promote public safety by minimising the occurrence of serious injury caused by these items. Moreover, regulation 48 would help to reduce the impact of animals such as cats on native fauna. Regulation 52 would prevent environmental damage/bushfires caused by the unauthorised use of fireworks
- regulation 51, which is aimed at skiers with outdated ski equipment or who are new to the activity, would ensure that downhill skiers have the necessary safety straps or equipment.

Regulation 55 would provide some visitors with an added level of comfort and reassurance in knowing that all vehicles would have to carry wheel chains at all times during the snow season, unless waived on specified days by the Boards of lower altitude resorts under Regulation 56. It may be considered that heavy snow falls or icy conditions are not always easy to forecast and that this risk needs to be kept as low as possible. Therefore this regulation provides an incremental benefit in terms of reducing the risk of harm arising from accidents while travelling within alpine resorts during snowy and icy conditions.

Regulation 56 (waiving the carrying of wheel chains) allows for flexibility in the regulatory regime (to accommodate different or changing circumstances) in cases where safety is not expected to be reduced. Safety regulation would be tailored to weather risks of particular resorts on particular days. Therefore, the costs of regulating for risk and safety is expected to be achieved at the lowest possible cost to visitors. Therefore an improvement in the regulatory regime is expected to impose the least possible burden on those who are regulated (that is, the visitors) and on the broader community.

Compliance costs

The only quantifiable cost of the proposed regulations is that relating to the carriage of wheel chains (proposed Regulation 55). The total estimated annual cost of wheel chain hire would come to approximately \$3.2m per annum or approximately \$26.8m over 10 years in present value (2007/08) dollars (assuming that 50 per cent of visitors already own their wheel chains). However, it should be noted that even without the requirement to carry wheel chains, a certain proportion of visitors to the mountains would still carry wheel chains of their own volition. Given this, the incremental cost of this regulation is likely to be significantly less than \$3.2m per annum. Appendix E provides the basis for these calculations.

It is expected that the proposed regulations will reduce the administrative costs incurred by the Boards. Under the base case of no Regulations, the Boards would have to develop their own codes of conduct and education and information campaign. These activities would require each Board to expend time and resources on self-regulatory activities.

Appendix D lists the unquantifiable costs of the proposed regulations which relate mainly to minor non-fee compliance costs for visitors and other users of alpine resort services with some incremental administration costs for the Boards.

It should be noted that the penalties for breaches of regulations, including the impounding of vehicles and animals, are not regarded as legitimate costs for the purposes of this assessment. Any such penalties would be voluntary incurred by those who choose to breach the

regulations. The cost imposed by a regulation is the cost of compliance with it, rather than the cost of non-compliance.

Practicality and enforceability

The proposed Regulations are to a great extent based on the current operation of the regulations. The current Regulations have demonstrated their effectiveness through high levels of compliance and ease of enforcement. Given this, it is expected that the proposed Regulations (with some additional requirements to the status quo) will continue to be enforceable and compliance with the regulations is expected to be achievable and compliance rates are predicted to be high.

Compared to the base case of no Regulations, the proposed Regulations are expected to be more enforceable and practical than non-regulatory options such as public education campaigns and voluntary codes of practice as they provide a legal basis on which to encourage compliance and a more focused approach than general education campaigns.

Scoring of Regulation Option A

Based on the assessment above, *Regulation Option A: the proposed regulations (not including fees)* has been given the following score against the multi criteria analysis.

The proposed regulations are expected to protect public safety, amenity and environmental sustainability significantly better than the base case of no regulations and hence this Option has scored an eight out of ten. The proposed regulations impose compliance costs that would not be experienced under the base case, however to the extent that they can be minimised they have, hence the Option has scored a five out of ten. The proposed regulations are generally a continuation of the current regulations, which have been operating effectively; hence the Option has scored an eight out of ten against the practicality and enforceability criteria.

Table 5.2: Regulation Option A: the proposed regulations (not including fees)

Principle	Weighting	Scoring of option	Weighted score
Protects public safety, amenity and environmental sustainability	33.3%	8.0	2.67
Minimises compliance costs	33.3%	5.0	1.67
Practicality and enforceability	33.3%	8.0	2.67
TOTAL	100.0%	21.0	7.00

5.1.3 Regulation Option B: the proposed regulations (with variation on requirements for snow tyres or wheel chains)

Regulation Option B is identical to Option A in all respects other than providing visitors with the choice of carrying wheel chains or fitting their vehicles with winter tyres.

Benefits to public safety, amenity and environmental sustainability

Option B would confer the same incremental benefits as the proposed Regulations (i.e. Option A), except in terms of:

- higher benefit in terms of reduced inconvenience in fitting wheel chains
- greater risk of harm arising from accidents while travelling to, within and from alpine resorts during snowy and icy conditions (due to the absence of chains or where winter tyres might not be driven with full tread). During 2005 to 2007 seven driver/occupant

fatalities were identified on vehicles fitted with second-hand winter tyres in New Zealand

- greater risk of harm arising from accidents while travelling to, within and from alpine resorts during normal conditions where winter tyres are used. Unlike wheel chains, winter tyres would have to be installed on the vehicle prior to the commencement of a trip and are less safe than conventional tyres on roads under normal conditions. This is because at higher temperatures they become too soft and grip levels fall appreciably.

Compliance costs

Under Option B visitors would have the choice of carrying wheel chains or fitting their vehicles with winter tyres.

It is assumed that 10 per cent of visitors would use winter tyres rather than chains over the next 10 years and in present value (2007/08) dollars would equal \$44.4 million.⁵¹

The cost of wheel chains under Option B is calculated as 90 per cent of the cost of wheel chains under Option A (i.e. deducting the 10% that choose to use winter tyres), equal to \$24.1 million.

The total quantifiable cost 10 year cost (in 2007/08 dollars) under Option B of winter tyres and wheel chains would equal \$44.4 + \$24.1, respectively or approximately \$68.3m.

The incremental unquantifiable costs of Option B would be identical to those under the proposed Regulations.

Practicality and enforceability

It is expected that there would be additional enforcement costs incurred by the Boards in trying to determine whether purported ‘used winter tyres’ are actually only conventional tyres (such as training costs and/or more staff).

Scoring of Regulation Option B

Option B: the proposed Regulations (with variation on requirements for winter tyres or wheel chains) has been given the following score against the multi criteria analysis.

Option B is expected to protect public safety, amenity and environmental sustainability significantly better than the base case of no regulations and hence this Option has scored a seven out of ten. The Option scored less than Option A as the variation for winter tyres is expected to be less effective in protecting public safety. Option B would impose compliance costs that would not be experienced under the base case, however to the extent that they can be minimised they have, hence the Option has scored a six out of ten. The Option scored more than Option A as the variation for winter tyres would reduce compliance costs. Because there would be additional enforcement costs incurred under Option B, the Option has scored a five out of ten against the practicality and enforceability criteria.

Table 5.3: Option B: the proposed Regulations (variation on requirements for winter tyres or wheel chains)

Principle	Weighting	Score	Weighted score
Protects public safety, amenity and environmental sustainability	33.3%	7.00	2.33
Minimises compliance costs	33.3%	6.00	2.00
Practicality and enforceability	33.3%	5.00	1.67
TOTAL	100.0%	18.0	6.00

⁵¹ See Appendix E

5.1.4 Non-regulation Option C: promotion of user group codes of conduct (for non-fee items)

Option C represents the ‘minimum intervention’ option and would entail encouraging the relevant resort user groups to develop and promote their own codes of conduct as an alternative to the proposed Regulations⁵².

Benefits to public safety, amenity and environmental sustainability

Option C would be an improvement on the ‘base case’, in that it would go part of the way towards overcoming the problems to be addressed (identified in section 3.2), but not far enough. An advantage of voluntary codes of conduct is that compliance with them would be promoted by the relevant resort user associations amongst their members.

Other significant drawbacks of Option C are that specific resort user associations do not exist for all identified problems, for example, the need to carry wheel chains. The Option would not adequately address many of the problems (not including cost recovery) identified in section 3.2, including the need to:

- protect public safety in the event of an uncontrolled fire, natural disaster or other emergency occurring in alpine resorts
- minimise conflicts between certain uses within resorts such as camping, horse riding or tobogganing on ski slopes, or the landing of aircraft
- protect water quality from pollution
- reduce the threat to native fauna and flora through risk of predation by uncontrolled animals and the spread of disease and weeds
- appropriately manage vehicles and parking within resorts, especially in winter due to the dangerous icy road conditions
- address vehicle and passenger safety in travel to and from the resorts
- protect sensitive environments within alpine resorts from adverse visitor impacts, not only for their own sake, but because of their proximity to alpine national parks.

Compliance costs

As identified under Regulation Option A, it is expected that a non-regulatory approach would result in increased compliance costs for the Alpine Resort Management Boards. A non-regulatory approach would result in the Boards developing their own codes of conduct and education and information campaign. These activities would require each Board to expend time and resources on self-regulatory activities.

Compared to the base case of no regulations, this option would not result in any variation to the compliance costs incurred by visitors to the mountains.

Practicality and enforceability

The main drawback would be that compliance with user codes of conduct would remain voluntary. If members of associations were to breach the codes of conduct, the sanctions available to associations would be limited to reprimands or possible expulsion from the association for repeated breaches. These sanctions are unlikely to be anywhere near as

⁵² However, it is important to note that the existing codes of conduct (for example, the skier code of conduct) and other elements of the base case would remain in place. However, because such codes of conduct would not be adopted as regulations, compliance with them would not be mandatory.

effective deterrents as infringement notices or prosecutions for breaches of regulations, as would be available for the proposed Regulations or variations of them as discussed in other options (A and B).

Public education campaigns using television, radio and newspapers are sometimes a feasible alternative to regulations or codes of practice where the behaviour of a wide section of the community can be influenced by simple clear messages such as ‘Don’t smoke’. However, such public education campaigns are not a practicable alternative where the messages are more complex and/or the target audience is more specific, such as the need for campers in alpine resorts (of which there are very few) to clear camping sites of all litter before leaving. Also, radio, television and newspaper advertisements may not reach short-staying interstate or international visitors, of which there are many.

Attempting to deter adverse visitor behaviour by advisory signs and leaflets (instead of and without the support of regulations) is also not considered to be a practicable alternative to regulations, because:

- persons who are likely to commit offences are unlikely to be deterred or influenced by signs and leaflets alone
- the number of signs and leaflets that would be required would be excessive, would detract from the aesthetic values and visitor enjoyment of resorts and could create litter problems.

Similarly, the alternative of having no penalties for offences but simply requiring offenders to leave resorts would not provide a sufficient deterrent to adverse visitor behaviour. There would be nothing to prevent the offenders from returning to the same resort or visiting other resorts and committing similar offences.

Scoring of Non-Regulation Option C

Based on the assessment above, *Non-regulation Option C: promotion of user group codes of conduct (for non-fee items)* has been given the following score against the multi criteria analysis.

Option C is expected to protect public safety, amenity and environmental sustainability better than the base case of no regulations; however it is not expected to be a significant improvement and hence this Option has scored a three out of ten. Option C would impose similar compliance costs to that experienced under the base case. A non-regulatory approach would result in the Boards developing their own codes of conduct and education and information campaign. These activities would require each Board to expend time and resources on self-regulatory activities. Hence the Option has scored a one out of ten. Because there would be additional costs incurred under Option C in relation to communication and enforcement, the Option has scored a two out of ten against the practicality and enforceability criteria.

Table 5.4: Non-regulation Option C: promotion of user group codes of conduct (for non-fee items)

Principle	Weighting	Scoring of option	Weighted score
Protects public safety, amenity and environmental sustainability	33.3%	3.0	0.99
Minimises compliance costs	33.3%	1.0	0.33
Practicality and enforceability	33.3%	2.0	0.66
TOTAL	100.0%	5.0	1.98

5.2 Options relating to the fees for providing visitor services to users of alpine resorts

5.2.1 Base option: no regulated fees

For description and discussion of the base case see section 4.3.2.

5.2.1.1 Financial outcome for Boards

Under the base case (no regulation) it is assumed that no fees are collected for visitor services. These services are estimated to cost the five Boards \$129.7 million (present value, see section 4.3) over the ten years from 2008-09 to 2017-18. The funding impact of such a policy is therefore a \$129.7 million shortfall.

Such a policy is inconsistent with the principles of cost recovery. In order to maintain financial viability the Boards would need to make up this funding shortfall either through increased Government funding, resulting in the subsidisation of alpine resort service users by non-alpine resort users. Or alternatively by increasing charges to alpine lessees, commercial operators of lodges, accommodation facilities and other commercial operations, not considered equitable as many alpine resort users do not stay overnight on the mountain.

Increased dependence on Government grants or lessees would concentrate the Boards revenue sources, likely leading to decreased predictability in funding.

5.2.1.2 Scoring of option

As outlined in section 4, the assessment of fees options is undertaken as a comparison to the base case. The base case therefore has a 'neutral' score of zero.

Table 5.5 Scoring of Base option

Principle	Weighting	Scoring of option
Consistent with principles of cost recovery	50.0%	0
Access	20.0%	0
Ease of immediate implementation	30.0%	0
TOTAL	100.0%	0

5.2.1.3 General note on the use of Board cost data

The collection of cost data from the Boards and the apportioning of costs to the various services provided by the Boards were undertaken as part of the 2007 analysis. Gaps exist in the data provided, assumptions have been made concerning the allocation of cost and there are inconsistencies between the treatment of costs at different Boards. Qualitative discussions with Board CEOs (undertaken for this RIS) concerning Board costs often contradicted the financial information that had previously been reported.

In addition, as there were particular data gaps in the financial information obtained on Mount Baw Baw and Lake Mountain, cost assumptions for these Boards, based on the financial information obtained from the other Boards. Structural differences in the financial operations of the different Boards raise serious questions as to the validity of this approach.

5.2.2 Fee Option 1 – fees set to reflect weighted average cost recovery (indexed)

The option of fees set to reflect weighted average cost recovery was considered an appropriate option to assess because it is expected to maintain simplicity in the regulation, promote cost efficiency and encourage competition on price between the Boards. The weighted average cost recovery was chosen ahead of the highest average cost recovery because it is less likely to be skewed by inefficiencies at one of the resorts that are not reflective of the true nature of costs across all the resorts. It was chosen ahead of the lowest average cost recovery to be more representative of the cost structure of all the Boards.

5.2.2.1 Calculation of maximum fees

Under Option One the maximum user fees chargeable by the Alpine Boards is calculated as the weighted average of the amount each Board would require to charge in order to achieve full cost recovery for each of the services it offers.

The amount each Board would require to charge to fully recover the costs of each service is calculated by dividing the costs attributable to each service (see Appendix B) by the number of users of that service.⁵³ This is done for each of the Boards, with the maximum fee then determined as the weighted average of these amounts, with weights calculated from the usage statistics collected in the 2007 Alpine Parks Fees Survey, shown in the table below.

Table 5.6: Weights for calculation of fees under Option one

	Resort access	Cross country skiing	Vehicle village access	Over snow vehicle access
Mount Buller/Mt Stirling	33%		8%	37%
Falls Creek	28%	38%	92%	63%
Mount Hotham	26%			
Mount Baw Baw	3%	5%		
Lake Mountain	9%	57%		

Based on the weighted average methodology, the following fees would be the regulated maximums (the fees would be calculated and expressed in fee units).

Table 5.7: Calculation of maximum fees under Option one

Fee regulation	Description	Current max. fee	Proposed max. fee	Fee units	Increase (%)
Regulation 27(2)	Daily bus passenger access and use fee	\$13.25	\$ 12.99	1.14	-2%
Regulation 28(2)	Daily motor vehicle access and use fee	\$42.00	\$ 42.60	3.75	1%
NA	Daily motor vehicle access and use fee with passengers > minimum number of passengers (as	\$39.75	N/A	N/A	N/A

⁵³ Usage statistics are sourced from the 2007 Alpine Parks Fees Survey, this season is considered representative of an average season, changes in visitation over time are not considered to be relevant to these calculations (see figure 4.1).

Fee regulation	Description	Current max. fee	Proposed max. fee	Fee units	Increase (%)
	determined by the Board)				
NA	Daily motor vehicle access and use fee per passenger with passengers < minimum number of passengers (as determined by the Board)	\$13.25	N/A	N/A	N/A
Regulation 29(2)	Daily individual access and use fee	\$13.25	\$ 12.99	1.14	-2%
Regulation 30(2)	Annual motor vehicle access and use fee	\$504.00	\$ 511.16	45.04	1%
Regulation 34(2)(a)	Daily cross country skiing fee				
	Adult fee with authority	\$8.80	\$ 3.40	0.30	-61%
	Child fee with authority	\$4.40	\$ 1.70	0.15	-61%
	Family fee with authority	\$22.00	\$ 8.50	0.75	-61%
Regulation 34(2)(b)	Seasonal cross country skiing fee including authority				
	Adult fee	\$110.00	\$ 40.79	3.59	-63%
	Child fee	\$55.00	\$ 20.39	1.80	-63%
	Family fee	\$264.00	\$ 101.97	8.98	-61%
Regulation 36(2)(a)	Annual vehicle village access fee with non-transferable authority	\$286.00	\$ 82.21	7.24	-71%
Regulation 36(2)(b)	Annual vehicle village access and parking fee with non-transferable authority	\$495.00	\$ 534.24	47.07	8%
Regulation 36(2)(c)	Annual vehicle village access and parking fee with transferable authority	\$1,650.00	\$ 1,779.03	156.74	8%
Regulation 36(2)(d)	Annual oversnow vehicle use and parking fee with authority	\$20.00	\$ 28.69	2.53	43%
Regulation 38(2)	Camping fee				
	Daily camping fee per person with authority	\$3.30	\$ 3.30	0.29	0%

Fee regulation	Description	Current max. fee	Proposed max. fee	Fee units	Increase (%)
Regulation 39(2)	Replacement authority	\$20.00	\$ 28.61	2.52	43%

As can be seen in the table above, many of the regulated fees decline under Option One. This implies that the Boards are currently over-recovering the cost of providing visitor services. Given that the regulated fees have not changed for approximately eight years and it is more than likely that costs would have gone up by at least inflation over the same period, this would appear to be an anomalous outcome.

It is our conclusion that the deficiencies in the cost data are the cause of these abnormal results. Qualitative discussions with the Boards have highlighted the issues found with the cost data. For example, the Boards have identified cross country skiing as a category of visitor service costs which they are currently under-recovering yet, under this option and the cost assumptions, this is the service that is estimated to have a reduction in its regulated fee.

5.2.2.2 Financial outcome for Boards

Based on the cost data used for these calculations, the maximum cost recovery available to the Boards under the Option One is 90 per cent of calculated costs.⁵⁴ This is equivalent to \$1.5 million below the calculated costs of providing visitor services. The Net Present Value of this amount over ten years is -\$12.5 million.

This cost recovery is not uniformly distributed amongst the Boards, with Mount Buller/Stirling and Mount Hotham Boards shown to substantially under recover costs under these scenarios. Detailed calculations of the financial outcomes for Boards are contained in Appendix B.

Again, the cost recovery calculations are based on the maximum amount the Board can charge and the cost assumptions highlighted in chapter four apply.

5.2.2.3 Scoring of option

Option One lacks consistency with the principles of cost recovery, by failing to allow each Board to fully recover user costs. The Boards of Mount Buller/Mount Stirling and Mount Hotham are left with substantial shortfalls under this scenario, although care must be taken in interpreting cost information (see chapter four). This option has been scored with four out of ten for consistency with the principles of cost recovery because the option allows some cost recovery, which is an improvement on the base case (no fees).

Option One has been assigned a score of three for access considerations. The ability to charge fees to alpine users increases access to alpine resorts to all users by allowing the Boards to fund user services that would not be provided in the absence of those fees (i.e. under the base case). While the fees under this option would be considerably less than under other proposed options (hence making the alpine resorts more financially accessible to visitors), it is considered that with such low fee revenue, there is a risk that service levels could not be maintained. This would result in a decline in accessibility overtime.

⁵⁴ Cost recovery is calculated for the maximum fees. Boards may charge less than the maximum fee, however this is assumed to be done for commercial reasons, the objective of the maximum fee is primarily to allow the Boards the opportunity to fully recover their user costs.

Given the data limitations identified, while the option could be implemented at this stage, it would be based on unsubstantiated estimates of cost recovery. Hence, ease of implementation for this option has been ranked at four.

Table 5.8: Scoring of Option one vs the base case

Principle	Weighting	Scoring of option	Weighted score
Consistent with principles of cost recovery	50.0%	4	2
Access	20.0%	3	0.6
Ease of immediate implementation	30.0%	4	1.2
TOTAL	100.0%	11	3.8

5.2.3 Fee Option 2 – different fees set for each Board, based on full cost recovery (indexed)

The option of each alpine resort having a different set of fees to reflect 100 per cent cost recovery, was considered an appropriate option to assess because (while it increases the complexity of the regulation), it ensures that structural differences in the costs incurred by each Board can be accurately reflected in the amount charged for user services.

The option was also chosen as it was considered that the issues with the cost data (and hence the implied fees in option one) may be resolved if the data was considered separately for each Board.

5.2.3.1 Calculation of maximum fees

An indicative calculation of the fees under Option Two are calculated using the same cost methodology as for Option One, except fees are set to reflect full cost recovery for each resort, that is separate fees are determined for each resort. Where no fee value is presented in the table below the data was either insufficient to calculate a fee for that Board, or the Board is presumed not to charge that fee. The calculation is described as indicative because, due to uncertainty about the available cost data, it is doubtful that the fees in the table below would result in 100 percent cost recovery for each of the Boards.

Table 5.9: Indicative calculation of maximum fees under Option two

Description	Current max. fee	Mt Buller/Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain
Daily bus passenger access and use fee	\$ 13.25	\$ 12.99	\$ 10.32	\$ 16.10	\$ 19.28	\$ 10.13
Daily motor vehicle access and use fee	\$ 42.00	\$ 42.59	\$ 33.84	\$ 52.79	\$ 63.23	\$ 33.23
Daily motor vehicle access and use fee with passengers > minimum number of passengers (as determined by the Board)	\$ 39.75	NA	NA	NA	NA	NA
Daily motor vehicle access and use fee per passenger with passengers < minimum number of passengers (as determined by the Board)	\$ 13.25	NA	NA	NA	NA	NA

Description	Current max. fee	Mt Buller/Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain
Daily individual access and use fee	\$ 13.25	\$ 12.99	\$ 10.32	\$ 16.10	\$ 19.28	\$ 10.13
Annual motor vehicle access and use fee	\$ 504.00	\$ 511.13	\$ 406.11	\$ 633.51	\$ 758.81	\$ 398.81
Daily cross country skiing fee						
Adult fee with authority	\$ 8.80	\$ -	\$ 7.79	\$ -	\$ 3.31	\$ 0.51
Child fee with authority	\$ 4.40	\$ -	\$ 3.90	\$ -	\$ 1.66	\$ 0.25
Family fee with authority	\$ 22.00	\$ -	\$ 19.49	\$ -	\$ 8.28	\$ 1.27
Seasonal cross country skiing fee including authority						
Adult fee	\$ 110.00	\$ -	\$ 93.53	\$ -	\$ 39.75	\$ 6.12
Child fee	\$ 55.00	\$ -	\$ 46.76	\$ -	\$ 19.87	\$ 3.06
Family fee	\$ 264.00	\$ -	\$ 233.82	\$ -	\$ 99.37	\$ 15.30
Annual vehicle village access fee with non-transferable authority	\$ 286.00	\$ 509.78	\$ 42.51	\$ -	\$ -	\$ -
Annual vehicle village access and parking fee with non-transferable authority	\$ 495.00	\$ 534.24	\$ -	\$ -	\$ -	\$ -
Annual vehicle village access and parking fee with transferable authority	\$1,650.00	\$ 1,779.03	\$ -	\$ -	\$ -	\$ -
Annual oversnow vehicle use and parking fee with authority	\$ 20.00	\$ 48.05	\$ 17.31	\$ -	\$ -	\$ -
Camping fee		\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.30
Daily camping fee per person with authority	\$ 3.30	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Replacement authority	\$ 20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00

Again, the uncertainty around the cost data is a contributing factor to the substantial variation in calculated fees. There is a substantial variation in the cost of providing cross-country ski service, which ranges from \$0.51 per day, per adult at Lake Mountain to \$7.79 per day, per adult at Falls Creek. This variation is likely to, in part, reflect anomalies in the allocation of costs rather than actual difference in the cost of providing cross-country ski services at these resorts.

Another variation on this option was considered, which would provide for two sets of fees – one set for low altitude resorts (Baw Baw and Lake Mountain) and another set for high altitude resorts (Falls Creek, Mount Buller/Mount Stirling and Mount Hotham). This degree of segmentation could be expected to reflect the high-level differences in the cost structures between low altitude and high altitude resorts, however may be more complex to administer.

While the data gaps were most prevalent for the low altitude resorts, with the current data set, this approach was also not considered possible at this stage.

5.2.3.2 Financial outcome for Boards

The implementation of a separate fee level for each resort, based on achieving 100 percent cost recovery would be expected to, by its nature, result in 100 percent cost recovery for each of the Boards. Due to the discussed uncertainty surrounding the available cost data it is doubtful that the indicative fees shown in Table 5.9 would achieve this.

5.2.3.3 Scoring of option

Option two requires a greater level of confidence in the accuracy of cost and usage data for each individual Board than Option One. This is because the fees for each Board are determined separately using data only from the relevant Board. Errors or inconsistencies in the data are more problematic because they will influence the fees, rather than be mitigated through averaging or excluded under the other fee options.

An effective implementation of Option Two, with greater certainty around the fee levels used, would be expected to result in 100 percent cost recovery for each of the Boards. This would be highly consistent with the principles of cost recovery and hence a score a ten out of ten has been allocated to this Option.

Option Two has been assigned a score of six for access considerations. The Option charges fees to users that would not be charged under the base case. Charging a fee that is equal to cost recovery would ensure service levels are maintained and this is considered to increase the overall benefit from visitation. The fees are not a major proportion of the total cost of most alpine visits⁵⁵ and this benefit is considered to exceed the cost of the fee to users, hence a positive score for this criteria. This option has not achieved maximum results for access because with the current data constraints, it is unclear whether the fees under this option would be considerably more or less than under other proposed options (hence making the alpine resorts either more or less financially accessible to visitors).

A more detailed analysis of each Board's cost, revenue and visitation structure would be required to implement different regulated fees at each resort. However, if sufficient financial information were available, it is expected that setting different regulated maximums for each resort, or for categories of resorts, would be consistent with the principles of cost recovery. Different regulated maximums are likely to be more appropriate because, while the data is insufficient to make conclusive observations, there are sufficient variations in the cost structures of the resorts to require different fees to meet the principle of regulating to recover efficient costs. Given this, this option has scored a two out of ten for ease of immediate implementation.

Table 5.10: Scoring of Option two vs the base case

Principle	Weighting	Scoring of option	Weighted score
Consistent with principles of cost recovery	50.0%	10	5.0
Access	20.0%	6	1.2
Ease of immediate implementation	30.0%	2	0.6
TOTAL	100.0%	18	6.8

⁵⁵ Travel, lift tickets, accommodation, ski and chain hire and other non regulated costs exceed the amount typically paid in regulated user fees.

5.2.4 Fees Option 3 – increase fees by CPI from previous level (indexed)

The option of increasing the regulated fees by CPI (and expressing the fees in fee units) was considered an appropriate option to assess. Based on the inadequate cost data on which to make any significant decisions regarding amendments to the fees, a minimal change to the current regulations could be the most appropriate option in the short term.

5.2.4.1 Calculation of maximum fees

The Alpine Resorts (Management) Regulations were drafted in 1998 and updated in 2000, 2005 and 2008. The maximum fees Boards can charge for visitor services have been sporadically altered as part of these updates, including in 2000 for the introduction of the GST.

Maximum fee levels for Option Three have been calculated by increasing the current fee level by the change in the Consumer Price Index (CPI) from the date they were most recently reset i.e. 1998, 2000, 2005 or 2008.

This is intended to take into account the inflation that has occurred since the fees were last set. The proposed maximum fees are then expressed in fee units (one fee unit is valued at \$11.35 in 2008-09).

Table 5.11: Consumer Price Index at the time of changes to alpine regulations

Date	CPI ⁵⁶	Inflation factor
Dec 2008 (latest)	166.0	
Jun 2005	148.4	1.12
Jun 2000	126.2	1.32
Mar 1998	120.3	1.38

The motor vehicle access fees associated with Regulation 28(2)(a) and Regulation 28(2)(b)(i) have been removed for simplification purposes. These fees made specific provisions for Boards to discount motor vehicle access, a power they already have under the existing regulations.

Table 5.12: Calculation of maximum fees under Option three

Fee regulation	Description	Current max. fee	Last time fee was set	Proposed max. fee	Fee units	Increase (%)
Regulation 27(2)	Daily bus passenger access and use fee	\$ 13.25	2005	\$ 14.82	1.31	12%
Regulation 28(2)(a)	Daily motor vehicle access and use fee	\$ 42.00	2005	\$ 46.98	4.14	12%
NA	Daily motor vehicle access and use fee with passengers > minimum number of passengers (as determined by the Board)	\$ 39.75	2005	NA	NA	NA

⁵⁶ Australian Bureau of Statistics, *Consumer Price Index, Australia*, Cat. No. 6401.0

Fee regulation	Description	Current max. fee	Last time fee was set	Proposed max. fee	Fee units	Increase (%)
NA	Daily motor vehicle access and use fee per passenger with passengers < minimum number of passengers (as determined by the Board)	\$ 13.25	2005	NA	NA	NA
Regulation 29(2)	Daily individual access and use fee	\$ 13.25	2005	\$ 14.82	1.31	12%
Regulation 30(2)	Annual motor vehicle access and use fee	\$ 504.00	2005	\$ 563.77	49.67	12%
Regulation 34(2)(a)	Daily cross country skiing fee					
	Adult fee with authority	\$ 8.80	2000	\$ 11.58	1.02	32%
	Child fee with authority	\$ 4.40	2000	\$ 5.79	0.51	32%
	Family fee with authority	\$ 22.00	2000	\$ 28.94	2.55	32%
Regulation 34(2)(b)	Seasonal cross country skiing fee including authority					
	Adult fee	\$ 110.00	2000	\$ 144.69	12.75	32%
	Child fee	\$ 55.00	2000	\$ 72.35	6.37	32%
	Family fee	\$ 264.00	2000	\$ 347.26	30.60	32%
Regulation 36(2)(a)	Annual vehicle village access fee with non-transferable authority	\$ 286.00	2000	\$ 376.20	33.15	32%
Regulation 36(2)(b)	Annual vehicle village access and parking fee with non-transferable authority	\$ 495.00	2000	\$ 651.11	57.37	32%
Regulation 36(2)(c)	Annual vehicle village access and parking fee with transferable authority	\$1,650.00	2000	\$ 2,170.36	191.22	32%
Regulation 36(2)(d)	Annual oversnow vehicle use and parking fee with authority	\$ 20.00	2000	\$ 26.31	2.32	32%
Regulation 38(2)	Daily camping fee per person with authority	\$ 3.30	2000	\$ 4.34	0.38	32%
Regulation 39(2)	Replacement authority	\$ 20.00	1998	\$ 27.60	2.43	38%

Note: Fees that equate to less than one fee unit cannot be converted to fee units; hence in practice the children's cross country fee and the daily camping fee would be stated in dollar values in the Regulations.

5.2.4.2 Financial outcome for Boards

The maximum cost recovery available to the Boards under Option Three is 107 per cent of calculated costs. This is equivalent to \$1.1 million above the calculated costs of providing user services. The Net Present Value of this amount over ten years is \$9 million. This cost recovery is not uniformly distributed amongst the Boards. Based on the cost data used for these calculations some Boards are able to substantially over-recover costs, while others

(Mount Buller/Mount Stirling and Mount Hotham) have substantial shortfalls. That is, the level of cost recovery under Option Three varies between resorts as estimated under existing fees. Detailed calculations of the financial outcomes for Boards are contained in Appendix B. The limitations of the cost data still apply to this option.⁵⁷

It ought to be noted that Boards currently charge less than the legislated maximum for a number of fees and hence the maximum cost recovery implied by these calculations is likely to be greater than the actual cost recovery.

5.2.4.3 Scoring of option

As outlined in section 4, the assessment of fees options is undertaken as a comparison to the base case of no fees. The base case has a ‘neutral’ score of zero.

Updating costs by CPI under Option Three is consistent with the principles of cost recovery to the extent that it is likely that the Board’s costs would have increased greater than or equal to the CPI since the fees were last set. However, based on the data available, the extent to which regulated fees permit recovery of efficient costs cannot be determined. Given this, this option has achieved a score of seven out of ten against the cost recovery criteria. This Option has received a higher score than Option One because it provides for increases in fees for services that consultation indicated were currently unable to recover fully costs. Option One calculated a decrease in fees for some of these services, particularly cross-country skiing.

Under this Option user fees are charged that would not be charged under the base case. The ability to charge fees to alpine users increases access to alpine resorts to all users by allowing the Boards to fund user services that would not be provided in the absence of those fees (i.e. under the base case). The positive score for this criterion is due to the circumstance that the fees are not a major proportion of the total cost of most alpine visits⁵⁸ and the benefit of access is considered to exceed the cost of the fee to users.

For a number of the fees, the actual fees charged by the Boards are currently less than the maximum regulated fee (for example for bulk purchases such as family and seasonal passes) and it is our understanding that the Boards vary their fees according to their commercial judgement on customers’ willingness to pay — discounting occurs in poor snow seasons overall and in response to falls in visitor numbers within seasons. While the Boards currently charge under the regulated maximum for a number of the fees, it is considered appropriate to increase the maximum in line with inflation over the period to ensure that service levels can be maintained.

Given that this Option implies an increase in the maximum fees equal to inflation, this option would be relatively easy to implement and has scored a nine out of ten against this criterion.

Table 5.13: Scoring of Option three vs base case

Principle	Weighting	Scoring of option	Weighted score
Consistent with principles of cost recovery	50.0%	7	3.5
Access	20.0%	5	1.0
Ease of immediate implementation	30.0%	9	2.7
TOTAL	100.0%	21	7.2

⁵⁷ The calculation of cost recovery outcomes is dependent on usage statistics sourced from the 2007 Alpine Parks Fees Survey, this season is considered representative of an average season, changes in visitation over time are not considered to be relevant to these calculations (see figure 4.1).

⁵⁸ Travel, lift tickets, accommodation, ski and chain hire and other non regulated costs exceed the amount typically paid in regulated user fees.

5.2.5 Fee Option 4 – fees are maintained at their current rate (indexed)

A fourth option, of maintaining the fees at the maximum levels prescribed by the existing regulation and introducing indexation has also been considered. This option, like Option Three, has been considered due to the difficulty in using the available cost data to determine a fee level. It is also noted that, for some fees, the Boards are charging below the prescribed maximum amount.

5.2.5.1 Calculation of maximum fees

Maximum fees have not been calculated for this option, as they are provided by the Regulations (see Table 5.12).

5.2.5.2 Financial outcome for Boards

Based on the available cost data, the maximum cost recovery available to the Boards under the Option Four is 94 per cent of calculated costs. This is equivalent to \$0.9 million less than the calculated costs of providing visitor services, and this shortfall would likely increase over time as the fee levels are not indexed under this option.

Cost under-recovery is not uniformly distributed amongst the Boards — Mount Buller/Mount Stirling and Mount Hotham Alpine Resort Management Boards substantially under recover costs under these scenarios. Detailed calculations of the financial outcomes for Boards are contained in Appendix B (see the current fees scenario in either figure B6, B7 or B8). Again, the cost recovery calculations are based on the maximum amount the Board can charge and the cost assumptions highlighted in chapter 4 apply.

Consultation with the Boards conducted in 2008 (see chapter 6) has indicated that the current level of fees is not appropriate to achieve full cost recovery. Boards reported that the current set of maximum fees for resort access and use (the largest source of fee income for the Boards) do not adequately reflect increases in costs experienced over the past few years. Further, there is substantial variation in the quality of snow coverage both during and between seasons, as identified in chapter 4. This variability, as well as the Auditor General's recent findings regarding the financial sustainability of the low altitude resorts (see chapter 4) are evidence that the current level of fees are insufficient. This situation would be exacerbated were the regulations to remain in place for the next 10 years. An increase in the level of fees with appropriate indexation would be more likely to provide the necessary flexibility for Boards to adjust prices in accordance with competitive forces in response to the season variability.

5.2.5.3 Scoring of option

As outlined in section 4 the assessment of fees options is undertaken as a comparison to the base case of no fees. The base case has a 'neutral' score of zero.

This option has been given a score of five for its consistency with the principles of cost recovery. A positive score has been awarded because, relative to the base case, this option provides for some cost recovery that would not occur if Boards were unable to charge user fees. However, given the increase in expenditure since 2004 has outpaced the growth in fee income during that time, it is doubtful that current fees would be adequate to fully recover costs.

This option charges fees to users that would not be charged under the base case. Charging a fee provides for the cost of regulating access to alpine resorts, which is considered to increase the overall benefit from visitation. While Option Four may provide for greater access on a financial basis, is less likely to ensure that service levels can be maintained over

the period, hence it has been given the same score as Option Three against the access criteria.

As this option is a continuation of the status quo, it is very easy to implement and has been scored 10.

Table 5.14: Scoring of Option four vs the base case

Principle	Weighting	Scoring of option	Weighted score
Consistent with principles of cost recovery	50.0%	5	2.5
Access	20.0%	5	1.0
Ease of immediate implementation	30.0%	10	3.0
TOTAL	100.0%	20	6.5

5.3 Identification of preferred option

5.3.1 Options relating to public safety, amenity and environmental sustainability

As shown in the table below, *Regulation Option One* is expected to help to address many of the negative consequences of the ‘base case’ in the absence of any regulations on public safety, amenity and environmental sustainability. The incremental benefits of the proposed regulations under Option One are more than likely to outweigh both the quantifiable and unquantifiable incremental costs as identified in this section.

Regulation Option Two achieves a very similar score to Regulation Option One. The variation of requiring either winter tyres or wheel chains, while likely to slightly reduce compliance costs, is not considered to be as practical or enforceable.

Option Three achieves a very similar score to the base case of no regulations. This is because it is expected that in the event of the Regulations not being renewed (the base case) there would have to be non-regulatory activities, such as voluntary codes of practice, undertaken by the Boards in an effort to achieve protection of public safety, amenity and environmental sustainability.

Table 5.15: Summary assessment of the non-fees regulatory options

Principle	Weighting	Regulation Option One: the proposed regulations	Regulation Option Two: variation on requirements for snow tyres or wheel chains	Non-regulation Option Three: promotion of user group codes of conduct
Protects public safety, amenity and environmental sustainability	33.3%	2.67	2.33	0.99
Minimises compliance costs	33.3%	1.67	2.00	0.33
Practicality and enforceability	33.3%	2.67	1.67	0.66
WEIGHTED TOTAL	100.0%	7.00	6.00	1.98

As demonstrated in the table above, *Regulation Option A* achieves the greatest score under the multi-criteria analysis and hence is the preferred option.

5.3.2 Options relating to the structure and level of entrance fees

Fees Option Three is expected to be a substantial improvement on the base case of having no fees. Given the existing cost data is inadequate to make significant decisions regarding amendments to the fees, this option appears to be the most appropriate in the short term. The option provides the Boards with the ability to ‘catch-up’ with past inflationary impacts to their cost base and increase their fees in line with CPI going forward. Option Three therefore maintains the real value of the regulated maximum fees over time and ensures that service levels can be maintained.

Option One, Two and Four are also an improvement on the base case, in overall terms. However they are not assessed as favourably as Option three. Option Two, and to a lesser extent Option One, while likely to be consistent with the principles of cost recovery, require a greater level of verifiable cost and usage information than available to set fees. Option Four, maintaining the fees at their current rate is better than the status quo, but has been assessed less favourably than Option Three against the evaluation criteria. Option Four, while is easy to implement, is less consistent with the principles of cost recovery and, while it may provide for greater access on a financial basis, is less likely to ensure that service levels can be maintained over the period.

Table 5.16: Summary assessment of fees related options

Principle	Weighting	Base Case	Option			
			1	2	3	4
Consistent with principles of cost recovery	50.0%	0	2	5.0	3.5	2.5
Access	20.0%	0	0.6	1.2	1.0	1.0
Ease of immediate implementation	30.0%	0	1.2	0.6	2.7	3.0
TOTAL	100.0%	0	3.8	6.8	7.2	6.5

As demonstrated in the table above, below Fees Option Three achieves the greatest score against the multi-criteria analysis and is the preferred option.

The result for the fees multi-criteria analysis is sensitive to the weightings applied to the assessment criteria — different weightings may result in different options being assessed as the best approach. For example if the weightings for access and ease of implementation were swapped, then option 2 would be the preferred option.

5.3.3 Practical application of the preferred option and societal effects

The proposed Regulations relating to public safety, amenity and environmental sustainability are to a great extent based on the current operation of the Regulations. The current Regulations have demonstrated their effectiveness through high levels of compliance and ease of enforcement. Given this, it is expected that the proposed Regulations (with some additional requirements relative to the status quo) will continue to be enforceable and compliance rates are predicted to be high. As discussed in section 3.3, the proposed Regulations do not conflict with, or duplicate, any existing Regulations.

The proposed Regulations relating to the fee for providing visitor services result in an increase in the maximum fees that can be charged by the alpine resorts. In practice, consistent with historical trends, it is likely that for many of the fees, the Boards will chose to charge below the maximum and these decisions will be based on market considerations to maximise cost recovery.

The proposed Regulations will impact the Boards by providing them with the authority to act to protect public safety, amenity and environmental sustainability within the alpine resorts. The proposed Regulations will also provide the Boards with the authority to collect user fees, consistent with the principle that the resorts have independent financial viability.

The proposed Regulations will impact on the visitors to the alpine resorts by regulating their behaviour with respect to public safety, amenity and environmental sustainability and they will be charged for visitor services.

The proposed Regulations will benefit the general Victorian public by providing for the protection of a public good and by ensuring that non-resort users do not subsidise the private enjoyment experienced by resort-users.

6 Consultation

6.1 Preliminary 2007 consultation process

Preliminary consultation on the proposed Regulations was conducted during 2007 (prior to the Regulations receiving a 12 month extension) using two processes:

- letters and e-mails from the Department of Sustainability and Environment (the Department) to key stakeholder organizations, advising them of the review of the existing regulations and inviting written comments
- meetings with representatives of key stakeholders to discuss proposed changes to the existing regulations.

The letters and e-mails were sent to the organisations listed in Appendix F enclosing a copy of the existing regulations and inviting comments. Written responses were received from:

Government agencies

- Alpine Resorts Coordinating Council
- Department of Justice
- Mount Buller/Mount Stirling Alpine Resort Management Board
- Mount Hotham Alpine Resort Management Board
- Parks Victoria
- Victoria Police
- VicRoads.

Other stakeholders

- Mount Buller Ratepayers' Association
- Falls Creek Alpine Association (Inc.)
- Hotham Ski Association
- Roof Carrier Systems.

Several suggestions were made for improvements to the existing regulations, as listed in Appendix F to this RIS. All relevant comments were taken into account in drafting the proposed 2009 regulations.

The following stakeholders were subsequently invited to attend a meeting held at DSE offices on Thursday 14 April 2007 to discuss the proposed changes to the regulations:

- *Government* – Board of Alpine Resorts Tourism, VicRoads, Parks Vic, East Gippsland Shire Council, Wangaratta Shire Council, Alpine Shire Council, Wellington Shire Council, Murrindindi Shire Council, Baw Baw Shire Council, the Municipal Association of Victoria, Dept of Treasury and Finance, Vic Police
- *Non-Government* – Victorian SnowSports Association, Mount Buller Ratepayers Association, Mount Buller Chamber of Commerce, Mount Hotham Chamber of Commerce, Mount Hotham Ski Association, Falls Creek Chamber of Commerce, Falls Creek Alpine Association, Australian Ski Areas Association, Buller Ski Lifts, Mount Hotham Skiing Company, Falls Creek Ski Lifts, Victorian National Parks Association.

The organisations represented at the meeting were:

- Mount Buller Ratepayers Association, Mount Buller Chamber of Commerce, Mount Hotham Chamber of Commerce, Mount Hotham Ski Association, Falls Creek Alpine Association Inc, Australian Ski Areas Association.

The stakeholders at the meeting were generally supportive of the proposed changes to the Regulations. At this stage there are no known significant objections to the proposed Regulations, although there has been no external consultation as yet on the specific levels of the proposed maximum fees. The intention to review and possibly increase maximum fees was noted at the consultation meeting. However, one of the written submissions raised the issue of winter tyres versus wheel chains and this has been considered as an option in the RIS.

6.2 Consultation conducted in 2009

In addition to the preliminary consultation follow up consultation was conducted in January 2009 with representatives from each of the five Boards. A questionnaire (a copy is provided at Appendix G) was distributed to the CEOs of each Board, which was then discussed during telephone interviews. The questionnaire was primarily focused around clarifying earlier cost assumptions and updating financial information.

6.3 Consultation to be conducted post release of this report

A further consultation period of 30 days will be held upon the publication of the RIS. During this period stakeholders will be invited to make further submissions on the proposed changes to the Regulations. The RIS will be advertised on the DSE website, in local newspapers, and hardcopies will be sent to the stakeholders listed in Appendix F.

7 Statements of compliance

7.1 Impact on small business

It is Victorian Government policy to specifically consider the impact of proposed amendments to legislative proposals on small business in RISs. Where the costs of compliance with regulations comprise a significant proportion of business costs, small businesses⁵⁹ may be affected disproportionately by such costs compared to large businesses.

However, in this case, the proposed Regulations primarily impose costs on individual visitors rather than on businesses. The only businesses likely to be affected by the proposed Regulations are those requiring aircraft landing authorities under proposed Regulation 21 or ‘village access’ vehicle authorities under proposed Regulation 36. However, these fees are voluntarily incurred and are unlikely to comprise a significant proportion of business costs (refer to section 3). No information is available on the proportion of these businesses that are small businesses.

7.2 Assessment of competition impacts

It is Victorian Government policy that legislation will not restrict competition unless it can be demonstrated that:

- the benefits of the restriction, as a whole, outweigh the costs
- the objectives of the legislation can only be achieved by restricting competition.

In order to demonstrate that the above principles have been met, the *Victorian Guide to Regulation* requires a ‘competition test’ to be undertaken for all new, or proposed amendments to, legislation.

A legislative measure is likely to have an impact on competition if any of the following questions can be answered in the affirmative.

Table 7.1: Impact on competition

Question	Assessment
Is the proposed measure likely to affect the market structure of the affected sector(s) – i.e. will it reduce the number of participants in the market, or increase the size of incumbent firms?	No
Will it be more difficult for new firms or individuals to enter the industry after the imposition of the proposed measure?	No
Will the costs/benefits associated with the proposed measure affect some firms or individuals substantially more than others (e.g. small firms, part-time participants in occupations etc)?	No.
Will the proposed measure restrict the ability of businesses to choose the price, quality, range or location of their products?	No
Will the proposed measure lead to higher ongoing costs for new entrants that existing firms do not have to meet?	No

⁵⁹ The Australian Bureau of Statistics (ABS) definition of a small business is one that has less than 20 full-time employees.

Question	Assessment
Is the ability or incentive to innovate or develop new products or services likely to be affected by the proposed measure?	No

The relevant markets affected by the proposed regulations are the market for alpine resorts (see section 3.2).

NCP applies to businesses rather than to individuals engaging in non-business activities such as alpine resort visitors. To the extent that some regulations impact on businesses at the alpine resorts - each would be equally affected by the same regulatory environment. These regulations would apply to the cost of acquiring an annual vehicle village access and parking non-transferable/transferable authority under proposed Regulation 36(2)(b) or (c).

In terms of annual vehicle village access parking authorities, the cost per annum would only be \$651.11 per annum (non-transferable authority) and \$2,170.36 per annum (transferable authority). Both of these fees would constitute only a very small fraction of the annual turnover of each business. Therefore they would not restrict competition by creating a barrier to the entry of new businesses.

It has been determined that the proposed regulatory change of the *Alpine Resort (Management) Regulations* do not contain a restriction on competition.

7.3 Administrative Burden Statement

Under the *Reducing the Regulatory Burden* (RRB) initiative, the Victorian Government has made a commitment to cut the existing administrative burden of regulation by 15 per cent over three years and 25 per cent over five years. The RRB initiative encompasses any requirement imposed on businesses and the not-for-profit sector under state legislation.

The non-fee regulations as discussed in this RIS are mainly to do with encouraging appropriate behaviour of individual visitors. All of the proposed fee regulations, except the two discussed below, are likely to impose costs on individual visitors rather than on businesses. It is considered that the proposed changes in the Regulations will impose minimal administrative burdens on business and not for profit organisations, which is less than the \$250,000 per annum threshold required by Government guidelines for the measurement of change in administrative burden.

The only possible cases where such administrative burden may be incurred is by businesses or not-for-profit organisations wishing to acquire annual vehicle village access and parking transferable/non-transferable authority under proposed Regulation 36(2)(b) or (c).

The cost in terms of administrative burden can be measured in terms of the time spent in acquiring such an authority. It is assumed that authority applications will be in an on-line form, taking approximately 10 minutes to complete by clerical/administrative staff. Based on an estimated hourly rate of \$52.02⁶⁰ for such staff it would cost each business or not-for-profit organisation only \$8.67 per annum.

⁶⁰ Annual salary of a clerical administrative job (non-managerial adult male) is given as \$53,700.40. Other assumptions made include: the number of weeks worked per annum (i.e. 44); the number hours worked on average per week (i.e. 41); the on-cost multiplier assumed for a job (i.e. 1.165); and the overhead cost multiplier assumed for a job (i.e. 1.5).

Hourly cost = [$\$53,700.40 / (44 \times 41)$] $\times 1.165 \times 1.5 = \52.02

The ARCC has advised that there are currently approximately 185 businesses or not-for-profit organisations occupying leased sites within alpine resorts. The estimated administrative burden is therefore $185 \times \$8.67 = \1603.95 . As this figure is well below the guideline threshold of \$250,000 per annum, it is not necessary to calculate the proposed change in administrative burden from the existing regulations.

Consequently, it has been determined that the proposed regulatory change of the *Alpine Resort (Management) Regulations 1998* will not lead to a material change in the administrative burden.

7.4 Human Rights Charter

The Victorian Government enacted the Charter of Human Rights in July 2006 through the passing of the *Charter of Human Rights and Responsibilities Act 2006*.

A Human Rights Certificate must be prepared for proposed statutory rules (including amending statutory rules), unless they are exempt under section 12A(3) of the *Subordinate Legislation Act 1994*. The Certificate must specify, in the opinion of the responsible Minister, whether the proposed statutory rule does or does not limit any human right set out in the Charter. If the statutory rule does limit a Charter right, the Certificate must provide a detailed justification that the limit is reasonable.

The Department has worked with the Human Rights Unit in the Department of Justice to develop the Human Rights Certificate. It has been determined that the proposed Regulations limit a number of human rights set out in the Charter. However justification for the limitations have been provided in the Human Rights Certificate.

8 Evaluation strategy

The Department proposes to review and develop a standard data collection and financial reporting framework for Victoria's Alpine Resort Management Boards. Based on the current work schedule, it is expected that this review will commence in the 2009-10 financial year.

The data collection and reporting framework will investigate the potential for full activity based cost modelling in determining appropriate costs and associated fee maximums and expected to:

- provide clear allocation of costs and revenues associated with regulated fees
- maintain compliance with the legislative reporting structure under the *Alpine Resorts (Management) Act 1997*, the *Financial Management Act 1994*, and other relevant legislation
- establish best practice governance practices as advised by the Strategy and Governance group of the Department and other research.

The outcome of this review may also result in further review the regulation in the future.

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Appendix B: Cost data estimates

Table B1: Estimated recurrent cost of providing visitor services at Mt Buller/Mt Stirling (2006/07 – 2008/09)⁶¹

<i>Visitor service recurrent cost components⁶²</i>	2006/07	2007/08	2008/09
Visitor information	\$185,314	\$192,727	\$200,436
Community facilities	\$170,401	\$177,217	\$184,306
Ski patrol (visitor safety) ⁶³	\$172,190	\$178,217	\$184,454
Snow clearing	\$163,347	\$169,881	\$176,676
Village and shuttle bus guest transport ⁶⁴	\$472,456	\$488,992	\$506,107
Mt Stirling Visitation	\$24,366	\$25,309	\$26,322
Plant/Vehicle/Workshop ⁶⁵	\$1,261,313	\$1,305,459	\$1,351,150
Gate entry and ticketing ⁶⁶	\$172,869	\$178,919	\$185,182
Water supply ⁶⁷	\$412,614	\$424,992	\$437,742
Sewerage	\$482,808	\$497,292	\$512,211
Garbage	\$512,753	\$528,136	\$543,980
Gas	\$50,893	\$52,420	\$53,992
Car parking	\$175,318	\$182,331	\$189,624
Traffic control ⁶⁸	\$183,820	\$191,173	\$198,820
Trail and snow play management (including Nordic and Toboggan) ⁶⁹	\$18,697	\$19,351	\$20,029
Medical and Health Services	\$20,000	\$20,800	\$21,632
Insurance related expense (public limited liability) ⁷⁰	\$300,000	\$310,500	\$321,368

⁶¹ All values have been rounded to the nearest whole dollar value for presentation purposes

⁶² All data is from the Mt Buller/Mt Stirling Corporate Plan (2006-2009) unless otherwise specified

⁶³ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

⁶⁴ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

⁶⁵ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

⁶⁶ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

⁶⁷ Data for water, sewerage, garbage and gas is based on Mount Buller and Mount Stirling Alpine Resort Management Board Statement of Financial Performance as at 31 October 2006

⁶⁸ Ibid (2006-9)

⁶⁹ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

⁷⁰ Data based on data supplied by Board (Alpine Resorts Fees Survey 2007) and increased by 3.5% per year

<i>Visitor service recurrent cost components</i> ⁶²	2006/07	2007/08	2008/09
Administration (employment costs (51.4%); general administration/ HRM (44.4%); and management information systems (4.1%)) ⁷¹	\$209,454	\$217,832	\$226,545
Corporate Management (Board related (33%); ARCC contributions (54.9%); and risk management (12.1%)) ⁷²	\$62,075	\$64,557	\$67,140
Finance ⁷³	\$12,981	\$13,505	\$14,045
Total recurrent costs to be recovered from fees	\$5,063,669	\$5,239,610	\$5,421,761

Table B2: Estimated recurrent cost of providing visitor services at Falls Creek (2006/07 – 2008/09)⁷⁴

<i>Visitor service recurrent cost components</i> ⁷⁵	2006/2007	2007/2008	2008/2009
Visitor information ⁷⁶	\$363,595	\$374,503	\$385,411
Public Infrastructure	\$136,689	\$140,790	\$145,013
Visitor Safety	\$456,029	\$469,710	\$483,801
Snow clearing	\$98,475	\$101,429	\$104,472
Transport	\$382,975	\$383,090	\$394,583
Water	\$203,558	\$159,665	\$164,735
Sewerage	\$227,144	\$233,958	\$241,561
Garbage	\$337,793	\$347,927	\$358,377
Trails and Snow Play	\$59,380	\$61,161	\$62,996
Child Care	\$10,000	\$10,300	\$10,609
Public liability insurance	\$120,933	\$124,561	\$128,298
Plant/Vehicle/Workshop	\$391,418	\$403,160	\$415,255
Gate Entry	\$174,492	\$179,727	\$185,119
Roads and Car parks	\$146,554	\$150,951	\$155,479
Depreciation ⁷⁷	\$148,268	\$158,673	\$178,094

⁷¹ Data based on pro-rata application of the administration expense in the Mt Buller/Stirling Corporate plan (2006-9) (i.e. multiplying the administration expense by the ratio of visitor service expenses to total recurrent expenses)

⁷² Data based on pro-rata application of the corporate management expense in the Mt Buller/Stirling Corporate plan (2006-9) (i.e. multiplying the corporate management expense by the ratio of visitor service expenses to total recurrent expenses)

⁷³ Data based on pro-rata application of the finance expense in the Mt Buller/Stirling Corporate plan (2006-9) (i.e. multiplying the finance expense by the ratio of visitor service expenses to total recurrent expenses)

⁷⁴ All values have been rounded for presentation purposes to the nearest whole dollar

⁷⁵ All data is from the Falls Creek Corporate Plan 2006-2007 unless otherwise specified

⁷⁶ Data from Alpine Resorts Fees Survey 2007 (cost increase from 2006/07 to 2007/08 is 3% and from 2006/07 to 2008/09 is 6%)

⁷⁷ Data based on pro-rata application of the depreciation expense in the Falls Creek Corporate Plan (2006-2007) (i.e. multiplying the depreciation expense by the ratio of visitor service expenses to total recurrent expenses)

<i>Visitor service recurrent cost components</i> ⁷⁵	2006/2007	2007/2008	2008/2009
Accommodation for employees	\$68,199	\$70,245	\$72,352
Corporate services (Board (7.8%); administration (7.8%); HR (5.6%); Industry support payments (7.9%); management (38.5%); financial management (18.9%); IT (6.8%); and accommodation (6.8%)) ⁷⁸	\$330,012	\$344,002	\$353,725
Total recurrent costs to be recovered from fees	\$3,655,514	\$3,713,852	\$3,839,880

Table B3: Estimated recurrent cost of providing visitor services at Mt Hotham (2006/07 – 2008/09)⁷⁹

<i>Visitor service recurrent cost components</i> ⁸⁰	2006/07	2007/08	2008/09
Public Infrastructure ⁸¹	\$243,000	\$250,533	\$259,302
Visitor Safety	\$480,000	\$494,880	\$512,201
Car parks and Roads	\$185,000	\$190,735	\$197,411
Snow clearing	\$148,000	\$152,588	\$157,929
Snow grooming – cross country ⁸²	\$87,000	\$89,697	\$92,836
Trails and Snow play	\$105,000	\$108,255	\$112,044
Transport	\$306,000	\$315,486	\$326,528
Water	\$234,000	\$241,254	\$249,698
Sewerage	\$314,000	\$323,734	\$335,065
Garbage	\$275,000	\$283,525	\$293,448
Gas	\$865,000	\$891,815	\$923,029
Plant/Vehicle/Workshop	\$312,000	\$321,672	\$332,931
Gate Entry	\$195,000	\$201,045	\$208,082
Traffic control	\$177,000	\$182,487	\$188,874
Public liability Insurance	\$141,000	\$145,371	\$150,459
Corporate Services (Board (8%); administration (44.6%); support payments ARCC (8.2%); compliance (0.6%); corporate governance (9.4%); financial management (17.7%); and IT (11.5%)) ⁸³	\$507,117	\$522,838	\$541,137
Total recurrent costs to be recovered from fees	\$4,574,117	\$4,715,915	\$4,880,973

⁷⁸ Data based on pro-rata application of the corporate services expense in the Falls Creek Corporate Plan (2006-2007) (i.e. multiplying the corporate service expense by the ratio of visitor service expenses to total recurrent expenses)

⁷⁹ All values have been rounded for presentation purposes to the nearest whole dollar

⁸⁰ All data is from the Mt Hotham Corporate Plan 2006-2007 unless otherwise specified

⁸¹ Mt Hotham Corporate Plan 2006-2007 (cost increase from 2006/07 to 2007/08 is 3.1% and from 2007/08 to 2008/09 is 3.5%)

⁸² Data taken from Alpine Resorts Fees Survey 2007

⁸³ Data based on pro-rata application of the corporate services expense in the Mt Hotham Corporate Plan (2006-2007) (i.e. multiplying the corporate service expense by the ratio of visitor service expenses to total recurrent expenses)

Table B4: Estimated recurrent cost of providing visitor services at Mt Baw Baw (2006/07 – 2008/09)⁸⁴

<i>Visitor service recurrent cost components</i> ⁸⁵	2006/07	2007/08	2008/09
Visitor information	\$1,448	\$1,491	\$1,534
Ski Village facilities	\$36,447	\$37,541	\$38,634
Ski patrol & Medical Centre	\$10,749	\$11,071	\$11,394
Snow clearing (Mt Baw Baw Tourist Rd and Car parks)	\$84,137	\$86,661	\$89,185
Shuttle bus service	\$5,000	\$5,150	\$5,300
Trails and snow play ⁸⁶	\$10,253	\$10,561	\$10,866
Roads and car parking ⁸⁷	\$27,529	\$28,355	\$29,175
Traffic control ⁸⁸	\$26,893	\$27,699	\$28,500
Water	\$39,048	\$40,220	\$41,391
Sewerage	\$15,246	\$15,704	\$16,161
Vehicle Fleet	\$29,375	\$30,257	\$31,138
Workshop (tool/equipment maintenance)	\$24,773	\$25,516	\$26,259
Administration for gate entry	\$75,418	\$77,680	\$79,943
Corporate management ⁸⁹	\$155,393	\$160,055	\$164,856
Accommodation (for employees)	\$7,200	\$7,416	\$7,632
Insurance	\$45,708	\$47,079	\$48,451
Payroll tax	\$13,052	\$13,443	\$13,385
Depreciation	\$174,163	\$179,388	\$184,770
Total recurrent costs to be recovered from fees	\$781,832	\$805,287	\$828,574

⁸⁴ All values have been rounded for presentation purposes to the nearest whole dollar

⁸⁵ All cost data obtained from Alpine Resorts Fees Survey 2007 unless otherwise specified.

⁸⁶ This set of estimates has been constructed from the product of 1) the initial total cost of visitor services at Mt Baw Baw (i.e. \$717,157 without the cost of trails and snow play; roads and car parks; and traffic control) and 2) the average (between 2006/07 to 2008/09) of the proportion of annual cost of trails and snow play for Mt Buller/Mt Stirling; Falls Creek and Mt Hotham to the total cost of visitor services (i.e. 1.43%).

⁸⁷ This set of estimates has been constructed from the product of 1) the initial total cost of visitor services at Mt Baw Baw (i.e. \$717,157) and 2) the average (between 2006/07 to 2008/09) of the proportion of annual cost of roads and car parking for Mt Buller/Mt Stirling; Falls Creek and Mt Hotham to the total cost of visitor services (i.e. 3.84%).

⁸⁸ This set of estimates has been constructed from the product of 1) the initial total cost of visitor services at Mt Baw Baw (i.e. \$717,157) and 2) the average (between 2006/07 to 2008/09) of the proportion of annual cost of traffic control for Mt Buller/Mt Stirling; Falls Creek and Mt Hotham to the total cost of visitor services (i.e. 3.75%).

⁸⁹ Includes: resort management and development; land and property management; strategic plan implementation; human resources management; environmental management; asset management; risk management; financial management; municipal building surveying; snow reporting; postal service; and snow making. Values are based on pro-rata application of the corporate management expense in the Mt Baw Baw Profit and Loss Snapshot.xls 2006/07 (i.e. multiplying the corporate management expense by the ratio of public access, safety & education expense to total recurrent expenses). Increase in costs from 2006/07 to 2007/08 and from 2007/08 to 2008/09 is assumed to be 3%.

Table B5: Estimated recurrent cost of providing visitor services at Lake Mountain (2006/07 – 2008/09)⁹⁰

<i>Visitor service recurrent cost components⁹¹</i>	2006/07	2007/08	2008/09
Visitor information	\$140,030	\$144,231	\$148,558
Marketing	\$2,373	\$2,444	\$2,517
Ski trails and toboggan run	\$30,312	\$31,222	\$32,159
Ski patrol	\$34,080	\$35,103	\$36,156
Snow clearing	\$9,670	\$9,961	\$10,259
Shuttle bus service	\$2,891	\$2,977	\$3,067
Water	\$221,999	\$228,659	\$235,519
Sewerage	\$10,630	\$10,949	\$11,278
Insurance ⁹²	\$20,492	\$21,107	\$21,740
Salary/Wages + On costs ⁹³	\$186,532	\$192,128	\$197,892
Administration ⁹⁴	\$63,665	\$65,575	\$67,542
Vehicle Fleet	\$101,224	\$104,260	\$107,388
Workshop (tool/equipment maintenance)	\$82,395	\$84,867	\$87,413
Gate entry	\$10,150	\$10,455	\$10,769
Employee accommodation	\$6,231	\$6,418	\$6,611
Depreciation ⁹⁵	\$99,667	\$94,658	\$97,498
Car parks and roads ⁹⁶	\$39,244	\$40,114	\$41,318
Traffic control ⁹⁷	\$38,337	\$39,187	\$40,362

⁹⁰ All values have been rounded for presentation purposes to the nearest whole dollar

⁹¹ All cost data obtained from Lake Mountain Corporate Plan (2006-2007) with apportionments of ski trails and toboggan run, ski patrol, snow clearing, shuttle bus services, water, sewerage, vehicle fleet, workshop, gate entry, accommodation to operations expense based on proportions provided in the Alpine Resorts Fees Survey 2007.

⁹² Data based on pro-rata application of insurance in the Lake Mountain Corporate Plan (2006-2007) (i.e. multiplying the insurance expense by the ratio of visitor service and operations expenses to total recurrent expenses).

⁹³ Data based on pro-rata application of salaries/wages + on costs expense in the Lake Mountain Corporate Plan (2006-2007) (i.e. multiplying the salaries/wages + on costs expense by the ratio of visitor service and operations expenses to total recurrent expenses). Operations expense is not defined in the Corporate Plan.

⁹⁴ Data based on pro-rata application of the administration expense in the Lake Mountain Corporate Plan (2006-2007) (i.e. multiplying the administration expense by the ratio of visitor service and operations expenses to total recurrent expenses)

⁹⁵ Data based on pro-rata application of the depreciation expense in the Lake Mountain Corporate Plan (2006-2007) (i.e. multiplying the depreciation expense by the ratio of visitor service and operations expenses to total recurrent expenses)

⁹⁶ This set of estimates has been constructed from the product of 1) the initial total cost of visitor services at Lake Mountain (i.e. \$1,045,015.20) and 2) the average (between 2006/07 to 2008/09) of the proportion of annual cost of roads and car parking for Mt Buller/Mt Stirling; Falls Creek and Mt Hotham to the total cost of visitor services (i.e. 3.84%).

⁹⁷ This set of estimates has been constructed from the product of 1) the initial total cost of visitor services at Mt Lake Mountain (i.e. \$1,045,015.20) and 2) the average (between 2006/07 to 2008/09)

Total recurrent costs to be recovered from fees	\$1,099,923	\$1,124,316	\$1,158,046
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of the proportion of annual cost of traffic control for Mt Buller/Mt Stirling; Falls Creek and Mt Hotham to the total cost of visitor services (i.e. 3.75%).

Table B6: Cost recovery under Fee Option one

Cost recovery scenario - calculation of weighted average

Fee regulation	Description	Current max fee	Proposed max fee	Percentage increase	Estimated usage					Total
					Mt Buller/Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain	
Regulation 27(2)	Daily bus passenger access and use fee	\$ 13.25	\$ 12.99	-2.0%	58,651	24,902	22,800	1,068	10,589	118,009
Regulation 28(2)(a)	Daily motor vehicle access and use fee	\$ 42.00	\$ 42.60	1.4%	44,246	74,259	21,633	38,435	18,078	196,652
Regulation 28(2)(b)(i)	Daily motor vehicle access and use fee with passengers > 7	\$ 39.75	\$ 40.31	1.4%	NA	NA	NA	NA	NA	-
Regulation 28(2)(b)(ii)	Daily motor vehicle access and use fee per passenger with	\$ 13.25	\$ 12.99	-2.0%	NA	NA	NA	NA	NA	-
Regulation 29(2)	Daily individual access and use fee	\$ 13.25	\$ 12.99	-2.0%	NA	NA	NA	NA	NA	-
Regulation 30(2)	Annual motor vehicle access and use fee	\$ 504.00	\$ 511.16	1.4%	1,467	1,633	1,840	1,355	637	6,932
Regulation 34(2)(a)	Daily cross country skiing fee									
	Adult fee with authority	\$ 8.80	\$ 3.40	-61.4%	NA	2,583	NA	300	775	3,658
	Child fee with authority	\$ 4.40	\$ 1.70	-61.4%	NA	537	NA	75	4,102	4,714
	Family fee with authority	\$ 22.00	\$ 8.50	-61.4%	NA	93	NA	50	NA	143
	Consecutive daily Adult fee	\$ 8.80	NA	NA	NA	NA	NA	NA	NA	-
	Consecutive daily Child fee	\$ 4.40	NA	NA	NA	NA	NA	NA	NA	-
	Consecutive daily Family fee	\$ 22.00	NA	NA	NA	NA	NA	NA	NA	-
Regulation 34(2)(b)	Seasonal cross country skiing fee including authority									
	Adult fee	\$ 110.00	\$ 40.79	-62.9%	NA	78	NA	20	115	213
	Child fee	\$ 55.00	\$ 20.39	-62.9%	NA	6	NA	5	23	34
	Family fee	\$ 264.00	\$ 101.97	-61.4%	NA	3	NA	10	NA	13
Regulation 36(2)(a)	Annual vehicle village access fee with non-transferable auth	\$ 286.00	\$ 82.21	-71.3%	250	2,848	NA	120	150	3,368
Regulation 36(2)(b)	Annual vehicle village access and parking fee with non-trans	\$ 495.00	\$ 534.24	7.9%	532	NA	NA	NA	NA	532
Regulation 36(2)(c)	Annual vehicle village access and parking fee with transferat	\$ 1,650.00	\$ 1,779.03	7.8%	25	NA	NA	NA	NA	25
Regulation 36(2)(d)	Annual oversnow vehicle use and parking fee with authority	\$ 20.00	\$ 28.69	43.5%	100	170	NA	NA	NA	270
Regulation 38(2)	Camping fee									
	Daily camping fee per person with authority	\$ 3.30	\$ 3.30	0.0%	Not enough information					
	Consecutive daily fee per person	\$ 3.30	\$ 3.00	-9.1%						
	Amount required for cost recovery				\$ 5,239,610	\$ 3,713,853	\$ 4,715,916	\$ 805,288	\$ 1,124,315	\$ 15,598,982
	Max. recovery under current fees				\$ 3,752,916	\$ 5,126,635	\$ 2,138,060	\$ 2,354,757	\$ 1,302,470	\$ 14,674,836
	Max. recovery under proposed fees				\$ 3,748,741	\$ 4,574,746	\$ 2,158,286	\$ 2,357,111	\$ 1,260,542	\$ 14,099,426
	Outcome for resort boards under max. fee scenario				-\$ 1,490,869	\$ 860,893	-\$ 2,557,630	\$ 1,551,823	\$ 136,227	-\$ 1,499,556
	Percentage cost recovery under max. scenario				72%	123%	46%	293%	112%	90%

Table B7: Cost recovery under Fee Option three

Cost recovery scenario - Applying CPI scenario



Fee regulation	Description	Current max fee	Proposed max fee	Percentage increase	Estimated usage					Total
					Mt Buller/Mt Stirling	Falls Creek	Mt Hotham	Mt Baw Baw	Lake Mountain	
Regulation 27(2)	Daily bus passenger access and use fee	\$ 13.25	\$ 14.82	11.9%	58,651	24,902	22,800	1,068	10,589	118,009
Regulation 28(2)(a)	Daily motor vehicle access and use fee	\$ 42.00	\$ 46.98	11.9%	44,246	74,259	21,633	38,435	18,078	196,652
Regulation 28(2)(b)(i)	Daily motor vehicle access and use fee with passengers > m	\$ 39.75	NA	NA	NA	NA	NA	NA	NA	-
Regulation 28(2)(b)(ii)	Daily motor vehicle access and use fee per passenger with	\$ 13.25	NA	NA	NA	NA	NA	NA	NA	-
Regulation 29(2)	Daily individual access and use fee	\$ 13.25	\$ 14.82	11.9%	NA	NA	NA	NA	NA	-
Regulation 30(2)	Annual motor vehicle access and use fee	\$ 504.00	\$ 563.77	11.9%	1,467	1,633	1,840	1,355	637	6,932
Regulation 34(2)(a)	Daily cross country skiing fee									
	Adult fee with authority	\$ 8.80	\$ 11.58	31.5%	NA	2,583	NA	300	775	3,658
	Child fee with authority	\$ 4.40	\$ 5.79	31.5%	NA	537	NA	75	4,102	4,714
	Family fee with authority	\$ 22.00	\$ 28.94	31.5%	NA	93	NA	50	NA	143
	Consecutive daily Adult fee	\$ 8.80	NA	NA	NA	NA	NA	NA	NA	-
	Consecutive daily Child fee	\$ 4.40	NA	NA	NA	NA	NA	NA	NA	-
	Consecutive daily Family fee	\$ 22.00	NA	NA	NA	NA	NA	NA	NA	-
Regulation 34(2)(b)	Seasonal cross country skiing fee including authority									
	Adult fee	\$ 110.00	\$ 144.69	31.5%	NA	78	NA	20	115	213
	Child fee	\$ 55.00	\$ 72.35	31.5%	NA	6	NA	5	23	34
	Family fee	\$ 264.00	\$ 347.26	31.5%	NA	3	NA	10	NA	13
Regulation 36(2)(a)	Annual vehicle village access fee with non-transferable auth	\$ 286.00	\$ 376.20	31.5%	250	2,848	NA	120	150	3,368
Regulation 36(2)(b)	Annual vehicle village access and parking fee with non-trans	\$ 495.00	\$ 651.11	31.5%	532	NA	NA	NA	NA	532
Regulation 36(2)(c)	Annual vehicle village access and parking fee with transfera	\$ 1,650.00	\$ 2,170.36	31.5%	25	NA	NA	NA	NA	25
Regulation 36(2)(d)	Annual oversnow vehicle use and parking fee with authority	\$ 20.00	\$ 26.31	31.5%	100	170	NA	NA	NA	270
Regulation 38(2)	Camping fee									
	Daily camping fee per person with authority	\$ 3.30	\$ 4.34	31.5%	Not enough information					
	Consecutive daily fee per person	\$ 3.30	\$ 4.34	31.5%	Not enough information					
	Amount required for cost recovery				\$ 5,239,610	\$ 3,713,853	\$ 4,715,916	\$ 805,288	\$ 1,124,315	\$ 15,598,982
	Max. recovery under current fees				\$ 3,752,916	\$ 5,126,635	\$ 2,138,060	\$ 2,354,757	\$ 1,302,470	\$ 14,674,836
	Max. recovery under proposed fees				\$ 4,272,404	\$ 5,902,842	\$ 2,391,630	\$ 2,642,588	\$ 1,473,014	\$ 16,682,477
	Outcome for resort boards under max. fee scenario				-\$ 967,206	\$ 2,188,989	-\$ 2,324,286	\$ 1,837,300	\$ 348,699	\$ 1,083,495
	Percentage cost recovery under max. scenario				82%	159%	51%	328%	131%	107%

Appendix C: Proposed changes to the regulation

Table C1: Summary of proposed changes to the regulation

Proposed Regulation	Subject	Existing Regulation	Reason for change
PART 1	PRELIMINARY		
1	Objective	1	Better reflects full scope of regulations.
2	Authorising provision	2	No change.
3	Commencement	3	Different date. (Regulations must come into operation before existing regulations expire).
4	Revocation	4	Existing regulations need to be revoked.
5	Definitions	5	Definitions necessary for new terms.
6	Application of regulations	6	Clarifications needed, including exemptions for DSE and Parks Victoria.
PART 2	POWERS OF BOARDS IN RELATION TO ALPINE RESORTS		
7	Board may declare snow season for alpine resorts	7	No change.
8	Temporary closure of alpine resort to entry	N/A	Need for temporary closure of resorts to entry brought to light during recent bushfire crises.
9	Board may determine parts of alpine resort to which entry is prohibited	8	Need to protect water supplies.
10	Areas set aside for public use	10	No material change.
11	Board must display signs and notices	11	No material change.
12	Determination may be amended or revoked	12	No material change.
13	Setting aside areas for the use, parking or driving of vehicles	9	No material change.
14	Authority to use, drive or park vehicles in alpine resorts	25	No need to restrict to 4WD vehicles. ⁹⁸
15	Vehicle use, driving and parking offences	25, 53	No need to restrict to 4WD vehicles, and various clarifications needed.

⁹⁸ For example, an authority could be issued to an all-wheel drive vehicle.

Proposed Regulation	Subject	Existing Regulation	Reason for change
16	Power of authorised officers and members of the force to remove vehicles	N/A	New regulation implementing changes to Act authorising removal of illegally parked vehicles. Needed for safety and better management of resorts.
17	Camping	10, 40	Need for limits on length of camping period.
18	Use of toboggans, sleds, ski-bobs or inflatable devices	10, 48	Need to specify permitted classes of toboggans etc for safety reasons.
19	Cross country ski trails	10, 22	Need to make parents or guardians responsible for use of trails by children. ⁹⁹
20	Skiing, snowboarding and other snowplay activities	10, 47	No material change.
21	Landing of aircraft	17, 51	Need to regulate the landing of aircraft.
22	Riding and bringing horses or pack animals into an alpine resort	10, 43	Need to introduce owner's liability for animal not under control.
23	Prohibition on possessing or consuming liquor	10, 39	Need to refer to 'liquor' rather than 'alcohol', in line with liquor control legislation.
24	Lighting or maintaining fires	41	Need to regulate lighting of fires to help prevent wild fires. ¹⁰⁰
25	Surrender and cancellation of authorities	13	Clarification of process.
26	Offence to fail to comply with an authority	N/A	Need to be able to enforce conditions of authorities.
PART 3			
FEES			
Division 1			
Fees for Access or Use of Alpine Resorts			
27	Offence to enter an alpine resort as a bus passenger without paying fee	14	Maximum fee recalculated. ¹⁰¹
28	Offence to enter an alpine resort in a motor vehicle without paying fee	15	Maximum fee recalculated. Omission of one-third limit on off-season fees to enable Boards to recover costs.
29	Offence for persons to enter alpine resorts by means other than in buses and motor vehicles without paying fee	16	Maximum fee recalculated.

⁹⁹ In law, a child under the age of 10 cannot be charged with an offence.

¹⁰⁰ The new regulations are based on those applying to national parks.

¹⁰¹ Fees have been expressed in fee units to allow for annual CPI increases.

Proposed Regulation	Subject	Existing Regulation	Reason for change
30	Power of Boards to determine annual fee for access or use of alpine resorts	16A	Maximum fee recalculated.
31	Considerations Board must take into account in determining fees	16B	Seasonal considerations included e.g. to allow lower fees in summer.
32	Classes of person not required to pay access or use fees	16C	No material change. ¹⁰²
33	Board may reduce or waive fees for access or use of alpine resorts	16D	Fees may be waived for bus drivers.
34	Board may determine fee for use of cross country ski trail	23	Maximum fee recalculated.
35	Board may reduce, waive or refund fee for use of cross country ski trail	24	Refunds for certain cancellations allowed.
36	Board may determine fee for using, driving and parking vehicles with a vehicle authority	26	Maximum fees recalculated.
37	Board may waive or refund fee for vehicle authority	25	Refunds for certain cancellations allowed.
38	Board may determine fee for camping in an alpine resort and may refund fee	30	Maximum fees recalculated.
39	Board may issue replacement authority	34	Fee recalculated.
PART 4	GENERAL USE AND CONTROL OF ALPINE RESORTS		
40	Behaviour	36	Offence limited to public places. Penalties made consistent with Summary Offences Act.
41	Damaging or defacing property etc.	37	Offence limited to property of a Board. ¹⁰³
42	Games and activities	38	Certain penalties reduced.
43	Hygiene	41	Need to protect water supplies and catchments.
44	Use of soap or detergent	41	No material change.

¹⁰² See proposed Regulation 6(2).

¹⁰³ Damage to private property is a civil matter.

Proposed Regulation	Subject	Existing Regulation	Reason for change
45	Dogs	42	Need for owner's or carer's liability if dog not under control.
46	Other animals	44	Need for owner's or carer's liability if animal not under control. Also, cattle no longer permitted in alpine resorts.
47	Seizure and impounding of animals	N/A	Need power to enforce regulations.
48	Protection of flora and fauna	N/A	New regulations needed to protect alpine ecosystems. ¹⁰⁴
49	Beehives	45	No material change.
50	Firearms and other weapons	46	Lower penalty for possession than use.
51	Ski equipment to be fitted with certain mechanisms	49	No material change.
52	Use of ski lifts	50	Dropping of object must be intentional.
53	Offence to obstruct or interfere with a Board managed road	52	Clarification of roads to which offence applies, in accordance with Road Management Act.
54	Offence relating to damage or destruction of works, signs, gates etc of a Board	52	No material change.
55	Use of wheel chains on vehicles	54	Need to include power to deny entry or order removal from resort for failure to comply with direction to produce or fit wheel chains.
56	Prescribed Board may waive carrying of wheel chains on certain days	54A	No material change.
PART 5	POWERS OF AUTHORISED OFFICERS AND MEMBERS OF THE FORCE		
57	Authorised officer or member of the force may request person to leave area in an alpine resort	55	No material change, except member of the force added to improve enforcement of regulations.
58	Authorised officer or member of the force may direct person to cease doing an activity in an alpine resort	56	No material change, except member of the force added to improve enforcement of regulations.

¹⁰⁴ This regulation is based on those applying in national parks.

Proposed Regulation	Subject	Existing Regulation	Reason for change
59	Powers of authorised officers or members of the force in relation to vehicles	57	No material change, except member of the force added to improve enforcement of regulations.

Appendix D: Proposed regulations - insignificant impacts

Table D1: List of unquantifiable costs of the proposed regulations

Reg No. and cost item	Costs imposed on	Nature of cost
PART 2 — POWERS OF BOARDS IN RELATION TO ALPINE RESORTS		
Reg 8 – Temporary closure of Alpine resort to entry	Visitors	Visitors who are unaware of closure may incur minor unquantifiable travel costs in approaching closed resorts – which are likely to be lower than those costs which may arise from entering dangerous areas.
Reg 9 – Board may determine parts of alpine resort to which entry is prohibited	Visitors	Minor unquantifiable costs for some visitors from the inconvenience of being unable to visit certain areas within resorts.
Reg 10 – Areas set aside for public use	Visitors	Minor unquantifiable costs for some visitors from the inconvenience of restrictions on the use of certain areas within resorts.
Reg 11 – Board must display signs and notices	Boards	Minor unquantifiable ¹⁰⁵ costs for the Boards of making and erecting signs.
Reg 12 – Determination under Reg 9, 10 and 13 may be amended or revoked	Visitors	Minor unquantifiable increases in costs for some visitors if further restrictions are imposed by amendments to determinations.
Regs 13 and 15 – Access and parking of vehicles	Drivers	Minor unquantifiable costs incurred by some drivers from the inconvenience of access and parking restrictions. ¹⁰⁶ Boards incur no costs in removing illegally parked vehicles because these costs can be recovered from vehicle owners. ¹⁰⁷
Reg 14 – Authority to use, drive or park vehicles in alpine resorts	Drivers	Very minor unquantifiable cost to some visitors arising from not being allowed to access village areas in non-special vehicles (mainly 2WDs).
Reg 17 – Camping	Campers	Minor unquantifiable costs incurred by campers arising from restrictions on areas

¹⁰⁵ Whilst the cost of signs can be estimated, the number of signs required over the next 10 years cannot be predicted.

¹⁰⁶ The penalties for offences against the regulations are not costs imposed by the regulations since they are voluntarily incurred i.e. offenders can choose to avoid penalties by complying with the law.

¹⁰⁷ These costs are also voluntarily incurred.

Reg No. and cost item	Costs imposed on	Nature of cost
		available for camping.
Reg 18 – Use of toboggans, sleds, ski-bobs or inflatable devices	Toboggan, sled, ski-bob or inflatable device users	Very minor unquantifiable cost to users of toboggans sleds, ski-bobs or inflatable devices arising from restrictions on use (in terms of permissible area and type of device).
Reg 19 – Cross-country ski trails	Cross-country skiers	Minor cost to cross-country skiers and arising from restrictions (in terms of permissible area and age of skier).
Reg 20 –Skiing, snowboarding and other snow-play activities	Skiers, snowboarders and those who engage in other snow-play activities	Very minor unquantifiable cost to downhill skiers, snow boarders and those who engage in other snow play activities arising from restrictions (in terms of permissible area for activity).
Reg 21 – Landing of aircraft	Persons in charge of aircraft	Minor cost to persons in charge of aircraft arising from restrictions (in terms of permissible area for landing).
Reg 22 – Riding and bringing of horses or pack animals to an alpine resort	Owners of horses or pack animals	Minor unquantifiable cost to some horse/pack animal owners arising from restrictions (in terms of permissible area for riding/leading a horse/pack animal).
Reg 23 – Prohibition on possessing and consuming liquor	Consumers of liquor	Very minor unquantifiable cost to consumers of liquor arising from restrictions (in terms of permissible area for consumption).
Reg 24 – Lighting or maintaining fires	Some visitors (mainly campers)	Minor unquantifiable cost to some visitors (mainly campers) arising from restrictions (in terms of permissible area for lighting a fire).
Reg 25 – Surrender and cancellation of authorities	Authority holders	Minor inconvenience to authority holders arising from restrictions and possible cancellations for resort management reasons (note that refunds are available under Part 3 of regs).
Reg 28(5) – Fee receipts to be affixed to vehicle	Drivers	Negligible unquantifiable cost to some visitors arising from the requirement to fix fee receipts to vehicles.
PART 4 — GENERAL USE AND CONTROL OF ALPINE RESORTS		
Reg 42 – Games and activities	Some visitors	Very minor inconvenience to some visitors arising from not being able to play games etc.
Reg 43 – Hygiene	Some campers and other visitors	Minor inconvenience to some campers and other visitors (in relation to maintaining the cleanliness/tidiness of a site and restrictions on camping distance from natural water source). Most campers would do these things anyway.

Reg No. and cost item	Costs imposed on	Nature of cost
Reg 44 – Use of soap and detergent	Some campers	Minor inconvenience to some campers (in terms of disposing of soaps and detergents at a minimum distance away from natural water source). Most campers would do these things anyway.
Reg 45 – Dogs	Some dog owners	Minor unquantifiable cost to some dog owners arising from restrictions in terms of bringing a dog into a resort.
Reg 46 – Other animals (other than dog, horse and pack animal)	Some other animal owners	Minor unquantifiable cost to some other animal owners arising from restrictions in terms of bringing some 'other' animal into a resort.
Reg 48 – Protection of flora and fauna	Ski lift companies, other resort businesses and lessees	Minor unquantifiable cost to ski lift companies, other resort businesses and lessees arising from restrictions from interfering with flora and fauna and having to obtain permits.
Reg 549 – Beehives	Apiarists	Minor unquantifiable cost to apiarists arising from restrictions on keeping a beehive at a resort and having to obtain licences.
Reg 50 – Firearms and other weapons	Weapons users	Minor unquantifiable cost to weapons users arising from restrictions on firearm, bow, missile, explosive or firework use and having to obtain authorities.
Reg 51 – Ski equipment to be fitted with certain mechanisms	Some skiers	Very minor unquantifiable cost to some skiers arising from fitting straps or other mechanisms (all modern skis already have such mechanisms).
Reg 56 – Prescribed Board may waive carrying of wheel chains on certain days	Visitors/Boards	Very minor unquantifiable cost to some visitors in terms of a slight increase in the risk of accidents if road or weather conditions unexpectedly and significantly deteriorate after a decision is made to waive the requirement to carry wheel chains. ¹⁰⁸ The risk is low because decisions are to be made no earlier than the same day or the day prior to the day that the waiver applies. The proposed regulations specify strict criteria requiring that the Board must take into account when deciding whether to waive the carrying of wheel chains, including; <ul style="list-style-type: none"> • the general conditions of the roads; • the extent of any snow or ice on the roads;

¹⁰⁸ Tim Harding & Associates, 2004b.

Reg No. and cost item	Costs imposed on	Nature of cost
		<p>and</p> <ul style="list-style-type: none"> • the latest available weather forecasts. <p>Increase in resource costs by Boards in needing to assess roads and weather conditions, to make decisions about waiving the requirement to carry wheel chains and for the costs of communicating this information to visitors (e.g. phone line information and changing signage to provide adequate advance information to visitors).¹⁰⁹</p>
PART 5 – POWERS OF AUTHORISED OFFICERS AND MEMBERS OF THE FORCE		
Reg 58 - Authorised officer or member of the force may direct person to cease doing an activity in an alpine resort	Some visitors	Minor inconvenience to some visitors arising from having to cease some activities.
Reg 59 – Powers of authorised officers or members of the force in relation to vehicles	Some visitors	Minor inconvenience to some visitors in having to follow directions of authorised officers (most visitors have no problem with such directions).
General	Boards and Victoria Police	Unknown enforcement costs as it is not possible to predict the number of offences likely to be committed.

¹⁰⁹ Tim Harding & Associates, 2004b.

Appendix E: Other cost calculations

Estimated cost of wheel chains under Option A

Table E1: Estimations of the number of vehicle days by resort (2006/07)

Alpine Resort	Number of vehicles (a)	Number of visitors (b)	Number of visitor days (c)	Number of vehicle days (d)=(a)x(c)/(b)
Mount Buller/Mount Stirling	44,246	157,000	409,083	115,288
Falls Creek	55,386	157,960	351,666	123,306
Mount Hotham	26,907	96,000	320,752	89,901
Mount Baw Baw	14,983	15,403	43,250	42,071
Lake Mountain	3,186	17,215	115,713	21,415

At Falls Creek and Mount Hotham, chains are required at all times during the winter season. At the other resorts, however, there are many days when snow is not forecast and the road is clear of snow and ice. In 2004, wheel chains were required to be fitted to vehicles for only 20% of the snow season at Mount Baw Baw, 16% of the snow season at Lake Mountain and 27% of the snow season at Mount Buller.¹¹⁰

Assuming that 50% of vehicles already own their own wheel chains (i.e. half of visitors would be regular visitors) - the number of vehicle days affected by the requirement of regulation (57) to carry wheel chains and associated cost per resort is shown in Table E2. The total estimated annual cost of wheel chain hire would come to approximately \$3.2m per annum or approximately \$26.7m over 10 years in present value (2007/08) dollars.

Table E2: Estimations of the number of vehicle days affected by regulation (57) and cost to visitors by resort (2006/07)

	Number of vehicle days where wheel chains are required ¹¹¹	Total annual cost of wheel chain hire ¹¹²	10 year net present value ¹¹³
Mount Buller/Mount Stirling	15,564	\$ 389,100	\$ 3,235,991
Falls Creek	61,653	\$ 1,541,325	\$ 12,818,592
Mount Hotham	44,950	\$ 1,123,750	\$ 9,345,785
Mount Baw Baw	4,628	\$ 115,700	\$ 962,231
Lake Mountain	1,885	\$ 47,125	\$ 391,920

¹¹⁰ Tim Harding & Associates 2004b.

¹¹¹ From 2007 Alpine Resorts Fees Survey

¹¹² Assuming cost of \$25 per vehicle day

¹¹³ In accordance with VCEC, 2007, *Guidance Note on Discounting*, Melbourne

	Number of vehicle days where wheel chains are required ¹¹¹	Total annual cost of wheel chain hire ¹¹²	10 year net present value ¹¹³
Total	128,680	\$ 3,217,000	\$ 26,754,519

Estimated cost of compliance under Option B

The cost of winter tyres under Option Two

In order to calculate the incremental cost of winter tyre purchase for visitors of all resorts as a result of Option Two. It is assumed for the purposes of this RIS that 10% of all vehicles in would choose the option of fitting winter tyres. Based on the number of vehicles entering the alpine resorts in 2006/07, it is estimated that around 14,471 vehicles per annum would have to purchase and be fitted (when required) with winter tyres, as shown in Table A4.3. The cost of purchasing and fitting a 15 inch rim winter tyre (for a typical medium-sized 2WD car) is estimated at \$265 per tyre and for a 17 inch rim winter tyre (for a typical 4WD vehicle) the cost is estimated at \$400. The average price per tyre is therefore estimated to be around \$333 (assuming that half the vehicles require 15 inch rim tyres and half the remaining vehicles require 17 inch rim tyres).

Also each vehicle would require 5 tyres (including one spare) which would need to be replaced every 5 years – making the 5 yearly cost equal to approximately \$24m, calculated as follows:

$$14,471 \times 5 \times \$333 = \$24,094,215$$

Over 10 years and in present value (2007/08) dollars this would equal approximately \$44,380,897.51 rounded to \$44.4m.

The cost of wheel chains under Option Two

The cost of wheel chains under Option Two is calculated as 90 percent of the cost of wheel chains under Option One (i.e. deducting the 10% that choose to use snow tyres).

$$\$26.7\text{m}^{114} \times 90 \text{ percent} = \$24.1\text{m}$$

Total cost under Option Two

The total quantifiable cost 10 year cost (in 2007/08 dollars) under Option Two of winter tyres and wheel chains would equal \$44.4 + \$24.1, respectively or approximately \$68.3m.

The compulsory purchase of winter tyres would be far more expensive than the purchase or hiring of wheel chains, and would achieve largely the same if not lower benefits. Affordability of resort visitation is a key issue for the future of Victoria's resorts, and the ability of the resorts to attract new markets and new entrants to the sport will at least partially depend on being able to provide easy and seamless access to the snow.

¹¹⁴ See calculation of Option A

Estimated cost of codes of conduct under Option Three

It is recognised that in the absence of regulations that the government would ‘encourage’ the various alpine user associations (e.g. four wheel drivers association, campers association, cross country skiers association) to update codes of conduct that are outdated or create codes of conduct where codes are nonexistent. It is assumed for the purposes of this RIS that during any five year period that 10 associations would pursue the creation or update of codes of conduct for their members. Assuming that there are 1,000 members per association and that the opportunity cost (i.e. time cost)¹¹⁵ of establishing codes of practice is 20 hours per code (i.e. including 10hrs for consultation) the following cost is estimated per code of conduct for every 5 years;

- Cost of administration and preparation of a code of conduct @ 10hrs x \$52.05 per hour +
- Cost of consultation @ 10hrs x \$52.05 +
- Cost of mailing documentation to members via post @ 1000 members x \$0.50

= Total cost of \$1,541 per code of conduct once every 5 years

Therefore the cost of preparing codes of conduct for 10 associations would be \$15,410 once every 5 years or approximately \$28,839 over 10 years in present value terms.

¹¹⁵ It is understood that codes of conduct are organised by volunteers (typically association members) however there is still a ‘time cost’ of such work/effort.

Appendix F: Consultation

List of organisations consulted during the preliminary consultation process in 2007 (prior to the Regulations receiving a 12 month extension) and will be sent the Regulatory Impact Statement following its public release:

- Alpine Resorts Co-ordinating Council
- Alpine Resort Management Boards
- Board of Alpine Resorts Tourism
- Key recreation/user groups
 - Victorian Snow Sports Association
 - Mount Buller Ratepayers Association
 - Mount Buller Chamber of Commerce
 - Mount Hotham Chamber of Commerce
 - Mount Hotham Ski Association
 - Falls Creek Chamber of Commerce
 - Falls Creek Alpine Association Inc
 - Australian Ski Areas Associations
- Key commercial user groups
 - Buller Ski Lifts Pty Ltd
 - Mount Hotham Skiing Company Pty Ltd
 - Falls Creek Ski Lifts Pty Ltd
 - Roof Carriers Systems
- Parks Victoria
- Local Government (adjacent municipalities)
 - East Gippsland Shire Council
 - Wangaratta Shire Council
 - Alpine Shire Council
 - Wellington Shire Council
 - Murrindindi Shire Council
 - Baw Baw Shire Council
- Municipal Association of Victoria
- Department of Justice
- Assistant Commissioner, Region 4, Victoria Police
- Victorian National Parks Association
- VicRoads

Table F1: Summary of comments provided by stakeholders¹¹⁶

Existing Regulation Number	Content of Regulation	Stakeholder	Comment	Action Taken
5	Definitions	Victoria Police	Request examination of whether the definition of 'authorised officer' should include members of the police force.	Adopted in part. 'Members of the force' given some authority under proposed regulations.
6	Application of regulations	Victoria Police	Consolidate regulations dealing with exemption of police officers.	Adopted.
		Parks Victoria	Exemption of Parks Victoria staff from regulations.	Adopted.
41	Damaging or defacing Property	Mountt Buller Ratepayers Association	Property of lessees should be protected from damage or defacement.	Not adopted. Legal advice indicates damage to lessee's property would be covered by other legislation.
		Falls Creek Alpine Association		
		Hotham Ski Association		
18	Use of toboggans, sleds, ski-bobs or inflatable devices	Alpine Resorts Co-ordinating Council	Allow Boards to define what type of toboggans can be used in relevant areas within resorts.	Adopted.
55	Use of wheel chains	Victoria Police	Consideration should be given to providing authority to demand production of wheel chains and to deny entry if wheel chains not carried.	Adopted. Proposed regulations allow authorised officers to demand production of wheel chains and deny entry to resort if wheel chains not produced on demand. Power to search vehicles for wheel chains not supported.
56	Wheel chain waiver by prescribed Boards	Victoria Police VicRoads	Concern about overuse of wheel chain waiver provision	Not adopted. Prescribed Boards to ensure appropriate procedures in place to determine when to utilise the waiver provision. See RIS 5.1.4
General	Removal of	Mount Hotham	Need authority to remove vehicles which are illegally	Adopted.

¹¹⁶ Note: only relevant comments are detailed. Comments requiring amendments to the Act are not included.

Existing Regulation Number	Content of Regulation	Stakeholder	Comment	Action Taken
Comment	vehicles	Alpine Resort Management Board Mount Buller/ Mount Stirling Alpine Resort Management Board	parked.	
General Comment		Mount Buller/Mount Stirling Alpine Resort Management Board	Need authority to impound animals where appropriate	Adopted
General Comment		Roof Carrier Systems	Cars with snow tyres should be exempt from the requirement to fit wheel chains	Not adopted. Due to safety considerations a blanket approach is required regarding wheel chains; either all vehicles (or class of vehicles) are required to fit wheel chains or no vehicles (or class of vehicles) is required to fit wheel chains. There are substantial practical problems involved with requiring ARMB staff to check whether vehicles have appropriate snow tyres fitted.

Appendix G: Board questionnaire

Proposed Alpine Resorts (Management) Regulations 2008

Alpine Resort Management Board questionnaire

The average time taken to issue an authority

1a. For which activity does the Alpine Resort issue the greatest number of authorities per annum?

For example cross-country skiing, vehicle village access, camping etc...

1b. How long would you estimate the average time, measured in person minutes, is spent issuing an authority for the activity listed above?

Average time spent issuing an authority _____ mins

1c. Please describe the typical administrative process followed to issue such a permit

1d. Are there any other purposes for activities undertaken while issuing an authority? E.g. checking compliance with other regulations, collecting data etc...

1e. Are there any activities, requiring an authority, for which the estimated time spent to issue the authority varies significantly from the time identified above?

Yes/No

Activity requiring authority _____

Time taken to issue authority _____ mins

Reason for variation in time taken:

Variations in cost structure

2a. Cost information provided to the previous consultant related to 2006, which was a particularly poor snow season. Does the cost information reported vary significantly from what would occur in an average snow season?

Yes/No

Cost category	Reported Cost for 2006 season	Estimated variation in average season (+/- %)
Visitor information		
Community facilities		
Ski patrol (visitor safety)		
Snow clearing		
Village and shuttle bus guest transport		
Mt Stirling Visitation		
Plant/Vehicle/Workshop		
Gate entry and ticketing		
Water supply		
Sewerage		
Garbage		
Gas		
Car parking		
Traffic control		
Trail and snow play management (including Nordic and Toboggan)		

Entry of horse/pack animals

3. Please provide an estimate of the average annual number of horse/pack animals entering the Alpine Resort. Also provide rationale for estimation if appropriate.

Other

4. Amending the Regulations provides the opportunity to propose amendments to the structure of the fees as well as the maximum fees. Would the Board recommend any simplifications to the regulated fees? For example:

- specifying the maximum adult rate only, thus providing the Board with greater discretion to set concession and/or discounted rates for children/family/bus etc?
- Specifying the maximum daily fee rate only, thus providing the Board with greater discretion to set discounted rates for visitors staying longer than one day?

Appendix H: The Proposed Regulations

DN: DSE to provide once finalised.