

ALPINE RESORT SERVICE CHARGES TRANSPARENCY.

WHAT ARE YOUR SERVICE CHARGES PAYING FOR?



Falls Creek Alpine Resort Management Board (FCARMB) understand the importance of providing transparency on where income from service charges is utilised within the resort.

FCARMB has developed this document as a tool to assist you in understanding how service charges income is apportioned.

The three main types of financial charges in alpine resorts leasing are:

- 1 Site Rental
- 2 Service Charges
- 3 Headworks Charges / known at Falls Creek as Capital Ingoings

An average annual spend on Service Charges is approximately \$5.7M, of this \$4.6M is recouped via Service Charges with the remaining \$1.1M apportioned through Resort Entry Fees.

HOW \$100 IS SPENT IN A TYPICAL YEAR



Fire Protection

\$7.55



Roads

\$20.25



Public Amenity

\$2.00



Transport

\$29.00



Garbage Disposal

\$12.70



Water Supply

\$28.50

1 SITE RENTAL AND VALUATIONS

Government policy states that the private use of Crown land under leasehold arrangements across the State shall be based on a fair market value. FCARMB receives a fair return on the Crown's assets through rental that is determined on commercial principles and practices and reflects market rates.

To ensure consistency of approach across all alpine resorts, site rental is determined by the Victorian Valuer General from site value using a market-based approach. A consequence of adjustment to a market-based approach is that site rental can fall or rise with no restrictions or caps. This approach is consistent with determination of rent for other Crown land leases across Victoria. All revenue from site rent is utilised to carry out lease and land related services.

Valuations for rental purposes does not include the value of improvements. All new alpine leases include a provision that provides for the site rental to be reviewed every three years and adjusted to market rates, and for CPI adjustments between reviews to be made annually. This approach takes into consideration the potentially fluctuating site values and ensures that the rental rates reflect current market valuations.

Note: There are a small number of older leases (pre-2002) within Falls Creek of which the above approach to site rental does not apply, and site rental for these sites is covered under specific variations to the Head Lease.



② SERVICE CHARGES

Service Charge means an amount payable to the FCARMB (the Landlord) under the Alpine Resorts (Management) Act 1997. Under legislation, an Alpine Resort Board may fix an amount to be paid by any lessee of Crown lands or occupier of other lands within the resort as a contribution towards the costs incurred by the Board in installing, supplying, or maintaining all or any of the following services for the resort:



GARBAGE DISPOSAL



ELECTRICITY



WATER SUPPLY



ROADS



GAS



FIRE PROTECTION



DRAINAGE



SNOWMAKING



SEWERAGE



TRANSPORT

FCARMB currently calculates service charges based on beds and commercial area. For service charges, the latest available bed audit number and Fully Enclosed Commercial Area (FECA) will be used to allocate costs based on the rate per bed and or including, commercial m2 as approved within the Corporate Plan for the charging period.

Service charges are the most flexible revenue source, however, the precise identification by the Alpine Resorts (Management) Act 1997 of the services to be provided at each resort, will tend to restrict any increases to those which can be specifically identified on a service-by-service basis.

Currently, individual contributions to service charges are calculated on the basis of dividing the total cost of providing all services at the resort by a factor derived from bed numbers and commercial area. This provides an appropriate mechanism for the unitisation of charges to which an apportionment of cost recoveries can be levied.

③ HEADWORKS CHARGES / KNOWN IN FALLS CREEK AS CAPITAL INGOINGS

Capital ingoings are a one-off payment made by developers/ lessees as a contribution towards the expansion and maintenance of the infrastructure and community amenities that support the resort to ensure that the services required to be provided meet the demand and growth incurred with development and expansion. The basis for calculating these contributions by FCARMB is currently determined based on additional beds or increased commercial area proposed in development plans.

Capital ingoings will be charged where site holders enter into a development which increases the capacity of the site. Capital ingoings will be charged in relation to the additional beds over and above the rated bed number or commercial area. Capital ingoings charges are separate to the process for annual service charges and are based on rated bed numbers *not* bed audit numbers. The rated bed number is determined based on the rated bed number provided by the Alpine Resorts Commission in 1997 plus any additional beds which capital ingoings have been paid by the site holder.

A site holder can opt to increase the rated bed numbers despite no development occurring.

References:

1. Falls Creek Resort Management Operations Service Level Manual; found here; <https://corporate.fallscreek.com.au/wp-content/uploads/sites/55/2018/09/FCRM-Operations-Service-Level-Manual-Rev-3.0-4-Jun-2018.pdf>
2. Model Financial Policies and Procedures, prepared by the Department of Environment, Land, Water and Planning, with which our policies are aligned; found here; https://www.delwp.vic.gov.au/_data/assets/pdf_file/0026/46727/DELWP-Model-Financial-Policies-and-Procedures-Oct-2020.pdf
3. Cost Recovery Guidelines prepared by the Department of Treasury and Finance, which were in place until 1 July 2021, now replaced by the Pricing for Value Guide, both of which are accessible here; <https://www.dtf.vic.gov.au/financial-management-government/indexation-fees-and-penalties>
4. Standing Directions 2018 found here; <https://www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994>
5. Financial Management Act 1994 found here; Financial Management Act 1994 (legislation.vic.gov.au) <https://www.legislation.vic.gov.au/>
6. Public Administration Act 2004 found here; Public Administration Act 2004 (legislation.vic.gov.au) <https://www.legislation.vic.gov.au/>
7. Alpine Resorts (Management) Act 1997
8. Alpine Resorts Leasing Policy 2002

More information on the contents of this document can be found at corporate.fallscreek.com.au