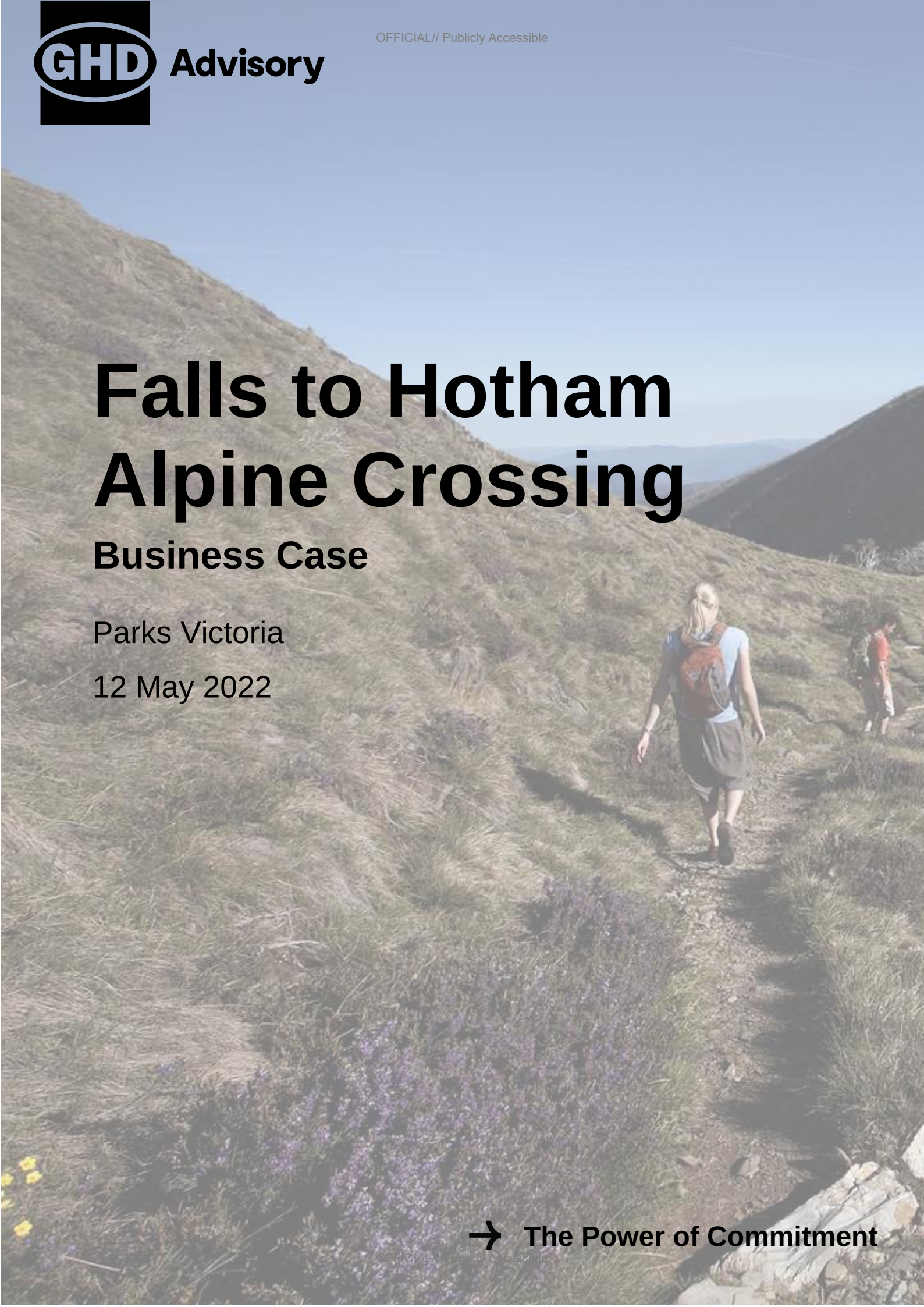
GHD Advisory



Falls to Hotham Alpine Crossing

Business Case

Parks Victoria

12 May 2022

→ The Power of Commitment

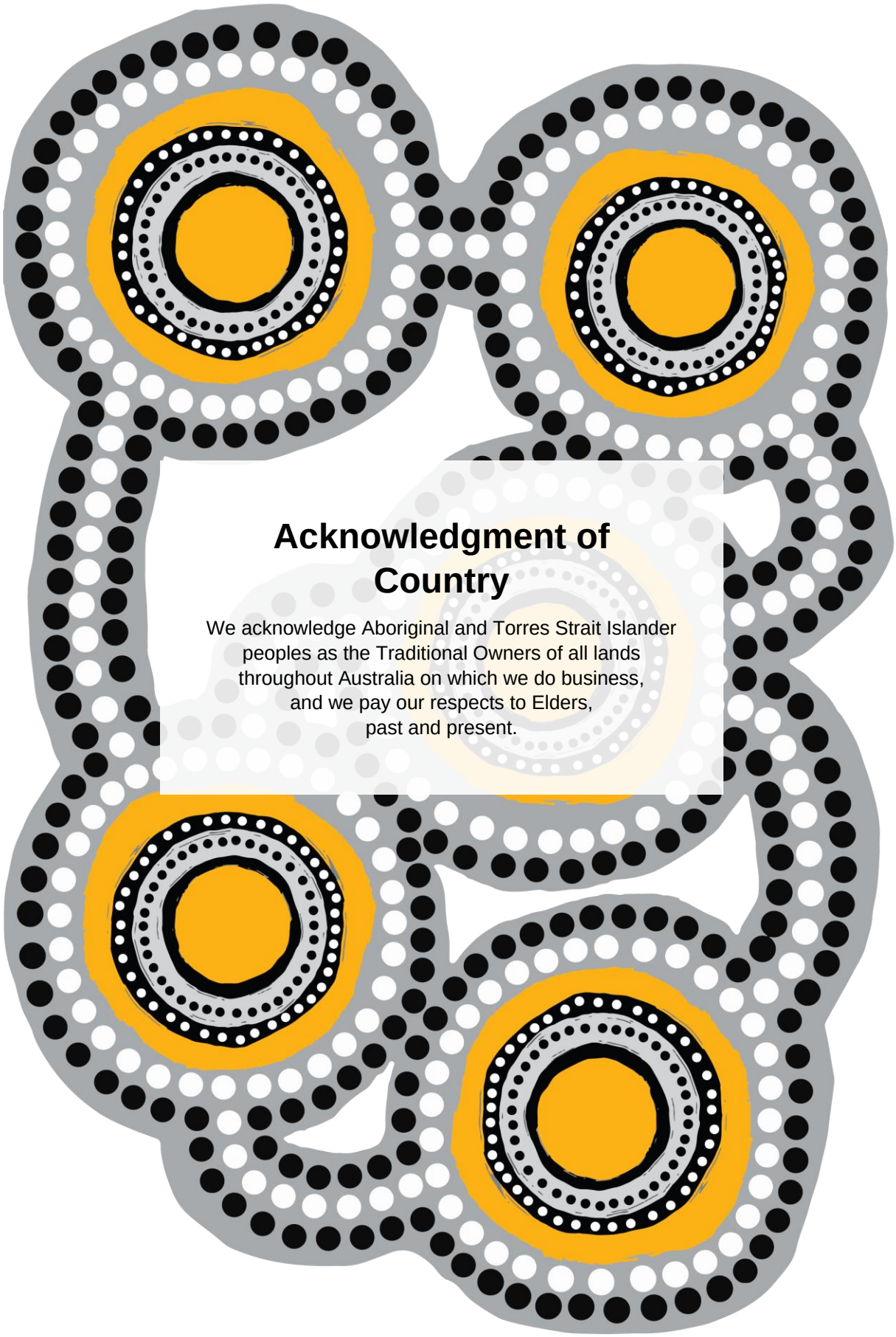
GHD Pty Ltd | ABN 39 008 488 373
105 Hume Street, Suite 5
Wodonga, Victoria 3690, Australia
T +61 2 6043 8700 | **E** abxmail@ghd.com | **ghd.com**

Front cover image credit: Visit Victoria

Printed date	12/05/2022 4:27:00 PM
Last saved date	12 May 2022
File name	https://projectsportal.ghd.com/sites/pp07_04/fallstohothamalpinec/ProjectDocs/12550842-REP-C_Falls to Hotham Alpine Crossing - Business Case.docx
Author	Personal Information
Project manager	
Client name	Parks Victoria
Project name	Falls to Hotham Alpine Crossing - Business Case and Operational Plan Development
Document title	Falls to Hotham Alpine Crossing | Business Case
Revision version	Rev 1 (Final)
Project number	12550842

Document status

Status Code	Revision	Author	Reviewer		Approved for issue		
			Name	Signature	Name	Signature	Date
S3	A	Personal Information		On file	Personal Information	On file	11/02/2022
S4	A			On file		On file	11/02/2022
S4	B			On file		On file	14/03/2022
S4	C			On file		On file	14/04/2022
S4	0 (Final)			On file		On file	19/04/2022
S4	1 (Final)			On file		On file	12/05/2022



Acknowledgment of Country

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of all lands throughout Australia on which we do business, and we pay our respects to Elders, past and present.

Senior Responsible Officer attestation

The undersigned attests this business case has been prepared:

- with consideration of the applicable sections of the *Project Development and Construction Management Act 1984 (Vic)* (refer section 7.2.1) and the *Investment Management and High Value and High Risk Guidelines* (both available on the DTF website). ☐
- that the business case will achieve the full intended service outcome. ☐
- that the business case will achieve the intended service outcome subject to the following additional investments … ☐

Signature: **Date:**

Name of Senior Responsible Officer:

Title:

Board approval

This business case was approved by the Parks Victoria Board on 26 April 2022, as per the below.

2021-22 PARKS VICTORIA BOARD AND COMMITTEE OUTCOMES

BOARD

ID	Meeting Date	Item	Decision/Action	Action Point
B21-22/99	26 April 2022	16. Falls to Hotham	Decision	1. The Board approved the Falls to Hotham Alpine Crossing Business Case. 2. The Board noted current funding for Stage One of $15 million for capital implementation. 3. The Board noted management will be seeking Ministerial approval for cost recovery fee pricing to cover operational and maintenance costs including for Stage One.

This report: has been prepared by GHD for Parks Victoria and may only be used and relied on by Parks Victoria for the purpose agreed between GHD and Parks Victoria.

GHD otherwise disclaims responsibility to any person other than Parks Victoria arising in connection with this report. GHD also excludes implied warranties and conditions, to the extent legally permissible.

The services undertaken by GHD in connection with preparing this report were limited to those specifically detailed in the report and are subject to the scope limitations set out in the report.

The opinions, conclusions and any recommendations in this report are based on conditions encountered and information reviewed at the date of preparation of the report. GHD has no responsibility or obligation to update this report to account for events or changes occurring subsequent to the date that the report was prepared.

The opinions, conclusions and any recommendations in this report are based on assumptions made by GHD described in this report. GHD disclaims liability arising from any of the assumptions being incorrect.

GHD has prepared the preliminary cost estimate set out in section 9 of this report ("Project Budget") using information reasonably available to the GHD employee(s) who prepared this report; and based on assumptions and judgments made by GHD and WT Partnership.

The Cost Estimate has been prepared for the purpose of option comparison and must not be used for any other purpose.

The Cost Estimate is a preliminary estimate only. Actual prices, costs and other variables may be different to those used to prepare the Cost Estimate and may change. Unless as otherwise specified in this report, no detailed quotation has been obtained for actions identified in this report. GHD does not represent, warrant or guarantee that the project and related works can or will be undertaken at a cost which is the same or less than the Cost Estimate.

Where estimates of potential costs are provided with an indicated level of confidence, notwithstanding the conservatism of the level of confidence selected as the planning level, there remains a chance that the cost will be greater than the planning estimate, and any funding would not be adequate. The confidence level considered to be most appropriate for planning purposes will vary depending on the conservatism of the user and the nature of the project. The user should therefore select appropriate confidence levels to suit their particular risk profile.

Contents

Table index

Figure index

Key terms

Term	Definition
ACT	Australian Capital Territory
BAU	Business As Usual
BCR	Benefit Cost Ratio
BMO	Bushfire Management Overlay
BOOT	Build, Own, Operate, Transfer
BOT	Build, Operate, Transfer
CBA	Cost Benefit Analysis
CDZ2	Comprehensive Development Zone – Schedule 2
CFA	Country Fire Authority
CHMP	Cultural Heritage Management Plan
DFT	Department of Treasury and Finance
ECI	Early Contractor Involvement
EPBC	Environment Protection and Biodiversity Conservation
ESS	Environment Effects Statement
FFG	Flora and Fauna Guarantee
FHAC	Falls to Hotham Alpine Crossing
FTE	Full Time Equivalent
GDP	Gross Domestic Product
HVHR	High Value High Risk
ILM	Investment Logic Map
LTO	Licensed Tour Operator
MCA	Multi Criteria Assessment
MNES	Matters of National Environmental Significance
NHL	National Heritage List
NPV	Net Present Value
PCRZ	Public Conservation and Resource Zone
PPP	Public Private Partnership
RMB	Resort Management Board
RNA	Remote Natural Area
SRO	Senior Responsible Officer
TBD	To Be Determined
TEI	Total Estimated Investment
TIPSC	Tourism Infrastructure Program Steering Committee
WHS	Work Health and Safety
ACT	Australian Capital Territory

Executive summary

Context

Master Plan

Parks Victoria prepared a master plan for the Falls to Hotham Alpine Crossing (FHAC) in 2018 to guide future development of the experience. The master plan articulates a new vision and framework to convert the existing FHAC (which also currently forms part of the broader Australian Alps Walking Track and is situated within the Australian Alps National Parks and Reserves – a Nationally Heritage Listed Landscape) into a world-class hiking experience that enriches the current walking offerings in the Victorian High Country.

The existing FHAC offering does not provide the level of visitor experience expected of Victorian '*Icon Walk*'. The High Country in Victoria has the potential to be a world-class walking destination, such is the beauty of the landscape and nature of the surrounding towns. However, currently the quality of the trail experience is not commensurate of the natural beauty of the area. Further, the walk does not provide diversified accommodation options to cater for a variety of walkers and has limited accessibility, wayfinding and signage in some areas.

The master plan explores opportunities to improve the current offering by proposing an alternative alignment that captures the quintessential elements of the alpine region, whilst recognising the need to preserve the natural and cultural values of the area. The intent of the master plan is to transform the FHAC into a memorable, unique and truly iconic experience that is accessible to a wider range of visitors.

The revised alignment proposed in the master plan is a 57-km five-day, four-night experience that culminates in walkers summitting Mt Feathertop, an iconic experience being one of the most picturesque and second highest peaks in the state of Victoria. The proposed alignment consists of long sections of relatively flat areas, such as the Bogong High Plains and the Razorback, and steeper sections such as the descent and following ascent of the Kiewa River Valley that add a dramatic and physically challenging component to the overall experience.

The master plan also proposes four new overnight nodes to improve the diversity of the offering and meet the needs of an expanded set of walker groups. The overnight nodes are proposed in areas of interest, linked to existing alpine huts and picturesque landscapes, and include:

- Cope Hut[1]
- Tawonga Huts
- Diamantina Creek
- High Knob

Each overnight node will include both hiker camps (elevated camping platforms) and operated huts (huts that offer beds for two to four people). Dispersed (free) camping will continue to be available to those that wish to undertake the walk self-guided.

The intent of the master plan is to ultimately support increased visitation and overnight stays in a sustainable way, to bring benefits to the regional economy.

Project Development Funding

A funding allocation of $2 million was committed by the Victorian State Government in the 2018/19 State budget for further investigation into the projects feasibility. This funding was aimed at key planning elements such as undertaking impact assessments, further developing the design for the walk and overnight accommodation and outlining the business case and operating model to determine the full requirements and the benefits of the project.

[1] Note, this project did not investigate specific locations for the overnight nodes. Micro-siting assessment is occurring outside this business case.

OFFICIAL// Publicly Accessible

In November 2020, following the Black Summer bushfires and the onset of the COVID-19 pandemic, as an economic stimulus initiative the State Government announced $15 million of funding for implementation of FHAC Stage One to be delivered by June 2024.

Desired benefits

Capitalising on the natural assets of Alpine National Park and improving the visitor experiences affords a valuable opportunity to improve environmental outcomes and increase visitation. Investment in the FHAC is expected to bring the following benefits.

Environment: Consolidating and upgrading sections of the trail will reduce the environmental impacts by keeping walkers on the track and away from sensitive vegetation areas. The new, longer route will avoid new facilities from being established within a designated 'remote and natural areas' of the national park, which the current route passes through. Low impact accommodation that blends in with the environment will also minimise the impact of visitors on the natural landscape.

Accessibility: Investment in the Falls to Hotham Alpine Crossing experience will increase accessibility of walking in the alps by providing facilities such as roofed accommodation for people who may not be able to, or may not wish to, carry a full pack with a tent, sleeping and cooking equipment. It will also allow well-managed access to some of the most spectacular views in the alps.

Community: The reimagined Falls to Hotham Alpine Crossing will add to the tourism offer in Victoria's High Country, bringing tangible economic benefits to the alpine resorts and towns in all seasons, as well as other local businesses and tour operators. The experience will be a key drawcard for domestic and international visitors and will also engage a new generation of advocates who appreciate and value the unique alpine environment.

Overview of the Falls to Hotham Alpine Crossing

Basis of assumptions

This business case builds on the work undertaken for the 2018 Falls to Hotham Master Plan to assess the merit of investment in the project and develop a plan for implementation. The business case also includes a review of demand for multi-day hiking experiences, supported by an assessment of similar products nationally and internationally to provide insight into the optimum level of investment and target market.

The table below provides an overview of benchmarking undertaken to support the product development and business case assumptions.

OFFICIAL// Publicly Accessible

Table 1 Benchmarking

Walking experience		Grampians Peaks Trail, Victoria	Overland Track, Tasmania	Three Capes Track, Tasmania	Milford Track, New Zealand	Tongariro Northern Circuit, New Zealand
Nights		12	5	3	4	3
Public accommodation	**Type**	Hike in campgrounds with tent pads	Tent pads at most overnight nodes Public huts	Cabins with co-share bunk rooms	Cabins with co-share bunk rooms	Cabins with bunk beds and campsites
	Cost per night	$47 for tent pad (can sleep two)	$200 per person for 5 nights, which includes access to tent pads and public huts	$165 per person	$70 per person (in peak season)	$56 per person for cabin (in peak season) $24 per person for campsites (in peak season)
	Capacity per day	Various capacities at different hike-in campgrounds, varying from 8 to 24 walkers	47 walkers	48 walkers	40 walkers	20 walkers (cabin capacity)
Private accommodation	**Type**	Huts operated by LTOs	Huts operated by LTOs	Huts operated by LTOs	Lodges operated by LTOs	Lodges operated by LTOs
	Cost per night	$440 per person (through LTO)	$799 per person for huts (through LTO)	$1,065 per person for huts (through LTO)	$500 per person	$580 per person
	Capacity per day	-	13 walkers	-	50 walkers	Small group

Proposed FHAC

A ‘Falls to Hotham Alpine Crossing’ offering already exists within Alpine National Park (as part of the Australian Alps Walking Track), however, does not live up to the expectations of an iconic walk.

The master plan proposes a realignment of the FHAC to capitalise on the strengths of the area and deliver an iconic experience by incorporating the region’s highest peaks. The realigned FHAC will be a 5-day 4-night middle distance hiking experience, culminating in walkers summitting Mt Feathertop then traversing along the Razorback.

The master plan identifies four overnight nodes on the trail (as shown in the figure below) that will offer a range of accommodation options to suit a diverse range of walkers. Proposed accommodation options include:

- **Dispersed camping** – self-sufficient camping anywhere in the national park except within 100m of designated camping areas, 200m of picnic areas, 20m of waterbodies or 200m of roads.
- **Hiker camps** – elevated camping platforms (each designed to fit one tent or swag, for two to three people) that are connected via boardwalks to a communal shelter for social engagement and dining.
- **Operated huts** – roofed accommodation that is less susceptible to weather therefore opening up the experience for all seasons and to a greater target market. These huts will offer beds for two or four people per hut, and also be connected to the same communal hut as the hiker camps.
- **Off-trail accommodation** – accommodation options outside the national park that encourage walkers to spend a night before/after their walk.

OFFICIAL// Publicly Accessible

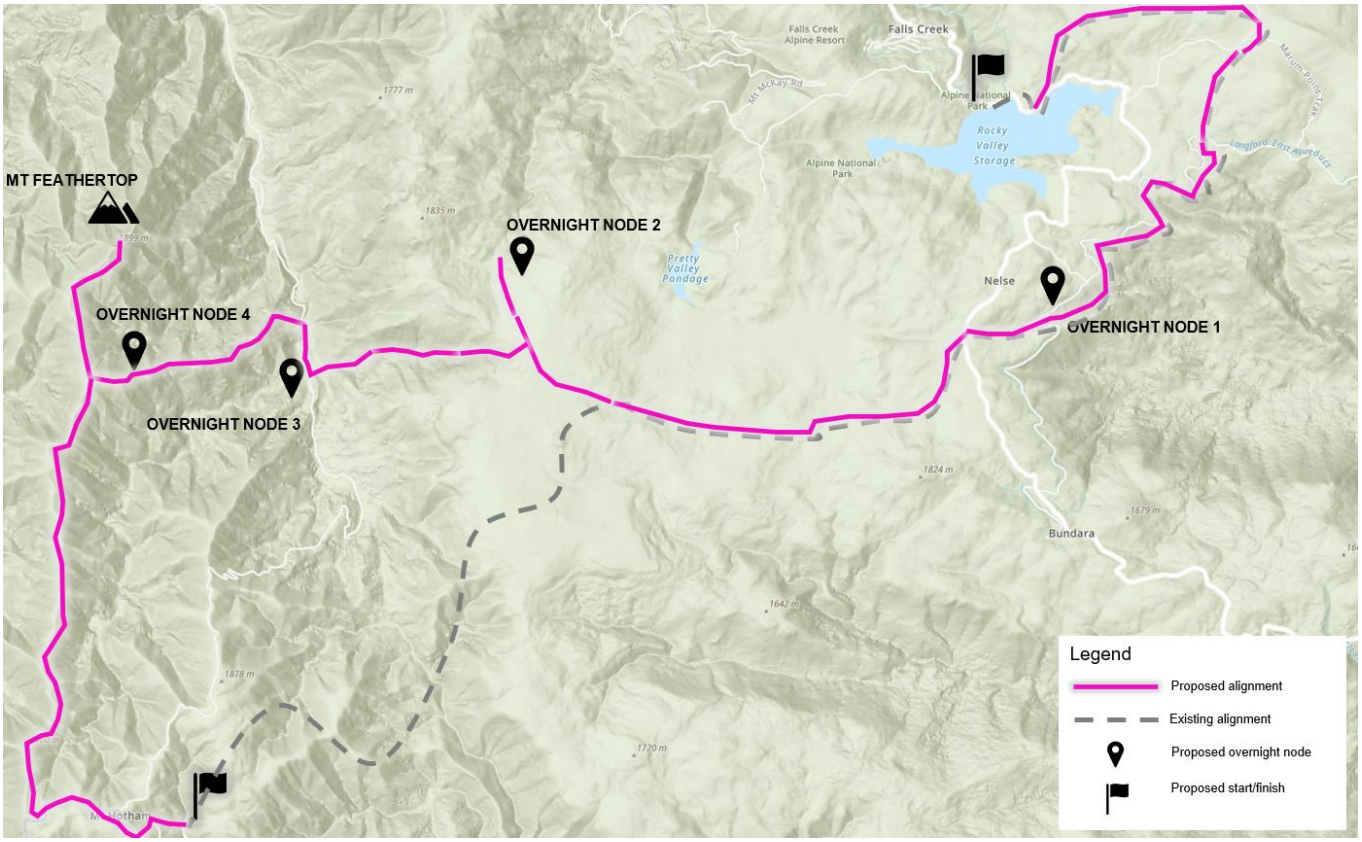


Figure 1 Proposed realignment and overnight nodes

Trail infrastructure will also be required to support the visitor experience and will be designed, considering sustainable principles, the impact to environmental and cultural values and the landscape context. The trail will also be durably constructed with locally sourced and/or environmentally sustainable materials and design principles. Where possible, use of existing trails will be maximised to minimise additional impact.

The walking experience will be developed to allow access for a range of abilities and enable visitors to engage with the natural environment and scenery. Supporting infrastructure will be required to facilitate the visitor experience and will include visitor shelters, toilets, picnic tables, sun chairs, water tanks and access tracks (for servicing and maintenance).

Options considered

As outlined, the master plan identifies the need for overnight nodes along the alignment to facilitate the visitor experience. To determine the optimal level of investment, this business case compares various options against key criteria, including social, environmental, economic and financial. The three options considered were:

- Base case (business as usual / do nothing)
- Project option 1 (investment in trail infrastructure, camping platforms and supporting infrastructure)
- Project option 2 (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure)

Through the analysis, project option 2 (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure) was found to be the preferred option as it delivers a greater level of benefit, enhancing the visitor experience, increasing accessibility of the park, delivering growth for the region and creating a sustainable product. Project option 2 is also more likely to enable cost recovery (to cover operations and maintenance costs) through revenue generated by hut bookings.

OFFICIAL// Publicly Accessible

Cost

The table below provides an overview of the estimated cost of the project (project option 2), broken down into infrastructure categories. Note, these cost estimates have been prepared by WT Partnership based on design criteria, benchmarked costs and costs for similar infrastructure in other National Parks (e.g. Grampians Peaks Trail) and should be reviewed as part of the detailed design process.

Table 2 Capital cost[2][3]

	Full implementation		Stage One	
	P50 cost ($M)	P90 cost ($M)	P50 cost ($M)	P90 cost ($M)
Overnight nodes	Commercial Information			
Overnight node 1 – Cope Hut				
Overnight node 2 – Tawonga Huts				
Overnight node 3 – Diamantina Creek				
Overnight node 4 – High Knob				
Conservation works on alpine huts				
Trail infrastructure				
Trail head infrastructure (wayfinding and interpretation)				
TOTAL cost for works within National Park Boundary				
Trail head infrastructure (remaining)				

As shown above, the total cost for Stage One is more than the allocated Stage One funding budget of $15 million, however includes:

- Design costs, some of which will be funded by the existing separate planning budget (total $2 million funding allocation), rather than the Stage One implementation funding allocation. As of February 2022, Parks Victoria have issued a tender to the market for design services. This tender is being funded by the separate planning budget
- Substantial contingency which will be reduced as the project progresses
- Scope for further cost efficiencies to be developed as the design process progresses

As shown in the table above, the cost estimates under a P50 level of contingency are closer to the $15 million budget. As such, it is recommended that Parks Victoria progress with the Stage One inclusions as identified, as these elements have been deemed the minimum infrastructure required to deliver an improvement in the visitor experience and preserve environmental values. Parks Victoria should progress to design and construction using the P50 cost, however also initiate discussions with the funding agency to ensure contingency to P90 is available if required.

Note, the cost estimates above for the trail head elements have been prepared based on the assumed inclusions of a trail head. Both resorts currently have projects in planning which may deliver some of all of these elements (projects being funded by the alpine resorts). Further detail on the requirements and inclusions for the trail heads can be found in section 5.1. Further detail on how project elements were selected for inclusion in Stage One is provided in Section 5.2.

[2] Note, totals may not sum due to rounding
[3] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries

User modelling and demand forecast

To inform the project planning, design and implementation, user modelling and forecasting was undertaken. The user modelling has been built based on:

- Tourism Research Australia visitation data
- Victorian Alpine Resorts – Visitor Economy Development Plan
- Resort visitation data

The graph below shows the expected number of multi-day hikers visiting the FHAC over the 25 years post construction. The graph presents four distinct scenarios:

- No investment in the project (no COVID-19 impacts)
- No investment in the project (considers COVID-19 impacts)
- Investment in the project, with faster recovery from COVID-19 impacts
- Investment in the project, with slower recovery from COVID-19 impacts

Consideration of COVID-19 impacts results in a demand profile that is largely driven by intrastate and interstate tourism.

As shown, in the graph investment in the project is expected to increase the number of people participating in multi-day hikes along the FHAC. The project will induce demand by encouraging additional people to visit and experience the walk, and by encouraging people who otherwise would have visited and undertaken a shorter walk to undertake the full experience (given the greater level of accessibility of the new experience).

Of the total number of people undertaking the multi-day hiking experience, it is estimated that 55 percent will continue to partake in dispersed camping along the alignment, 15 percent will utilise huts through booking with LTOs and the remaining 30 percent will utilise the elevated camping platforms[4].

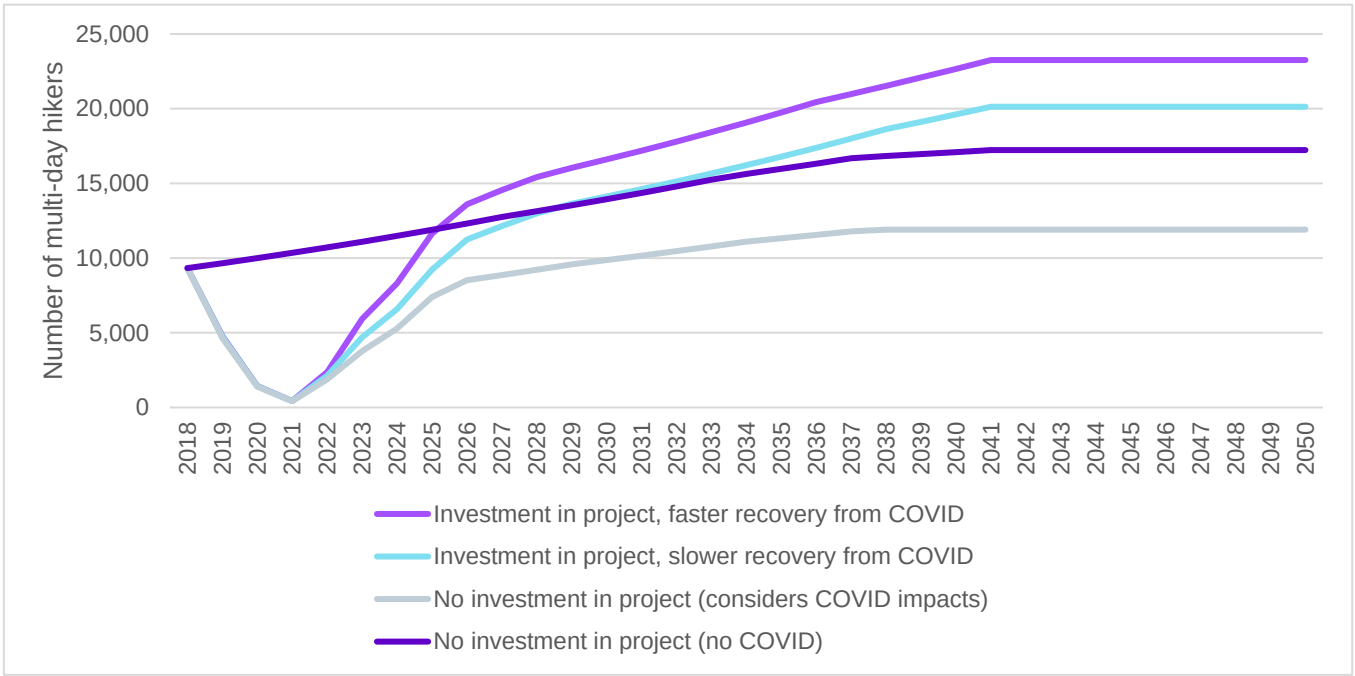


Figure 2 Multi-day hike visitation[5]

Based on the demand numbers above and the average distribution of visitation across seasons in the High Country, the average number of people starting the multi-day experience each day has been calculated. As shown in the table below, the average number of starters per day peaks in the peak season (December/January) in 2045

[4] Note, this split is an assumption based on feedback from the Overland Track, and GHD experience with other hut base trails.
[5] Note, growth flatlines in 2041 to ensure approach remains conservative. For the product to continue to see growth in demand post 2041, additional investment would be required to maintain market share.

OFFICIAL// Publicly Accessible

at 128 people per day. Note, these numbers only consider people starting the multi-day experience, and as such the actual number of people on the trail each day is likely to be higher.

Table 3 Estimated starters per day[6]

	2025	2030	2035	2040	2045	2050
Peak Season	75	94	112	128	128	128
Shoulder Season	47	59	70	80	80	80
Low Season	4	6	7	8	8	8

Visitation is the low season (winter) is expected to be minimal due to snow conditions and difficulty associated with traversing the full alignment with snow gear. It is recommended that Parks Victoria undertake additional studies to explore opportunities to better utilise the infrastructure during winter (note, infrastructure will be designed to be suitable for winter use).

Operation

Sustainability of operations, in terms of ongoing operations and maintenance costs, is a key consideration for the project. The intent is for the walk to be self-funding – that is, revenue generated through use of the trail (huts and camping platforms), is sufficient to cover the required operations and maintenance. This will reduce pressure on regional funding within Parks Victoria operational budgets for wider park related operations and management, and ensure the walk is to a suitable standard to deliver an iconic experience for visitors.

Based on an initial assessment of potential operating models and consultation with a number of licensed tour operators (LTOs) interested in operating the product, the following operational models are considered preferred at this stage.

Table 4 Preferred operational models

	Preferred operational model
Trail infrastructure	Parks Victoria to deliver, maintain and operate the core track infrastructure. Some responsibility may be transferred to the Resort Management Boards (RMBs) where the trail infrastructure sits within their resort boundary.
Trail head core infrastructure (e.g. carparking and signage)	Parks Victoria to deliver, maintain and operate the core trail head infrastructure in collaboration with RMBs given trail head core infrastructure is likely to sit within each resort boundary. Initial discussions with the RMBs indicate that they are willing to collaborate with Parks Victoria on this matter, however details will need to be confirmed as both RMBs indicated they have projects underway that deliver visitor infrastructure within the vicinity of the proposed trail heads. Governance, funding and operational/management models will need to be considered in further detail, given the trail heads will likely be delivered on land that is not managed by Parks Victoria.
Trail head commercial infrastructure (e.g. café or gift shop)	Parks Victoria (in collaboration with the RMBs) to build and maintain the infrastructure, however operation would be contracted out to the private sector. Further discussions will need to be had between Parks Victoria and the RMBs to determine responsibilities for funding and maintenance of the infrastructure moving forward.
Camping platforms	Parks Victoria to build, maintain and operate the camping platforms, as is currently done for the existing camping platforms along the walk and in Alpine National Park. Bookings for the camping platforms would be managed through the Parks Victoria website. LTOs have also shown interest in using the camping platforms as part of their tour offerings. This would need to be discussed further with LTOs as the design progresses.
Operated huts	Parks Victoria to build and maintain the huts with operations being contracted out to LTOs. Feedback from the LTOs indicates similar licence terms to those used for Grampians Peaks Trail would be ideal. LTOs also indicated preference for bookings to be made directly through their individual websites (LTOs would then book with Parks Victoria).

[6] Note, the numbers are based on the 'Investment in the project, faster recovery from COVID' scenario

OFFICIAL// Publicly Accessible

	Preferred operational model
	To allow equitable access to the operated huts, an option was considered in which the huts would be made available to the public if not booked by an operator within 45 days of the arrival date. This option needs further consideration and consultation with LTOs and the community.

At this stage of the project it has been assumed that ancillary supporting services (e.g. shuttle services and food drops) will be provided by the private sector. Further consultation with the private sector will be required to confirm this assumption.

Operational costs and charges

To enable the walk to be self-funding, the amount charged for use of the operated huts and camping platforms needs to be sufficient to cover the cost of annual maintenance. Financial analysis was undertaken using market rates for similar products to determine if the revenue generated would be sufficient to cover maintenance. The analysis ultimately concluded that cost recovery is possible should the full project be delivered. However, if only Stage One is implemented, revenue generated through the two overnight nodes is not sufficient to cover maintenance requirements. Further detail on the operational cost analysis can be found in Appendix D.

Economic analysis

Capitalising on the natural assets of Alpine National Park and introducing a new tourism offering affords a valuable opportunity to increase visitation to the region. Implementation of the preferred option (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure) has been demonstrated to deliver economic benefits to the local region – increasing visitation and spend, accessibility and employment whilst allowing for cost recovery to fund critical maintenance and operations.

Table 5 below outlines the Benefit Cost Ratio (BCR) and Differential Net Present Value (NPV) results of the quantified economic benefits and costs of the preferred option to the region (relative to the base case).

Table 5 Cost benefit analysis results of preferred option (7% discount rate, P90 costings)

	Slower recovery from COVID-19	Faster recovery from COVID-19
Differential NPV ($M)	Commercial Information	
BCR		

From the table above, it can be seen that under both scenarios, the preferred option has a BCR above one, and as a result delivers net present benefits. However, it should be noted that not all benefits of the project have been able to be quantified and therefore included in the BCR result, and therefore the likely benefits of the project are much higher. Investment in the project will deliver increased accessibility and access to the National Park for a wider range of visitors, improved environmental outcomes, and increased community cohesion.

Implementation of the preferred option will also increase employment opportunities (above the base case) as a result of project expenditure. The table below provides an overview of the Full Time Equivalent (FTE) opportunities expected to be generated during the three year construction period and 25 year operation period.

Table 6 Differential employment impacts of preferred option[7]

	Slower recovery from COVID-19	Faster recovery from COVID-19
Construction	240	240
Parks Victoria (maintenance and support)	155	179
Licenced Tour Operators	129	150
TOTAL (FTE years)[8]	**524**	**569**

[7] Note, this modelling has been undertaken using REMPLAN input-output multipliers to determine the estimated number of jobs resulting from capital and operational expenditure (P90 costings)
[8] Construction impacts over 3 year construction period. Parks Victoria and LTO impacts over 25 year operational period.

Implementation and next steps

Staging

As outlined above, Parks Victoria have received $15 million to progress implementation of the FHAC. This funding covers approximately 50% of the proposed works (by value). As such, implementation will need to be staged to align with available funding.

To determine the preferred elements for inclusion in Stage One, a multi-step prioritisation process was undertaken, which included:

- Determining the overnight nodes to be prioritised, based on impact on visitor experience, environmental outcomes and accessibility
- Determining the segments of trail to be upgraded, based on the location of the prioritised overnight nodes, visitor experience and environmental outcomes

The following elements are recommended to be progressed as part of Stage One (using the $15 million of funding available):

- Overnight node 2 - Tawonga Huts (including access track for servicing and emergency access)
- Overnight node 4 - High Knob (including access track for servicing and emergency access)
- Trail upgrades, including:
    - Segment 2: Between Rocky Valley Dam to Big River Fire Trail
    - Segment 4: Between Marum Point Track to Langford West Aqueduct Road
    - Segment 6: Between the Bogong High Plains Road and a point north of the end of Cope West Aqueduct Road (east of Mount Jim)
    - Segment 8: Between Fainter Fire Trail and Tawonga Huts
    - Segment 14: Between the junction of Pole 333 and Weston Hut
    - Segment 21: Diamantina Spur Walking Track to the Razorback Track.
    - Segment 26: Fainter Fire track - between Tawonga and Pretty Valley Pondage (note, only to facilitate emergency access at this stage)
    - Segment 27: Bungalow Spur (Federation Hut to Harrietville)
    - Signage and wayfinding across the entire alignment

Progressing these project elements as part of Stage One enables the walk to operate as an end-to-end experience, linking Falls to Hotham in a single hike (e.g. one night at Tawonga Huts and a second night at High Knob) – albeit a more challenging hike with longer days than the product proposed by the master plan. The combination of the above elements also optimises day trips from both Falls Creek and Mt Hotham as both areas are easily accessible and cater for walkers with different abilities.

Whilst Stage One can operate as an independent experience, investment in the full scope of the project is needed to maximise benefits. Investment in the full implementation of the FHAC will further increase accessibility, reduce the risk of environmental damage (due to additional trail upgrades), and generate greater economic growth for the High Country. Similarly, investment in the full product is required to ensure sustainability of operations and maintenance costs.

The remaining project elements will be implemented as funding becomes available or should cost savings be found in the design process.

OFFICIAL// Publicly Accessible

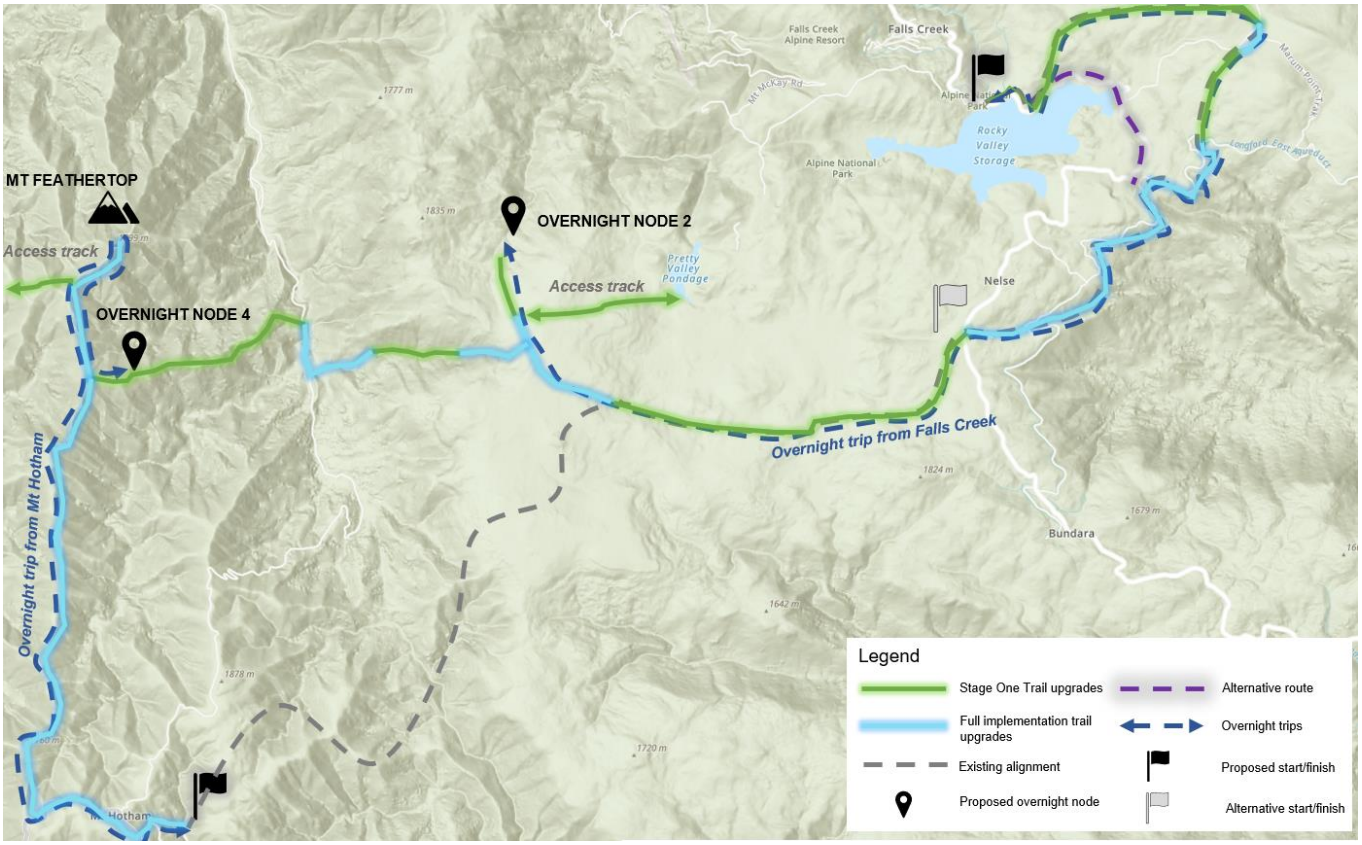


Figure 3 Stage One offering

Approvals required

The project is located within a sensitive natural and cultural environment and as such a number of approvals and legislative considerations will be required before construction can commence. The following approvals and assessments are likely to be required, however should be confirmed with the relevant agencies:

- Environment Effects Statement (ESS)
- Environment Protection and Biodiversity Conservation (EPBC) referral if the project has, will have or is likely to significantly impact on Matters of National Environmental Significance (MNES)
- Cultural Heritage Management Plan (CHMP) as per the *Aboriginal Heritage Act 2006*
- Native Title assessment as per *Native Title Act 1993*
- Assessment against the *Flora and Fauna Guarantee Act* (FFG Act)
- Assessment against the *National Parks Act 1975* and the *National Parks (Wilderness) Act 1992* and approval from the Minister
- Approval from relevant water authority as per the *Catchment and Land Protection Act 1994*
- Evidence that Parks Victoria have minimised the removal of or impact on native vegetation as per *Planning and Environment Act 1987*
- Assessment and approval under the *Heritage Act 2017*
- Consultation with Traditional Owner Groups, including but not limited to; Jaithmathang Traditional Ancestral Bloodline Original Owners First Nation Aboriginal Corporation, Gunaikurnai Land and Waters Aboriginal Corporation, Duduroa Dhagal Aboriginal Corporation, Dhuduroa Waywurru Nations Aboriginal Corporation, Dalka Warra Mittung Aboriginal Corporation and Bangerang Aboriginal Corporation
- Consultation with Alpine Shire Council, East Gippsland Shire Count and Resort Management Boards to confirm permit requirements, in particular requirements under the Bushfire Management Overlay (BMO) for bushfire hazard site assessment, a bushfire landscape assessment and a bushfire management statement

OFFICIAL// Publicly Accessible

Stakeholder engagement

Stakeholder engagement will be critical as the project moves towards implementation. In discussions with Parks Victoria, a governance structure is in place for the implementation and related engagement activities, with a FHAC approved engagement plan. On-going engagement activities are being undertaken by Parks Victoria with a range of stakeholders, including forums for discussion with Councils, RMBs, Tourism North East, Visit Victoria and other government partners, interest groups, recreation groups, nearby towns and community members.

Through implementation, engagement with the following stakeholders will be essential:

- Community and user groups: to update the community and associated walking user groups on the status of project and the ongoing process to develop the trail, as well as advise of any impacts during construction (e.g. reduced access to sites), including impacts to the environment
- Licenced Tour Operators: to understand interest in operating elements of the project, and seek input into design of the operated huts

Key risks

A risk assessment process was undertaken with the project team to understand the key risks associated with the project. The following were identified as the key risks that could impact implementation and feasibility of the project:

- Complex approvals pathway associated with works in the National Park, due to various land tenure agreements and areas with significant environmental, cultural and historic value
- Natural events impact on accessibility of the park and reduce visitation levels and associated cost recovery (e.g. bushfires or wet weather) (note, operational charges built to cover this risk)
- Changes in visitation assumptions (e.g. because of COVID) may impact project feasibility (note, demand scenarios tested as part of economic analysis)
- Planned trail improvements may not result in increased visitor experience offering and related benefits, including financial return
- Design may not fully address requirements of potential operators
- Construction program is disrupted by Force Majeure (unforeseeable circumstances, such as bushfire or other weather events)
- Visitor numbers may increase beyond sustainable levels, impacting visitor experience and environment. Parks Victoria unable to control given no entrance charges associated with park access. However, it should be noted that this is an already existing risk that may be exacerbated without the new infrastructure
- Traditional Owner Groups, stakeholders and the community may not support the project. This could damage relationships, impact approvals process timelines and create negative project attention
- Operations and maintenance costs (and optimal charges to reach cost recovery) not fully scoped and defined, and may be higher than expected increasing pressure on district budget
- Funding may not be received for full implementation resulting in impact on visitor experience (e.g. experience is not end-to-end), economic outcomes and overall project benefits.

OFFICIAL// Publicly Accessible

Part 1 – Investment case

1. Problem definition

1.1 Background

1.1.1 Falls to Hotham Alpine Crossing

The FHAC is a 37 km three-day hike through Alpine National Park – starting at Falls Creek and ending at Mt Hotham. It is part of the broader 600 km Australian Alps Walking track that connects Victoria to ACT and New South Wales through Remote National Areas (RNAs). With market demand for discovery and adventure experiences associated with natural environments increasing, the FHAC is ideally positioned to revitalise the Victorian Alpine Region's tourism market and deliver an exceptional visitor experience.

The existing FHAC offering does not provide the level of visitor experience expected of an 'iconic' walk. The High Country in Victoria has the potential to be a world-class walking destination, such is the beauty of the landscape and nature of the surrounding towns. However, currently the quality of the trail experience is not commensurate with the area and its natural assets. Further, the walk does not provide diversified accommodation options to cater for a variety of walkers and has limited accessibility, wayfinding and signage in some areas.

1.1.2 Master Plan

Parks Victoria prepared a master plan for the FHAC in 2018 to guide future development of the experience. The master plan articulates a new vision and framework to convert the existing FHAC into a world-class hiking experience that enriches the current walking offerings in the High Country.

The master plan proposes a realignment of the FHAC to capitalise on the strengths of the area and deliver an iconic experience by incorporating the regions highest peaks. The realigned FHAC will be a 5-day 4-night middle distance hiking experience (57 km), culminating in walkers summitting Mt Feathertop then traversing along the Razorback.

The master plan also proposes four new overnight nodes to improve the diversity of the offering and meet the needs of an expanded set of walker groups. The overnight nodes are proposed in areas of interest, linked to existing alpine huts and picturesque landscapes and include:

- Cope Hut[9]
- Tawonga Huts
- Diamantina Creek
- High Knob

The master plan proposes that each overnight node should include both hiker camps (elevated camping platforms) and operated huts (huts that offer beds for two to four people). Dispersed camping will continue to be available to those that wish to undertake the walk self-guided.

The intent of the master plan is to increase visitation through sustainable investment, driving benefit for the regional economy.

[9] Note, this project did not investigate specific locations for the overnight nodes. Micro-siting assessment is occurring outside this business case.

OFFICIAL// Publicly Accessible

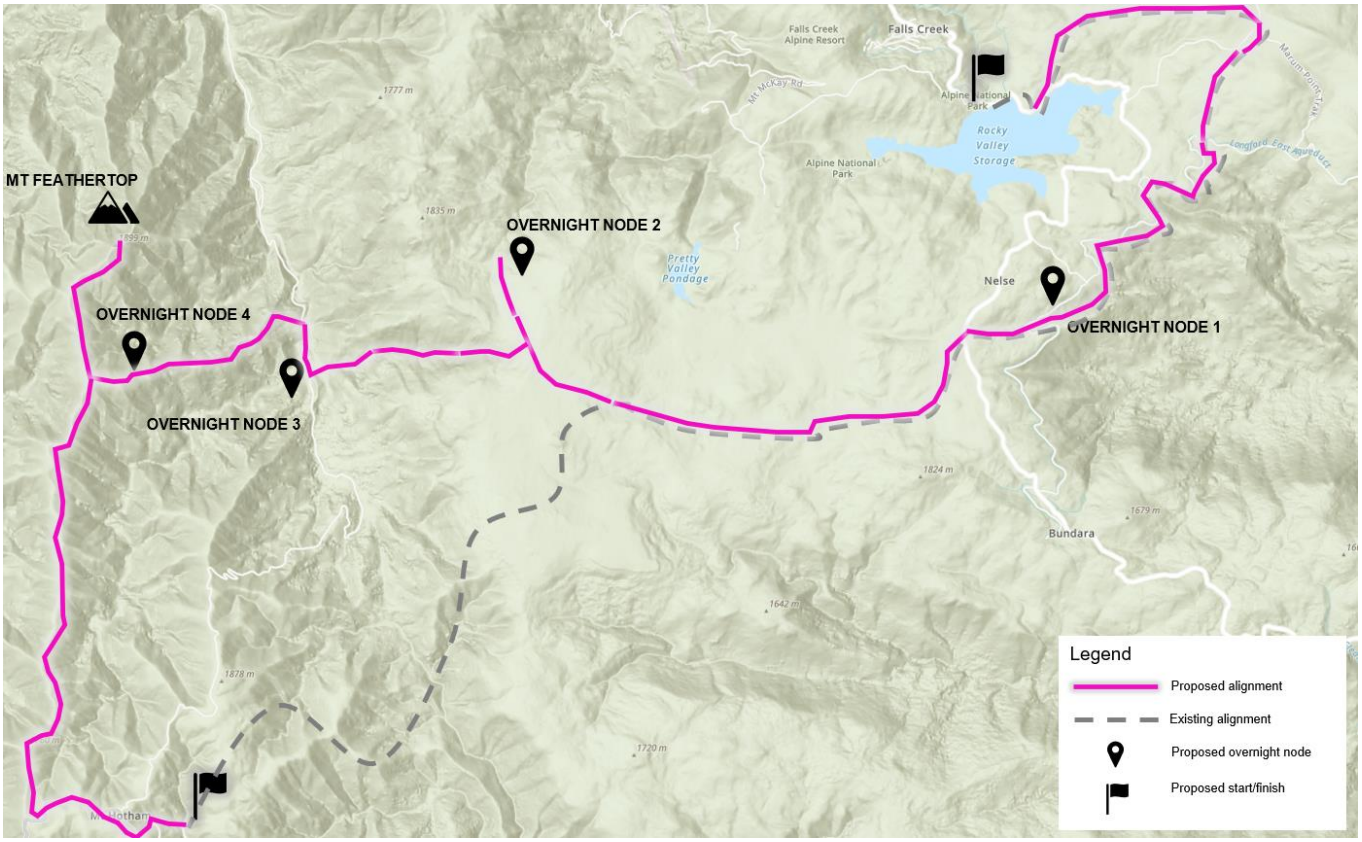


Figure 4 *Proposed realignment and overnight nodes (from 2018 master plan)*

1.1.3 Benchmarking

To understand the optimal level of investment and market demand, benchmarking was undertaken as part of the master plan and then refined as part of the business case. The table below provides an overview of similar tourism products, both nationally and internationally, that the reimagined FHAC is expected to align with. This benchmarking will serve as an important reference point, as elements of the project scope are confirmed (e.g. cost per night and visitor accommodation offerings).

Table 7 *Benchmarking*

Walking experience		Grampians Peaks Trail, Victoria	Overland Track, Tasmania	Three Capes Track, Tasmania	Milford Track, New Zealand	Tongariro Northern Circuit, New Zealand
Nights		12	5	3	4	3
Public accommodation	**Type**	Hike in campgrounds with tent pads	Tent pads at most overnight nodes Public huts	Cabins with co-share bunk rooms	Cabins with co-share bunk rooms	Cabins with bunk beds and campsites
	Cost per night	$47 for tent pad (can sleep two)	$200 per person for 5 nights, which includes access to tent pads and public huts	$165 per person	$70 per person (in peak season)	$56 per person for cabin (in peak season) $24 per person for campsites (in peak season)
	Capacity per day	Various capacities at different hike-in campgrounds, varying from 8 to 24 walkers	47 walkers	48 walkers	40 walkers	20 walkers (cabin capacity)

OFFICIAL// Publicly Accessible

Walking experience		Grampians Peaks Trail, Victoria	Overland Track, Tasmania	Three Capes Track, Tasmania	Milford Track, New Zealand	Tongariro Northern Circuit, New Zealand
Private accommodation	Type	Huts operated by LTOs	Huts operated by LTOs	Huts operated by LTOs	Lodges operated by LTOs	Lodges operated by LTOs
	Cost per night	$440 per person (through LTO)	$799 per person for huts (through LTO)	$1,065 per person for huts (through LTO)	$500 per person	$580 per person
	Capacity per day	-	13 walkers	-	50 walkers	Small group

1.1.4 Project objectives

By developing the trail, the projects aim is to increase the accessibility of Alpine National Park and appeal to all types of visitors. The successful development of the FHAC will result in significant benefits for the surrounding area. At a high level, the following project objectives have been identified:

- Assist in the tourism-led recovery of the High Country
- Delivery of alternate experiences utilising the infrastructure built for FHAC
- Increasing visitation of Alpine National Park
- Generate new employment opportunities thorough:
    - Short-term construction activities
    - Longer-term tourism jobs

1.2 Define the problem

The Victorian High Country is one of the most popular tourist destinations in the state and nation with around 700,000 visitors annually, however this visitation currently occurs predominately in the ski season.

Walking and hiking activities are viewed as a major driver of non-ski season (or referred to as ‘green season’) tourism. Development of a diversified walking offering, including the FHAC overnight experience, is a key pillar of Tourism North East’s strategy. There is significant potential to further develop the trail’s appeal, especially given the Alpine Crossing’s label as one of ***Walk Victoria’s Icons*** (alongside Grampians Peaks Trail, Great Ocean Walk and the Coastal Wilderness Walk *(in planning)*).

The High Country is well situated for tourists of Australia’s two largest cities – Sydney and Melbourne and also Canberra. In addition to ski and walking tourism, the area boasts many wineries, fine dining, and luxury accommodation businesses to support increased visitation. With the populations of both major cities expected to continue growing, the foundations of a major tourist destination in the High Country are set. However, the existing FHAC fails to provide an iconic visitor experience comparable of its competitive counterparts.

The problem statements outlined in the following sections were developed through a Problem Definition workshop held with key Parks Victoria stakeholders. The overall impact of the identified problems compromises the walks status as an iconic tourism product. Strategic investment is required to ensure a **quality visitor experience**, **increase accessibility** and **reduce environmental impact**, to enhance the regions reputation as a world class tourism destination.

OFFICIAL// Publicly Accessible

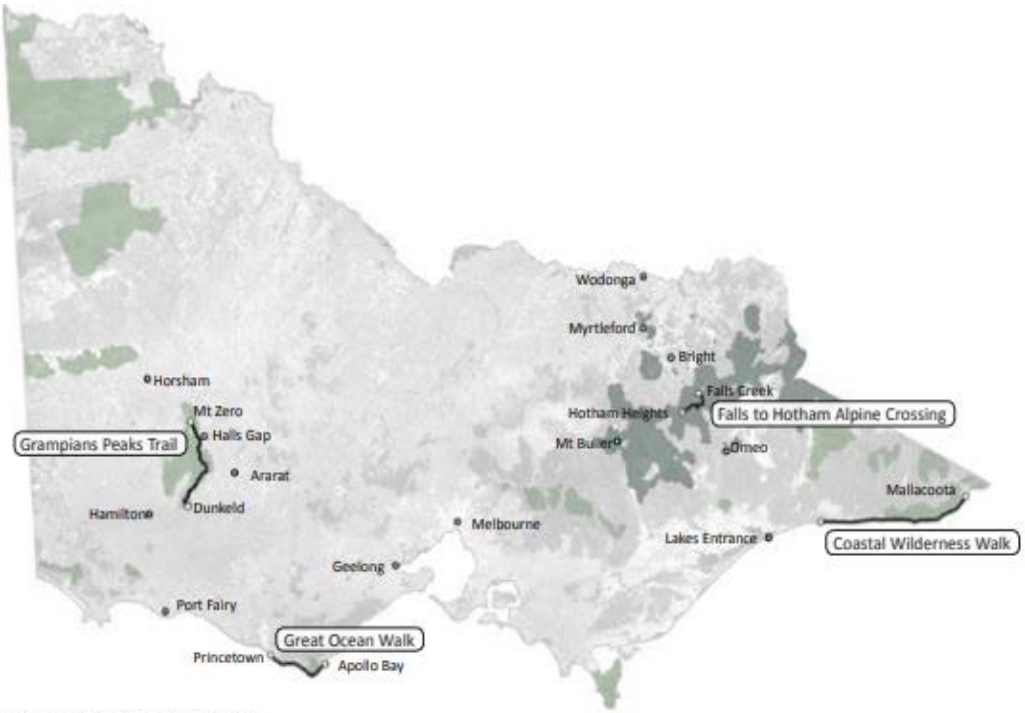


Figure 5 *Walk Victoria's Icon Walks (credit: Parks Victoria)*

As identified within the Investment Logic Map (ILM), the three main problems identified are:

1. Lack of a hero walking experience in the region is limiting potential visitation growth
2. Lack of diverse overnight accommodation and product options along trail is limiting accessibility for a range of users
3. Current funding model for infrastructure is inadequate to deliver ongoing maintenance leading to poor visitor experience

A copy of the ILM is provided in Appendix A.

1.3 Evidence of the problem

Problem 1: Lack of hero walking experience in the region is limiting potential visitation growth

Table 8 *Problem 1*

Description	Impact
Lack of hero walking experience in the region is limiting potential visitation growth	– Lack of hero experience results in the trail losing potential visitors to other parks – The trail is not currently capturing and delivering the full extent of economic benefit to the local region

The core problem with the trail is that it fails to deliver an experience fitting of its location and surroundings. As part of the master plan, Parks Victoria undertook a review of the current status and condition of the trail and found that it currently falls well below expectations.

Unlike similar iconic walks such as the Grampians Peak Trail, Great Ocean Walk and the Wilderness Coast walk *(in planning)*, the current FHAC alignment lacks any identifiable landmarks, mountain peaks, or appropriate supporting infrastructure – rendering the walk inferior to these other *iconic* walking trails. A comparison of the existing FHAC to the other three *icon walks* is provided in the table below.

OFFICIAL// Publicly Accessible

Table 9 Hero experiences at 'icon walks'

Walk	Hero experience/s
Grampians Peaks Trail	– Summit Mt Difficult (Gar) – Panoramic views from multiple mountain peaks – Traverse rocky ridgelines – Visit Halls Gap
Great Ocean Walk	– Visit the Twelve Apostles – Cape Otway Lighthouse – Rusting shipwrecks at Shipwreck Coast – Remote beaches – High coastal cliffs that provide panoramic views
Wilderness Coast Walk *(in planning)*	– Remote beaches – Spectacular views from high points over stretches of coastline – Traverse Sandpatch Wilderness Area – Historic Point Hicks Lighthouse

As walkers desire a 'hero' experience in their journey – such as the summit of a challenging yet achievable peak such like those available within these other trails – the current lack of such experience heightens the threat of the park losing current visitors to vastly more developed, designed, and accessible trails. As part of the masterplan, a realignment of the FHAC is proposed to incorporate the summit of Mt Feathertop on Day 4 – a truly iconic and hero experience.

Figure 6 Summit of Mt Feathertop, included in realigned experience (credit: Parks Victoria)

Without investment in the FHAC, the region will fail to capture the available market share of those wanting to participate in a truly iconic Victorian overnight walk and impact the surrounding High Country community both socially and economically.

According to Tourism North East, around 293,000 bushwalkers visited the Victorian High Country in 2017 and between June 2020 and June 2021, 36% of the visitors to the High Country engaged in a walking activity. Although this figure is significantly reduced due to COVID-19 and associated restrictions, it highlights the interest of tourists to not only visit the High Country but take part in this experience. Lack of investment in the FHAC, to redevelop and revitalise the experience will majorly impact future prosperity of not only the trail itself, but the local community and the High Country Walk brand experience as well.

OFFICIAL// Publicly Accessible

Problem 2: Lack of diverse overnight accommodation and product options along trail is limiting accessibility for a range of users

Table 10 Problem 2

Description	Impact
Lack of diverse overnight accommodation and product options along trail is limiting accessibility for a range of users	– Limited accessibility constraining visitor numbers – Lack of diversity of visitor types

Currently, the main accommodation option available along the FHAC is dispersed camping. Some camping platforms are available, however there are a limited number available. Some private tour companies have offerings that allow guests to stay overnight in Alpine National Park, however these offerings are largely one-night stays in the park rather than the full FHAC experience.

The current lack of a diverse range of accommodation options further enhances the risk of diminishing long term visitor growth. The lack of offerings has led to minimal differing walk options for visitors needing greater levels of accessibility, or those wanting higher quality amenity options – in turn reducing user experience and failing to attract a broader range of visitors.

Research reported in Victoria's Nature Based Tourism Strategy[10] suggests that the hiking market is seeing a shift in consumer preferences, with preferences shifting away from traditional overnight independent multi-day hikes to greater demand for the comfort and security offered by guided products with alternate accommodation options.

A more diverse and inclusive range of accommodation offerings is necessary to create a trail that is befitting of an *'iconic walk'.* Successful accommodation offerings include bookable overnight huts and camping platforms present across the walking track, inclusive of all-abilities accessible options for those with disabilities[11]. Such accommodation offerings are currently available at various parks of the FHAC's counterparts, both within Victoria and nationwide, as shown in the table below.

Table 11 Accommodation offerings at comparable walks

Walk	Accommodation offerings
Grampians Peaks Trail	– Hike in campgrounds with tent platforms and communal shelters – Roofed accommodation (e.g. huts) provided by private operators
Great Ocean Walk	– Hike in campgrounds with three-sided day use shelter – Off-park accommodation provided by private operators
Overland Track, Tasmania	– Hike-in campgrounds with tent platforms – Roofed accommodation (e.g. huts) provided by private operators
Three Capes, Tasmania	– Cabins with co-share bunk rooms – Roofed accommodation (e.g. huts) provided by private operators
Milford Track, New Zealand	– Cabins with co-share bunk rooms – Roofed accommodation (e.g. huts) provided by private operators
Tongariro Northern Circuit, New Zealand	– Cabins with bunk beds – Hike in campgrounds – Roofed accommodation (e.g. huts) provided by private operators

[10] Victoria's Nature Based Tourism Strategy 2008 - 2012
[11] Note, Parks Victoria are currently investigating the possibility of providing an all-abilities accessible loop.

Figure 7 Huts available along Grampians Peaks Trail (credit: Parks Victoria)

Expanding the range of visitors able to access nearby accommodation, while enhancing the quality of overnight hut accommodation available along the trail, will enable FHAC visitor rates to flourish. Failing to develop accessible and higher-quality amenities will plateau the rate of growth able to take place within the FHAC compared to other iconic walking experiences – reducing trail use through diminished visitor interest and ultimately failing to attract economic prosperity to the greater region.

Problem 3: Current funding model for infrastructure is inadequate to deliver ongoing maintenance leading to poor visitor experience and environmental outcomes

Table 12 Problem 3

Description	Impact
Current funding model for infrastructure is inadequate to deliver ongoing maintenance leading to poor visitor experience and environmental outcomes	– Pressure on district operational budget – Impact on visitor experience and reputation – Potential safety risk

The current funding model of the FHAC is dissimilar to its counterparts and competition. Unlike many thriving parks nationwide, FHAC has no current access passes in place – greatly reducing the ability to generate revenue. The lack of stable funding then makes park maintenance very difficult and solely reliant on the district operational budget (north east district). Access passes are also used in various other parks outside Victoria as a means of monitoring the number of park visitors to ensure infrastructure is appropriately maintained, while also reducing the environmental impact imposed by increased tourism.

The inadequacy of this current funding model has resulted in poor trail maintenance and limited funds for additional infrastructure and amenity development around the trail. This has left amenities such as the car park and toilet facilities unable to support further growth as well as risking the quality of visitor experience. For example, at Mt Hotham locals and tourists visiting in peak walking season can experience full car park capacity, leaving cars to be parked alongside the main road access (Great Alpine Road) and hindering visitor safety.

Lack of maintenance also negatively impacts environmental outcomes. Currently, due to the poorly defined nature of the track (due to lack of maintenance) sections of the track suffer from branching. Branching occurs when visitors stray from the intended track and cause ‘branches’ of track in various directions (as shown in the figure

OFFICIAL// Publicly Accessible

below). Environmental damage can also result in sections of the trail with poor drainage. Investment in trail infrastructure, such as boardwalks, stones and steps can reduce the risk of environmental impact.

Note, Parks Victoria will need to establish a framework for servicing that minimises the impact on visitor experience, the environment and cost (e.g. scheduling maintenance trips efficiently to minimise frequency of drive in and helicopter access).

Figure 8 ***Example of poorly defined track impacted by branching (credit Abzeco)***

Figure 9 ***Examples of sections of trail with poor drainage (credit Parks Victoria)***

OFFICIAL// Publicly Accessible

1.4 Timing considerations

It is essential that investment is delivered to resolve the above problems and prevent reputational damage for the region and product. Further, Parks Victoria must adhere to funding conditions, which require investment to be delivered by mid-2024 (Stage One only). Timely investment may also enable the FHAC to capture increased visitation as a result of the pandemic ending and borders reopening after two years of tourism uncertainty.

Strategic investment is required to ensure both a quality experience while maintaining the region's environmental and cultural values. Ensuring a stronger product offering and greater competitive position will attract a broader audience to the FHAC experience while continuing to support the local economy.

1.5 Consideration of the broader context

The increased popularity in regional Victorian tourism has enhanced the need for infrastructure enhancement to expand the range of attractions to satisfy varying audiences. Such development will then translate to increased visitation throughout both the FHAC and broader High Country, subsequently enhancing economic benefit for these regional visitor economies.

In recognition of the growing popularity of walking tourism, Tourism North East have created a specific 'Walk High Country' brand to encourage visitation and provide a 'one stop shop' of information about hiking in the High Country for travellers. Similarly, Hotham Resort Management Board are investing in development of a 'walking strategy' to guide investment in walking tourism products within their resort boundary. Hotham RMB will leverage off the FHAC as the hero product to implement complementary walking offerings within the alpine resort defined boundaries.

1.6 Uncertainty around the problem

The main uncertainty around the problem and project development is the ongoing COVID-19 pandemic and other global events

The pandemic has resulted in over two years of intermittent border closers and uncertainty around tourism and travel, especially international markets. Should the pandemic continue to impact on tourism into the future, demand for the FHAC could vary. Whilst border closures have impacted international travel, COVID-19 has resulted in an increase in intra-state and local visitations. Initial signs suggest that the impact of the pandemic is easing, and fewer restrictions will be implemented into the future that impact on tourism and cross border/international travel.

The emerging situation overseas with tensions rising between Ukraine and Russia is also considered an uncertainty. The geopolitical instability may result in reduced visitation, however the impacts of this unrest are yet to be fully understood. Sensitivity tests will be run on the estimated demand numbers to understand how potential changes in demand may impact the project.

OFFICIAL// Publicly Accessible

2. Case for change

2.1 Benefits to be delivered

The Victorian Alpine region is one of the most popular tourist destinations in the nation – a status expected to flourish as the rate of domestic and eco-tourism maintains an upwards trajectory. As the demand for outdoor recreation continues to grow within the visitor market, the FHAC must leverage its natural assets and rare combination of winter and green season offering to satisfy the growing tourist pool and maintain its popularity. Leveraging the region's potential during the green season will flow considerable benefits to the greater community by the primary route of increased tourist activity.

Addressing the problems, determining areas of improvement and implementing changes within varying areas of the trail will ensure the region continues to thrive, not only driving economic growth, but reaping benefits for the local region.

Highlighted areas of benefit – each of which aim to complement one another – include increased accessibility, economic growth across the High Country, and protection of cultural and environmental values. To assert the walking trail as an iconic Victorian outdoor destination, an increase in user accessibility highlighting various modes of sustainability will support increased economic growth for the High Country region. Implementing new tourist offerings while maintaining cultural and environmental values will enhance the potential of the walking trail to accommodate the increasing visitation rates while maintaining its natural beauty.

A copy of the benefit management map for the project is included at Appendix B.

2.1.1 Benefit one: Increased accessibility for a wider range of users

Ensuring the trail caters for a range of experience, ability and fitness levels, will further increase the rate of participation and the potential visitor pool. As outdoor recreation activities continue to increase in popularity, expanding trail accessibility is necessary to attract more visitors to the region.

Investment in on-trail operated huts greatly increases the accessibility of the offering, allowing visitors who may not be able or willing to carry a heavy hiking pack the opportunity to still experience the iconic walk. Similarly, allowing private operators to offer guided hiking experiences in the region provides an avenue for those with less hiking experience to participate and enjoy the Alpine National Park experience.

Further, not removing or limiting dispersed camping in the region also ensures that a barrier to entry in terms of cost is not created. Investment in all-abilities trails (e.g. those accessible by an all-terrain wheelchair) will increase accessibility for those with a disability and ensure that all community members are able to experience the National Park. While nature-based tourism continues to flourish, ensuring trails have amenity options for various preferences will allow the High Country region to reap the benefits of this increasing demand.

Figure 10 ***All-terrain wheelchair (TrailRider) traversing steep sections of track (credit: Parks Victoria)***

OFFICIAL// Publicly Accessible

2.1.2 Benefit two: Environmental and cultural sustainability

The influx in demand for nature-based outdoor activities further supports the nation's regional economies through shifting expenditure from urban to regional towns and rural areas[12], however careful consideration to development of sensitive environments must be given to ensure continual conservation of these areas.

A key defining characteristic of the Alpine region is its significant environmental and cultural values. These values will be protected through the implementation of this project. Investment in trail upgrades will provide defined sections of track for visitors to walk on, reducing the environmental impact of branching caused by ill-defined tracks. Established trails can prevent long term destruction of the natural environment and preserve the natural experience at greater levels than leaving the track bare of a defined trail. The project will also encourage visitors to engage with the natural environment, raising environmental awareness and creating a sense of environmental stewardship and nurture. Whilst it is acknowledged that implementation of the project will have some extent of environmental impact, impact will be minimised through thoughtful design and use of a sensible construction methodology.

Investment in the FHAC provides an opportunity to support Traditional Owners involvement in on-ground activities to facilitate and strengthen their on-going connection to Country. The project will work with Traditional Owner groups to embed their priorities and values into the planning and approvals process, that in turn, guide key investment decisions.

As part of the broader investment in the trail, funds will also be allocated to conservation works to protect the condition of the existing alpine huts in the park. These alpine huts hold significant cultural value and are a key feature of Alpine National Park.

2.1.3 Benefit three: Economic growth for the High Country region

Annual High Country visitor numbers are expected to increase from 2019 rates of 3.6 million to 5.2 million annual visitors by 2025[13]. This forecasted increase in demand, presents a significant opportunity for the FHAC.

Enhancing the breadth of experiences possible for visitors to the region by increased investment in green season offerings will enhance the potential for economic growth. Investment in the project will encourage visitors to stay longer in the region, spend more and engage with off-trail services (such as accommodation, food and beverage offerings and transport). This visitation growth will support local businesses and resorts in smoothing demand over the year and encourage further private investment.

The project is also estimated to directly and indirectly support employment in the region through construction and operation of the trail, and increased employment in supporting services as a result of increased demand.

2.1.4 Benefit four: Sustainable financing of trail operations and maintenance

Introducing various experience options through the implementation of roofed accommodation and camping platforms not only enhances participant experience, but also creates a revenue stream to assist in cost recovery while maintaining free entry to the park.

Improving product offering through increasing the level and quality of experiences available within the trail will increase the competitiveness of the region. To maintain demand within the growing outdoor-based tourism market, the new camping nodes must remain at comparable prices to nearby experiences. Ensuring competitive pricing while offering varying experience types to visitors from free dispersed camping to roofed accommodation options further assists in satisfying varying consumer pricing preferences throughout the walk.

[12] Marsden Jacob Associates (2016) (n 4).
[13] Regional Development Australia, 'Ride High Country Fund – Round 2', *State Government of Victoria*

OFFICIAL// Publicly Accessible

2.2 Importance of benefits to Government

The project aligns to a number of relevant Victorian Government strategic directions and policies. These strategic documents show State and Local Governments are committed to:

- Upgrading and investing in Victorian parklands to enhance tourist offerings and experiences
- Planning and managing reserves to ensure natural assets and cultural values are protected
- Investing in and promoting Victoria's parks to build on the economic potential of local businesses, parks and reserves.

Table 13 Strategic alignment

Strategy	Alignment with…
Visitor Economy Recovery and Reform Plan	Plan encourages strategic investment in tourism initiatives to: – Develop new experiences, products, and infrastructure – Highlight nature as a key strength for Victoria – Enhance regional tourism boards – Strengthen tourism offering – Further support industry
Parks Victoria – Shaping Our Future	This strategy provides a framework to guide Parks Victoria in working with the community and partners to shape investment in their national parks. The strategy highlights the importance of: – Connecting people and parts through experiences – Providing contemporary facilities and information to encourage park visitation – Leading conservation and restoration of priority park habitats for threatened species Working collaboratively with Traditional Owners and land managers to conserve natural and cultural park values
Managing Country Together	This framework outlines the Parks Victoria's commitment to Aboriginal self-determination and describes their process for implementing the principles and directions outlined in the Victorian Aboriginal Affairs Framework. The programs, initiatives and directions in Managing Country Together reflect Parks Victoria's organisational change agenda, as well as our contribution to whole -of-government outcomes.
Bushwalking Victoria – Victoria's Trails Strategy 2014-2024	The strategy highlights the role of hiking trails in supporting complementary tourism and retail businesses and provides a framework for trail investment, development, awareness, experience and marketing. The strategy specifically makes mention of the FHAC as an internationally and nationally significant trail that should be leveraged to increase tourism to Victoria's regions.
Valuing Victoria's Parks	The policy notes the importance of national parks in contributing to the economy through local industries providing goods and services, in turn generating jobs and income
Victoria's Regional Statement	Policy encourages investment in regional tourism products to: – Preserve and protect the natural environment – Stimulate new investment – Improve visitor experience – Assist in marketing and product development – Grow regional Victoria's events calendar – Increase accessibility to a growing pool of visitors The policy also highlights the importance of multi-industry stakeholder collaboration to develop an action plan to attract tourism investment and visitors.

Regional economic growth as a result of investment in tourism infrastructure in Alpine National Park is likely to deliver benefits to Victoria as a whole through increased visitor spend, length of stay and visitation to other regions as part of the same.

OFFICIAL// Publicly Accessible

3. Response option development

3.1 Method and criteria

The focus of the strategic options assessment is to identify and refine potential interventions to resolve the problems identified in the problem definition workshop and achieve the benefits identified as part of the benefit realisation workshop. These interventions were then grouped into a range of response options, which were evaluated against several sets of criteria – the relative benefits delivered, costs/dis-benefits and risks – as well as the timing for realisation of the expected benefits.

3.2 The base case

For the purpose of the options assessment process, the base case has been defined as a business as usual / do nothing option. Under this option, no additional funding would be allocated for FHAC, and Parks Victoria would continue to maintain the existing track using the existing district operational budget.

The FHAC would continue to follow the existing alignment, and therefore not be realigned to incorporate the iconic Mt Feathertop, limiting the visitor experience. Failure to provide an iconic visitor experience will result in the Alpine region losing market share in the overnight hiking market. Further, if no additional funding is provided it is likely that the condition of the FHAC will degrade overtime to a point where the visitor experience and user safety is compromised, increasing risk for Parks Victoria.

3.3 Strategic interventions

Several strategic interventions were identified with the intent of addressing the identified problems. The full list of strategic interventions can be found in Appendix C. The strategic interventions were then grouped to form response options (refer to Appendix C for details on grouping). The response options identified are shown in the table below.

Table 14 Response options identified

Response Option number	Response option	Explanation
1	Business as usual/ Do nothing	No additional funding in FHAC, continue to maintain the existing track as per current arrangements.
2	Improve experience for existing visitors	Invest in upgrading the existing infrastructure along the track to improve the experience for existing visitors.
3	Facilitate improved visitor experience	Invest in track improvements and camping platforms (with supporting infrastructure) to increase the number and type of visitors attracted to the FHAC. The FHAC will also be 'realigned' to incorporate the hero experience of Mt Feathertop.
4	Facilitate exceptional visitor experience	Invest in track improvements, camping platforms and roofed accommodation (with further supporting infrastructure) to increase the number of visitors attracted to the FHAC. The FHAC will also be 'aligned' to incorporate the hero experience of Mt Feathertop.
5	Full investment in visitor experience and commercial activation	'Gold standard', includes improvements in amenity to improve the visitor experience even further (e.g., hot showers, café/gift shop at trail head). This option also includes provision of an all-abilities accessible overnight loop.

3.4 Ranking of response options

The strategic response options were subsequently assessed against key criteria and evaluated to determine the preferred strategic response, as shown in Table 15.

OFFICIAL// Publicly Accessible

Table 15 Evaluation of response options

Ranking of response options			**Response Option 1** Business as usual / Do nothing	**Response Option 2** Improve experience for existing visitors	**Response Option 3** Facilitate improved visitor experience	**Response Option 4** Facilitate exceptional visitor experience	**Response Option 5** Full investment in visitor experience and commercial activation
Benefit							
Percentage of full benefit to be delivered			**0.0%**	**20.0%**	**57.5%**	**87.5%**	**92.5%**
Benefit 1	Increased accessibility for a wider range of users	35%	0.0%	0.0%	17.5%	35.0%	35.0%
Benefit 2	Economic growth for the High Country region	20%	0.0%	5.0%	10.0%	15.0%	20.0%
Benefit 3	Environmental and cultural sustainability	30%	0.0%	15.0%	22.5%	22.5%	22.5%
Benefit 4	Sustainable financing of trail operations and maintenance	15%	0.0%	0.0%	7.5%	15.0%	15.0%
Risks							
Risk 1				Impact on visitor experience and environment (no improvement to dispersal), M	Revenue not sufficient to cover cost of operations (would require external funding), H	Demand fails to materialise, M	Demand fails to materialise, H
Risk 2			Reputational risk for Parks Victoria (not delivering on funding commitments), M	Reputational risk for Parks Victoria (not delivering on funding commitments), M	Negative impacts on trail and visitor numbers as a result of lack of operational funding generated, M	Infrastructure requires private sector to operate (risk that private sector may not be interested), M	Infrastructure requires private sector to operate (risk that private sector may not be interested), H
Risk 3			Infrastructure not aligned with expected increase in demand (not capturing growth), M	Infrastructure not aligned with expected increase in demand (not capturing growth), M	Limited attractiveness for private sector investment, M	Level of maintenance required impacts on visitor experience, M	Level of maintenance required impacts on visitor experience, H

OFFICIAL// Publicly Accessible

Ranking of response options	Response Option 1 Business as usual / Do nothing	Response Option 2 Improve experience for existing visitors	Response Option 3 Facilitate improved visitor experience	Response Option 4 Facilitate exceptional visitor experience	Response Option 5 Full investment in visitor experience and commercial activation
Risk 4		Revenue not sufficient to cover cost of operation (would require external funding), M	Various approvals required (environment, cultural, heritage), M	Various approvals required (environment, cultural, heritage), M	Various approvals required (environment, cultural, heritage), M
Risk 5					Perception of commercialisation of national park (public backlash), H
Dis-benefits					
Dis-benefit 1	Potential loss of visitation to the region, H	Potential loss of visitation to the region, H	Increased visitation levels may negatively impact on some users, L	Increased visitation levels may negatively impact on some users, M	Increased visitation levels may negatively impact on some users, M
Dis-benefit 2	Not leveraging access to Government funding as part of COVID recovery, M	Not leveraging access to Government funding as part of COVID recovery, M		Increased requirement for maintenance and impact this has on carbon footprint of investment, M	Increased requirement for maintenance and impact this has on carbon footprint of investment, M
Interdependencies					
Interdependency 1	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H
Interdependency 2		Access to resort areas is maintained and general management of the park area and	Access to resort areas is maintained and general management of the park area and	Access to resort areas is maintained and general management of the park area and	Access to resort areas is maintained and general management of the park area and

OFFICIAL// Publicly Accessible

Ranking of response options	**Response Option 1** Business as usual / Do nothing	**Response Option 2** Improve experience for existing visitors	**Response Option 3** Facilitate improved visitor experience	**Response Option 4** Facilitate exceptional visitor experience	**Response Option 5** Full investment in visitor experience and commercial activation
		environment is undertaken, M	environment is undertaken, M	environment is undertaken, M	environment is undertaken, M
Interdependency 3			Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads), H	Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads), H	Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads), H
Cost (range)					
Capital total estimated investment (TEI)	Commercial Information				
Net incremental output costs (annual)					
Timeframe for delivery					
(Range)	0 months	12-24 months	24-36 months	36-60 months	60+ months
Ranking					
1-5	5	4	3	1	2

OFFICIAL// Publicly Accessible

3.5 Recommended response option

As shown in Table 15, response option 4 (facilitate exceptional visitor experience) is the preferred response option and should be progressed for further investigation.

Response option 5 (full investment in visitor experience and commercial activation) is ranked second given its ability to achieve the full extent of benefits, however, is not recommended to be progressed at this point in time due to uncertainty around the level of demand for commercial products and the risk of community dissatisfaction.

Although response option 3 (facilitate improved visitor experience) ranked third, it is recommended to be progressed for further investigation as a comparison to response option 4, to determine the optimal level of investment in infrastructure, given social, environmental and financial considerations.

OFFICIAL// Publicly Accessible

4. Project options assessment

4.1 Project options considered

As outlined previously, the master plan identifies the need for overnight nodes along the alignment to facilitate the visitor experience. The purpose of this options assessment is to confirm which elements should be included in the overnight nodes by assessing different options against key criteria, including social, environmental, economic and financial.

The strategic response option assessment recommended that response option 3 and response option 4 are progressed for further investigation. These response options have been progressed to project options as outlined in the table below.

Table 16 Response options to project options

Response option	Project option
Base case (business as usual / do nothing)	Base case (business as usual / do nothing)
Response option 3 (facilitate improved visitor experience)	Project option 1 (investment in trail infrastructure, camping platforms and supporting infrastructure)
Response option 4 (facilitate exceptional visitor experience)	Project option 2 (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure)

The following sections review the project options to compare their impact on:

- Stakeholders
- Social impact
- Environment impact
- Financial impact
- Economic impact
- Risk profile

Cultural Heritage was not considered through the project options assessment, as the impact on cultural values is yet to be understood. Consultation with Traditional Owners will be required prior to implementation to support their participation in the project and minimise the impact on cultural values.

4.2 Stakeholder identification and consultation

The FHAC engagement approach has been established to ensure the community remains informed and involved throughout each stage of the master plan and project development. A range of engagement activities have been planned to provide the community and stakeholders the opportunity to contribute to the development of the project.

To assist in developing the Master Plan, community consultation took place between 2016 and 2018, with further engagement activities to occur throughout the next stages of the project. Key feedback themes arising from the stakeholder engagement sessions and public forums held as part of the master plan, are outlined in Table 17.

Table 17 Stakeholder feedback on master plan

Stakeholder feedback	Response
Concern around the placement of the accommodation offerings and the impact this would have on the natural environment and vistas.	Accommodation nodes to be located to minimise environmental impact. Built infrastructure will be positioned so as to minimise visual impact.

OFFICIAL// Publicly Accessible

Stakeholder feedback	Response
Concern around the target market for the operated huts and use of 'luxury' imagery (e.g. that the offering will become a luxury offering, and not accessible by the general walking market).	Imagery in the master plan and other future documents to be reviewed so that it better educates on the type of accommodation being offered.
Concern around the intensity of use in already popular areas of the walk.	Trail carrying capacity to be considered as part of the business case and future planning.
Concern around the ongoing access to popular local camping areas (e.g. near Federation hut).	Access to Federation hut will remain and trail carrying capacity to be considered as part of the business case and future planning.
Concern around sustainability of the trail and natural environment.	Environmental values assessment currently underway.

The range of current consultation mechanisms include newsletter updates, a detailed FHAC project page on the Parks Victoria website, and various pop-up engagements/consultation workshops planned across 2021/22 to enhance the opportunity for community collaboration. Parks Victoria have prepared a Communication and Engagement Plan for the project, which is attached as Appendix J.

There has been significant interest and levels of participation throughout the project, further encapsulating the importance of the FHAC to the community and its varying stakeholders. The Preliminary Environmental Values Assessment has been made public to aid in enriching the community's understanding of the mitigation mechanisms in place to enhance environmental conservation.

Table 18 outlines each stakeholder that will impact or be impacted by the project options, along with the corresponding engagement approach.

Table 18 Stakeholders

Stakeholder group	Nature of interest	Level of Engagement	Main engagement and communications approach
Ministerial – Minister for Energy, Environment and Climate Change	– Major milestones and modifications, – Benefits to community and regional economies – Ongoing relationships with Traditional Owners	Empower	The Minister will be kept informed of the progress of the project, and briefed on project outcomes
Parks Victoria Board	– Major milestones and modifications – Reputational and operational risk – Marketing and media approach	Empower	The Parks Victoria Board should be involved throughout major milestones
Parks Victoria Parks, Planning and Policy Directorate	– Leading of project – Major milestones and modifications – Benefits to community and regional economies	Empower	Parks Planning and Policy are leading the project on behalf of Parks Victoria
Local Parks Victoria team: – Regional team	– Benefits to community and regional economies – Consultation and involvement across project milestones –	Empower	Local Parks Victoria stakeholders to be included in workshops as the project progresses, and consulted individually on relevant aspects of the project as required
Parks Victoria internal: – Communications and Engagement team	– Benefits to community and regional economies – Consultation across project	Collaborate	Parks Victoria stakeholders to be included in workshops as the project progresses, and consulted individually on relevant aspects of the project as required

OFFICIAL// Publicly Accessible

Stakeholder group	Nature of interest	Level of Engagement	Main engagement and communications approach
– Environment and Science team – Heritage Partnerships Community Engagement and Inclusion team – Infrastructure Capital Project team – Managing Country Together team – Marketing and Visitor Services team – Commercial Growth and Activation team	– Major milestones and modifications –		
Traditional Owners Consultation with Traditional Owner Groups, include but is not limited to; Jaithmathang Traditional Ancestral Bloodline Original Owners First Nation Aboriginal Corporation, Gunaikurnai Land and Waters Aboriginal Corporation, Duduroa Dhagal Aboriginal Corporation, Dhuduroa Waywurru Nations Aboriginal Corporation, Dalka Warra Mittung Aboriginal Corporation and Bangerang Aboriginal Corporation.	– Design and location of the proposed infrastructure – The operating model and how it can provide economic opportunities – How cultural and environmental values will be protected throughout the project and once the infrastructure is operating – Key initiatives and activities where Traditional Owners can participate	Empower	Engagement to be facilitated by Parks Victoria
Government: – Department of Jobs, Precincts and Regions – Regional Development Victoria – Department of Environment, Land, Water and Planning	– Planning pathway and regulatory requirements, such as an environmental impact – Verify that funds are being appropriately spent to support regional economies	Consult and involve	Government stakeholders to be included in workshops as the project progresses, and informed of the findings of the business case
Local Government: – Alpine Shire – East Gippsland Shire	– The planning requirement – The operating model – Local benefits – Community ideas and feedback	Involve	Government stakeholders to be included in workshops as the project progresses, and informed of the findings of the business case
Special interest groups: – Falls Creek Resort Management – Mount Hotham Resort Management – Tourism North East – Visit Victoria – Bushwalking Victoria – Victorian National Parks Association – Outdoors Victoria	– Input of land managers for parts of tracks – Interested in product and experience development – Input into the product development through market sounding/focus groups – Regular updates on the progress of projects – Design and location	Consult and inform	Special interest groups to be consulted with through market sounding approach to test interest in investment in the FHAC. Special interest groups will also be consulted with to inform the demand study.

OFFICIAL// Publicly Accessible

Stakeholder group	Nature of interest	Level of Engagement	Main engagement and communications approach
– CFA (Country Fire Authority) Victoria – Tourism Boards – Licensed Tour operators	– Environmental and fire considerations – Park and industry benefits – Accessibility		
Other: – Birdwatching groups – Local communities and park neighbours – Previous campers – Volunteering groups	– Input into the product development through market sounding/focus groups – Parks and community benefits	Consult and inform	Engagement to be facilitated by Parks Victoria, with support from GHD as required through the business case development

Throughout each project option, all stakeholders will remain the same.

4.3 Social impacts

4.3.1 Positive effects

The 'business as usual' option will not improve social outcomes for both the local and broader visitor community, while increasing the risk of diminishing visitor yield. As such, this base case does not incorporate increase in social outcomes – merely maintain the region's current status quo.

Project options 2 and 3 will enhance social benefits through their establishment. The intention of developing huts across the alignment is to expand the demographic of visitors interested in taking part in the overnight trail. Such huts will improve accessibility for a greater number of visitors by opening up the trail to those with varying levels of hiking experience, those unable to carry large, heavy packs for several days or those wanting a higher scale of comfort during the overnight experience.

Coupled with the development of all-access huts, trail development will allow visitors with a disability to experience the overnight trail by means of a motorised all terrain wheelchair (TrailRider) – establishing an inclusive and accessible outdoor trail experience for all wanting to participate[14].

As such, improving infrastructure within the FHAC trail has the potential of enhancing current trail amenity, specifically to enhance trail accessibility to all abilities and allow all lifestyle preferences to participate through the establishment of higher quality experience offerings.

4.3.2 Potential impacts

Short term disruption impacts are considered to be confined within the construction phase, and so able to be scheduled appropriately to minimise its impact on the trail's accessibility to visitors, while also being short lived once development is completed.

To mitigate the impact of increased hut popularity upon existing users of the trail, it is recommended to limit the number of trail/hut bookings available throughout the seasons. Limiting bookings will reduce the threat of hostility from the local community regarding the redevelopment.

4.4 Environmental impacts

Under the base case, it is likely there will be further environmental impacts through the current state of the walking trails. As tracks are not properly formed, it is considered there will be further impacts through visitors walking off-track due to the lack of current established trails and causing branching paths – in turn reducing the standard of user experience over time and heightening the threat of environmental destruction. As branching paths are already visible through the park, not implementing additional track work will increase the threat to rare or threatened flora and fauna found throughout the project area.

[14] Note, further investigations are required into providing an all-abilities accessible loop.

OFFICIAL// Publicly Accessible

Project option 1 involves investment in camping platforms and supporting infrastructure. Although implementing camping platforms across the trail will improve the level of amenity above that within the base case, an increased level of environmental impacts must also be considered. An increased threat will be present on the native flora and fauna through the construction of camping platforms; detailed information on such species within the assessment area is outlined within Section 7.1.2. However, considerations have been made to minimise such impacts. Establishing designated trails across the alignment will reduce the number of visitors walking off-track and causing damage to surrounding native species. As a further mitigation tactic, the camping platforms are proposed to be constructed raised off the ground as to allow grass and vegetation below to remain and grow – minimising their impact on the natural environment. It is also suggested the camping platforms are constructed using materials considered appropriate to the setting to minimise their visual impact.

Within project option 2, a heightened level of comfort is aspired through the development of huts as well as camping platforms and additional infrastructure. The implementation of huts across the trail is likely to have a greater environmental impact than the base case and project option 1. However, this impact can be offset through ensuring appropriate materials are used and the huts are conscientiously designed.

Similar to project option 1, environmental impacts are likely to include native flora and fauna as found throughout the proposed FHAC route. Detailed environmental investigations of both flora and fauna within the assessment area found various species in potentially sensitive areas. Broad consideration of the range of environmental impacts has assisted in establishing design techniques (including detailed micro-siting) to mitigate the impact of huts on both the natural and visual environment. Such as the camping platforms, it is proposed that the huts are constructed using materials that are appropriate to the setting and consideration be given to bushfire and other building related controls to assist in maintaining the trail's natural aesthetic and protection through matching the surrounding environment – reducing the visual impact. The proposed huts will also be solar panelled so to keep the park off-grid and reduce further construction and environmental damage throughout the trail.

4.5 Economic and financial analysis

The economic and financial analysis considered five options:

- Business as usual
- Project Option 1 – slower recovery from COVID-19
- Project Option 1 – faster recovery from COVID-19
- Project Option 2 – slower recovery from COVID-19
- Project Option 2 – faster recovery from COVID-19

The analysis is based on the:

- Estimated demand profile (which is built using actual demand data for Falls Creek and Mount Hotham from 2009 to 2018)
- Adjusted demand for the COVID-19 impact for 2019-2021, with an anticipated return to international tourism early in 2022.

Demand data is built around various activity groups including:[15]

- Multi day hikers (3.5%) – hikers staying more than one night in the national park (includes those free camping or utilising existing platforms).
- Intermediate hikers 2-4 hours (32%) – hikers who currently start from either Falls or Hotham, with a smaller number driving to an alternative 'starting' point.
- Sightseeing (12%) – short walks/sight-seeing – minimal time away from Falls or Hotham.
- Non-Hiker Visitors – people who visit the area with little or no interaction with the 'nature' attractions.

It is assumed that the project will result in increased demand (above the base case option), as investment will attract people to the region, and assist in transitioning intermediate hikers to multi-day hikers, especially as huts will be available to provide an additional level of support.

[15] Sea to Summit Market Research

OFFICIAL// Publicly Accessible

4.5.1 Modelling parameters

Table 19 provides an overview of the parameters applied in the modelling. Further detail on the modelling parameters can be found in the supporting Economic and Financial analysis report, attached as Appendix D.

Table 19 Modelling parameters

Parameter	Details
Demand	– General demand – Recovery from COVID-19 impacts (scenarios) – Uplift as a result of project
Tourist profile	– International – Domestic overnight
Capital expenditure	– Project Option 1 – Project Option 2
Discount rate	– 7% with sensitivities at 4% and 10%
Hiker profile	– 55% of hikers partake in dispersed camping – 15% of hikers will utilise huts – 30% of hikers will utilise the elevated camping platforms[16]
Fee structure	– Free camping – Camping platforms – Huts (double huts and quad hut)
Hut	– Capacity – Utilisation
Camping platforms	Fee as per Parks Victoria fees and charges 2022/23
Operational expenditure	– Business as usual – Project Option 1 – Project Option 2
Cost recovery	Revenue generated from bookable assets to cover maintenance costs
LTO charges	– Double hut – Quad hut
Employment impact	– Construction – Parks Victoria – Licenced Tour Operators – Hospitability

4.5.2 Demand

Figure 11 shows the expected number of multi-day hikers visiting the FHAC over the 25 years post construction. The graph presents four distinct scenarios:

- No investment in the project (no COVID-19 impacts)
- No investment in the project (considers COVID-19 impacts)
- Investment in the project, with faster recovery from COVID-19 impacts
- Investment in the project, with slower recovery from COVID-19 impacts

As shown in the graph, investment in the project is expected to increase the number of people participating in multi-day hikes along the FHAC. The project will induce demand by encouraging additional people to visit and

[16] Note, this split is an assumption based on feedback from the Overland Track, and GHD experience with other hut base trails.

OFFICIAL// Publicly Accessible

experience the walk, and by encouraging people who otherwise would have visited and undertaken a shorter walk to undertake the full experience (given the greater level of accessibility of the new experience).

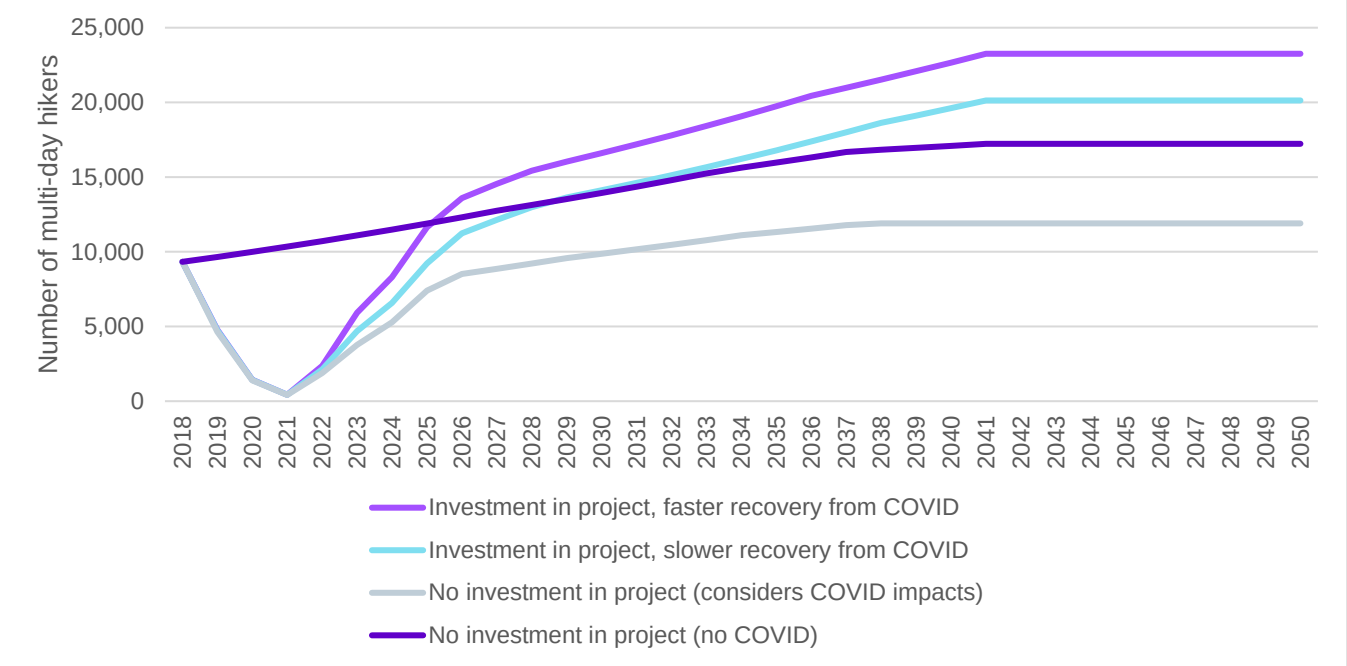


Figure 11 Multi-day hike visitation[17]

Based on the demand numbers above and the average distribution of visitation across seasons in the High Country, the average number of people starting the multi-day experience each day has been calculated.

As shown in Table 20, the average number of starters per day peaks in the peak season (December/January) in 2045 is at **128 people per day.** Note, these numbers only consider people starting the multi-day experience, and as such the actual number of people on the trail each day **is likely to be higher**.

Table 20 Estimated starters per day[18]

	2025	2030	2035	2040	2045	2050
Peak Season	75	94	112	128	128	128
Shoulder Season	47	59	70	80	80	80
Low Season	4	6	7	8	8	8

Visitation is the low season (winter) is expected to be minimal due to snow conditions and difficulty associated with traversing the full alignment with snow gear. It is recommended that Parks Victoria undertake additional studies to explore opportunities to better utilise the infrastructure during winter.

Parks Victoria may also wish to explore opportunities to support dispersal of visitors to the shoulder season and away from the peak season to maximise visitation and economic growth while reducing the risk of overuse. For example, Parks Victoria could explore reducing pricing during the shoulder and low seasons.

It is important to note that the carrying capacity of the trail is an important consideration and something that Parks Victoria will need to further investigate as the project progresses. Initial estimates suggest demand for the product will be strong, and with no current cap on numbers (e.g. as no park entrance fee is charged, and visitors can camp in the park for free), Parks Victoria will need to consider mechanisms to manage demand and reduce the risk of environmental damage as a result of overuse.

[17] Note, growth flatlines in 2041 to ensure approach remains conservative. For the product to continue to see growth in demand post 2041, additional investment would be required to maintain market share.
[18] Note, the numbers are based on the 'Investment in the project, faster recovery from COVID' scenario

OFFICIAL// Publicly Accessible

4.5.3 Economic and financial analysis

This section presents the results of the economic and financial analysis. The results presented in this section are the **differential** results of the project options relative to the base case, to evidence the impact of the project relative to the current situation. Further information on the results for the base case and the project options can be found in Appendix D.

4.5.3.1 Cost benefit analysis

A cost benefit analysis (CBA) is an economic appraisal tool that isolates the costs and benefits of the project option over the evaluation period, relative to the base case scenario (business as usual), then uses discounted cash flow analysis to determine the net benefit to society. Results of a CBA provide decision makers with a view of the net advantages and disadvantages of a project. The table below outlines the Benefit Cost Ratio (BCR) and NPV results of the quantified economic benefits and P90 costs of each project option, relative to the base case (business as usual). Economic analysis using the P50 cost estimates can be found in Appendix D.

Table 21 Cost benefit analysis (P90 costing)

	Project Option 1		Project Option 2	
(Present Value @ 7%) ($ M)	Slower recovery from COVID-19	Faster Recovery from COVID-19	Slower recovery from COVID-19	Faster Recovery from COVID-19
Differential present value of costs	Commercial Information			
Differential present value of benefits				
Differential Net Present Value				
Benefit Cost Ratio (BCR)				

From the table above, it can be seen that under both scenarios, the preferred option has a BCR above one, and as a result delivers net present benefits. However, it should be noted that not all benefits of the project have been able to be quantified and therefore included in the BCR result, and therefore the likely benefits of the project are much higher. Investment in the project will deliver increased accessibility and access to the National Park for a wider range of visitors, improved environmental outcomes, and increased community cohesion.

Should only Stage One be delivered the economic benefits are still likely to outweigh the costs, however as noted previously, Stage One is less likely to be able to be self-funding.

4.5.3.2 Sensitivity analysis

A sensitivity analysis was undertaken on the cost benefit analysis to understand the impact of different discount rates on the benefit cost ratio (relative to the base case). The results are presented in the table below.

Table 22 Sensitivity analysis – discount rate (P90)

	Discount rate at 3%		Discount rate at 7%		Discount rate at 10%	
	Differential NPV	Benefit cost ratio	Differential NPV	Benefit cost ratio	Differential NPV	Benefit cost ratio
Project Option 1 – slower recovery from COVID-19	Commercial Information					
Project Option 1 – faster recovery from COVID-19						
Project Option 2 – slower recovery from COVID-19						
Project Option 2 – faster recovery from COVID-19						

OFFICIAL// Publicly Accessible

4.5.3.3 Employment Impact

Construction and operation of each project option will generate new employment opportunities. During construction, employment opportunities will be generated in the local community and the construction industry across Victoria. Once operational, the additional tourism expenditure generated by the induced demand of each option will generate new employment across Victoria above the base case.

The table below provides an overview of the Full Time Equivalent (FTE) opportunities that are expected to be generated during construction and operation (25 year evaluation period) of each project option above the base case. Note, this modelling has been undertaken using REMPLAN input-output multipliers to determine the estimated number of jobs resulting from capital and operational expenditure

Table 23 Differential employment impacts (P90 costings)

	Project Option 1		Project Option 2	
	Slower recovery from COVID-19	**Faster Recovery from COVID-19**	**Slower recovery from COVID-19**	**Faster Recovery from COVID-19**
Construction[19]				
Total (differential)	168	168	240	240
Average per year (differential)	56	56	80	80
Parks Victoria (maintenance and support)[20]				
Total (differential)	25	36	109	133
Average per year (differential)	1	1	4	5
Licenced Tour Operators[21]				
Total (differential)	0	0	129	150
Average per year (differential)	0	0	5	6
TOTAL (FTE years)	**193**	**204**	**478**	**523**

Additional jobs would also be created in the hospitality sector within the region as a result of visitor spend. Based on the estimated spend per visitor, approximately 176 additional hospitality jobs can be expected each year, with a total 5,332 FTE years over the 25 year operational period (Under Project Option 2, Faster Recovery scenario).

4.5.3.4 Operating costs

To enable the walk to be self-funding, the amount charged for use of the operated huts and camping platforms needs to be sufficient to cover the cost of annual maintenance. Financial analysis was undertaken using market rates for similar products to determine if the revenue generated would be sufficient to cover maintenance. The analysis ultimately concluded that cost recovery is possible only for Project Option 2. Revenue generated under Project Option 1 (platforms only) is not sufficient to cover the costs of operations and maintenance.

Further, if only Stage One is implemented, revenue generated through the two overnight nodes is not sufficient to cover maintenance requirements. Further detail on the operational cost analysis can be found in Appendix D.

4.6 Risk comparison

A risk register has been developed to outline key risks associated with the project and assist in selecting the most suitable project option. The risk register was designed with the purpose of:

- Identifying risks and risk pathways

[19] Assumed 3-year construction period
[20] 25-year operational period
[21] 25-year operational period

OFFICIAL// Publicly Accessible

- Analysing each risk through considering consequences and the likelihood of occurrence
- Grading each risk according to their likelihood and impact upon the project
- Identify current mitigation strategies in place, as well as evaluating potential techniques to include

The risk register identified **52 active risks** between the ratings of low (4) and significant (7-8). A copy of the risk register is available at Appendix E.

Table 24 outlines the risks before and after additional controls are in place.

Table 24 Risk Summary

Risk	Description	# of risks pre-mitigated	# of risks after mitigation
High: 9-10	Risk falls outside Parks Victoria's acceptable level of risk appetite. Immediate attention and response are needed. A risk treatment plan must be devised	0	0
Significant: 7-8	Risk may fall outside of Parks Victoria's acceptable level of risk appetite. Immediate attention and response are needed, as well as a risk treatment plan	20	10
Medium: 5-6	Risk falls within Parks Victoria's acceptable level of risk appetite, may be manages or accepted without further treatment provided it is monitored on at least a quarterly basis	31	41
Low: 2-4	Risk falls well within Parks Victoria's acceptable risk appetite, no specific monitoring timeframe	1	1

The following risks were identified as the key risks that could impact implementation and feasibility of the project:

- Complex approvals pathway associated with works in the National Park, due to various land tenure agreements and areas with significant environmental, cultural and historic value
- Natural events impact on accessibility of the park and reduce visitation levels and associated cost recovery (e.g. bushfires or wet weather) (note, operational charges built to cover this risk)
- Changes in visitation assumptions (e.g. because of COVID) may impact project feasibility (note, demand scenarios tested as part of economic analysis)
- Planned trail improvements may not result in increased visitor experience offering and related benefits, including financial return
- Design may not fully address requirements of potential operators
- Construction program is disrupted by Force Majeure (unforeseeable circumstances, such as bushfire or other weather events)
- Visitor numbers may increase beyond sustainable levels, impacting visitor experience and environment. Parks Victoria unable to control given no entrance charges associated with park access. However, it should be noted that this is an already existing risk that may be exacerbated without the new infrastructure
- Traditional Owner Groups, stakeholders and the community may not support the project. This could damage relationships, impact approvals process timelines and create negative project attention
- Operations and maintenance costs (and optimal charges to reach cost recovery) not fully scoped and defined, and may be higher than expected increasing pressure on district budget
- Funding may not be received for full implementation resulting in impact on visitor experience (e.g. experience is not end-to-end), economic outcomes and overall project benefits.

Through a comparison of risks associated with each project option and the base case, **project option 2 can be deemed as attracting the greatest number of risks**, such as the greater booking risk compared to the camping platforms with regard to achieving return on investment. More building materials will also be needed for project option 2 compared to project option 1, in turn increasing risk associated with construction costs.

Although these risks are more prominent within project option 2, market research has shown interest in such bookable hut experiences.

OFFICIAL// Publicly Accessible

4.7 Uncertainties

Whilst it is nearly impossible to eliminate all uncertainty in the project, having a flexible program, to be delivered in two or more stages allows for the impact of uncertainties to be mitigated. Further, whilst there will be inherent uncertainty in the magnitude and timing of growth, this has been captured in the risk allocation including in the project costs. To mitigate the risk of uncertainty Parks Victoria may wish to consider reviewing the project through an adaptive planning framework.

4.8 Integrated analysis and options ranking

Based on the outcomes of the above sections, a high level multi criteria analysis has been undertaken to rank the project options and determine the preferred level of investment. These ranking are summarised in Table 25.

Table 25 Integrated options analysis

	Base Case / Business as usual	Project Option 1		Project Option 2	
Benefits					
% of full benefits to be delivered	**0%**	**57.5%**		**87.5%**	
Benefit 1: Increased accessibility for a wider range of users	0%	17.5%		35.0%	
Benefit 2: Economic growth for the High Country region	0%	10.0%		15.0%	
Benefit 3: Environmental sustainability	0%	22.5%		22.5%	
Benefit 4: Sustainable financing of trail operations and maintenance	0%	7.5%		15.0%	
Cost benefit analysis (P90 costing)					
		Slower recovery from COVID-19	**Faster recovery from COVID-19**	**Slower recovery from COVID-19**	**Faster recovery from COVID-19**
Differential Net present value ($ M)	-	Commercial Information			
Benefit cost ratio	-				
Other considerations					
Social impacts	N/A	Some increase in accessibility of accessibility of National Park		Substantial increase in accessibility of National Park	
Environmental impacts	Negative environmental impacts of unformed / non-maintained track (e.g. branching)	Some environmental impact through construction of infrastructure, however mitigated through choice of materials and placement Risk of environmental damage if visitation levels cannot be managed – Parks Victoria to investigate mechanisms to cap visitation if required		Some environmental impact through construction of infrastructure, however mitigated through choice of materials and placement Risk of environmental damage if visitation levels cannot be managed – Parks Victoria to investigate mechanisms to cap visitation if required	
Financial impacts	Insufficient funds in district operational budget to adequately maintain the trail	Insufficient revenue generated through camping platforms to enable cost recovery (to cover maintenance costs)		Sufficient revenue generated through hut bookings to enable cost recovery (to cover maintenance costs)	

OFFICIAL// Publicly Accessible

	Base Case / Business as usual	Project Option 1	Project Option 2
Risk comparison	N/A	Slightly less risk than option 2 as less investment made	Slightly higher risk than option 1 given more investment is made in infrastructure (booking risk), however initial discussions with LTOs suggests demand for product will be high.

The integrated options analysis suggests that **project option 2 (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure) delivers the optimal outcomes**.

Project option 2 delivers a greater level of benefit, enhancing the visitor experience, increasing accessibility of the park, delivering growth for the region and creating a sustainable product. Project option 2 also enables cost recovery (to cover operations and maintenance costs) through revenue generated by hut bookings.

OFFICIAL// Publicly Accessible

Part 2 – Delivery case

5. Project solution

5.1 Detailed project scope, service specification and outcomes

Based on the above discussion, it is recommended that Parks Victoria progress with project option 2. The detailed scope of project option 2 is included below in Table 26.

Table 26 Project scope

Project element	Inclusions
Overnight nodes	7 x twin share huts
	1 x quad share hut
	1 x guide / storage hut
	8 x camping platforms (each to accommodate 2-3 people)
	3 x self-contained pod toilets
	1 x 20,000L water harvesting tank
	1 x communal shelter for dining and socialising (including solar power to shelter)
	3 x picnic tables
	6 x wooden sun chairs
	Path / trail connecting huts to shelter
Trail infrastructure	Segment 2: Between Rocky Valley Dam to Big River Fire Trail
	Segment 4: Between Marum Point Track to Langford West Aqueduct Road
	Segment 6: Between the Bogong High Plains Road and a point north of the end of Cope West Aqueduct Road (east of Mount Jim)
	Segment 8: Between Fainter Fire Trail and Tawonga Huts
	Segment 14: Between the junction of Pole 333 and Weston Hut
	Segment 21: Diamantina Spur Walking Track to the Razorback Track.
	Segment 26: Fainter Fire track - between Tawonga and Pretty Valley Pondage (note, only to facilitate emergency access at this stage)
	Segment 27: Bungalow Spur (Federation Hut to Harrietville)
	Wayfinding, signage and interpretation across the entire alignment
	Basic seating
Trail heads	Amenities
	Waiting shelter
	Feature signage
	Wayfinding and key user information
	Car and bus parking
	Supporting infrastructure (such as trailhead sculptures, café/gift shop and exhibitions)
Other	Undertake essential conservation works on existing alpine huts (including Langford Gap Hut, Wallace Hut, Cope Hut, Weston Hut, Blairs Hut)

OFFICIAL// Publicly Accessible

The capital cost for items detailed in the project scope is outlined in the table below. The table also provides an indication as to whether project elements will be funded and progressed with initial Stage One funding.

Table 27 Capital cost[22]

	Full implementation		Stage One	
	P50 cost ($M)[23]	**P90 cost ($M)**[24]	**P50 cost ($M)**[25]	**P90 cost ($M)**[26]
Overnight nodes	Commercial Information			
Overnight node 1 – Cope Hut				
Overnight node 2 – Tawonga Huts				
Overnight node 3 – Diamantina Creek				
Overnight node 4 – High Knob				
Conservation works on alpine huts				
Trail infrastructure				
Trail head infrastructure (wayfinding and interpretation)				
TOTAL cost for works within National Park Boundary				
Trail head infrastructure (remaining)				

Further details on the Stage One prioritisation process can be found in section 5.2.

As outlined previously, Parks Victoria are also currently exploring the possibility of a segment of the track being all-abilities accessible (accessible via TrailRider). The establishment of this all-abilities accessible track is dependent on a number of factors and is still under investigation. As such, at this stage, it has not been included in the costings above.

Note, the cost estimates above for the trail head elements have been prepared based on the assumed inclusions of a trail head. Through the development of the business case, consultation with the RMBs determined that both Falls Creek and Mt Hotham RMBs have plans for development of visitor infrastructure at the planned trail head locations, which may include some or all of the trail head scope elements identified above (these projects are being funded by the resorts). The table below provides an overview of the assumed inclusions for the trail heads and those elements which may be funded by the resorts as part of their visitor infrastructure projects.

Table 28 Trail head infrastructure

Trail head infrastructure element	Delivery
Access	Access to resorts already exists
Parking	Likely to be delivered by resorts as part of visitor infrastructure
Amenities	Likely to be delivered by resorts as part of visitor infrastructure
Water	Likely to be delivered by resorts as part of visitor infrastructure
Wayfinding and interpretation	To be delivered by Parks Victoria as part of FHAC project
Commercial infrastructure (e.g. café, gift shop)	Potential for these elements to be included in RMB visitor infrastructure at a later date, however currently not in scope.

[22] Note, totals may not sum due to rounding
[23] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries
[24] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries
[25] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries
[26] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries

It is recommended that further consultation between Parks Victoria and the RMBs is progressed to understand project scope and explore opportunities for collaboration and infrastructure delivery efficiencies.

5.2 Staging

As outlined previously, Parks Victoria have received $15 million of funding to progress implementation of the FHAC. This funding covers approximately 50% of the proposed works (by value). As such, implementation will need to be staged to align with available funding. Stage One will be delivered first, with the remainder of the infrastructure being delivered once funding allows.

5.2.1 Approach

A two-stage approach to project element prioritisation was undertaken to determine inclusions for Stage One, as outlined in the following diagram and supporting text.

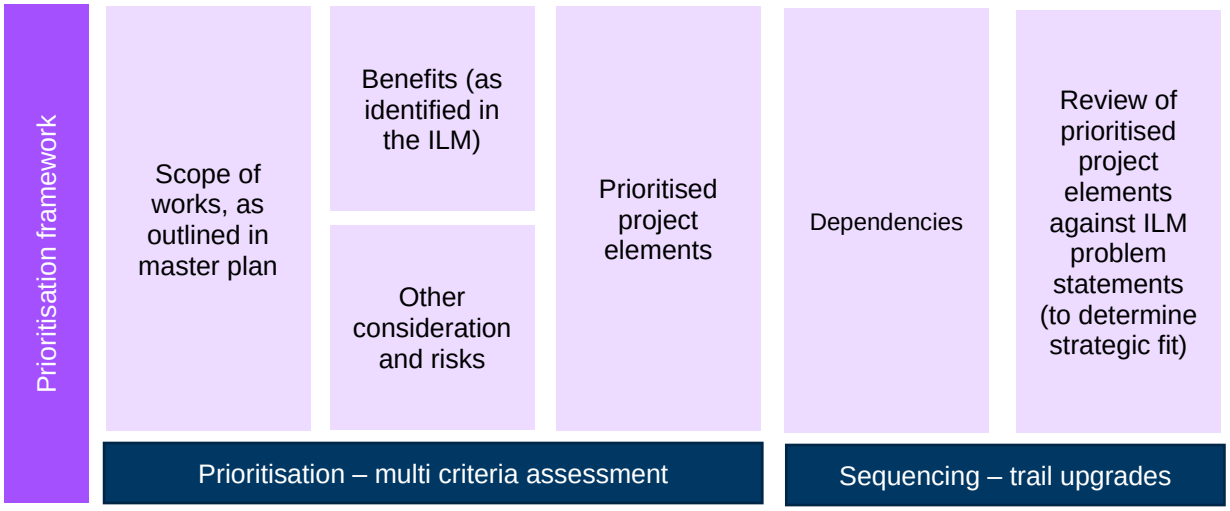


Figure 12 Prioritisation and sequencing methodology

5.2.1.1 Project element prioritisation assessment

A Multi-Criteria Assessment (MCA) was used as a mechanism to assess the project elements outlined in the FHAC master plan considering qualitative and quantitative benefits and impacts. The MCA provides a relative ranking of project elements in terms of merit and readiness, leading to sequencing of implementation. The MCA only considers the overnight nodes and trail head infrastructure, as trail upgrade requirements will be dependent on the overnight nodes to be progressed in Stage One.

The MCA was informed by the ILM and engagement with the project team. This process was considered important to establishing a robust and shared project appraisal process, drawing on the insights to assist in the assessment. The MCA framework assessed the project elements across the following primary groups:

- Project benefits: agreement with the required benefits underpinning the success of the investment, which were developed under the Department of Treasury and Finance (DTF) Investment Management Standards.
- Other considerations: includes evaluation of the main components that can impact on the option delivery.

Each project element was provided with a score against the agreed criterion, outlined in section 5.2.3. This resultant ranking has been used as the basis for identifying higher priority options to inform staging.

OFFICIAL// Publicly Accessible

5.2.1.2 Trail upgrade sequencing analysis

Once the overnight nodes and trail head infrastructure were ranked according to their overall score, a trail upgrade sequencing analysis was undertaken to determine the segments of trail to be progressed as part of Stage One. The sequencing considers the impact the section of trail will have with regard to:

- Visitor experience
- Environmental benefits
- Access to prioritised overnight nodes, including emergency access

5.2.2 Project elements considered

Table 29 provides an overview of the project elements considered through the process. These project elements were identified in the master plan and then categorised into trail head elements and overnight node elements. The elements were also grouped depending on which segment of the proposed walk they fit in.

Table 29 Project elements considered

Section	Category	Project element	Inclusions
Falls Creek to Cope Hut	Trail head	Falls Creek Trail Head	– adequate car and bus parking – amenities – waiting shelter – feature signage – wayfinding and key user information
	Overnight node	Overnight node 1 (Cope Hut)	– hiker camp – operated huts – supporting infrastructure
Cope Hut to Tawonga Huts	Overnight node	Overnight node 2 (Tawonga Huts)	– hiker camp – operated huts – supporting infrastructure
Tawonga Huts to Diamantina Creek	Overnight node	Overnight node 3 (Diamantina Creek)	– hiker camp – operated huts – supporting infrastructure
Diamantina Creek to High Knob	Overnight node	Overnight node 4 (High Knob)	– hiker camp – operated huts – supporting infrastructure
High Knob to Mt Loch Carpark	Trail head	Mt Loch trail head	– adequate car and bus parking – amenities – waiting shelter – feature signage – wayfinding and key user information
Various	Alpine Huts	Essential conservation works on Alpine Huts	– undertake essential conservation works on existing Langford Gap Hut, Wallace Hut and Cope Hut
			– undertake essential conservation works on existing Cope Saddle Hut and Tawonga Hut
			– undertake essential conservation works on existing Weston Hut and Blairs Hut
			– undertake essential conservation works on existing Federation hut
			– undertake essential conservation works on existing Diamantina hut

OFFICIAL// Publicly Accessible

5.2.3 Project element prioritisation assessment

The MCA was prepared with input from members of the GHD project team and Parks Victoria stakeholders to provide a collective appraisal process. The MCA process included:

- Determination of a set of criteria and sub-criteria to assess options and assign a weighting (%) based on the relative importance
- Assessment of options against the sub-criteria by assigning a score to reflect the extent to which each option meets the criteria
- Estimation of a final score considering the weighting of each criterion and score to provide a 'weighted' total with ranking of projects based on those weighted totals

The agreed criteria are outlined in Table 30.

Table 30 Assessment framework criteria

	Assessment criteria	Sub-criteria	Weighting
Benefits	Benefit 1 - Economic growth for the Alpine region	Extent to which option is likely to increase overnight visitation	15%
		Extent to which option is likely to increase visitor spend	5%
	Benefit 2 - Increased accessibility for a wider range of users	Extent to which option will encourage diversification of visitor segments	15%
	Benefit 3 - Sustainable financing of trail operations and maintenance	Extent to which option will allow for cost recovery of operations and maintenance costs	15%
	Benefit 4 – Environmental and cultural sustainability	*(Included below as part of environmental impacts)*	-
Other considerations	Stage One feasibility	Extent to which the option allows Stage One to operate as a stand-alone experience	5%
	Community impact	Extent to which option will be accepted by the local community	10%
	Environmental impacts	Extent to which option will minimise environmental and cultural impacts	10%
		Extent to which option encourages dispersal of visitors along the trail (carrying capacity)	15%
	Constructability	Ease of construction	5%
	Access	Proximity to existing access roads	5%
		TOTAL	**100%**

The benefits criteria are based on the benefits identified in the ILM. The other considerations criteria were developed in consultation with Parks Victoria and are based on the key risk factors that will impact the feasibility of Stage One.

5.2.3.1 Results

The results of the assessment are summarised in Table 31. The full assessment framework is attached as Appendix F.

OFFICIAL// Publicly Accessible

Table 31 Assessment results

Rank	Score *(out of 5)*	Project element	Inclusions
1	4.15	Overnight node 2 (Tawonga Huts)	– hiker camp – operated huts – supporting infrastructure
	4.15	Overnight node 4 (High Knob)	– hiker camp – operated huts – supporting infrastructure
3	3.85	Falls Creek Trail Head	– adequate car and bus parking – amenities – waiting shelter – feature signage – wayfinding and key user information
	3.85	Mt Loch trail head	– adequate car and bus parking – amenities – waiting shelter – feature signage – wayfinding and key user information
5	3.75	Overnight node 3 (Diamantina Creek)	– hiker camp – operated huts – supporting infrastructure
6	2.8	Overnight node 1 (Cope Hut)	– hiker camp – operated huts – supporting infrastructure
7	2.4	Undertake essential conservation works on existing Alpine Huts	– undertake essential conservation works on existing Langford Gap Hut, Wallace Hut and Cope Hut
			– undertake essential conservation works on existing Cope Saddle Hut and Tawonga Hut
			– undertake essential conservation works on existing Weston Hut and Blairs Hut
			– undertake essential conservation works on existing Federation hut
			– undertake essential conservation works on existing Diamantina hut

Although undertaking essential conservation works on existing Alpine Huts did not rank as highly as other project elements (as it will have limited benefit in increasing visitation and accessibility), it is recommended that works at Alpine huts in proximity to the prioritised overnight nodes are progressed as part of Stage One. Progressing conservation works at the Alpine Huts in the vicinity of Overnight Node 2 and 4 will create cost efficiencies (as construction crews will already be in the area) and will protect the heritage values of the area. The remaining conservations works are recommended to be progressed as part of the full implementation.

5.2.4 Trail upgrade sequencing analysis

The sequencing process involved reviewing the segments of track identified as part of the FHAC master plan, and prioritising upgrades based on:

- Visitor experience
- Environmental impacts/benefits
- Access to prioritised overnight nodes, including emergency access

OFFICIAL// Publicly Accessible

The table below provides an overview of the outcomes of the trail upgrade sequencing analysis.

OFFICIAL// Publicly Accessible

Table 32 Trail upgrade sequencing analysis

Segment	Description	Priority	Required for access to prioritised overnight nodes?	Notes	Cost	Prioritised for inclusion in Stage One?
1	Between Heathy Spur Track and Marum Point Track to the south	Low	No	AGL owned section. No works required under this project	Commercial Information	-
2	Between Rocky Valley Dam to Big River Fire Trail	High	No	Current condition of trail impacts visitor experience. If condition of trail continues to degrade, will have environmental impacts.		Yes
3	Between Heathy Spur Track and Marum Point Track to the south	Low	No	Follows road. No works required under this project		-
4	Between Marum Point Track to Langford West Aqueduct Road	High	No	Current condition of trail impacts visitor experience. If condition of trail continues to degrade, will have environmental impacts.		Yes
5	Follows the Langford West Aqueduct Road to the Bogong High Plains Road	Low	No	Follows road. No works required under this project		-
6	Between the Bogong High Plains Road and a point north of the end of Cope West Aqueduct Road (east of Mount Jim)	High	No	Current condition of trail impacts visitor experience. If condition of trail continues to degrade, will have environmental impacts.		Yes
7	Between a point north of the end of Cope West Aqueduct Road (east of Mount Jim) and the Fainter Fire Trail	Medium	No			No
8	Between Fainter Fire Trail and Tawonga Huts	High	Yes	Required for access to overnight node 2		Yes
9	Hiker camps (location A), operated huts (locations B & C), alternative option not included in the FHACMP (PV 2018) (location D).	Medium	No	To be included in cost of overnight node 2		-
10	Between Fainter Fire Trail and Westons Track - shorter route - present on satellite imagery	Medium	No			No
11	Between Fainter Fire Trail and Westons Track	-	No	Included in segment 7		-

OFFICIAL// Publicly Accessible

Segment	Description	Priority	Required for access to prioritised overnight nodes?	Notes	Cost	Prioritised for inclusion in Stage One?
12	New track connecting existing trail to proposed nodes 2B2 and 2D	High	No	To be included in cost of overnight node 2	Commercial Information	-
13	Around 0.8 km west of Tawonga Huts, to Westons Spur Track	-	No	Section removed from alignment		-
14	Between the junction of Pole 333 and Weston Hut	High	No			Yes
15	Between Weston Hut and West Kiewa Logging Road	Medium	No			No
16	West Kiewa Logging Road between Red Robin Battery and Diamantina Spur Track		No	Included in cost of overnight node 3		-
17	Between West Kiewa Logging Road north of the Diamantina River and the Diamantina Spur Walking Track	High	No	Included in cost of overnight node 3		-
18	Between the West Kiewa Logging Road and the Diamantina Spur Walking Track		No	Included in cost of overnight node 3		-
19	Hiker camp (Diamantina Horse Yards)		No	Included in cost of overnight node 3		-
20	Proposed Loop between West Kiewa Road and Diamantina Spur Track		No	Included in cost of overnight node 3		-
21	Diamantina Spur Walking Track to the Razorback Track	Medium	No	Current condition of trail impacts visitor experience. If condition of trail continues to degrade, will have environmental impacts.		Yes
22	Between the foot of Mount Feathertop and the Great Alpine Road	Medium	No			No
23	Between the foot and peak of Mount Feathertop	Medium	No			No
24	Between the border of the National Park and the water storage dam next to Mount Lock car park.	Medium	No			No
25	Continuing on Langford West Aqueduct Road past Cope Hut Turn-off.	Medium	No			No

OFFICIAL// Publicly Accessible

Segment	Description	Priority	Required for access to prioritised overnight nodes?	Notes	Cost	Prioritised for inclusion in Stage One?
26	Fainter Fire track - between Tawonga and Pretty Valley Pondage	High	Yes	Required for access to overnight node 2	Commercial Information	Recommended to for implementation to be staged, with works to facilitate emergency access (Commercial Informati) to be progressed in Stage One and remaining works (Commercial Informati) to form part of full implementation.
27	Bungalow Spur (Fed Hut to Harrietville)	High	Yes	Required for access to overnight node 2		Yes
28	Access to Overnight Node 1(Cope Hut)	Low	No			No
29	Access to Overnight Node 3 (Diamantina Creek)	High	No			No
30	Realignment of trail from logging road near Blairs Hut[27]	Low	No			No
-	Wayfinding and interpretation across full alignment	High	No	Required to facilitate visitor experience		Yes

[27] Note, this segment has been included for the purpose of costing only. Realignment of this segment of track will have positive impacts on the visitor experience, however further investigation is needed to understand the environmental impacts of constructing new sections of track

OFFICIAL// Publicly Accessible

The trail upgrade sequencing analysis ultimately determined that the following trail segments should be prioritised in Stage One:

- Segment 2: Between Rocky Valley Dam to Big River Fire Trail
- Segment 4: Between Marum Point Track to Langford West Aqueduct Road
- Segment 6: Between the Bogong High Plains Road and a point north of the end of Cope West Aqueduct Road (east of Mount Jim)
- Segment 8: Between Fainter Fire Trail and Tawonga Huts
- Segment 14: Between the junction of Pole 333 and Weston Hut
- Segment 21: Diamantina Spur Walking Track to the Razorback Track
- Segment 26: Fainter Fire track - between Tawonga and Pretty Valley Pondage (note, only to facilitate emergency access at this stage)
- Segment 27: Bungalow Spur (Federation Hut to Harrietville)
- Wayfinding and interpretation across the full alignment

These segments were chosen for prioritisation because they satisfy one or more of the following criteria:

- Substantially improve the visitor experience (note, many of the prioritised sections are currently inundated with water after rainfall and therefore detract from the visitor experience)
- Improve environmental outcomes
- Facilitate access to the prioritised overnight nodes for servicing and/or emergency access

5.2.5 Results

This section provides an overview of the Stage One offering, based on the results of the prioritisation and sequencing process. The project elements recommended to be funded under Stage One are outlined in the table below.

Table 33 Stage One inclusions

Project elements	Inclusions	P50 cost ($M)	P90 cost ($M)
Overnight node 2 (Tawonga Huts)	– hiker camp – operated huts – supporting infrastructure	Commercial Information	
Overnight node 4 (High Knob)	– hiker camp – operated huts – supporting infrastructure		
Trail upgrades	– Segment 2: Between Rocky Valley Dam to Big River Fire Trail – Segment 4: Between Marum Point Track to Langford West Aqueduct Road – Segment 6: Between the Bogong High Plains Road and a point north of the end of Cope West Aqueduct Road (east of Mount Jim) – Segment 8: Between Fainter Fire Trail and Tawonga Huts – Segment 14: Between the junction of Pole 333 and Weston Hut – Segment 21: Diamantina Spur Walking Track to the Razorback Track – Segment 26: Fainter Fire track - between Tawonga and Pretty Valley Pondage (note, only to facilitate emergency access at this stage) – Segment 27: Bungalow Spur (Federation Hut to Harrietville) – Wayfinding and interpretation along length of trail alignment		
Alpine Huts	– undertake essential conservation works at Cope Saddle Hut & Tawonga Hut – undertake essential conservation works at Federation hut		
TOTAL COST			

OFFICIAL// Publicly Accessible

As shown above, the total cost for Stage One is more than the allocated Stage One funding budget, however includes:

- Design costs, some of which will be funded by the existing separate planning budget (total $2 million funding allocation), rather than the Stage One implementation funding allocation. As of February 2022, Parks Victoria have issued a tender to the market for design services. This tender is being funded by the separate planning budget
- Substantial contingency which will be reduced as the project progresses
- Scope for further cost efficiencies to be developed as the design process progresses

As shown in the table above, the cost estimates under a P50 level of contingency are closer to the $15 million budget. As such, it is recommended that Parks Victoria progress with the Stage One inclusions as identified, as these elements have been deemed the minimum infrastructure required to deliver an improvement in the visitor experience and preserve environmental values.

Parks Victoria should progress to design and construction using the P50 cost, however also initiate discussions with the funding agency to ensure contingency to P90 is available if required.

5.2.6 Integration with full implementation

Funding of the project elements identified allows for Stage One to operate as a standalone offering, but also allows the upgrades to integrate with the full product (as outlined in the master plan) once delivered.

The combination of the above project elements has the following benefits:

- Optimises day trips from both Falls Creek and Mt Hotham as both areas are easily accessible and cater for walkers with different abilities
- Accommodation at Tawonga Huts and High Knob also provides the optimal combination to link Falls to Hotham in a single hike – night one at Tawonga Huts and the second night at High Knob
- The two overnight locations provide different experiences of the Alpine landscape
- The hike to Tawonga Huts showcases the open expanses of the Bogong High Plains, with unique flora and fauna, primarily above the tree line
- The hike from Hotham across the Razorback is one of the most spectacular ridgelines in Australia with expansive views to the western alps, Mt Feathertop and the Bogong High Plains
- The sites at Tawonga and High Knob will have negligible impact on the existing users if they are designed thoughtfully within the landscape at each site

Stage One offers walkers the opportunity to complete various day hikes, one-night walks, or a 2-night 3-day full experience (with one night at Tawonga Huts and one night at High Knob[28]). It should be noted that while possible, it is unlikely that as many visitors will be interested in the end-to-end experience of Stage One, as it will be significantly more challenging than the FHAC envisioned under the master plan. As such the main usage of the Stage One product is expected to be overnight and day trips from the resorts.

Once the full master plan is delivered, Tawonga Huts will become the second overnight node, and High Knob the fourth, with visitors stopping at Diamantina Creek for one night in between.

[28] Note, this project did not investigate specific locations for the overnight nodes. Micro-siting assessment is occurring outside this business case.

OFFICIAL// Publicly Accessible

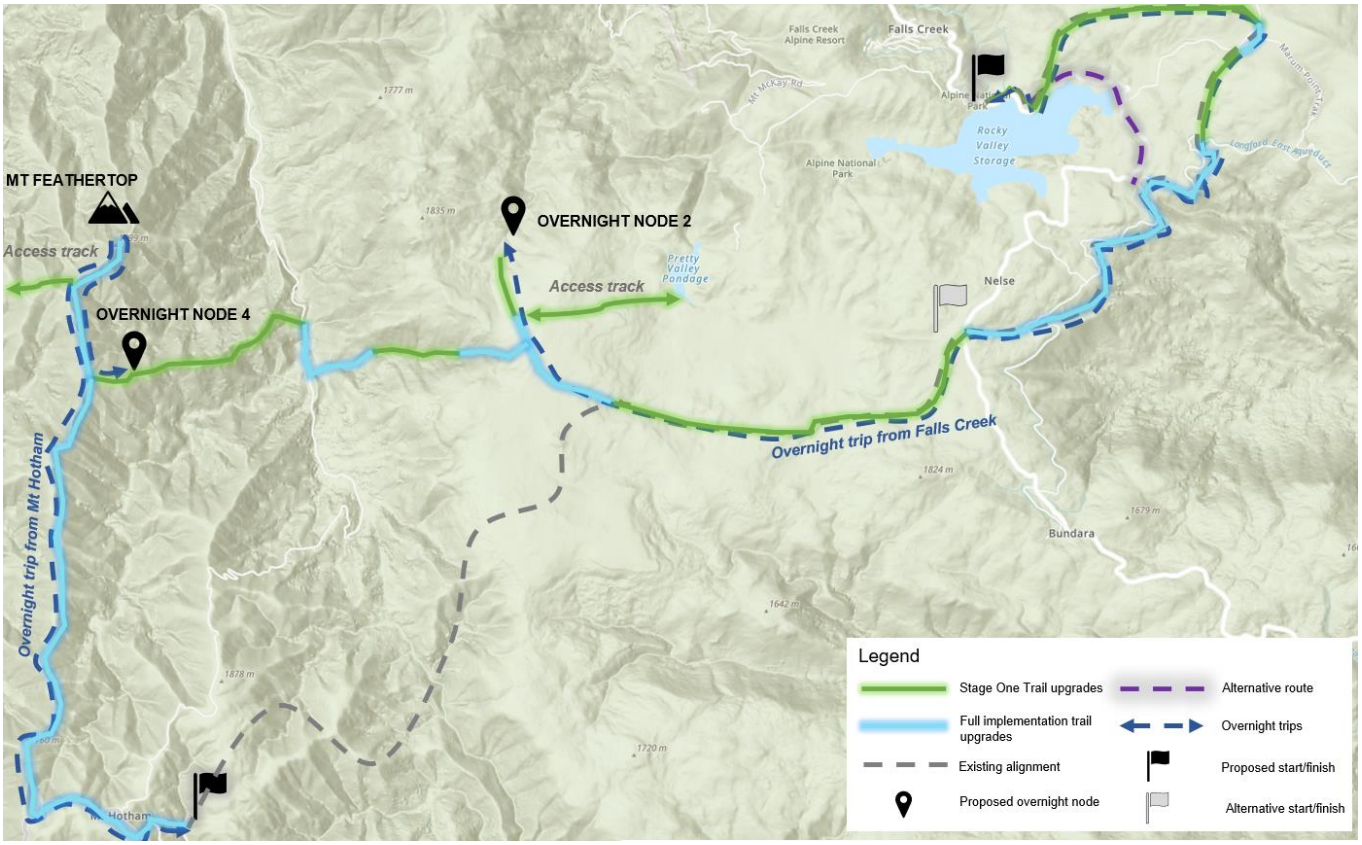


Figure 13 *Stage One product offering*

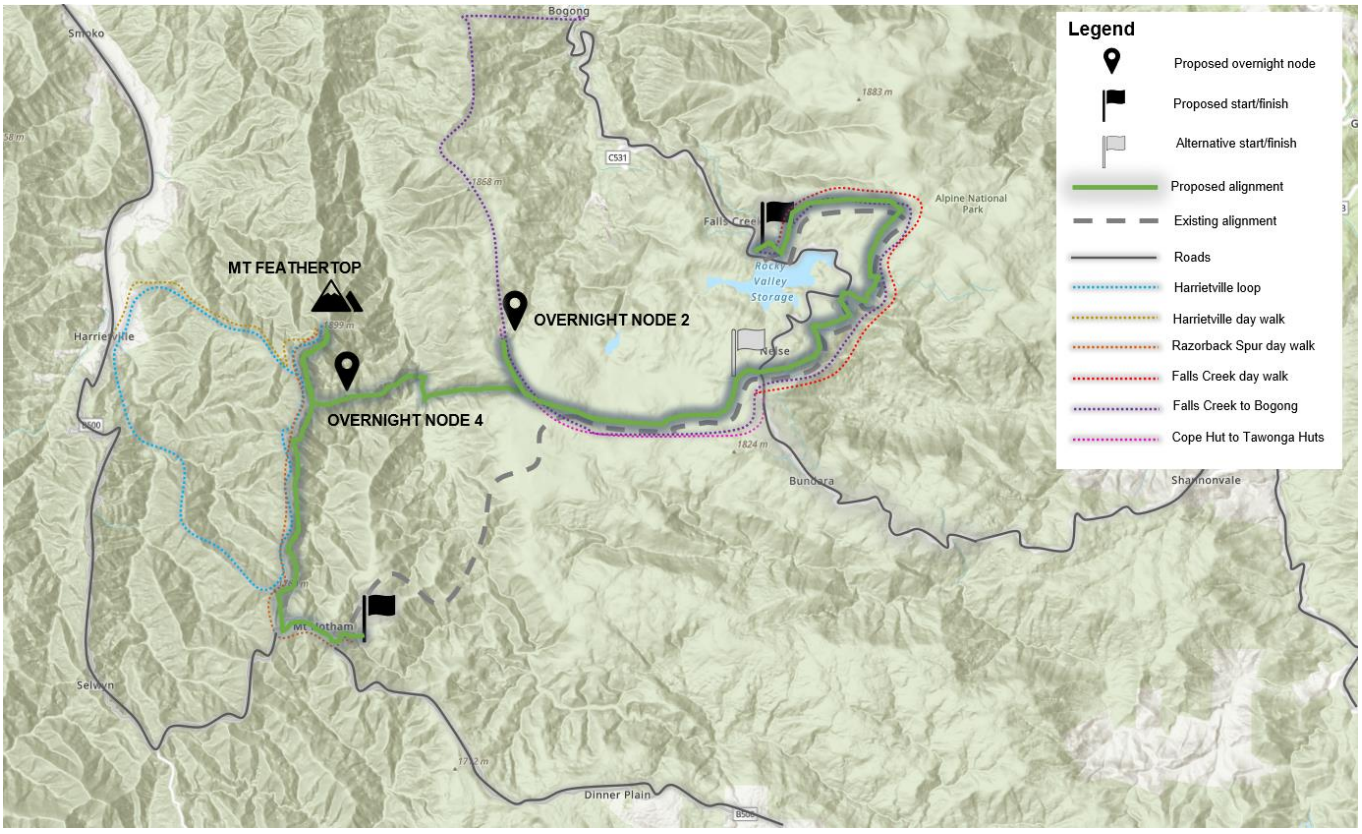


Figure 14 *Stage One product offering – day trips*

OFFICIAL// Publicly Accessible

5.3 Operating model

5.3.1 Operating model assessment

Sustainability of operations, in terms of ongoing operations and maintenance costs is a key consideration for the project. The intent is for the walk to be self-funding – that is, revenue generated through use of the trail (likely huts and camping platforms), is sufficient to cover the required operations and maintenance. This will reduce pressure on regional funding buckets for wider park related operations and management and ensure the walk is to a suitable standard to deliver an iconic experience for visitors.

Various operational models have been considered, as outlined in Table 34. It should be noted that 'private sector' refers to a variety of private sector organisations and could include Traditional Owner organisations. It should also be noted that 'Government' covers the various forms of government that operate within the National Park, including the Resort Management Boards.

Table 34 Operational options considered

	Delivery	Operations	Maintenance
Option 1	Government	Government	Government
Option 2	Government	Private sector through licence agreement	Private sector through licence agreement
Option 3	Government	Private sector through licence agreement	Government
Option 4	Public Private Partnership	Public Private Partnership	Public Private Partnership
Option 5	Private sector	Private sector	Private sector

It is recognised that different elements of the project have different key characteristics and could benefit from different operating models. As such, different operating models may be required for:

- Trail infrastructure
- Trail head core infrastructure (e.g. car parking and signage)
- Trail head commercial infrastructure (e.g. information centre or gift shop)
- Camping platforms
- Operated huts

Based on the initial assessments and consultation with the RMBs the following operational options are considered preferred at this stage as outlined in Table 35.

Table 35 Preferred operational options

	Preferred operational option	Overview
Trail infrastructure	Option 1	Government to deliver, maintain and operate the core track infrastructure. Some responsibility may be transferred to the RMBs where the trail infrastructure sits within their resort boundary.
Trail head core infrastructure	Option 1	Government to deliver, maintain and operate the core trail head infrastructure. Some responsibility may be transferred to the RMBs where the trail infrastructure sits within their resort boundary.
Trail head commercial infrastructure	Option 3	Government to deliver and maintain the trail head commercial infrastructure, with operations licenced out to the private sector. Responsibility for delivery and maintenance may be transferred to RMBs where the infrastructure sits within their resort boundary.
Camping platforms	Option 1	Government to deliver, maintain and operate the camping platforms.

OFFICIAL// Publicly Accessible

	Preferred operational option	Overview
Operated huts	Option 3	Government to deliver and maintain the operated huts, with operations licenced to the private sector. Depending on the level of interest from the private sector, licences may be given to more than one operator.

5.3.1.1 Trail infrastructure

Based on the review of potential operating models, Option 1 has been identified as the preferred model for the trail infrastructure. Under this model, Parks Victoria would build, maintain and operate the majority of the trail infrastructure with the Resort Management Boards potentially maintaining trail infrastructure within their resort boundary (note, this is to be discussed with the RMBs).

This option allows Government to build and maintain the trail to a suitable standard, whilst operating within the existing governance arrangements associated with the broader park management and operations. Further, due to the lack of revenue generating opportunities there is unlikely to be private sector interest in operating and maintaining the trail.

Whilst Parks Victoria will maintain the trail and national park more broadly, LTOs would be encouraged to leave sites in a clean and tidy condition, with potential to include a clause in licence agreements that requires LTOs to collect rubbish and assist with maintenance of the trail where reasonable.

5.3.1.2 Trail head core infrastructure

Option 1 has also been identified as the preferred option for the trail head core infrastructure. Under this option, Government would build, maintain and operate infrastructure such as parking, signage and amenity blocks. Due to the likely conjunctive operations and proposed usages at the trail heads and lack of revenue generating opportunities there is unlikely to be private sector interest in operating and maintaining the trail head core infrastructure (e.g. signage).

It should be noted that the Resort Management Boards will likely be involved in the trail head core infrastructure as the trail heads will sit within their resort boundaries. Initial discussions with the RMBs indicate that they are willing to collaborate with Parks Victoria on this matter, however details will need to be confirmed as both RMBs indicated they have projects underway that deliver visitor infrastructure within the vicinity of the proposed trail heads.

Further discussions will need to be had between Parks Victoria and the RMBs to determine responsibilities for the trail head core infrastructure moving forward. Specifically, governance, funding and delivery models will need to be considered in further detail, given the trail heads will likely be delivered on land that is not owned by Parks Victoria.

5.3.1.3 Trail head commercial infrastructure

Option 3 has been identified as the preferred option for the trail head commercial infrastructure (e.g. café, gift shop). Under this option Government would build and maintain the infrastructure, however operation would be contracted out to the private sector.

This option allows Government to deliver and maintain the infrastructure to a suitable standard, whilst allowing the private sector to develop offerings that generate revenue (e.g. food and beverage or gift shop).

Similar to the trail head core infrastructure, the Resort Management Boards are likely to be involved in the delivery of this infrastructure as it will be located within their resort boundaries. Again, initial discussions with the RMBs indicate that they are willing to collaborate with Parks Victoria on this matter.

Further discussions will need to be had between Parks Victoria and the RMBs to determine responsibilities for funding and maintenance of the infrastructure moving forward.

OFFICIAL// Publicly Accessible

5.3.1.4 Camping platforms

Option 1 has been identified as the preferred option for the camping platforms (e.g. raised tent platforms and group shelters). Under this option, Government would build, maintain and operate the camping platforms, as is currently done for the existing camping platforms in Alpine National Park.

LTOs have also shown interest in using the camping platforms as part of their tour offerings, however this will need to be further investigated through the design and consultation process.

Booking for the camping platforms would be through the Parks Victoria website (as is the case for the existing camping platforms in the park).

5.3.1.5 Huts

Option 3 has been identified as the preferred option for the huts. Under this option, Government would build and maintain the huts, with operations being contracted out to LTOs. This option allows Government to deliver and maintain the infrastructure to a suitable standard, whilst allowing the private sector (through LTOs) to develop offerings that generate revenue (e.g. facilitated walking experiences that use the huts).

It should be noted that Parks Victoria will need to establish a framework for servicing that minimises the impact on visitor experience, the environment and cost (e.g. scheduling maintenance trips efficiently to minimise frequency of drive in and helicopter access).

Under this option, there are a variety of sub options that need to be considered, as outlined in Table 36.

Table 36 Sub-options considered for huts

Element	Option A	Option B
Build	Parks Victoria build (with design input from operators)	Parks Victoria build (with design input from operators)
Operate	Private operator/s	Private operator/s
Maintain	Parks Victoria maintain	Parks Victoria maintain. Likely be more intensive maintenance regime
Bookings	Guests book through operator who then book through Parks Victoria.	Guests book through operator who then book through Parks Victoria.
Alternative use	-	Huts are available to the public if not booked by operator within 45 days of arrival date (open up on Parks Victoria website)

Option A and B are similar in that Parks Victoria would construct, maintain and operate the huts. The key difference between the two options is that under Option B, the huts would be made available to the public if not booked by an operator within 45 days of the arrival date.

Feedback from potential LTOs suggests that Option B could be feasible, however an effective booking system would be required. A system would also be required to enable operators/guests to report if they arrived at their hut and it was in use or in an unsuitable condition. LTOs also suggested that operators should be given priority as they are paying licence fees.

While Option B is preferred over Option A at this stage, as it allows for equitable access to infrastructure, Parks Victoria will need to resolve a number of issues before proceeding. The first being how maintenance and cleaning between stays is managed. Operators/guests could potentially be charged a bond and expected to leave the huts in a clean and tidy condition, and then if huts are found in an unsuitable condition charged a cleaning fee.

The second issue that will need consideration is how the booking system will work and how it will encourage walkers to utilise local accommodation before and after their hike. A centralised booking system that manages bookings from LTOs and the general public and includes links directly to other local offerings (e.g. pre and post accommodation offerings) would be ideal, however feedback from potential LTOs suggests that they would prefer to manage bookings through their own websites.

OFFICIAL// Publicly Accessible

In progressing Option B, Parks Victoria will also need to consider the impact on amenity and visitor experience that this option could have, as guests who paid a premium for a facilitated tour will be staying in huts next to the general public.

5.3.1.6 Supporting services

Supporting services (e.g. shuttle services and food drops) will be run by the private sector. A number of supporting services already operate in and around Alpine National Park to support walkers completing the existing FHAC.

5.3.2 Feedback from operators

As part of the implementation planning, GHD have consulted with a number of operators who currently have tourism products in Alpine National Park or walking/hiking tourism offerings in Victoria more broadly. The purpose of the engagement was to seek feedback on the proposed product offering and test market interest. It should be noted that Parks Victoria will follow their standard procurement process to engage operators.

Of the 18 operators that responded to the survey, 13 (72 percent) were interested in offering a product along the FHAC. Operators indicated that they were largely interested in offering a product in summer but would be open to exploring the possibilities in the other seasons (including the snow season).

Over a third of operators surveyed (35 percent) indicated they would be interested in using roofed huts as part of their offering. 27 percent of operators suggested they would be interested in using the raised tent pads / camping platforms and the dispersed camping options.

When asked about the key elements required to maximise the visitor experience, respondents highlighted:

- The need to balance environment impact with visitor experience
- The need to work with operators to create the experiences
- The importance of informative and clear signage
- The importance of trail heads to create a sense of accomplishment for walkers
- The need for an easy-to-use booking system (for both operators and independent walkers)
- The need for supporting infrastructure (for example, transport/shuttle services, amenities, pre and post tour accommodation, food and water drops on the trail and first aid support at key locations)
- The importance of communication and awareness

When asked about preferred management arrangement, a number of operators suggested that current LTO arrangements (specifically arrangements for management of the Grampians Peaks Trail) should be employed for the FHAC.

For the Grampians Peaks Trail, operators were identified via an expression of interest to operate the commercial walk under standard LTO licence and conditions. Parks Victoria built and continue to maintain the accommodation and shelters, with operators being charged a per bed/per night fee (as per the standard fees and charges schedule). Bookings for the huts on Grampians Peaks Trail are only available through LTOs, while campers can book the platforms through the existing ParkStay platform (booking system managed by Parks Victoria).

Further detail on the feedback from operators can be found in Appendix G.

5.4 Interdependencies and interfaces

The following interdependencies will need to be considered in the context of the project solution, and reviewed as the project progresses through to design and construction:

- Both RMBs have projects underway that deliver visitor infrastructure within the vicinity of the proposed trail heads. Parks Victoria will need to consult with the RMBs to determine a collaborative approach to delivery
- Hotham RMB are currently developing a ‘walking strategy’ that will capitalise on the success of the FHAC. Consultation with Hotham RMB will be required to maximise benefits of both projects and create a seamless visitor experience

OFFICIAL// Publicly Accessible

- The proposed project scope will need to be reviewed following completion of the Cultural Heritage Management Plan, Environmental Effects Statement and EPBC self-assessment and, where required, referral to determine any impact on areas of sensitivity
- Discussions will need to be progressed with Traditional Owners to determine their desired level of involvement going forward
- Progression of elements with commercial aspects (e.g. huts) are reliant on private sector interest

5.5 Lessons learnt/project insights

Parks Victoria is fortunate in that this is not the first project of this kind that they have delivered. Specifically, Parks Victoria have recently completed the Grampians Peaks Trail project. Opened in November 2021, the Grampians Peaks Trail features 11 hike in campgrounds with raised tent pads, a communal shelter, toilets, boardwalks and gathering spaces. The trail also offers eco-friendly huts that are operated by licensed tour operators.

Key lessons learnt from the Grampians Peaks Trail project that can be applied to the FHAC project include:

- The inclusion of both huts and camping platforms has been successful in attracting visitor demand and increasing accessibility
- Free, dispersed camping is still a highly requested option for those wishing to undertake the walk self-sufficiently
- Licence conditions have been developed that are looked on favourably by LTOs. Specifically, LTOs engaged as part of the FHAC business case mentioned that licence conditions similar to those used at Grampians Peaks Trail would be preferred
- Insight into willingness to pay for infrastructure, both from LTOs in terms of booking fees for huts, and public willingness to pay for camping platforms
- Insight into likely maintenance and operational costs

5.6 Scalability of the project solution

The project solution has been developed to allow for scalability. As previously outlined, the project will be delivered in stages – this will allow for infrastructure to be scaled up as demand warrants.

The project can be scaled up further, if required, to align with response option 5. This option includes greater commercial infrastructure (e.g. gift shop and/or café at the trail heads), increased investment in the visitor experience (e.g. hot water showers) and increased accessibility (e.g. accessible loop and overnight node).

5.7 Project development and due diligence

Through the development of the master plan, business case and other investigations, a number of studies have been identified as required before capital works can commence. These studies will add a level of rigor to the process and ensure due diligence is undertaken.

The studies recommended include:

- Mandatory Cultural Heritage Management Plan - to assess the potential impact of the proposed project on Aboriginal cultural heritage and outline measures to avoid, protect and/or minimise harm
- Signage and interpretation strategy – to improve directional and interpretive signage present throughout the park
- EPBC assessment – to determine requirements for EPBC self-assessment and, where required, referral
- Flora and Fauna Assessment – to examine and confirm the significant and location of wildlife protection areas, and the impact these areas have on the project
- Permits and approvals – to be assessed and confirmed prior to implementation (indicative approvals are outlined in Chapter 7)

OFFICIAL// Publicly Accessible

6. Commercial procurement

6.1 Procurement strategy shortlisting analysis

This chapter provides an overview of the process undertaken to determine the preferred procurement method for construction.

6.1.1 Method

The methodology used in the procurement strategy analysis is designed to apply three levels of assessment to identify the preferred model. These are (1) program objectives, (2) procurement objectives, and (3) program specific attributes.

The key objectives of the Program Procurement Strategy are:

- To enable increased focus on quality of the work delivered
- To provide environments conducive to effective stakeholder and interface management
- To ensure provision of the 'best practice' in terms of the regulatory compliance (i.e., WHS)
- To provide flexible environment for programming of works
- To enable cost effective risk allocation and delivery of value for money for Parks Victoria and program sponsors

6.1.2 Procurement models considered

There are a number of procurement models that can be considered for the program. The models listed below are (mostly) construction-based models and represent the breadth of options considered. Several variations for each model can also be considered based on context specific requirements. A list of the procurement models considered is given in Table 37.

Table 37 Procurement Models

Delivery Method	Contract Type	Brief Description
Traditional	Construct only (design then construct)	Fixed price for the Scope. Can be altered by variations. Requires near completion of design before a contract can be awarded.
Performance	Design & Construct (D&C)	A contractor provides design, detailed engineering, procurement, construction, and commissioning. User requirements and functional needs need to be specified clearly.
Management	Managing contractor	Managing contractor accepts delivery risks. Parks Victoria would appoint a single head contractor (managing contractor), to program manage design development and/or construction, and potentially supply some agreed service packages directly. The Managing Contractor is responsible for administering all subcontractors and accepts some delivery risks. The principal engages the managing contractor on fixed lump sum management fee (or percentage). The managing contractor may also receive incentive payments for achieving cost and time target. **Note: This model has not been used by Parks Victoria in the past and would require a change in process and staff training.**
	Construction management	Construction manager acts as the principal's agent only and does not accept deign or cost risk. Construction manager will manage design, procurement construction management and commissioning for Parks Victoria. Requires initial design and user requirement specification. Fee based on schedule of rates.

OFFICIAL// Publicly Accessible

Delivery Method	Contract Type	Brief Description
		Note: This model has not been used by Parks Victoria in the past and would require a change in process and staff training.
Financed	Various Models including BOOT, BOT, and PPP.	Joint ventures created to finance cost of development and operation over specified periods of time. No (or limited) capital investment by Parks Victoria required. Complex legal and financial arrangements. **Note: This model has not been used by Parks Victoria in the past and would require a change in process and staff training.**
Relationship	Alliance	Parks Victoria and contractor provide staff to the program team based on needs and skills. Risk is shared between all parties. Requires only minimal design development before the contract can be awarded. The model is typically used for complex and high-risk infrastructure projects where solution is unclear. **Note: This model has not been used by Parks Victoria in the past and would require a change in process and staff training.**

6.1.3 Assessment

Table 38 below identifies any issues related to specific procurement models that may impact on the delivery of program objectives.

Table 38 Program Objectives Analysis

Model	Suitability	Comment
Construct only (design then construct)	✓	This procurement model is considered suitable for delivery of the program objectives and attributes.
D&C	✓	This procurement model is considered suitable for delivery of the program objectives and attributes.
Managing contractor	✓	This procurement model is considered suitable for delivery of the program objectives and attributes.
Construction management	✓	This procurement model is considered suitable for delivery of the program objectives and attributes.
Financed Models (i.e., BOOT, BOT, and PPP)	X	This procurement model is not suitable for the program attributes, due to the program value (financed models are more appropriate for projects with a larger capex), and the life-cycle management (limited potential for private gain through financed procurement).
Alliance	?	The concept of the model is suitable for the program, however some key attributes, such as threshold capex value for when this procurement model becomes appropriate, will likely not be met.

✓ denotes matching requirements/attributes.

? denotes some requirements/attributes requiring further investigation.

X denotes requirements/attributes that are not matching.

As identified in Table 38, financed models are excluded from further consideration, because the program attributes do not align with the requirements of this procurement method.

Following, in Table 39, is a high-level analysis of the delivery methods still under consideration (i.e., all those outlined in Table 37 excluding financed models), against the procurement objectives listed in Section 6.1.1.

OFFICIAL// Publicly Accessible

Table 39 Procurement objectives analysis

Objective	Traditional Models	Performance Models	Management Models	Relationship/ Alliance Models
To enable increased focus on quality of the work delivered.	✓	?	?	✓
To provide environments conducive to effective stakeholder and interface management.	✓	?	?	✓
To ensure provision of the 'best practice' in terms of the regulatory compliance (WHS).	✓	✓	✓	✓
To provide flexible environment for programming of works.	✓	?	?	✓
To enable cost effective risk allocation and delivery of value for money for Parks Victoria and program sponsors.	✓	✓	✓	X

✓ denotes matching requirements/attributes.

? denotes some requirements/attributes requiring further investigation (i.e., contingent on completion of user requirements brief, creation of appropriate incentives structure).

X denotes requirements/attributes that are not matching.

Relationship/alliance models would not deliver value for money in this context for the following reasons:

- Most of the risks associated with this project are identified and managed, so there is limited benefit to Parks Victoria of sharing risks in a partnership
- The value of the overall program is relatively low and would not justify the set-up costs for an alliance or similar relationship-based contractual arrangements

For these reasons, partnership models are therefore excluded from further consideration.

Table 40 captures assessment score for each option for of the remaining procurement methods. The quantitative assessment is done for prioritisation purposes only, where the importance of each criterion aligns with the priorities, objectives, and trade-offs of the proposed solution. The method of analysis to provide the scores seen in the table was as follows:

- Each procurement method was graded against each criterion, with a score of 2 being assigned if the method fully satisfied the criterion, a score of 1 being assigned if the method partially satisfied the criterion, and a score of 0 being assigned if the method did not satisfy the criterion
- The scores of 2, 1, or 0 were multiplied by the weighting assigned for that criterion (as a decimal), to give a final score

OFFICIAL// Publicly Accessible

Table 40 Procurement method prioritisation matrix

Evaluation criteria	Importance of criteria/ Weighting.	Traditional	D&C	Managing contractor (management)	Construction management (management)
Understanding of Program Requirements and Specifications	20%	0.4	0.2	0	0.4
Time Certainty	10%	0.2	0.2	0	0.2
Cost	10%	0.2	0.2	0	0.1
Innovation	10%	0.1	0.2	0.2	0.2
Program Complexity	20%	0.4	0.2	0.2	0.2
Risk Understanding and Transfer	20%	0.4	0.4	0.2	0.2
Supplier Base	10%	0.2	0.2	0.1	0.1
Overall rating	**100%**	**1.9**	**1.6**	**0.7**	**1.4**

From this above analysis, the shortlisted options are as follows:

- Traditional method
- Early contract involvement (ECI), which is a type of 'performance' procurement method

6.2 Review of shortlisted options

6.2.1 Traditional Delivery Method (design then construct)

The principal (Parks Victoria) will have full responsibility for scheduling of work packages, and full responsibility for design and documentation developed by a design team engaged under a separate contract.

The principal issues tenders for construction in accordance with the design that they decide upon. A contractor/s is engaged under a lump sum agreement.

Under this model, Parks Victoria would look to seek early contractor involvement in a 'pre-stage' in which a contract is signed with a construction company as an 'advisor'. The 'advisor' would work together with Parks Victoria and the design team during the final stages of the design to ensure any gaps are amended. This step is considered a risk reduction tactic, prior to actual procurement.

6.2.2 Design & Construct (D&C)

The principal (Parks Victoria) will have full responsibility for scheduling of work packages and initial design developed to an agreed degree of completion, to allow sufficient detail for contractors to price.

A contractor/s is appointed based on estimated price against the partially completed design, as well as capability and experience to provide advice on constructability, program, and risks. The design is completed in consultation with the contractor, and the designer remains contracted to Parks Victoria.

On completion of the design a fixed price is reviewed and confirmed by the contractor. The fixed price is reviewed independently by a quantity surveyor appointed directly by Parks Victoria.

6.2.3 Shortlisted options comparison

To enable comparison of the shortlisted options, a detailed overview of both the traditional and ECI procurement methods is provided in Table 41.

OFFICIAL// Publicly Accessible

Table 41 Comparison of shortlisted options

	Traditional delivery method (design then construct)	D&C
Required inputs	– Scope is well defined – Requirements are settled – Design is completed ahead of construction to reduce design related uncertainties and costs – Sufficient time available to complete design documentation prior to tendering	
Advantages	– Parks Victoria retain control of interfaces – Parks Victoria and other stakeholders can be satisfied with the design before construction commences – Estimated contract value is known before construction commences – Opportunity to value manage during design stages – High level of control by Parks Victoria – Opportunity of lower cost of tendering for the tenderers particularly where a supplier panel is utilised – Large pool of potential tenderers including additional opportunities for local involvement – Control (and risk) over the stakeholder management process	– Opportunity for design and contractor integration – Cost control through contractor input – Innovation – Budget confirmation prior to commencement of construction – Contractor can price risks efficiently – Opportunity for site latent conditions minimised through site investigation/testing during the design period
Weaknesses	– The risk of complexities arising from external conditions lies with Parks Victoria – Procurement intensive option (although this could be mitigated by 'panel arrangement') – Designer is engaged by Parks Victoria and therefore Parks Victoria will carry the design risk at construction phase – Reduced incentive for innovative construction solution – Potential for claims and delays due to design changes and/or discrepancies – Lack of integration between contractor and designer – Limited input on constructability (can be mitigated by an ongoing appointment of a contractor during design phase to advise on buildability issues)	– Some risk of conservative pricing by the contractor (can be managed by an independent quantity surveyor reviews) – Procedural and possible probity issues in case of re-tendering due to un-acceptable price review by the contractor (although this can be effectively managed through the appointment of an independent probity auditor and/or the introduction of a probity plan)

6.3 Recommendations

It is recommended that:

- The overall program scheduling and management, stakeholder engagement, and user requirements are delivered directly by Parks Victoria under a **traditional delivery model (design then construct)**. This is because the traditional method of commercial procurement is the method that is most in line with the program objectives, procurement objectives, and program specific attributes. The traditional method is tailored for the program requirements provides optimal fit in terms of the program/constructability definition and risk management.
- Under the 'traditional' procurement method, different works should be 'bundled' into distinct packages, for which contractors can bid. This will likely increase market interest from 1st and 2nd tier contractors, as well as spread project risk and optimise scheduling

OFFICIAL// Publicly Accessible

- A Program Delivery/Management Plan is developed that captures the key program management processes and requirements
- A panel of suppliers is set up in line with the Government procurement rules, to facilitate ready access to suitable skills.

6.4 Market conditions

The isolation of the FHAC means that the local construction market is not strongly linked to that of a Metropolitan community or large population centre such as Melbourne, which is over 4 hours' drive away. This could potentially lead to an issue in engaging the 1st and 2nd tier contractors capable of delivering the project, which is very specific and niche in nature, and that more 'generic' 3rd tier contractors will struggle with capability.

The ongoing COVID-19 pandemic and government lockdowns is also leading to supply chain problems for contractors in the construction industry, causing cost escalation and shipping delays.[29] Indeed, given that a large quantity of goods used in the Australian construction industry are imported, overseas manufacturing and international port delays are causing supply chain problems for domestic construction contractors, leading to outcomes such as "rise and fall provisions" being included in their contracts for the first time in many years.[30]

Furthermore, 2021 saw continued and sustained growth in construction prices, due to ongoing strong demand for residential housing, and contractors passing on rising material and labour costs to consumers. In the final quarter of 2021, construction costs rose by 2.9%.[31] This could result in increased costs for Parks Victoria.

As a result of these issues, there are several provisions that Parks Victoria could consider to limit their risk when contracting construction. These include:

- Agreeing to share the financial impact that any proven supply chain issues will have on the project's cost
- Requiring that a contractor demonstrate it has a contingency in its procurement for key inputs and materials before agreeing contact terms
- Demanding that a prospective contractor price in the risk of supply-side delays up front, and then work this calculation into a fixed-value contract
- Requiring that a contractor source more of their inputs domestically, to avoid longer-than-necessary supply chains and overseas supply chain risks[32]

[29] https://www.corrs.com.au/insights/supply-chain-shortages-continue-to-impact-construction
[30] Ibid.
[31] https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release
[32] Ibid.

OFFICIAL// Publicly Accessible

7. Planning, environment, and cultural heritage

A preliminary environmental assessment of the proposed development region of the FHAC was prepared for Parks Victoria, encompassing current and proposed locations of the trail route and overnight camping nodes. The assessment is attached as Appendix H.

Flora, fauna, and geomorphological values that have the potential of being impacted by the FHAC development were analysed and reported upon, along with the identification of various legislative and policy requirements encasing the region.

7.1 Planning, environment, heritage, and culture considerations

7.1.1 Planning considerations

The FHAC is located across various local government areas and management areas, and so Parks Victoria must liaise with Alpine Shire Council, East Gippsland Shire Council, the Mount Hotham and Falls Creek Resort Management Board's and the Department of Environment, Land, Water and Planning (DELWP) for various permit and planning requirements.

FHAC Zones and Overlays

The FHAC assessment area falls within both the Alpine Shire and East Gippsland Shire Public Conservation and Resource Zone (PCRZ). The primary objective of the PCRZ is to protect and conserve the natural environment and natural processes, while ensuring minimal degradation during the construction of public facilities.

The last 500m of the FHAC is located within the Comprehensive Development Zone – Schedule 2 (CDZ2), wherein a planning permit may be required for native vegetation removal. The CDZ2 requires the planning permit to be accompanied by 'building and works', 'native vegetation', and a 'site environmental plan'.

The proposed overnight accommodation nodes within the FHAC fall inside The Bushfire Management Overlay (BMO) of the Alpine Shire and East Gippsland Shire, subsequently leading to the need for consultation by Parks Victoria with the two shires and the Resort Management Boards when regarding permit requirements. Primarily, such permits must satisfy BMO requirements regarding bushfire hazard site assessment, landscape assessment and bushfire management statements. Additionally, all of Mount Hotham Resort is covered by a BMO – Schedule 1, ensuing the need for permits to construct buildings or carry out works associated with uses such as 'leisure and recreation'.

Approximately 1km of proposed track between the Mount Hotham Alpine Resort and Mount Hotham falls within the Erosion Management Overlay – Schedule 1 (EMO1). The purpose of this overlay is to ensure development can be carried out while not enhancing landslip risk to life or property upon subject land, adjoining or nearby land. EMO1 ensures such a development is only carried out if identified geotechnical and structural engineering risks are appropriately addressed, while ensuring development applications are supported with adequate documentation and scrutiny of related structural matters.

7.1.2 Environment considerations

Flora

The FHAC assessment area encompasses various ecological values. Throughout the assessment area, a total of 297 plant species were recorded, inclusive of 45 exotic and 252 native species. Of these species, 60 rare or threatened flora species were recorded. Suitable habitats for significant flora were also identified for seven plant species, all previously recorded within 2.5 km of the assessment area. Three of these species are listed within the

OFFICIAL// Publicly Accessible

Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act), while all seven listed within the Flora and Fauna Guarantee Act (FFG). EPBC-listed species included that of the Snow Daphne, Thick Eyebright and Bogong Eyebright. It should be noted that further surveys are recommended for these species as the FHAC area assessment did not take place during active growing seasons.

Ecological Vegetation Classes (EVC's) are a standard unit used to classify vegetation types within Victoria. Fourteen EVC's were recorded within the assessment area, all situated along the proposed FHAC route. Of these fourteen, one EVC with a Victorian bioregional conservation status of Endangered was recorded (Alpine Valley Peatland). Eight EVC's sharing a status of Rare were also identified. Within the fourteen identified EVC's, seven were recorded within the proposed overnight node locations.

Fauna

The region encompassing the FHAC is home to sixty-one recorded fauna species. Of the observed fauna, nine rare or threatened/endangered species were recorded – all of which either EPBC and/or FFG-listed. Eight of these species were identified within the proposed FHAC route, while one – Platypus – was identified within the proposed location of overnight nodes. Within the assessment area, potential habitat for another eight fauna species was further identified. To effectively assess the extent of these populations of rare and threatened fauna species, further detailed targeted surveys should be carried out.

Varying fauna species are regularly spotted across the FHAC region, encompassing mammals, reptiles, invertebrates and fish. Rare of threatened species across the proposed trail route and overnight nodes include that of various Skinks, Platypus, Broad-toothed Rat and Southern Greater Glider. Within the potential habitat for significant fauna is Mountain Pygmy Possum, Smoky Mouse and Murray Spiny Crayfish.

Potential Impacts to Ecological Conditions

As varying areas of the proposed FHAC route and overnight nodes fall within areas of flora and fauna habitat, legislative requirements such as the FFG Act must be considered regarding permit requirements for native vegetation removal. An EPBC self-assessment and, where required, referral is also required for planned works in order to identify these impacts, as well as the use of targeted surveys within flora and fauna assessment to determine further needs.

7.1.3 Cultural heritage

No preliminary assessment was conducted for Aboriginal and non-Aboriginal heritage. As part of the project, a mandatory Cultural Heritage Management Plan and heritage assessment is required. Aboriginal and non-Aboriginal heritage will be managed in accordance with the Aboriginal Heritage Act 2006 and the Heritage Act 2017. Parks Victoria will consider the potential aggregated impacts to both Aboriginal and non-Aboriginal cultural values for the project.

7.1.4 Approvals

Given the project is located within a sensitive natural environment, a number of approvals and legislative considerations will be required before construction can commence. The following approvals and assessments are likely to be required, however should be confirmed with the relevant agencies:

- Environment Effects Statement (ESS)
- Environment Protection and Biodiversity Conservation (EPBC) self-assessment and, where required, referral if the project has, will have or is likely to significantly impact on Matters of National Environmental Significance (MNES)
- Cultural Heritage Management Plan (CHMP) in accordance with *Aboriginal Heritage Act 2006*
- Native Title assessment as per *Native Title Act 1993*
- Assessment against the *Flora and Fauna Guarantee Act* (FFG Act)
- Assessment against the *National Parks Act 1975* and the *National Parks (Wilderness) Act 1992* and approval from the Minister
- Approval from relevant water authority as per the *Catchment and Land Protection Act 1994*

OFFICIAL// Publicly Accessible

- Evidence that Parks Victoria have minimised the removal of or impact on native vegetation as per *Planning and Environment Act 1987*
- Assessment and approval under the *Heritage Act 2017*
- Consultation with Traditional Owner Groups, including but not limited to; Jaithmathang Traditional Ancestral Bloodline Original Owners First Nation Aboriginal Corporation, Gunaikurnai Land and Waters Aboriginal Corporation, Duduroa Dhagal Aboriginal Corporation, Dhuduroa Waywurru Nations Aboriginal Corporation, Dalka Warra Mittung Aboriginal Corporation and Bangerang Aboriginal Corporation
- Consultation with Alpine Shire Council, East Gippsland Shire Count, Resort Management Boards and DELWP to confirm permit requirements, in particular requirements under the Bushfire Management Overlay (BMO) for bushfire hazard site assessment, a bushfire landscape assessment and a bushfire management statement and EMO1

OFFICIAL// Publicly Accessible

8. Project schedule

8.1 Detailed project schedule

The successful progression of this project is tied to several funding commitments, with funding becoming unlocked upon the completion of different deliverables. A high-level overview of the funding arrangements for this project, both past and future, is given in the tableTable 42 below.

Table 42 High level overview of funding timeline

No.	Milestone	Deliverable	Date
1	Internal Working Document		
2			
3			
4			
5			
6			

8.2 Critical path activities and key milestones

The forecast project milestones are shown in Table 43 below. Timeframes for the full implementation are subject to further funding being received, however design, and environmental and heritage assessments, will cover both stages.

Table 43 Forecast milestones

Milestone	Commencement	Completion
Project commencement	Internal Working Document	
Detailed design		
Procurement and construction package		
Statutory approvals and permits		
Stage One construction		
Stage Two funding approval (assumption)		
Stage Two construction		
Completion		
Post completion review		

The above schedule includes a period in which to establish the Governance structure, inclusive of filling key roles and establishing the necessary physical environment, as well as tools and processes, to successfully deliver the project under a program management framework. Resources with the requisite skills, capability, and availability will be sourced from within existing government resources or recruited externally.

OFFICIAL// Publicly Accessible

9. Project budget

9.1 Detailed costing

This business case recommends investment in option 2 (investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure) to transform the FHAC into an iconic tourism experience. Capital and operational expenditure required to implement and maintain the preferred option is outlined in the Table 44 and Table 45.

Capital costs were developed by WT Partnership (cost report attached as Appendix I) based on design criteria, benchmarked costs and similar built infrastructure in other locations (e.g. Grampians Peaks Trail). Cost estimates have not been developed based on design documentation and should be reviewed as part of the detailed design process. Operational costs were developed in collaboration with Parks Victoria based on their knowledge of operational costs for similar infrastructure in other parks and labour rates.

Table 44 Capital cost

	P50 Cost ($ M)[33]	P90 Cost ($ M)[34]
Overnight nodes	Commercial Information	
Overnight node 1 – Cope Hut		
Overnight node 2 – Tawonga Huts		
Overnight node 3 – Diamantina Creek		
Overnight node 4 – High Knob		
Conservation works on Alpine Huts		
Langford Gap Hut		
Wallace Hut		
Cope Hut		
Cope Saddle Hut		
Tawonga Hut		
Weston Hut		
Blairs Hut		
Federation Hut		
Diamantina Hut		
Trail infrastructure		
Trail segment 1		
Trail segment 2		
Trail segment 3		
Trail segment 4		
Trail segment 5		
Trail segment 6		

[33] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries
[34] Includes locality allowance, design contingency, escalation, contract and project contingency, consultant feeds, authority/headwork charges and contractors preliminaries

OFFICIAL// Publicly Accessible

	P50 Cost ($ M)[33]	P90 Cost ($ M)[34]
Trail segment 7	Commercial Information	
Trail segment 8		
Trail segment 9		
Trail segment 10		
Trail segment 11		
Trail segment 12		
Trail segment 13		
Trail segment 14		
Trail segment 15		
Trail segment 16		
Trail segment 17		
Trail segment 18		
Trail segment 19		
Trail segment 20		
Trail segment 21		
Trail segment 22		
Trail segment 23		
Trail segment 24		
Trail segment 25		
Trail segment 26		
Trail segment 27		
Trail segment 28		
Trail segment 29		
Wayfinding and interpretation		
Trail heads[35]		
Falls Creek Trail Head		
Mt Hotham Trail Head		
Cultural heritage allowance		
Locality allowance Commercial		
Design contingency Commercial		
Escalation Commercial		
TOTAL construction cost		
Consultant fees Commercial		
Authority / headwork's charges		
Contractors Preliminaries		
Client costs, Parks Victoria overheads Commercial		
Project contingency		
TOTAL OUTTURN COST		

[35] Note, as discussed previously, some of the elements included in the trail head costs will sit within the resort boundaries, and will likely be delivered and funded by the Resorts under projects currently in planning

OFFICIAL// Publicly Accessible

Table 45 Operational costs

	Slower recovery from COVID	Faster recovery from COVID
Average annual operational cost ($ M)[36]	Commercial Information	

9.2 Funding sources

As outlined previously, Parks Victoria have received $2 million to progress planning of FHAC (this business case, design and impact assessments) and $15 million for funding of the implementation of Stage One. The Stage One funding delivers approximately 50 percent (by value) of the planned changes outlined in the master plan.

Table 46 Funding history

Description of funding provided	2018	2019	2020	2021	2022
Funding for progression of planning	$ 2 M				
Stage One implementation			$15 M		

At the time of writing, Parks Victoria has not received any further funding to support the full implementation. As outlined previously in chapter 5, pricing of the product can be adjusted to achieve cost recovery over the 25 year evaluation period. However, Parks Victoria will need to allocate operational funding for the product, to cover operational and maintenance costs until full capacity and therefore, cost recovery is achieved.

[36] Average cost assumes that there will be an increase in the annual cost as demand increases

OFFICIAL// Publicly Accessible

10. Management

10.1 Governance framework

Good governance is required to provide the environment in which effective and efficient decision making is undertaken by the right people at the right level, with clear authority and accountability, providing clear pathways for direction and escalation, to successfully deliver and realise the benefits of the project.

The governance structure needs to provide clarity around roles, responsibilities, and delegated authorities across all levels of the program. Although the size of teams and the numbers fulfilling specific functions may change, it is important that there is a degree of consistency to how the common functions are described and their relative responsibilities and accountabilities. Good governance relies on removing ambiguity of responsibility, particularly when more than one key organisation is involved (e.g., private sector operators, as well as government, and industry bodies).

While this project will continue to be led and coordinated by Parks Victoria, the implementation and realisation of the project's ambitions shall require the support of several public and private entities and contractors.

10.1.1 Program organisation

The program governance structure outlined in Figure 15 below shows the groups that will support the efficient delivery of the project, and their relation to each other.

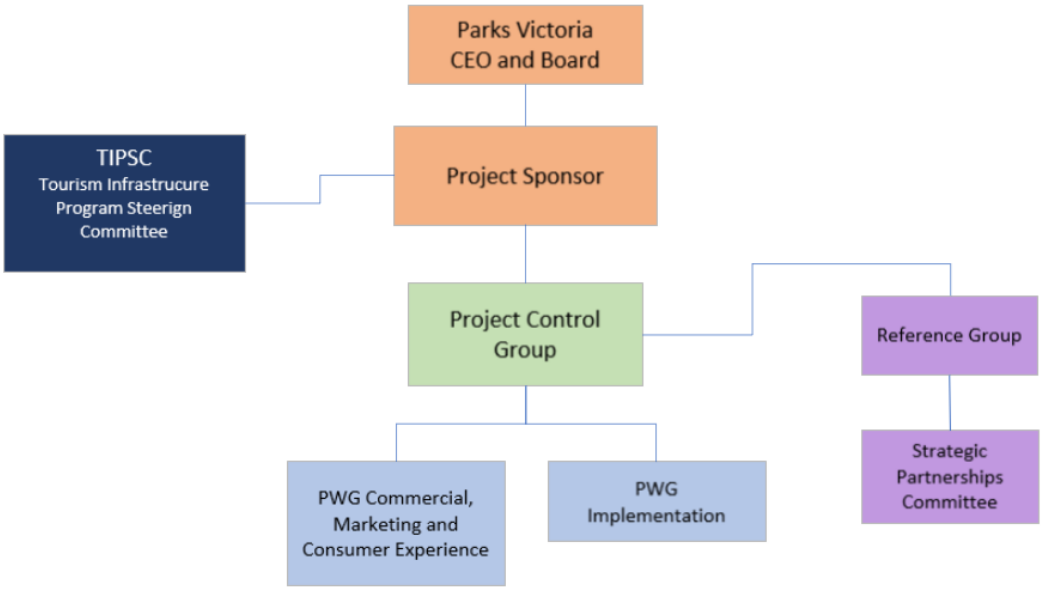


Figure 15 Proposed governance structure

The Project Control Group will be appointed by the Project Sponsor. The role of each Project Control Group is to:

- Support Parks Victoria and/or the project sponsor in delivering the program by planning and delivering individual projects
- Carry forth Parks Victoria and the project sponsor's decisions and instructions into the project management space

OFFICIAL// Publicly Accessible

- Resolve issues escalated by the delivery team or escalate them to the Parks Victoria and/or the project sponsor if needed
- Provide instruction and direction to the Project Manager and the project delivery team.

The Project Control Group/s may consist of:

- The Project Manager
- Parks Victoria Tourism
- Parks Victoria District Manager
- Parks Victoria Operations and Management
- Parks Victoria Community Engagement Partnership
- Parks Victoria Visitor Planning Manager
- Delivery Team Project Manager
- Other relevant stakeholders

10.2 Safety

Given the inherent remoteness of the project and the safety risks associated with hiking in National Parks, Parks Victoria will need to give consideration to the safety of visitors and create a safety strategy prior to implementation. It is suggested that Parks Victoria look to examples of how safety has been managed in other National Parks (e.g. Cradle Mountain in Tasmania). At a minimum the safety strategy should consider:

- The impact of sudden weather changes on visitor safety and possible mitigation strategies
- Access to visitors on the trail in the event of an emergency
- Natural disasters (e.g. bushfires or significant rainfall events)
- The impacts of hypothermia and visitor preparedness, as sections of the project area are covered by show during extended periods of the year.

10.3 Stakeholder engagement and communications plan

Stakeholders and community should continue to be informed, involved, and able to contribute through to delivery to ensure a sense of shared ownership as well as corporate and community buy-in.

Considerations and future engagement include:

- Ensuring stakeholder aspirations are maintained and incorporated where possible, or communicated effectively when they are not
- Setting clear expectations and parameters around projects to be delivered
- Increasing awareness and support for, any future changes
- Providing opportunities for partnerships to co-deliver initiatives

This should include ongoing engagement activities and initiatives to enable participants to communicate changes and enable stakeholders and community to make informed contributions.

To keep stakeholders informed and engaged with the project, a number of engagement and communication activities will be implemented, as outlined in Table 47.

Table 47 Planned engagement activities

Audience	Engagement activities	Estimated timing
Project partners and key stakeholders	Strategic Advisory Committee	Quarterly
	Project briefings (via Departments or Ministerial briefings)	Quarterly
	Meetings with key stakeholders to inform project designs (e.g. discussions with the resorts regarding trail heads)	As required
	Regular project presentations	Bi-yearly

OFFICIAL// Publicly Accessible

Audience	Engagement activities	Estimated timing
Traditional Owners	Meetings with key stakeholders to inform project elements, implementation and opportunities for collaboration	TBD
Stakeholders with an existing interest in the project	Regular community newsletter	Quarterly
	Project webpage	Quarterly
	Feedback via Engage Victoria	TBD
Stakeholders not yet aware of the project	Proactive communications campaign about Alpine walking and the project	TBD
	Feedback through Engage Victoria	TBD

10.4 Project management strategy

Schedule, cost, and scope management is essential to ensure appropriate delivery of the program. Indeed, the delivery of the program must align with the reporting requirements and management guidelines for Parks Victoria.

Schedule Management

The project manager will be responsible for developing, monitoring, and controlling the project's schedule. The project schedule will be a live document and will need to be reviewed and updated on a regular basis, generally fortnightly. The schedule needs to be updated to reflect the percentage complete and forecast task commencement and completion dates. This will facilitate verification of the current schedule status against the baseline. Regular review of the schedule will enable early identification of slippages, and subsequent early intervention or workarounds to be put in place.

Cost Management

The project manager will be responsible for developing, monitoring, and controlling the project's cost. The project manager will review and reconcile all expenses against budgets. Budget pressures, risks, and issues will be escalated to the project control group for action.

The cost plan will be a live document and will need to be reviewed and updated on a regular basis, generally fortnightly. The cost plan will need to be updated to reflect actual expenditure, variations (pending and approved), contingency, and the forecast cost to complete. In addition, the project manager will need to monitor financial year expenditure against targets and the total number and value of variation claims. This will enable them to identify underlying issues at the earliest possible opportunity and commence targeted action and response.

Scope Management

Scope management is critical in delivering project success as it enables any changes (i.e., additions, deletions, clarifications, and enhancements) to the scope to occur in a controlled manner and to ensure that no changes occur without the agreement and approval of the relevant governance layer. The primary mechanism for scope management is a defined change control process, which enables all proposed changes to be qualified (what is the change and why is it needed), quantified (how much time and money will it cost) and justified (what is the impact on the project and what are the alternatives).

A program change / directions register is required to monitor and control scope departures / changes and any subsequent directions. Although most changes will be associated with scope, some directions may include non-scope changes, such as new unplanned iterations, unplanned stakeholder presentations, or increases in meeting numbers. These changes will follow the same change management process and be recorded in the change / directions register. Any changes, which do not have a cost, time, or schedule implication will be recorded to ensure any knock-on effects are fully understood.

10.5 Change management

There are various existing organisations and entities who are responsible for managing the land on which the FHAC sits. As the project progresses, discussions with various land managers will need to be had to confirm responsibilities for implementation, and ongoing operation.

OFFICIAL// Publicly Accessible

10.6 Performance measures and benefits realisation

One of the critical factors in successfully managing the project will be the establishment of ongoing evaluation, monitoring, and review processes to account for changing contexts, ensure alignment with the Parks Victoria's objectives, and to understand how the program is performing against specified criteria.

Measures and key performance indicators to be considered are outlined in Table 48 below. These key performance indicators will need to be confirmed and agreed by the project delivery team alongside allocation of the responsibility of monitoring and achievement of targets.

Table 48 Performance measures

Performance measures	Unit of measure	Current Baseline	Target if proposal is endorsed (2030)
Output: Increased accessibility for a wider range of users			
Diversification of visitors	Number of beds in huts available for overnight use.	0	72
	Number of people using trail.	TBD	50% increase on visitation levels pre-investment
Increased accessibility	Provision of all-access designed loop	0	1
Output: Economic growth for the High Country region			
Increase in visitation	Increased visitor bookings of bookable assets in National Park	18% increase YoY 2016-2021	25% increase YoY
	Growth in visitation that occurs in the green season	266,510 visitors at Falls Creek/Mt Hotham	25% increase YoY
Increase in economic contribution of visitation	Average spent per visitor per night	$131	25% increase
	Number of direct and indirect tourism jobs generated	0	110 FTE
Output: Environmental and cultural sustainability			
Carrying capacity of the trail is not exceeded	Trail usage does not exceed the determined carrying capacity	TBD	TBD
Conservation of natural assets and cultural values	Lifecycle impacts on natural environment are net positive	TBD	TBD
	Number of interpretive panels in National Park	0	5
Output: Sustainability of product experience and cost			
Full cost recovery of operations and maintenance costs	Net cost to maintain experience over lifecycle	TBD	0
Pricing aligns with willingness to pay for Parks Victoria managed assets	Pricing is aligned with comparable experiences	N/A.	Commercial Information

OFFICIAL// Publicly Accessible

10.7 Risk management

The project risk register was developed as part of this business case and provides direction for the management of risks from the completion of the business case to the delivery and operation of the finished project.

The risk register is a living document that should be reviewed and updated as the project progresses. It will require further review to incorporate any new risks identified with the preferred procurement model, delivery timeframes, and proposed governance arrangements.

10.8 Exit strategy

This project aims to improve the infrastructure associated with the FHAC. The investment is scheduled over multiple stages, providing an opportunity to monitor and adjust the works program in changing contexts. The program itself is not subject to exit strategy considerations as the proposal is not driven by ongoing funding requirements.

10.9 Readiness and next steps

This business case plan is a strategic document, setting out a vision and recommended direction for the FHAC. The business case is not intended to provide a design for future infrastructure and facilities. Once endorsed and funding is available, further investigations, strategies, planning, and detailed design tasks shall be required, including seeking all necessary approvals and permits. Further consultation with the general community and stakeholders may also be required, prior to implementation.

OFFICIAL// Publicly Accessible

11. Checklist and sign-off

Initiative title:	*Falls to Hotham Alpine Crossing*	
Department:	***Parks Victoria***	**Yes**
1.	Was DTF/DPC consulted during the preparation of the business case and/or costings agreed?	☐
2.	Has a *Business case cover sheet* been completed to accompany this business case?	☐
3.	Has the SRO signed an attestation statement for this business case?	☐
4.	Is the project High Value High Risk (HVHR) (i.e. has a PPM been completed)?	☐
5.	If the project is HVHR, has a Gateway review for gates 1/2 been undertaken?	☐
6.	If applicable, have the relevant value creation and capture documents been completed and included?	☐
7.	Have the following documents been submitted to DTF?:	☐
	• Project Profile Model (PPM)	☐
	• Investment Logic Map (ILM)	☐
	• Benefits management plan	☐
	• Procurement strategy	☐
	• Risk register	☐
	• Detailed project schedule	☐
	• Detailed cost plan	☐
	• Red rated Gateway recommendations in the Recommendations Action Plan (RAP)	☐

This model checklist is designed for the project proponent's endorsement.

Prepared by: ..... **Date:** .....

Approved by: ..... **Date:** .....

Approving officer/ delegate name: ..... **Date:** .....

Secretary: ..... **Date:** .....

OFFICIAL// Publicly Accessible

Appendices

Appendix A

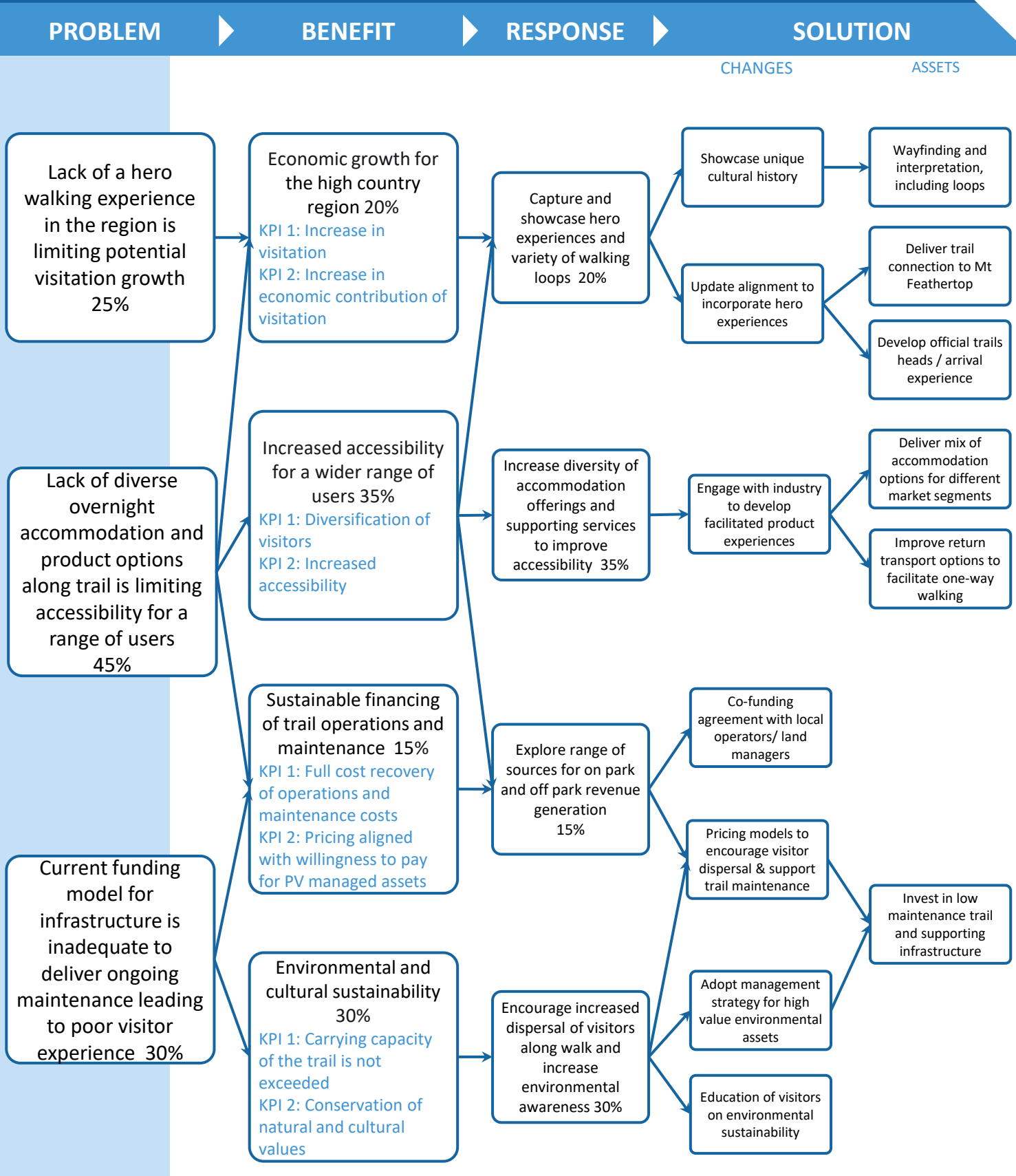
Investment Logic Map

Parks Victoria

Falls to Hotham Alpine Crossing

Delivering an iconic walking experience that is sustainable and grows the visitor economy

INVESTMENT LOGIC MAP
Falls to Hotham Alpine Crossing



Investor: Personal Information
Facilitator:
Accredited Facilitator: Yes

Version no: 0.2
Initial Workshop: 8 July 2021
Last modified by: Personal Information 16 August 2021
Template version: 6.0

Appendix B

Benefit Management Map

Parks Victoria

Falls to Hotham Alpine Crossing

Delivering an iconic walking experience that is sustainable and grows the visitor economy

BENEFIT MANAGEMENT PLAN

Part 1: Benefit Map

BENEFIT	KPI	MEASURE	BASELINE	TARGET
Increased accessibility for a wider range of users 35%	Diversification of visitors 20%	Number of beds in huts available for overnight use	0 2021	72 2030
		Number of people using trail	TBD 2019	50% increase on visitation levels pre-investment 2030
	Increased accessibility 15%	Provision of all-access designed loop	0 2021	1 2030
Economic growth for the High Country region 20%	Increase in visitation 10%	Increased visitor bookings of bookable assets in National Park	18% increase YoY 2016-2021	25% increase YoY 2030
		Growth in visitation that occurs in the green season	266,510 visitors at Falls Creek/Mt Hotham 2018	25% increase YoY 2030
	Increase in economic contribution of visitation 10%	Average spend per visitor per night	$131 2020	25% increase 2030
		Number of direct and indirect tourism jobs generated	0 2021	110 FTE 2030
Environmental and cultural sustainability 30%	Carrying capacity of the trail is not exceeded 15%	Trail usage does not exceed the determined carrying capacity	TBD 2021	TBD 2030
	Conservation of natural and cultural values 15%	Lifecycle impacts on natural environment are net positive	TBD 2021	TBD 2030
		Number of interpretive panels in National Park	0 2021	5 2030
Sustainability of product experience and cost 15%	Full cost recovery of operations and maintenance costs 5%	Net cost to maintain experience over lifecycle	TBD 2021	0 2030
	Pricing aligns with willingness to pay for PV managed assets 10%	Pricing is aligned with comparable experiences	N/A	Commercial Information

RESPONSIBILITY FOR DELIVERING THE BENEFITS

Name: Personal Information Position: Project Sponsor 22/11/2021

Investor: Personal Information
Facilitator:
Accredited Facilitator: Yes

Version no: 0.1
Initial Workshop: 18 November 2021
Last modified by: Personal Information 22 November 2021
Template version: 6.0

Appendix C

Response Options Analysis

Falls to Hotham Alpine Crossing

Delivering an iconic walking experience that is sustainable and grows the visitor economy

Interventions	Response options: Option 1	Option 2	Option 3	Option 4	Option 5
	Business as usual / Do nothing	Improve experience for existing visitors	Facilitate improved visitor experience	Facilitate exceptional visitor experience	Full investment in visitor experience and commercial activation
Do nothing	**100%**				
Upgrade existing trail		**50%**	**10%**		
Signage, wayfinding and interpretation improvements		**30%**	**5%**	**5%**	**5%**
Refurbish areas around existing huts (e.g. picnic tables)		**20%**	**5%**	**5%**	**5%**
Rebrand FHAC to new alignment (e.g. including Mt Feathertop)			**20%**	**5%**	**5%**
Install camping platforms and communal shelters			**20%**	**5%**	**5%**
Install toilets and water tanks			**15%**	**5%**	**5%**
Improve marketing			**10%**	**5%**	**5%**
Invest in minimum trail head infrastructure (e.g. signage, parking and toilets)			**15%**	**5%**	
Install roofed accommodation (to be operated by LTOs)				**30%**	**10%**
Refresh booking system				**15%**	**10%**
Upgrade sections of trail to be all-abilities accessible				**10%**	
Increased investment in trail infrastructure				**10%**	**10%**
Increased amenities at overnight nodes (e.g. hot showers)					**15%**
Commercial offerings at trail heads (e.g. café, gift shop)					**15%**
All-abilities accessible overnight loop					**10%**
Total	**100%**	**100%**	**100%**	**100%**	**100%**

NOTES

1 The range of interventions that could respond to the identified problem and deliver the KPIs for the expected benefits are listed in the left-hand column.
2 Against the listed interventions a spread of response options are structured to provide genuine alternative approaches to the problem.
3 Response options should be titled to reflect the underlying strategy.
4 The shaded boxes indicate which interventions are used in each response and the percentage (%) indicates the relative importance of each specific intervention within the response.
5 This is a balance of two factors: the importance of the intervention in delivering the response option, and the likely effort/cost involved.

Benefits			Response options: Option 1	Option 2	Option 3	Option 4	Option 5
			Business as usual / Do nothing	Improve experience for existing visitors	Facilitate improved visitor experience	Facilitate exceptional visitor experience	Full investment in visitor experience and commercial activation
Percentage of full benefit to be delivered			**0.0%**	**20.0%**	**57.5%**	**87.5%**	**92.5%**
Benefit 1	Increased accessibility for a wider range of users	35%	0.0%	0.0%	17.5%	35.0%	35.0%
Benefit 2	Economic growth for the High Country region	20%	0.0%	5.0%	10.0%	15.0%	20.0%
Benefit 3	Environmental sustainability	30%	0.0%	15.0%	22.5%	22.5%	22.5%
Benefit 4	Sustainability of product experience and cost	15%	0.0%	0.0%	7.5%	15.0%	15.0%

Risk and uncertainty

Risk 1	Impact on visitor experience and environment (no improvement to dispersal) M	Impact on visitor experience and environment (no improvement to dispersal) M	Revenue not sufficient to cover cost of operations (would require external funding) H	Demand fails to materialize M	Demand fails to materialize H
Risk 2	Reputational risk for Parks Victoria (not delivering on funding commitments) M	Reputational risk for Parks Victoria (not delivering on funding commitments) M	Negative impacts on trail and visitor numbers as a result of lack of operational funding generated M	Infrastructure requires private sector to operate (risk that private sector may not be interested) M	Infrastructure requires private sector to operate (risk that private sector may not be interested) H
Risk 3	Infrastructure not aligned with expected increase in demand (not capturing growth) M	Infrastructure not aligned with expected increase in demand (not capturing growth) M	Limited attractiveness for private sector investment M	Level of maintenance required impacts on visitor experience M	Level of maintenance required impacts on visitor experience H

Risk 4		Revenue not sufficient to cover cost of operations (would require external funding) M	Various approvals required (environment, cultural, heritage) M	Various approvals required (environment, cultural, heritage) M	Various approvals required (environment, cultural, heritage) M
Risk 4					Perception of commercialization of national park (public backlash) H

Dis-benefits

Dis-benefit 1	Potential loss of visitation to the region H	Potential loss of visitation to the region H	Increased visitation levels may negatively impact on some users L	Increased visitation levels may negatively impact on some users M	Increased visitation levels may negatively impact on some users M
Dis-benefit 2	Not leveraging access to Government funding as part of COVID recovery M	Not leveraging access to Government funding as part of COVID recovery M		Increase requirements for maintenance and impact this has on carbon footprint of investment M	Increase requirements for maintenance and impact this has on carbon footprint of investment M

Interdependencies

Interdependency 1	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H	Engagement with Traditional Owners is required to support their participation in the project and minimise impact on cultural values H
Interdependency 2		Access to resort areas is maintained and general management of the park area and environment is undertaken M	Access to resort areas is maintained and general management of the park area and environment is undertaken M	Access to resort areas is maintained and general management of the park area and environment is undertaken M	Access to resort areas is maintained and general management of the park area and environment is undertaken M
Interdependency 3			Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads) H	Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads) H	Delivery of end-to-end experience is reliant on involvement of RMB (specifically with regard to trail heads) H
Is a real options analysis workshop required? Yes/No/Maybe	No	No	No	Maybe	Maybe

Cost

Capital total estimated investment (TEI) (range)	Commercial Information
Net incremental output costs (range)	

Time

(Range)	0 months	12-24 months	24-36 months	36-60 months	60+ months

Ranking

1-6	**5**	**4**	**3**	**1**	**2**

Unofficial

Appendix D

Economic and financial analysis report

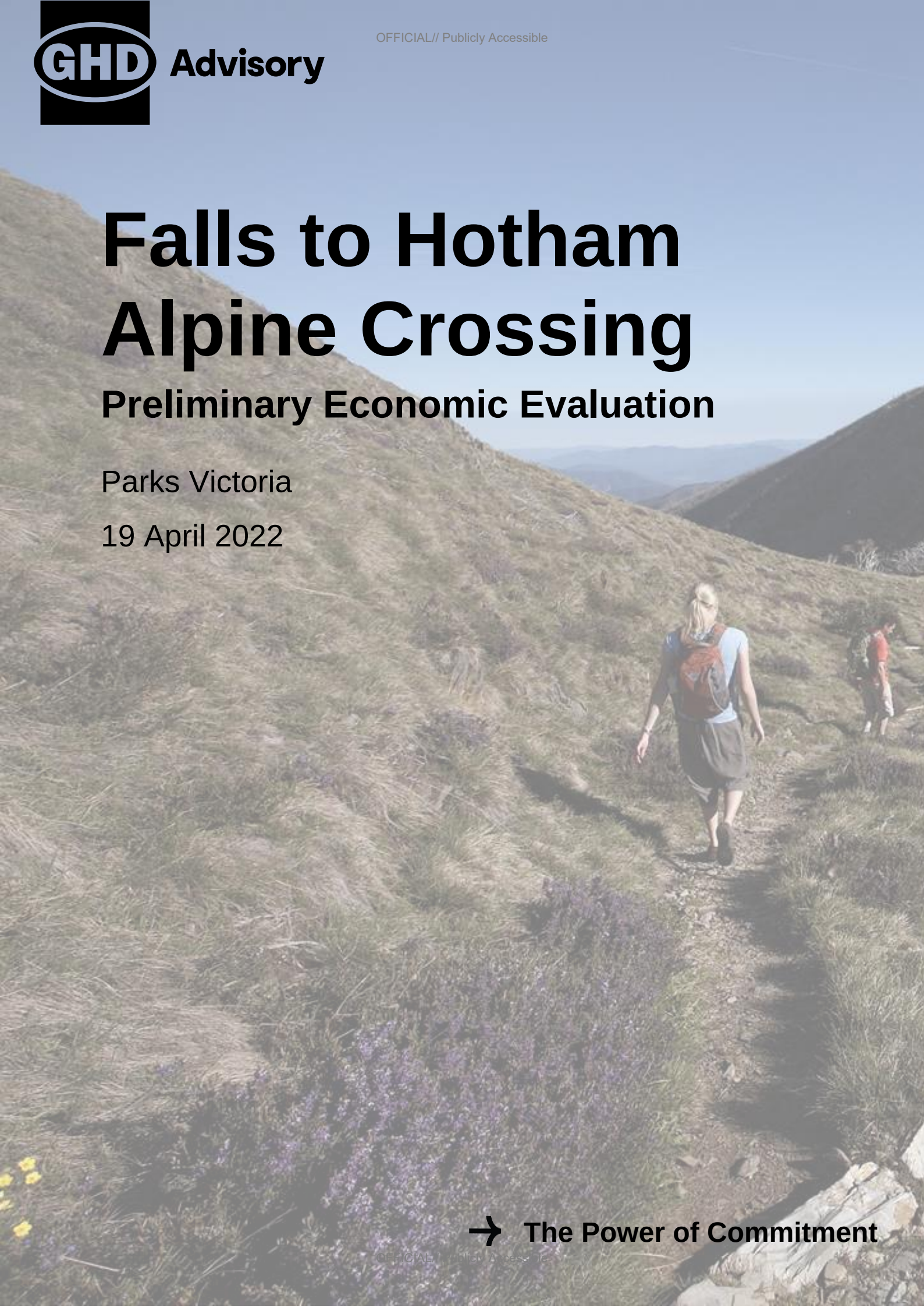
GHD Advisory

Falls to Hotham Alpine Crossing

Preliminary Economic Evaluation

Parks Victoria

19 April 2022



→ The Power of Commitment

GHD Pty Ltd | ABN 39 008 488 373
105 Hume Street, Suite 5
Wodonga, Victoria 3690, Australia
T +61 2 6043 8700 | **E** abxmail@ghd.com | **ghd.com**

Printed date	19/04/2022 9:59:00 AM
Last saved date	19 April 2022
File name	
Author	Personal Information
Project manager	Personal Information
Client name	Parks Victoria
Project name	Falls to Hotham Alpine Crossing – Business Case
Document title	Falls to Hotham Alpine Crossing | Preliminary Economic Evaluation
Revision version	Rev 0
Project number	12550842

Document status

Status Code	Revision	Author	Reviewer		Approved for issue		
			Name	Signature	Name	Signature	Date
S3	A	Personal Information					
S4	A						
S4	B						
S4	C						
S4	0						

Contents

Table index

OFFICIAL// Publicly Accessible

Figure index

Equation index

OFFICIAL// Publicly Accessible

1. Introduction

1.1 Overview

This economic and financial analysis report supports the business case for investment in the Falls to Hotham Alpine Crossing (FHAC). This report provides an overview of the demand assessment, the economic assessment, and the financial assessment undertaken to understand the project's feasibility.

1.1.1 Project context

Parks Victoria prepared a master plan for the FHAC in 2018 to guide future development of the experience. The master plan articulates a new vision and framework to convert the existing FHAC (which also currently forms part of the broader Australian Alps Walking Track and is situated within the Australian Alps National Parks and Reserves – a Nationally Heritage Listed Landscape) into a world-class hiking experience that enriches the current walking offerings in the Victorian High Country.

The master plan proposes a realignment of the FHAC to capitalise on the strengths of the area and deliver an iconic experience by incorporating the region's highest peaks. The realigned FHAC will be a 5-day 4-night middle distance hiking experience, culminating in walkers summitting Mt Feathertop then traversing along the Razorback.

The master plan identifies four overnight nodes on the trail (as shown in the figure below) that will offer a range of accommodation options to suit a diverse range of walkers. Proposed accommodation options include:

- **Dispersed camping** – self-sufficient camping anywhere in the national park except within 100m of designated camping areas, 200m of picnic areas, 20m of waterbodies or 200m of roads.
- **Hiker camps** – elevated camping platforms (each designed to fit one tent or swag, for two to three people) that are connected via boardwalks to a communal shelter for social engagement and dining.
- **Operated huts** – roofed accommodation that is less susceptible to weather therefore opening up the experience for all seasons and to a greater target market. These huts will offer beds for two or four people per hut, and also be connected to the same communal hut as the hiker camps.
- **Off-trail accommodation** – accommodation options outside the national park that encourage walkers to spend a night before/after their walk.

OFFICIAL// Publicly Accessible

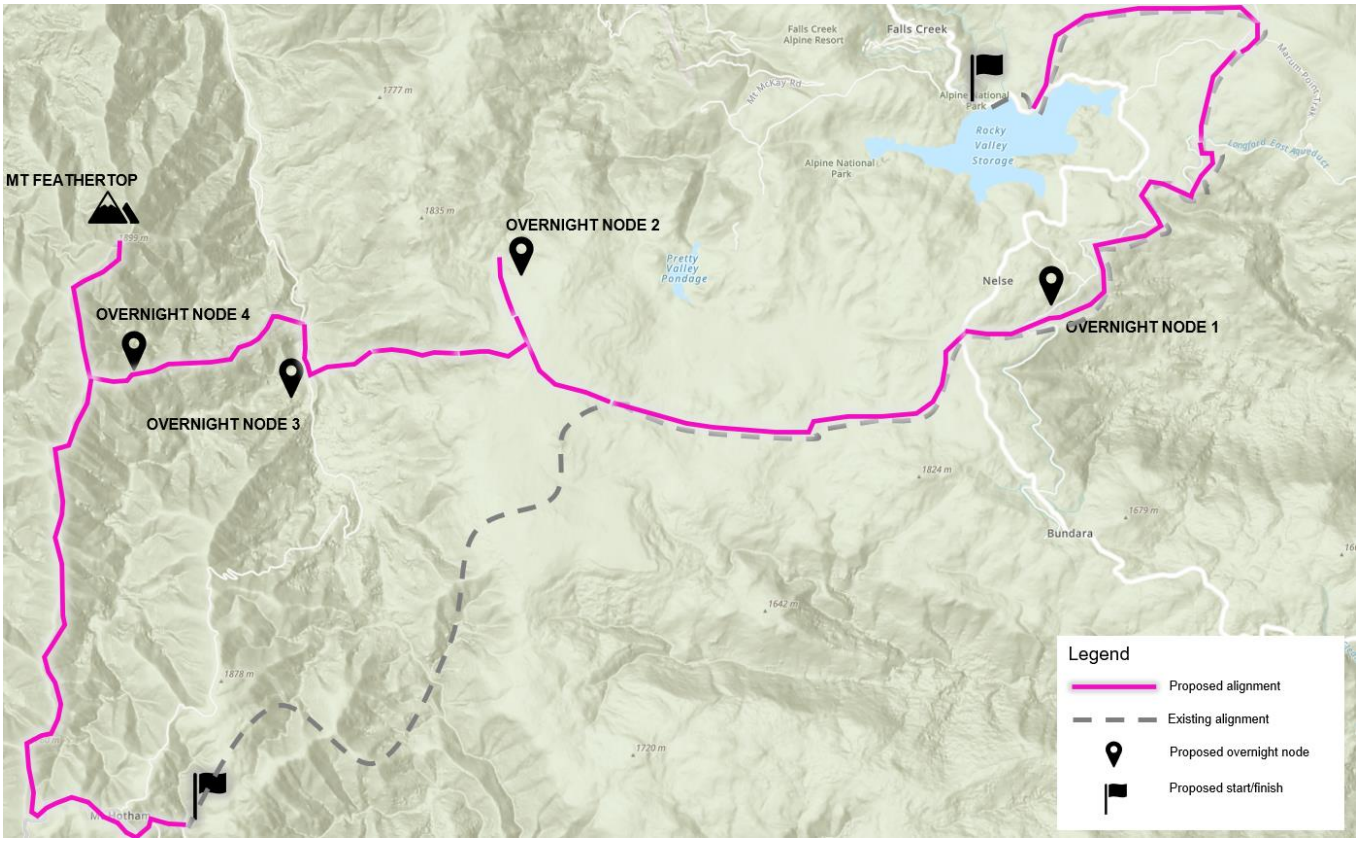


Figure 1 *Proposed realignment and overnight nodes*

1.2 Purpose of this report

The purpose of this report is to outline the assumptions, inputs and results of the Preliminary Economic and Financial Evaluation as part of the FHAC Business Case.

1.3 Assumptions

In developing this economic evaluation, a number of vital economic assumptions were utilised in generating the conclusions of this report. These key assumptions are listed in Table 1.

OFFICIAL// Publicly Accessible

Table 1 Economic evaluation assumptions

Parameter	Assumption Value	Basis
Discount Rate	Commercial Information	
Base Year		
Dollar Year		
Construction Year		
Construction Duration		
Operation Year		
Evaluation Period		
Full distance hiking split		
Hiking fee structure		
PV Annual Operating cost		
Construction economic multipliers		
Hospitality Multiplier		
Tourism – days per visit		
Tourism – average spend per day		
Capital Expenditure - total		
Capital expenditure (P90) - Trail & platforms - Trail platforms & huts		
Capital expenditure – Stage One (refer to business case for details of inclusions)		

OFFICIAL// Publicly Accessible

2. Demand

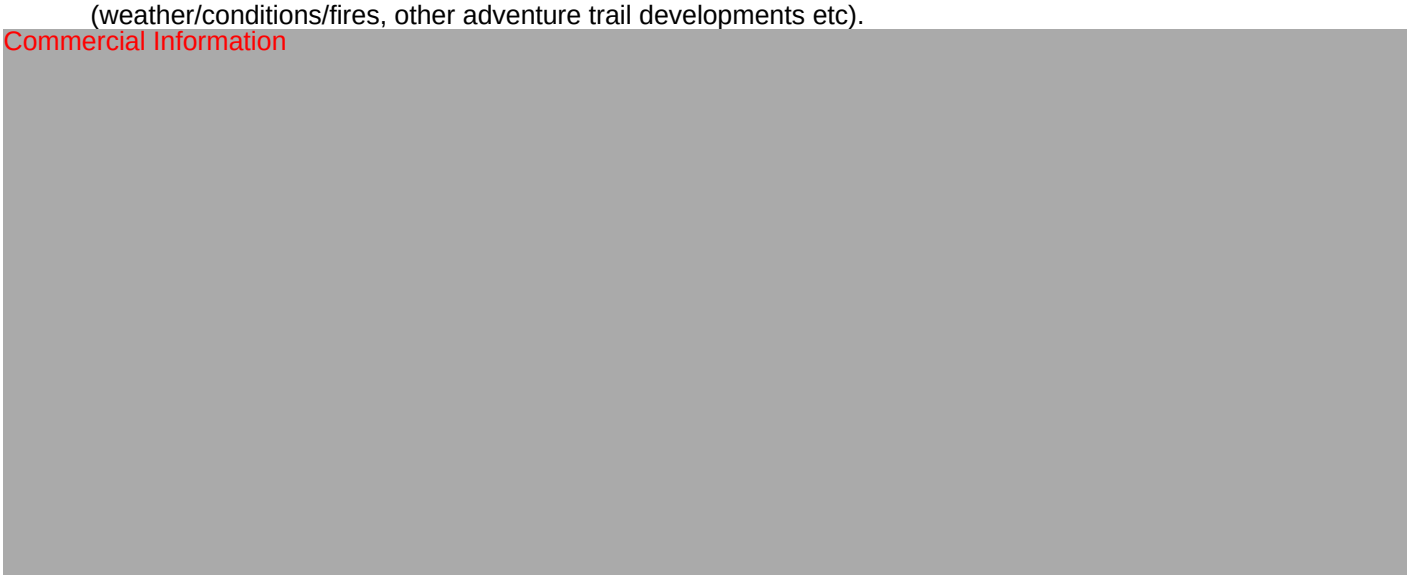
The level of regional tourism is a critical element of the economic wellbeing of the Victorian regional economies and the major influencer of full and part time employment and added value. Regional tourism has shown strong growth over the last decade, especially in the nature based and eco-tourism markets. However, tourism/travel restrictions that came into play as a result of COVID-19 have significantly impacted growth outcomes and make it difficult to forecast short term growth. Forecasting long term demand was further complicated by;

– The uncertainty of the duration of the travel restrictions,
– Uncertainty around the likely rates of recovery of tourism,
– Uncertainty in estimating the recovery rate across the three tourist sector of international, interstate and intrastate.

GHD adopted a multi stepped approach to demand forecasting, recognising that demand for multi-day hiking products is the result of a range of variables, including:

1. Historical demand – based on the data provided by Falls Creek and Mount Hotham for the period 2009-2019. Total tourism visitation to the region has shown an increase in excess of 50% over the 10 year period (CAGR = 4.3%). Year on year demand is variable as other factors come into play on an annual basis (weather/conditions/fires, other adventure trail developments etc).

Commercial Information



2.1 Scenarios considered

Is it important to note that this analysis is not one of alternative options (routes) but a single route option, a new/enhanced hiking trail from Falls Creek to Mouth Hotham with variation on tourism demand recovery and the staging of the capital expenditure.

The demand analysis considers four distinct scenarios as outlined below and in the following sections:

– No investment in the project (no COVID-19 impacts)
– No investment in the project (considers COVID-19 impacts)
– Investment in the project, with slower recovery from COVID-19 impacts
– Investment in the project, with faster recovery from COVID-19 impacts

No investment in the project (no COVID-19 impacts)

Under this scenario, tourism forecast is based on a ‘business as usual’ approach with no capital expenditure and the assumption that COVID-19 had no impact on demand. This forecast has been included as a ‘sense’ checking

[1] Sea to Summit Market Research. 2012.

OFFICIAL// Publicly Accessible

option so as to better understand where the market would be, and where the various capital expenditure programs be positioned without the impacts of COVID-19. This scenario is not used as the base case, as it neglects to include information/data that is now known. Under this scenario, the growth forecast is aligned to population growth and recent demand experience and then reduced to zero growth post 2041. Tourism demand has been assumed to stabilise post 2041 due to the uncertainty of long term forecasting and that the capital expenditure has been align to the initial operating cycle only.

No investment in the project (considers COVID-19 impacts)

Under this scenario, demand is assumed to decline across 2019, 2020 and 2021 as a result of COVID-19 impacts. No investment in the project is made under this scenario. This scenario is used as the 'base case' or 'business as usual' option in the economic analysis.

Investment in the project, with slower recovery from COVID-19 impacts

The introduction of four overnight nodes on the renewed/enhanced trail increases the overall tourism demand to the region, and provides more opportunity for hikers to avail themselves of the four-day hiking option. The 'slower' option reflects the slighter lower growth rate in 2022/2023 than the faster option (400% compared to the 450%) and that there is a lower transition from the short distance hikers to the multi-day hiking option as a result of improved accommodation on the trail.

Investment in the project, with faster recovery from COVID-19 impacts

The 'faster' recovery option assumes a higher recovery (+450%) in 2022, although under both options, international tourism still takes until 2026 to get to the level it was pre COVID-19. The Faster recovery option also assumes that the transition from day hikers to multi-day hikers will show a slight increase over the 'slow' option.

2.2 Total demand

The table, and subsequent graph below provides an overview of the estimated total demand to the region. This demand includes:

Commercial Information

Table 2 Forecast total demand profile

	2020	2025	2030	2035	2040	2045	2050
No investment in the project (no COVID-19 impacts)	Commercial Information						
No investment in the project (considers COVID-19 impacts)							
Investment in the project, with slower recovery from COVID-19 impacts							
Investment in the project, with faster recovery from COVID-19 impacts							

OFFICIAL// Publicly Accessible

Commercial Information

Figure 2 Forecast total demand profile

2.3 Multi-day hike demand

Only a proportion of total visitors to the region will undertake the Falls to Hotham Alpine Crossing. As outlined previously, an estimated Commercial I of visitors will participate in a multi-day hiking experience. As such, it is assumed that demand for the Falls to Hotham Alpine Crossing is equivalent to the demand for multi-day hiking experiences (Commercial In of total demand). The table and graph below provide an overview of the estimated demand for multi-day hiking experiences.

It should be noted that the Falls to Hotham Alpine Crossing will also see demand from visitors undertaking shorter hikes and loops, however the visitation benefits (e.g. spend and nights stayed in the region) are largely derived from visitors undertaking the multi-day experience.

Table 3 Forecast multi-day hike demand profile

	2020	2025	2030	2035	2040	2045	2050
No investment in the project (no COVID-19 impacts)	Commercial Information						
No investment in the project (considers COVID-19 impacts)							
Investment in the project, with slower recovery from COVID-19 impacts							
Investment in the project, with faster recovery from COVID-19 impacts							

OFFICIAL// Publicly Accessible

Commercial Information

Figure 3 ***Forecast multi-day hike demand profile***

3. Cost Benefit Analysis

3.1 Introduction

A Cost Benefit Analysis (CBA) is an economic appraisal tool that isolates the costs and benefits of the project over the evaluation period, relative to the base case scenario, and then uses discounted cash flow analysis to determine the net benefit to society. Results of a CBA provide decision makers with a view of the net advantages and disadvantages of a project. This section of the report outlines the identified impacts, values and results of the CBA for the project.

3.2 Methodology and Approach

The economic appraisal of the project has been undertaken using a CBA. Where the economic impacts are not able to be quantified or are able to be quantified but not monetised in a robust way, the economic appraisal utilises a qualitative comparison to highlight the differences between the options.

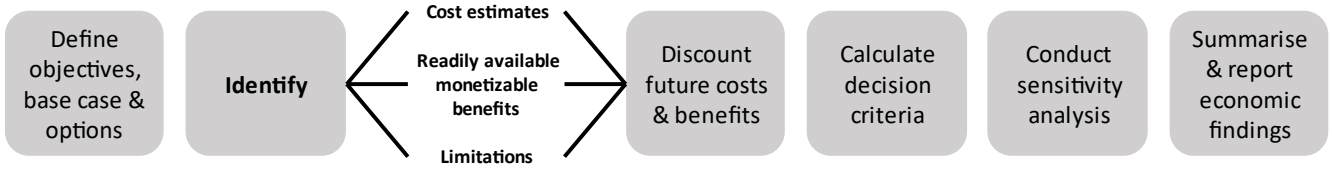


Figure 4 Applied CBA Methodology

The core economic appraisal compares and evaluates the direct impacts of the project, however, does not extend to cover the wider indirect economic impacts that may arise from the project.

The CBA for this project involved the following steps:

- Identification of relevant economic and social costs and benefits applicable to each option.
- Quantification of the identified costs and benefits, where possible.
- Comparing and contrasting the quantified costs against the benefits over the evaluation period.
- Generating economic appraisal performance measures including the Net Present Value of the net benefits (NPV) and Benefit Cost Ratio (BCR). Standard decision criteria of NPV>1.0 and/or BCR >1.00.
- Sensitivity analysis and testing to assess the sensitivity of performance to changes in key variables.

The NPV was calculated using the below equation.

Equation 1 NPV Equation

$$NPV = \sum_{t=0}^{n} \frac{B_t - OE_T - CE_t}{(1+r)^t}$$

such that:

- t is time in years
- n is the number of years during which the benefits and costs occur
- r is the discount rate
- B_t is the benefits in year t
- OE_t is the operational expenditure in year t
- CE_t is the capital expenditure in year t

Inbuilt within the analysis for this report, multiple assumptions were required and included within the conclusions of the assessment. A list of these assumptions can be found in Table 1.

OFFICIAL// Publicly Accessible

3.3 Impacts

The costs and benefits associated with the project can be divided into economic and social (employment) impacts.

In addition to this, the impacts can also be divided according to the ability to quantify their impact. These can be categorised as:

– **Tangible / Direct –** those impacts which can be readily identified and valued in monetary terms.
– **Non-tangible / Indirect–** those impacts which can be identified but not precisely quantified in monetary terms.

The identified costs and benefits of the project are outlined in Table 4, along with the category of impact and to what extent they are quantifiable.

Table 4 Identified project impacts

Impact	Description	Source	Category	Direct / indirect
COSTS				
Parks Victoria capital expenditure	The construction costs associated with the construction of the Project. P90 and P50 estimates.	Developed by WT Partnership	Economic	Direct
Residual value	Estimated value of the assets at the end of the 25 year evaluation period	Developed by GHD	Economic	Direct
Parks Victoria operational expenditure	The ongoing capital replacement, maintenance and operational costs associated with the Project.	Developed in consultation with Parks Victoria	Economic	Direct
LTO operational expenditure	The ongoing cost borne by the Licenced Tour Operators (LTOs) associated with operating the huts	Developed by GHD based on industry knowledge and benchmarks	Economic	Direct
Hospitality operational expenditure	The ongoing cost borne by hospitality business associated with servicing visitor spend	Developed by GHD based on industry knowledge and benchmarks	Economic	Direct
BENEFITS				
Tourism spend	Increased demand supported additional expenditure. Difficulty with tourism spend is to separate the growth in tourism spend from the re-allocation of the existing spend to new venture	Developed by GHD based on industry knowledge and benchmarks	Economic	Direct
Parks Victoria booking revenue (platforms)	Revenue generated for Parks Victoria, through bookings of the camping platforms	Developed in consultation with Parks Victoria	Economic	Direct
Parks Victoria booking revenue (huts)	Revenue generated for Parks Victoria, through LTO bookings of the huts	Developed in consultation with Parks Victoria	Economic	Direct
LTO revenue	Revenue generated by LTOs though visitor bookings for the huts	Developed by GHD based on industry knowledge and benchmarks	Economic	Direct
Employment	✓ Construction ✓ Parks Victoria ✓ LTO's ✓ Supply Chain ✓ Consumption ✓ Hospitality/Local Industry	Developed by GHD using REMPLAN industry multipliers	Economic	Indirect (not included in CBA)

OFFICIAL// Publicly Accessible

Impact	Description	Source	Category	Direct / indirect
Health/fitness	Increased level of fitness across the community, reduction in health related issues.		Social	Indirect (not included in CBA)
Environmental	Improved track design and supporting infrastructure will minimise the damage along the trail and at the overnight nodes. Increased protection of flora and fauna		Environmental	Indirect (not included in CBA)

3.4 Options considered

The economic analysis considered three different options. The Project Options were then considered in terms of slower and faster recovery from COVID-19 impacts. This resulted in the following list of options:

– Business as usual
– Project Option 1[2] – slower recovery from COVID-19
– Project Option 1 – faster recovery from COVID-19
– Project Option 2[3] – slower recovery from COVID-19
– Project Option 2 – faster recovery from COVID-19
– Project Option 2 – slower recovery from COVID-19, Stage One only
– Project Option 2 – faster recovery from COVID-19, Stage One only

3.5 Cost/Benefits

The cost benefit analysis considered the following costs and benefits:

– Costs
  - Parks Victoria capital expenditure
  - Residual value
  - Parks Victoria operational expenditure
  - LTO operational expenditure
  - Hospitability operational expenditure
– Benefits
  - Tourism spend
  - Parks Victoria booking revenue (platforms)
  - Parks Victoria booking revenue (huts)
  - LTO revenue

Definitions for the costs and benefits can be found in Table 4 above. The results of the cost benefit analysis (at both P90 and P50 confidence level) are presented in Table 5 overleaf.

[2] Note, Project Option 1 is investment in trail infrastructure, camping platforms and supporting infrastructure
[3] Note, Project Option 2 is investment in trail infrastructure, camping platforms, roofed accommodation / huts and supporting infrastructure

OFFICIAL// Publicly Accessible

Table 5 Cost benefit analysis results (P90)

Cashflow Analysis (PV@7%) $m	Business as usual	Project Option 1 – slower recovery from COVID-19	Project Option 1 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19	Project Option 2 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19, Stage One only	Project Option 2 – faster recovery from COVID-19, Stage One only
Costs							
Parks Victoria capital expenditure (P90)	Commercial Information						
Residual value							
Parks Victoria operational expenditure							
LTO operational expenditure							
Hospitality operational expenditure							
Total costs							
Benefits							
Tourism spend							
Parks Victoria booking revenue (platforms)							
Parks Victoria booking revenue (huts)							
LTO revenue							
Total benefits							
Net Present Value							
BCR							

OFFICIAL// Publicly Accessible

Table 6 Cost benefit analysis results (P50)

Cashflow Analysis (PV@7%) $m	Business as usual	Project Option 1 – slower recovery from COVID-19	Project Option 1 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19	Project Option 2 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19, Stage One only	Project Option 2 – faster recovery from COVID-19, Stage One only
Costs	Commercial Information						
Parks Victoria capital expenditure (P50)							
Residual value							
Parks Victoria operational expenditure							
LTO operational expenditure							
Hospitality operational expenditure							
Total costs							
Benefits							
Tourism spend							
Parks Victoria booking revenue (platforms)							
Parks Victoria booking revenue (huts)							
LTO revenue							
Total benefits							
Net Present Value							
BCR							

OFFICIAL// Publicly Accessible

3.5.1 Sensitivity analysis – discount rate

A sensitivity analysis was undertaken on the cost benefit analysis to understand the impact of different discount rates on the benefit cost ratio. The results are presented in the table below.

Table 7 Sensitivity analysis – discount rate (P90)

	Discount rate at 3%		Discount rate at 7%		Discount rate at 10%	
	Net present value	Benefit cost ratio	Net present value	Benefit cost ratio	Net present value	Benefit cost ratio
Business as usual	Commercial Information					
Project Option 1 – slower recovery from COVID-19						
Project Option 1 – faster recovery from COVID-19						
Project Option 2 – slower recovery from COVID-19						
Project Option 2 – faster recovery from COVID-19						
Project Option 2 – slower recovery from COVID-19, Stage One only						
Project Option 2 – faster recovery from COVID-19, Stage One only						

Table 8 Sensitivity analysis – discount rate (P50)

	Discount rate at 3%		Discount rate at 7%		Discount rate at 10%	
	Net present value	Benefit cost ratio	Net present value	Benefit cost ratio	Net present value	Benefit cost ratio
Business as usual	Commercial Information					
Project Option 1 – slower recovery from COVID-19						
Project Option 1 – faster recovery from COVID-19						
Project Option 2 – slower recovery from COVID-19						
Project Option 2 – faster recovery from COVID-19						
Project Option 2 – slower recovery from COVID-19, Stage One only						
Project Option 2 – faster recovery from COVID-19, Stage One only						

Commercial Information

3.5.2 Summary

The key item that generates revenue are the operated huts, and to a much lesser extent the camping platforms. Thus the return on the capital investment in the huts needs to generate a cashflow that supports the coverage of the other 'fixed' costs. The maximum return will be achieved under the scenario that sees the highest utilisation of the huts, which will be that option that maximises the number of huts and has the strongest demand profile.

This outcome will be achieved by maximising the number of huts and demand, achieving a Benefit Cost Ratio of Commercial Info (P90) for the Project Option 2 – faster recovery from COVID-19 scenario. The Benefit Cost Ratio for the same scenario is increased to Commercial In when utilising P50 cost estimates (as costs are reduced but benefits stay fixed).

Key findings include:

– Project Option 2 (additional investment in huts in excess of just trail and platforms) is economically viable.
– The completion of the whole project at once has benefits over staging the project, especially as staging will lead to a delay in transitioning of day-hiker to multi day higher, reducing the opportunity to recover the 'fixed costs.

3.6 Employment impacts

Employment impact derived from four sources as outlined below. All employment impacts except the construction impact will continue across the full operational period. Construction is assumed to be carried out over the initial three year period (50/25/25). A direct impact (capital expenditure) can lead to additional flow-on impacts through the supply chain or the consumption effect.

Table 9 Impact measures

Terminology	Definition
Direct Effect	First round of effects from direct capital and operational expenditure on goods and services.
Supply-Chain Effects	The production induced support activity as a result of additional expenditure on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
Consumption Effect	The consumption induced activity from additional household expenditure on goods and services as a result of additional wages and salaries being paid within the economy.
Multiplier	Level of which an impact will cause changes to other sectors of the economy –a relative measure of the flow-on effects from investment.

– Construction impact – a function of the capital expenditure program, generating direct and indirect employment
  - Construction – given the nature of the work the bulk of the employment will occur in the region
  - Supply chain – combination of goods and services required to support the construction program, likely that up to 50% would occur in the region.
  - Consumption impact – services that support those who are engaged in the construction and/or the supply chain, likely that up to 50% would occur in the region.
– Parks Victoria – responsible for the maintenance of the infrastructure and some planning/LTO interaction. Majority of the additional PV employment would be in the region.
– Local Tour Operators – support of hiker activities from the booking of the hike, support of trail and provisioning of the huts. Likely that all the additional employment will be in the region.
– Hospitality – based on the total tourist expenditure and manipulated to an employment impact through a calculation of the labour content in the delivery of services to tourist (accommodation, meals, transport etc), total employment has been estimated at 8.7 per $1m of tourist expenditure. Tourist expenditure is assumed to across the economy, and as such the critical indicator is the increase over the BAU employment rather than the total employment, as it is the increase (growth) that results from the project that is critical.

OFFICIAL// Publicly Accessible

Table 10 Employment Impact (P90)

Employment Impact (EFTs)	Business as usual	Project Option 1 – slower recovery from COVID-19	Project Option 1 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19	Project Option 2 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19, Stage One only	Project Option 2 – faster recovery from COVID-19, Stage One only
Construction							
Total	0	168	168	240	240	107	107
Active Years	0	3	3	3	3	3	3
Average per active year	0	56	56	80	80	36	36
Annual Max	0	84	84	120	120	53	53
Parks Victoria Operational							
Total	46	71	82	155	179	114	115
Active Years	25	25	25	25	25	25	25
Average per active year	2	3	3	6	7	5	5
Annual Max	1	3	4	7	8	5	5
Annual Increase over BAU		**3**	**3**	**6**	**7**	**5**	**5**
Local Tour Operators							
Total	0	0	0	129	150	63	63
Active Years	0	0	0	25	25	25	25
Average per active year				5	6	3	3
Annual Max				6	7	3	3
Hospitality							
Total	3031	4699	5441	7153	8363	4557	4577
Active Years	29	29	29	29	29	29	29
Average per active year	105	162	188	247	288	157	158
Annual Max	126	216	243	340	392	216	217
Annual Increase over BAU		**90**	**117**	**214**	**267**	**90**	**91**

Table 11 Employment Impact (P50)

Employment Impact (EFTs)	Business as usual	Project Option 1 – slower recovery from COVID-19	Project Option 1 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19	Project Option 2 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19, Stage One only	Project Option 2 – faster recovery from COVID-19, Stage One only
Construction							
Total	0	155	155	220	220	98	98
Active Years	0	3	3	3	3	3	3
Average per active year	0	52	52	73	73	33	33
Annual Max	0	77	77	110	110	49	49

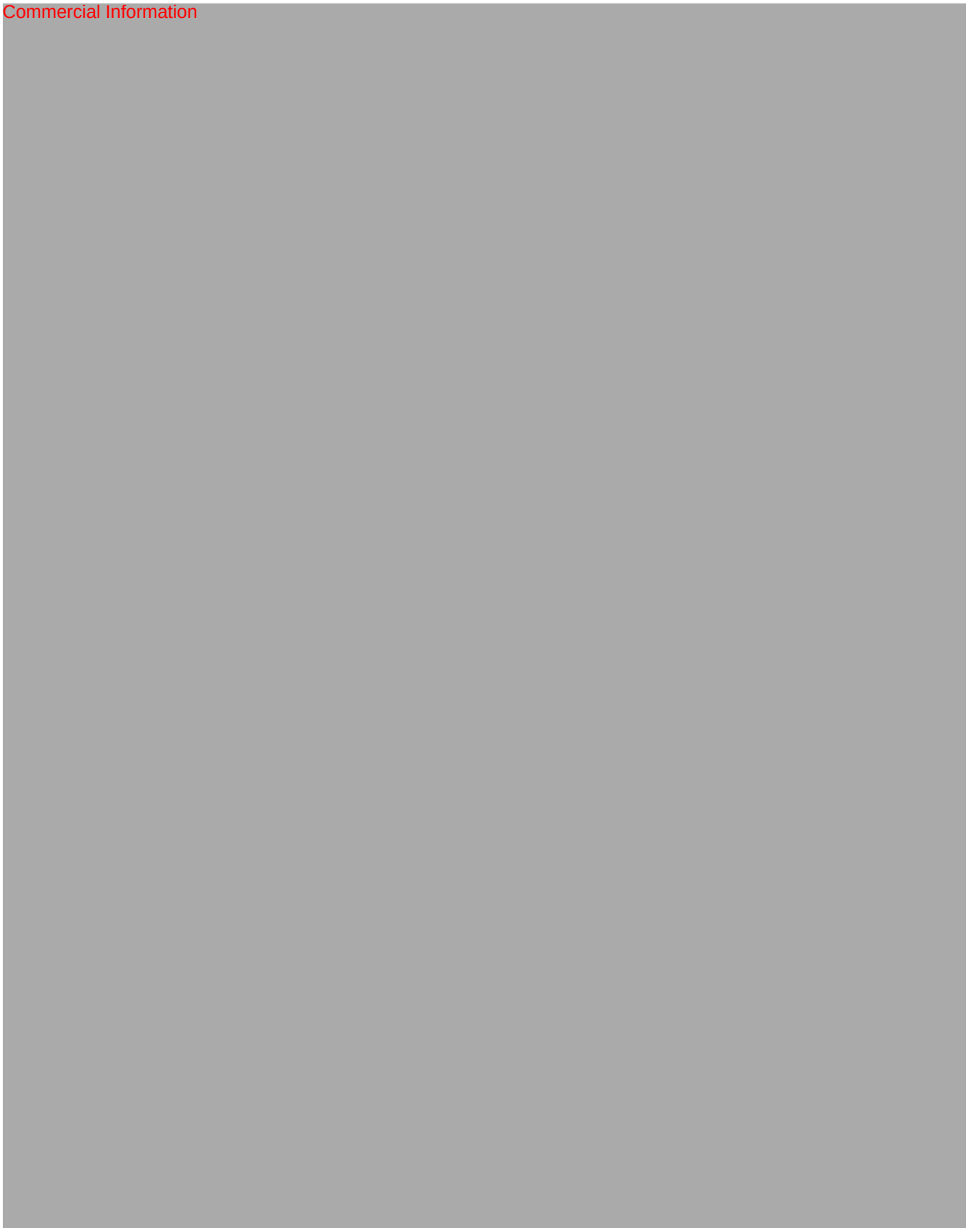
OFFICIAL// Publicly Accessible

Employment Impact (EFTs)	Business as usual	Project Option 1 – slower recovery from COVID-19	Project Option 1 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19	Project Option 2 – faster recovery from COVID-19	Project Option 2 – slower recovery from COVID-19, Stage One only	Project Option 2 – faster recovery from COVID-19, Stage One only
Parks Victoria Operational							
Total	46	71	82	155	179	114	115
Active Years	25	25	25	25	25	25	25
Average per active year	2	3	3	6	7	5	5
Annual Max	1	3	4	7	8	5	5
Annual Increase over BAU		**3**	**3**	**6**	**7**	**5**	**5**
Local Tour Operators							
Total	0	0	0	129	150	63	63
Active Years	0	0	0	25	25	25	25
Average per active year				5	6	3	3
Annual Max				6	7	3	3
Hospitality							
Total	3031	4699	5441	7153	8363	4557	4577
Active Years	29	29	29	29	29	29	29
Average per active year	105	162	188	247	288	157	158
Annual Max	126	212	243	340	392	216	217
Annual Increase over BAU		**87**	**117**	**214**	**267**	**90**	**91**

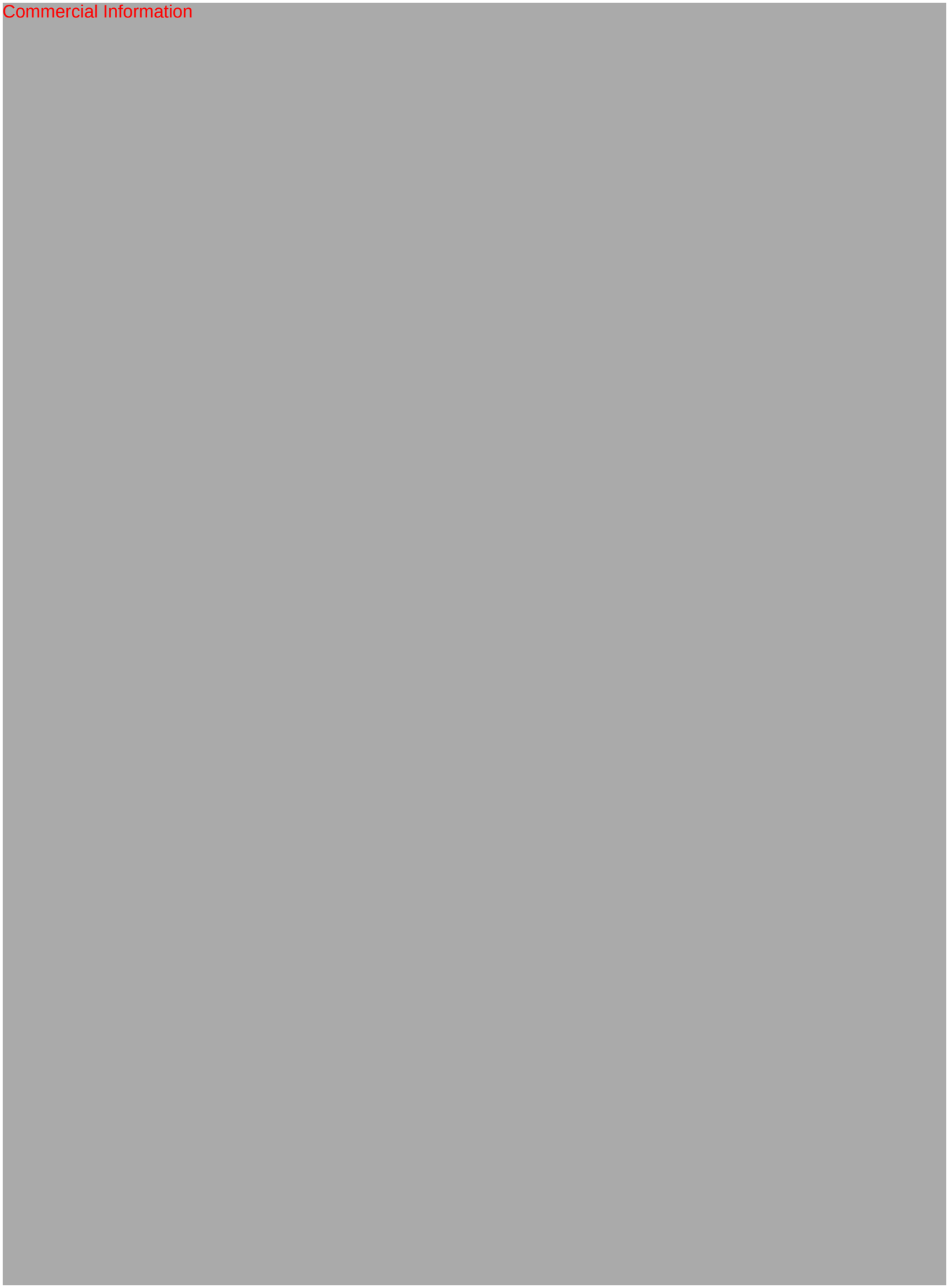
OFFICIAL// Publicly Accessible

4. Operational costs

Commercial Information



Commercial Information



5. Conclusion

Based on the above analysis, the following conclusions can be made:

- Demand for the Falls to Hotham Alpine Crossing is highest under the 'Investment in the project, with faster recovery from COVID-19 impacts' scenario
- Project Option 2 has a more favourable economic and financial outcome than Project Option 1, as the inclusion of huts increases visitation, accessibility and revenue generating opportunities
- Commercial Information
- Completion of the full project has benefits over the staged approach, as demand for the product will be reduced if only two overnight nodes are delivered.
- Commercial Information
-

As such, it is recommended that Project Option 2 be progressed to implementation.

OFFICIAL// Publicly Accessible

GHD Advisory

ghd.com

→ The Power of Commitment

Appendix E

Risk register

Internal Working Document

Project Falls to Hotham Alpine Crossing
Risk Manager Program Manager
Project start date
Project end date
Last update 24/01/22

Risks identified

	Risk category	Risk description <*Cause*> that may lead to ... <*Event*> that may trigger the risk ... <*Impact(s)*> to potential project success *(up to 250 characters in total)*
	Communications & Stakeholder Engagement	Project may be highly sensitive or important to certain stakeholders (such as Traditional Owners and existing users of the area/locals). These parties must be engaged and kept informed to avoid dissatisfaction and potential delays.
	Communications & Stakeholder Engagement	Disengagement of Traditional Owner groups in the region may result in poor relationships or reputational issues and impact complexity of the CHMP process and approvals**
	Schedule	Aboriginal and/or non-Aboriginal heritage revealed during CHMP process or during construction works may halt program and require additional consultation.
	Financial	Parks Victoria may not obtain funding for full implementation
	Governance	Aspects of the project (trailheads) are complicated by land management and will impact approach to overall delivery and operation.
	Scope	The project scope for the concept design and technical investigations may not identify all technical engineering and planning related risks - impacting design assumptions and planning approvals
	Financial	Native vegetation off-sets not fully defined or understood, impacting overall project costs and cost estimates for delivery
	Scope	The changes in COVID visitation and assumptions impact project feasibility.
	Planning & Approvals	A change in government policy may result in changing priorities, stakeholders or funding availability causing cancellation, disruption or possible abortive works.
	Scope	Scope changes may occur if not all necessary projects or enabling works are picked up in planning phase.
	Financial	Planned trail improvements do not result in increased visitor experience offering and related benefits, including financial return and commercial ventures

Internal Working Document

Risks identified		
	Risk category	**Risk description** *<Cause>* that may lead to ... *<Event>* that may trigger the risk ... *<Impact(s)>* to potential project success *(up to 250 characters in total)*
	Governance	Unforeseen changes to legislative and policy requirements may impact proposed work.
	Financial	Failure to incorporate sustainable concepts into the build could raise operating costs significantly
	Quality	Design might not fully address requirements of potential operators.
	Scope	Key resources within agencies change which may result in new perspectives, ideas or agendas being pursued.
	Financial	Changing market conditions and unforeseen additional costs may be experienced over the life of the program resulting in an overall increase to the cost of the program
	Quality	Stakeholder fatigue may result in a reduction in ability to provide meaningful input in to the project outcomes impacting the quality, feasibility and integrity of the business cases and designs
	Scope	The project scope as presented may not achieve stakeholder endorsement and additional work is necessitated
	Resourcing	Lack of availability of Agency resources may impact the timing or quality of deliverables
	Schedule	Time required for construction (construction must occur in summer season) may cause delays to overall project delivery
	Reputational	Construction works may disrupt or limit access to key popular sites resulting in negative reputational impacts and subsequent consequences to ongoing tourism and regional yield
	Schedule	Environmental, geotechnical or construction issues may result in delays to the overall schedule of the project
	Quality	Post completion design flaws or build flaws can compromise user experience and / or quality
	Schedule	Construction program and/or access to site is disrupted by weather or other unforeseen circumstances
	Scope	Additional works need to be done to facilitate changes in policy such as maintenance requirements
	Schedule	Changes in funding release impacts program scheduling
	Financial	Inaccurate cost estimates due to specialist nature of designs, materials, suppliers or other project requirements
	Reputational	Visitor numbers increase beyond sustainable levels, impacting visitor experience and environment. Parks Victoria unable to control given no entrance charges associated with park access
	Contractor	Risk that IR action occurs during construction resulting in construction delays and cost overruns

Internal Working Document

Risks identified		
	Risk category	**Risk description** *<Cause>* that may lead to ... *<Event>* that may trigger the risk ... *<Impact(s)>* to potential project success *(up to 250 characters in total)*
	Contractual	Contractual issues with construction service provider delaying completion and commissioning
	Contractor	Contractor or major sub-contractor becomes insolvent during contract
	Contractor	OHS risk during construction phase of project due to working in remote areas.
	Quality	Risk of unmanageable interfaces between new and existing facilities and already heavily utilised areas, impacting visitor experience
	Financial	Covid-19 impacts material and staff availability, increasing construction time and cost
	Reputational	Sensitive nature of the project results in damage to stakeholder relationships (including Traditional Owners, locals and existing users)
	Quality	Servicing requirements (e.g. helicopters and vehicles) impacts visitor experience
	Financial	Operations and maintenance costs (and optimal charges to reach cost recovery) not fully scoped and defined, and may be higher than expected increasing pressure on district budget
	Financial	Limited capital budget leads to infrastructure decisions that increase eventual operational cost
	Quality	Ability to deliver a quality product that meets visitor and LTO expectations within budget available
	Planning & Approvals	Complex approvals framework (e.g. EPBC, ESS, BMO and CHMP approvals) increases cost and time to deliver project beyond original planned scope
	Quality	Funding is not received for full implementation, impacting visitor experience (e.g. experience is not end-to-end)
	Planning & Approvals	Complexity of delivering works in heritage listed landscape increases cost of project beyond original scope
	Resourcing	Difficulty securing planning and delivery services due to increased industry demand (construction industry capacity)
	Resourcing	Capacity of PWG and other internal and external resources to deliver project
	Governance	Project becomes in conflict with other projects being implemented by Parks Victoria (e.g. weed management programs)
	Financial	Natural events impact on accessibility of the park and reduce visitation levels (e.g. bushfires or wet weather) and associated cost recovery
	Planning & Approvals	Various land management and leasing arrangements increases complexity of approvals process, increasing cost and time to complete (three land managers, two Councils and a number of lease arrangements including AGL, Scouts, DELWP and Regional Roads Vic)

Internal Working Document

Risks identified		
	Risk category	**Risk description** *<Cause>* that may lead to ... *<Event>* that may trigger the risk ... *<Impact(s)>* to potential project success *(up to 250 characters in total)*
	Quality	Traditional Owner groups may hold opposing views regarding interpretation and/or values.
	Reputational	Nature of project means that project is unable to meet universal design commitments in State Disability Plan
	Contractual	Delays in project result in inability to meet timeframes set by funding agency
	Reputational	Separate projects underway at resorts/trail heads impact on visitor experience
	Contractor	Safety risk (fatigue risk) as a result of construction teams having to camp on site

Appendix F

Stage One prioritisation framework

Falls to Hotham Alpine Crossing - Stage One Options Priortisation

Category	Weighting	Assessment criteria	Sub-criteria description	Weighting	Falls Creek Trail Head		Overnight node 1 (Cope Hut)		Overnight node 2 (Tawonga Huts)		Overnight node 3 (Diamantina Creek)		Overnight node 4 (High Knob)		Mt Loch trail head		Essential conservation works on Alpine Huts	
					Score (1-5)	Weighted score	Score (1-5)	Weighted score	Score (1-5)	Weighted score	Score (1-5)	Weighted score	Score (1-5)	Weighted score	Score (1-5)	Weighted score	Score (1-5)	Weighted score
Benefits	50%	Benefit 1 - Economic growth for the Alpine region	Internal Working Document															
		Benefit 2 - Increased accessibility for a wider range of users																
		Benefit 3 - Sustainable financing of trail operations and maintenance																
		Benefit 4 - Sustainability																
Other considerations	50%	Stage One feasibility																
		Community impact																
		Environmental impacts																
		Constructability																
		Access																
			Construction cost (excl. contingency, escalation etc)		Commercial Information													

Rating scale - Positive benefits / extent of alignment

1 - Likely to have little to no benefits or alignment with criteria
2 - Likely to have some benefits or alignment with criteria
3 - Likely to have moderate benefits or alignment with criteria
4 - Likely to have significant benefits or alignment with criteria
5 - Likely to have very significant benefits or alignment with criteria

Rating scale - Negative impacts
1 - Very high impact
2 - High impact
3 - Moderate impact
4 - Some impact
5 - Very minor or no impact

Internal Working Document

Internal Working Document

Internal Working Document

	Direct costs						Indirect costs						
Element	Construction cost (excl contingency, locality allowance and escalation)	Cultural heritage Commercial)	Locality allowance Comm	Design contingency Comm	Escalation (assumed 24 months) Comm	Total construction cost	Consultant fees Comm	Authority / headwork's charges Commercial	Contractors Preliminaries Comme	Client costs (PV overhead, Comm	Contingency - @P90 Comment	TOTAL COST	Included in Stage One?
Trail Heads	Commercial Information												
Falls Creek Trail Head (PV)													
Falls Creek Trail Head (Resort)													
Hotham trail head (PV)													
Hotham trail head (resorts)													
Overnight nodes													
Overnight node 1													
Overnight node 2													
Overnight node 3													
Overnight node 4													
Conservation works on Alpine Huts													
Langford Gap Hut													
Wallace Hut													
Cope Hut													
Cope Saddle Hut													
Tawonga Hut													
Weston Hut													
Blairs Hut													
Federation Hut													
Diamantina Hut													
Trail infrastructure													
Trail segment 1													
Trail segment 2													
Trail segment 3													
Trail segment 4													
Trail segment 5													
Trail segment 6													
Trail segment 7													
Trail segment 8													
Trail segment 9													
Trail segment 10													
Trail segment 11													
Trail segment 12													
Trail segment 13													
Trail segment 14													
Trail segment 15													
Trail segment 16													
Trail segment 17													
Trail segment 18													
Trail segment 19													
Trail segment 20													
Trail segment 21													
Trail segment 22													
Trail segment 23													
Trail segment 24													
Trail segment 25													
Trail segment 26													
Trail segment 26 (remaining works)													
Trail segment 27													
Trail segment 28													
Trail segment 29													
Wayfinding and interpretation													
TOTAL													

	Direct costs						Indirect costs						
Element	**Construction cost (excl contingency, locality allowance and escalation)**	**Cultural heritage** Commercial In	**Locality allowance** Comm	**Design contingency** Comm	**Escalation (assumed 24 months)** Comm	**Total construction cost**	**Consultant fees** Comm	**Authority / headwork's charges** Commercial	**Contractors Preliminaries** Comme	**Client costs (PV overhead,** Comm	**Contingency - @P50** Comment	**TOTAL COST**	**Included in Stage One?**
Trail Heads	Commercial Information												
Falls Creek Trail Head (PV)													
Falls Creek Trail Head (Resort)													
Hotham trail head (PV)													
Hotham trail head (resorts)													
Overnight nodes													
Overnight node 1													
Overnight node 2													
Overnight node 3													
Overnight node 4													
Conservation works on Alpine Huts													
Langford Gap Hut													
Wallace Hut													
Cope Hut													
Cope Saddle Hut													
Tawonga Hut													
Weston Hut													
Blairs Hut													
Federation Hut													
Diamantina Hut													
Trail infrastructure													
Trail segment 1													
Trail segment 2													
Trail segment 3													
Trail segment 4													
Trail segment 5													
Trail segment 6													
Trail segment 7													
Trail segment 8													
Trail segment 9													
Trail segment 10													
Trail segment 11													
Trail segment 12													
Trail segment 13													
Trail segment 14													
Trail segment 15													
Trail segment 16													
Trail segment 17													
Trail segment 18													
Trail segment 19													
Trail segment 20													
Trail segment 21													
Trail segment 22													
Trail segment 23													
Trail segment 24													
Trail segment 25													
Trail segment 26													
Trail segment 26 (remaining works)													
Trail segment 27													
Trail segment 28													
Trail segment 29													
Wayfinding and interpretation													
TOTAL													

Appendix G

Feedback from potential operators

Memorandum

27 October 2021

To	Personal Information		
Copy to	Personal Information		
From	Personal Information	**Tel**	Personal Information
Subject	Operator engagement – results	**Project no.**	12550842

To inform the Stage One Feasibility Study and Business Case for the Falls to Hotham Alpine Crossing, GHD consulted with a number of Licenced Tour Operators (LTOs) to seek their views on the project and its implementation. LTOs were asked questions relating to:

– Their current tourism offering and target market
– Their interest in operating a product along the Falls to Hotham Alpine Crossing
– Their expectations for licensing and access arrangements for operating in the National Park

The survey was sent to operators that currently have tourism products registered in Alpine National Park or walking/hiking tourism offerings registered in Victoria more broadly. 18 LTOs in total responded to the survey.

Question 1: Do you currently operate a walking/hiking tourism product in Australia?

Of the 18 LTOs surveyed, 15 (82 percent) indicated they currently operate a walking/hiking tourism product in Australia.

Question 2: Do you currently operate a walking/hiking tourism product within a National Park?

Similarly, 15 LTOs also indicated that they operate a walking/hiking tourism product within a National Park.

Question 3: Do you currently operate a walking/hiking tourism product within Alpine National Park?

15 of the 18 LTOs surveyed also indicated they operate a walking/hiking tourism product within Alpine National Park specifically.

Question 4: Can you provide some information about your current offering?

Information provided by survey respondents indicates that a wider range of tourism offerings currently exist in Victorian National Parks. Respondents had a broad range of products, including:

– Transport services (both land and water)
– Private tours (including hiking, riding and ski touring)
– Overnight tours (from camping to luxury lodge offerings)

– School tours
– Multi-day events
– Rafting and water-based experiences

Question 5: Who is your target market for your current offering?

Whilst the tourism products offered by LTOs are quite broad, the target market across products is relativity consistent. The majority of survey respondents identified their target market as domestic travellers with some hiking experience however seek comfort while experiencing the outdoors. Hikers are identified as being often female, with middle to high income incomes. School and education groups were also identified as a key target market by some operators.

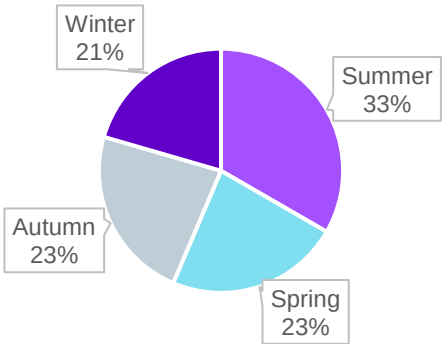
Question 6: Would you be interested in offering a product along the Falls to Hotham Alpine Crossing?

Of the 18 respondents, 13 (72 percent) indicated that they would be interested in offering a product along the Falls to Hotham Alpine Crossing.

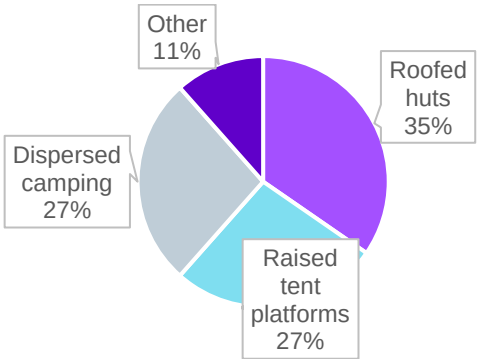
Question 7: What season/s do you believe there is demand for a product utilising the Falls to Hotham Alpine Crossing proposed infrastructure?

Respondents were also asked what season they would be interested in operating in. 32 percent of operators indicated they would be interested in offering a summer product. Operators also indicated they were interested in operating within the fringe seasons with 23 percent indicating they would offer a product in spring and autumn. 21 percent of LTOs indicated they would be interested in offering a winter product.

These results show there is interest year-round to operate along the Falls to Hotham Alpine Crossing.



Question 8: Which of the following accommodation options would you be interested in using?



To understand the potential demand for accommodation options in the National Park, LTOs were asked to indicate which options they would utilise as part of their product. Roofed huts were the most popular option among LTOs with 35% of respondents indicating they would be interested in using the huts as part of their offering.

When responding to this question, LTOs also noted the need for the huts to be of suitable quality to appeal to their target market.

Raised tent platforms and dispersed camping were also popular options.

Question 9: What would be your preferred group size and sleeping arrangements? What supporting infrastructure would you need to support your tour/services? (e.g. storage, meal prep facilities, etc)

When asked about preferred group size and sleeping arrangements, the majority of respondents indicated that the huts and platforms would need to be large enough to cater for two people per hut/platform. The preferred group size identified ranged from 6, through to 16.

In terms of supporting infrastructure, respondents indicating the following would be desirable:

– Dry storage with food supplies and gas stove for meal prep
– Additional emergency shelters/clothing
– Communal group shelters
– Potable water
– Hot showers
– Picnic style tables
– Drop toilets

Commercial Information

Question 12: What supporting products provided by you or a third party could support your Falls to Hotham Alpine Crossing operations?

The following supporting products were identified by LTOs as being required to support their operations:

– Food/water drops and shuttle services
– Support during snow season
– First aid station (and defib) in all huts, mobile booster tower
– Meals and bed turns

Question 13: What other off-trail experiences do you see as being required to support the Falls to Hotham Alpine Crossing?

The following off-trail experiences were identified by LTOs as being desirable to support development of the experience more broadly:

– Accommodation pre and post walk (especially briefing/gear check at accommodation provider before)

– Food and wine type experiences
– Shuttle service from Albury airport
– Ability to book packages post hike (e.g. accommodation, spa, massage, meal packages)

Question 14: If Parks Victoria were to develop an all abilities loop as part of the walk, do you see potential for an accessible overnight product?

Development of an all abilities loop was supported by the majority of LTOs, however few noted that they had experience in this area. Respondents also noted that an all abilities loop would likely only be possible in certain areas of the park, and would need to be carefully planned.

Question 15: Given your experience operating in the region/operating on public land, what do you think works and what should generally be avoided?

When asked what generally works when operating in National Parks, and what should be avoided, LTOs noted the need to:

– Provide educational signage
– Build wider trails in parts to ensure trample area is not spread out (so as to minimise impact)
– Provide basic publicly owned infrastructure (e.g. shelters) that is available to all
– Avoid infrastructure and activities that are high end (e.g. helicopter drop offs, other than for maintenance)
– Allow dispersed camping, but also need to cap numbers so as to minimise impact
– Provide and allow for different points for people to access the trail
– Provide bookings at a reasonable cost per site
– Increase infrastructure to encourage hikers to use designated areas rather than walking off track
– Create a user-friendly booking system, that ideally will allow for registration of all users for safety purposes (even if no park entrance fees). Booking system should include links for LTO products
– Involve LTOs in the design process to maximise visitor experience

Question 16: What do you see as being key to maximising the visitor experience?

LTOs identified the following as being key to maximising the visitor experience:

– Good, accurate and well-maintained signage and facilities
– Sense of remoteness
– Top quality but modest infrastructure that adds to visitor experience (but it not the visitor experience itself)
– A proper finish to the walk to hikers can celebrate their achievement
– User friendly booking system and information on website
– Environmental and visitor friendly infrastructure with educational information about the National Park

Question 17: Any other comments or feedback?

Respondents were also given the opportunity to share any further comments or feedback. Responses included:

– The need a network of LTOs that work together to deliver on the experience (e.g. shuttle services work with tour operators etc). Parks will also need to work with the LTOs to develop the experience given the operators experience in the field
– The opportunity to operate in the National Park needs to be open to a number of operators, not just exclusive use given to one

– Development in the National Park needs to be realistic and considerate of the environment
– The need to for communication, promotion and awareness of the ultimate product
– High end visitor experiences should be accommodated off park

Regards

Personal Information
Advisor

Appendix H

Environmental Values assessment

Appendix H is available at the project website:
https://www.parks.vic.gov.au/projects/eastern-victoria/falls-to-hotham-alpine-crossing-project-planning

Appendix I

Project costings

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Commercial Information

Appendix J

Communications and Engagement Plan

Falls to Hotham Alpine Crossing Project

Communications and Engagement Overview

Jan 2022, V13

Approval Date: 29/06/2021 – revised 14/01/2022

1. Project overview

Background

The Falls to Hotham Alpine Crossing (the FHAC) is a proposed 57 kilometre walk through the Alpine region of Victoria, combining and upgrading an existing track network. The Falls to Hotham Alpine Crossing is identified as one of the four walks in the "Walk Victoria's Icons" portfolio, which also covers the Great Ocean Walk, the Grampians Peaks Trail and the Coastal Wilderness Walk. The final Falls to Hotham Alpine Crossing will be a 5-day 4-night mid-distance hiking experience through the unique and captivating alpine environment, from Falls Creek to Mount Hotham.

A Master Plan for this project was completed in 2018. There was extensive community engagement in the development of the Master Plan.

A funding allocation of $2 million was committed by the Victorian Government in the 2018/19 State budget for further planning. These funds will be used for key planning elements such as undertaking impact assessments, further developing the design for the walk and overnight accommodation, business case and operating models to determine the full requirements of the project.

In the 2020/21 State Budget a funding allocation of $15 million was committed for Stage 1 implementation of works. These funds will be used to conduct track upgrades and establish overnight accommodation at up to two sites. The Stage 1 works will increase economic activity in the region, immediately create an improved walk for all visitors, and further position the diversity of nature-based experiences in the North East. This stage of the project is expected to commence in 2021 and will run in parallel with existing planning works.

Stakeholder engagement will be undertaken throughout 2021 and 2022. This ongoing engagement ensures key stakeholders are involved in every stage of the FHAC's development and can be involved in the development of the final product, to create the best outcomes for the local and broader Victorian community. This will be supported through the establishment of the **Strategic Advisory Committee** which includes the Alpine Shire Council, Falls Creek Resort Management, Mount Hotham Resort Management, Tourism North East, DELWP, Visit Victoria, Bushwalking Victoria and Victorian National Parks Association.

Previous engagement consistently revealed concerns around the following issues:

- The development and use of roofed accommodations (huts) on the trail, especially the possibility of exclusive use of these huts and excluding independent walkers from shared facilities.
- The modelled numbers of walkers and occupancy, which many people felt was overstated in the Master Plan.
- The environmental impact of more infrastructure and use in the sensitive Alpine environment.
- The impact on the visitor experience by increased vehicle and helicopter traffic due to operating and maintaining the new infrastructure.
- The steepness of some of the track, particularly Diamantina Spur, and impacts on track surfaces.

Successfully managing stakeholder and community engagement risk will rely on Parks Victoria's preparedness to proactively address these issues.

2. Communications and engagement approach

This comms and engagement plan includes a proposed approach to cover all current aspects of the Falls to Hotham Alpine Crossing project:

- Planning, Business Case Validation and Assessments
- Stage One (including track upgrades and roofed accommodation)

Objectives

The communication and engagement objectives for this stage of the project are:

1. To proactively keep stakeholders and community informed about the Falls to Hotham Alpine Crossing project.
2. To further develop relationships with Traditional Owner Groups and seek their engagement in the development of the FHAC.
3. Be open and clear about the components of the project that are still in development/unknown, and how assessments and further research will influence the final design and operation
4. Generate interest in the walk from people who have not yet experienced walking in the region, or the existing crossing.
5. Dispel misinformation and myths about the purpose and delivery of the project.

Internal Working Document

Engagement approach and activities

The key principles that will guide the engagement and communications approach and activities for FHAC are: Proactive communication, transparency about our process and seeking input where and when is appropriate to finalising the design and delivery of the project.

There will be a variety of engagement and communication activities carried out through the project, they are outlined in Table 1 below, split up by intended audience. There is further information about the stakeholders in the Stakeholder Analysis section of this report.

Table 1: Engagement activities and audience

Audience	Engagement activities	Estimated timing
Project partners and key stakeholders	Strategic Advisory Committee with regular meetings	Quarterly
	Project briefings (via Departments or Ministerial briefs)	Quarterly
	Meeting with key stakeholders to inform project designs such as trail heads in the resorts.	As required
	Regular project presentations, such as to Councillors	Bi-yearly
People with an existing interest in the project	Community information sessions (locally and online)	Bi-yearly (commencing June 2021)
	Establishing a regular community newsletter	Quarterly (commencing June 2021)
	Revitalising a project webpage, and updating regularly	Quarterly (commencing June 2021)
	Feedback via Engage Victoria (if negotiables are identified through the project)	Still to be determined
	Direct research with selected stakeholder groups such as Licensed Tour Operators	During 2021 and 2022 via business case contract
People who do not know about the project or who have not yet experienced walking in this part of Alpine National Park	Profiling the project in our Parks Victoria marketing mail out and inviting people to sign up to the newsletter	June 2021 to coincide with launch of community newsletter
	Creating a proactive communications campaign about Alpine walking and the possibilities with this project. Will involve traditional media and social media for example, Instagram Stories.	2022 once decisions about the experience are understood further

	Feedback via Engage Victoria (if negotiables are identified through the project)	Still to be determined

Main key messages

The following key messages provide information on the project, the engagement opportunities, how people can participate and how people's input will influence the project.

- The aim of the Falls to Alpine Crossing is to support more people with varying hiking ability, interest and experience to walk in this iconic and special place and support the regional nature-based tourism sector.
- The Falls to Hotham Alpine Crossing icon walk aspires to be one of Australia's outstanding alpine walking experiences that captures the essence of the Australian Alps.
- The Falls to Hotham Alpine Crossing Master Plan outlines the proposed 57 kilometre, five-day and four-night route which take in the Diamantina Spur and Razorback with an optional ascent of Mount Feathertop. The trail may also provide options for shorter overnight walks.
- The Victorian Government released the Falls to Hotham Alpine Crossing Master Plan in 2018, following extensive stakeholder and community consultation. Implementation of the Master Plan began in 2020 with investments from the Victorian Government for two distinct stages – a planning stage supported by $2 million, and Stage One works supported by $15 million.
- All development as part of the Falls to Hotham investment is subject to detailed environmental and cultural assessments before designs are completed, and work commences.
- The $15 million investment will support track upgrades and campsites that include roofed options at up to two sites. Parks Victoria is exploring what experiences and services will be features of Stage 1. Planning will continue on the business and operational aspects of the full implementation of the master plan.

Planning stage messages

- In 2018, the Victorian Government committed $2 million to undertake planning works for the Falls to Hotham Alpine Crossing project.
- This stage commenced in 2020 and includes environmental and cultural heritage assessments, trail and accommodation designs, statutory approvals, engagement with the tourism sector and economic analysis.
- Parks Victoria and Regional Development Victoria will oversee the various elements of the planning and assessments, supported by contracted specialists where needed.
- It will also include other necessary assessments and research to ensure this phase of the project supports implementation of Stage One works.
- A summary of the outcomes of these assessments will be shared with community.

Stage one messages

- In late 2020, the Victorian Government committed $15 million for Stage One works - track upgrades and campsites that include roofed options at up to two sites.

- Stage One works will immediately create an improved walk for all visitors, increase economic activity in the region, and further position the diversity of nature-based experiences in North East Victoria.
- This stage of the project is expected to commence in 2021 and is expected to be completed within 36 months from its start date.

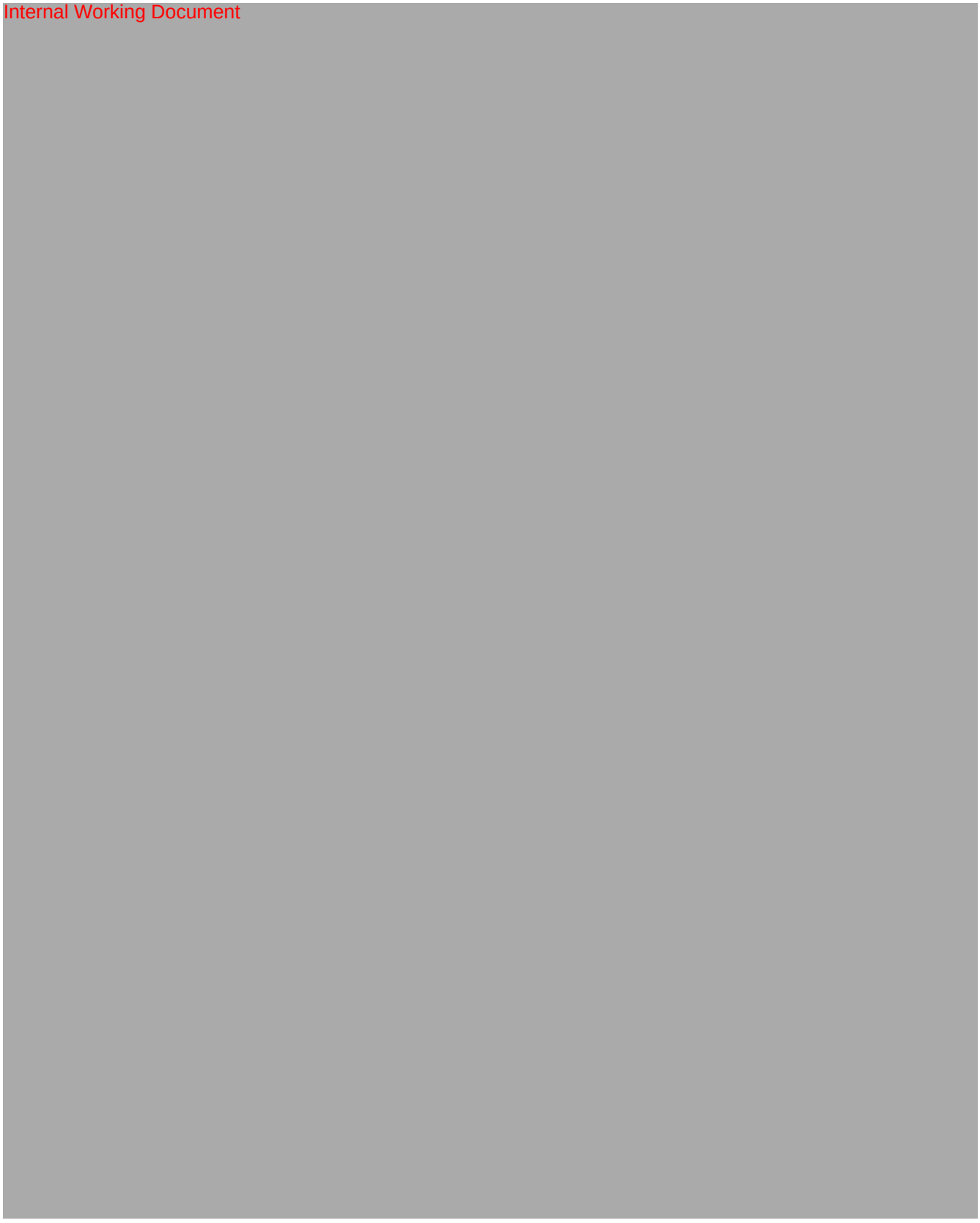
Secondary Messages

- The Falls to Hotham Alpine Crossing design takes into consideration multiple visitor types such as school groups, young families, and older visitors, and strives to create an experience that will suit a wider range of user groups with different fitness levels.
- The Falls to Hotham Alpine Crossing project will be delivered over stages, subject to progressive investment.
- The impact of bushfire and coronavirus on regional tourism economies in 2020 and 2021 has been profound. The Victorian Government is committed to supporting new nature-based tourism products that engage people in nature and attract visitation outside of peak periods which ultimately support regional economies.
- While there will be options for people to stay in roofed accommodation and bookable facilities in some locations, walkers will still be able to complete the walk for free and self-select where they camp.

Internal Working Document

Internal Working Document

Internal Working Document



Internal Working Document

Escalation management

There is high interest in this project, and it is important that there is a clear understanding of the process for the project. The following rules will be applied throughout the project:

- All correspondence from external stakeholders and community should be directed to the project email FHAC@parks.vic.gov.au. All correspondence channels including the info centre, CEO and Board EA's, Ministerial Team and local team will be advised of this. All responses should be sent from this email box, other than delegated responses.
- All media enquiries will be directed to the Media Manager, who will work with the Project Communications Advisor and Project Manager to ensure the details are correct. Only approved Spokespeople are to talk to the media on this project.
- Responses via email will be reviewed by the Project Manager before the response is sent. Unless it is a consistent response to campaign emails.
- If the response to an enquiry is not clear, or requires a response on yet to be determined elements of the project the engagement lead must ensure the Director Park Planning and Policy and Director Infrastructure Capital Projects are made aware of the enquiry and approve the response.
- All proactive communications such as newsletters, presentations for stakeholders and community and media releases must be reviewed and approved by the District Manager, Director Park Planning and Policy and/or Director Infrastructure Capital Projects depending on the stage of the project.

- Community events (online or face-to-face), must include a representative from the project team and local parks team to ensure consistency in messaging and either the District Manager or Director Park Planning and Policy and Director Infrastructure Capital Projects
- If there is a stakeholder issue arising, either via email or face-to-face, it is the decision of the Director Park Planning and Policy and/or Director Infrastructure Capital Projects to escalate to the Project Sponsor (Executive Director Commercial, Planning and Recovery).

Attachment 1: Roles and responsibilities

The Engagement Lead for this project is Personal Information. The Engagement Lead is responsible for coordinating the implementation of and tracking progress against the engagement components of this plan.

The Communications Lead for this project is Personal Information, Tracks and Trails. The Communications Lead is responsible for the implementation and tracking progress against the communications components of this plan.

The Engagement and Communications Leads will work collaboratively together to ensure this plan is delivered. They will also work with the Marketing team to ensure the communications, engagement, and marketing activities for the FHAC are aligned.

Other project team roles and responsibilities relating to engagement and communications are summarised in the table below.

Table 1: Parks Victoria Roles and responsibilities

Position	Name	Responsibilities
State-wide Engagement Advisor – Projects lead	Personal Information	- Ensure Communications and Engagement Plan is delivered and monitored - Design and support delivery of engagement activities (including materials) - Monitor stakeholder communications to make sure we are doing what we said we would do - Draft responses to community questions with support from engagement and project teams - Send emails responding to community questions via FHAC email
Engagement Officer – Stimulus Program	Personal Information	- Delivery of engagement events such as drop-ins - Input into content for the community updates - Print and distribute community update (in VICs etc) - Draft responses to community questions with support from engagement and project teams - Send emails responding to community questions via FHAC email - Record stakeholder feedback and provide information when required

		- Manage Stakeholder list (e.g. monitor FHAC mailbox interested people in getting updates)
Communications lead	Personal Information [redacted]	- Media management for the FHAC project - Maintain key messages and FAQs - Communications support for ministerial events - Support marketing activities as needed - Prepare FHAC Community updates content
Project Manager	Personal Information [redacted]	- Review communications update content - Ensure the Project Control Board is kept up to date on the communications and engagement activities - Approve any costs for communications and engagement activities - Assist in delivery of engagement activities - Media spokesperson
Local team	Personal Information [redacted]	- Lead Traditional Owner engagement. - Keep local teams informed of project status - Provide input into the communications and engagement delivery - Share local knowledge of issues - Assist engagement with local communities - Connect with Tourism Partners, and Visitor Information Centres
Project Sponsor	Personal Information [redacted]	- Approve the engagement and communication approach and strategies

Responding to stakeholder enquiries

An approach to managing and responding to stakeholder enquiries is recommended for all programs. A proposed process is below:

Set-up and monitoring

- Set-up a central database to capture all project-related recovery enquiries including face-to-face, phone and email (as a ParkConnect new project)
- Assign a staff member responsible for monitoring ParkConnect and responding to enquiries as they are submitted

- Responsible staff member to review enquiries regularly for key themes and issues, and report back to wider project team in issues management meetings.
- Raise communications gaps with the engagement and communications team.

Recording and responding to an enquiry

When working in a complex project such as this one, it is important that responses to stakeholder enquiries are as direct and relevant as possible. Follow the below process when responding to the stakeholder enquiry.

- Upon receiving the enquiry, enter it into ParkConnect
- Provide an acknowledgement of receipt upon receiving the enquiry and direct the individual to any relevant information that is available publicly
- If further information is required to respond to the enquiry, work with the team to prepare a response and seek relevant internal approvals. Send response and record in ParkConnect. Aim to respond to enquiries within ten business days of receipt.
- Add the response into the project FAQs for future reference. If appropriate, add the response to the information already publicly available (within 28 days).

Attachment 2. Frequently asked questions

FAQs should be shared with the info centre, social team, and local teams. Key FAQs will be included on the project webpage and the briefings pack for stakeholders.

What is the Falls to Hotham Alpine Crossing?
The Falls to Hotham Alpine Crossing will be one of Australia's world-class alpine walking experience that captures the essence of the Australian Alps – the solitude, the seasons, the breathtaking beauty and the stories of the High Country.

The Falls to Hotham Alpine Crossing Master Plan outlines the proposed 57-kilometre, multi-day route, combining and upgrading an existing track network, which will take in the Diamantina Spur and Razorback with an optional ascent of Mount Feathertop, Victoria's second-highest peak.

In addition to creating a longer five-day, four-night route the facilities created as part of the project will enhance the network of trails in the region including shorter two day, one-night options.

The Falls to Hotham Alpine Crossing is part of a branded portfolio of four long-distance walks called Walk Victoria's Icons. These walks are located in iconic regions across the state renowned for their outstanding natural landscapes, wildlife and cultural values. With a vision to be compelling, world-class, year-round sustainable walking experiences, the Walk Victoria's Icons are tailored to enable a broader community to engage with Victoria's national parks, and be challenged and rewarded, both physically and mentally, while contributing to the regional economy.

Who is responsible for the Falls to Hotham Alpine Crossing?

The Falls to Hotham Alpine Crossing walk is between the Mount Hotham and Falls Creek Resorts, it includes a portion of each resort but the majority goes through the Alpine National Park, managed by Parks Victoria. The Master Plan was developed in partnership with Tourism North East, Regional Development Victoria, Visit Victoria and the Department of Economic Development, Jobs, Transport and Resources.

Parks Victoria is responsible for the planning and then on-ground implementation of the Crossing.

What are the benefits of the Falls to Hotham Alpine Crossing?

The project will bring multiple benefits to the local communities and all of Victoria. It will:

- Create a walking icon that draws walking visitors from Victoria and beyond.
- Increase the accessibility of walking in the alps for more walkers by providing facilities such as roofed accommodation for people who may not be able to, or may wish to, carry a full pack with tent, sleeping and cooking equipment.
- Enhances the walking trail network in the region by providing more walking and overnight options people can use for a variety of walks.

- Supports local communities by drawing a range of visitors to the area in all seasons.

What are the environmental impacts of the Falls to Hotham Alpine Crossing?

An independent environmental impact assessment is underway to ensure impacts are known and mitigations put in place to minimise them. The planning process is aimed at protecting the values of the national park.

How will the Falls to Hotham Alpine Crossing be constructed?

The proposed new Falls to Hotham Alpine Crossing will combine and upgrade an existing track network, providing a better walking experience for all visitors while being sensitive to the environment. The proposal includes the use of materials that are suited to their environment and blend in with the surrounding landscape. The planning stage of this project will include the development of detailed designs showing the proposed layout, construction materials and all associated elements with the construction process.

What are the phases of the Falls to Hotham Alpine Crossing project?

The project is currently being delivered in two stages:

- Planning stage:
    - This started in 2020 and is focussed in resolving the required planning, environmental and cultural assessments; detailed design and regulatory approvals. It is being undertaken through engagement with the nature-based tourism sector, economic analysis and operational models.
- Stage One:
    - This is expected begin in 2021 and will include track upgrades to key sections of the walk and the establishment overnight accommodation in up to two locations.

Parks Victoria is committed to keeping the community proactively informed and involved as we progress through both stages.

Where are the Stage One track upgrades occurring?

Stage One includes plans to upgrades key sections of the 57-kilometre track still being defined by the Planning stage. Further assessments need to be conducted to determine which sections will be prioritised.

Why is the Falls to Hotham Alpine Crossing being developed?

The existing walk between Falls Creek and Mount Hotham follows a 37-kilometre, three-day and two-night route as part of the 655-kilometre long Australian Alps Walking Track, which takes hikers through the alpine areas of Victoria, New South Wales and the Australian Capital Territory. The Falls to Hotham Alpine Crossing Master Plan outlines an improved 57-kilometre, five-day and four-night route which will take in the Diamantina Spur and Razorback with an optional ascent of Mount Feathertop.

This improved route will enable the walk to be one of Australia's world-class alpine walking experience, capturing the essence of the Australian Alps – the solitude, the seasons, the breathtaking beauty and the stories of the High Country.

A crucial element to the success of the Falls to Hotham Alpine Crossing is that different experience options should be available to walkers. These include a choice of tented or roofed accommodation , experiences both guided and independent, and having access to high quality information and interpretation.

This longer route is also to avoid new facilities from being established within a designated 'remote and natural area' of the national park, which the current route passes through.

When will the project start and be complete?
The planning project started in 2020 and will continue to early 2022.

Stage One Implementation will overlap with the planning project and is likely to start in 2021. The exact start time for Stage One Implementation is dependent on the required assessments being developed under the planning project. It's estimated that Stage one will be completed 18 months after starting date.

Stage Two of the project would be realised through future government investment.

What overnight stay options will there be on the Falls to Hotham Alpine Crossing?
The Master Plan outlines the two overnight elements of the walk experience

1. Camping on designated tent platforms.
   (Noting that, independent hikers can continue to self-select places to camp along the route for free (dispersed camping).
2. Sleeping overnight in a purpose-built hut.

What about protection of Aboriginal cultural heritage values?
Traditional Owner groups have been involved in the development of the Master Plan and will be engaged throughout the next stages.

The planning will also seek to further understand the cultural landscape, which values need protection, and what aspects of culture may be expressed to people undertaking the walk.

How was the Falls to Hotham Alpine Crossing Master Plan developed?
The Falls to Hotham Alpine Crossing Master Plan development was led by Parks Victoria in partnership with Tourism North East, Regional Development Victoria, Visit Victoria and the (then) Department of Economic Development, Jobs, Transport and Resources, and in collaboration with regional partners.

There have been three previous rounds of engagement for the Falls to Hotham Alpine Crossing:

1. A preliminary concept was released in early 2016 which outlined the preferred route and conceptual approach for the walk. Feedback from this stakeholder and community engagement informed the development of a draft Master Plan.
2. The draft Master Plan was made available for public comment between 28 November 2016 and 27 January 2017.
3. A follow up stakeholder and community engagement session was held in both Bright and Melbourne in May 2018 following the Ministerial release of the finalised Master Plan.

How do I receive updates on this project?

You can sign up to regular updates via https://www.parks.vic.gov.au/projects/eastern-victoria/falls-to-hotham-alpine-crossing-project-planning

You can also get in touch with the team via (FHAC Mailbox <FHAC@parks.vic.gov.au>)

Holding lines – questions for when asked.

Can the Master Plan change?

The details in the Master Plan were subject to further assessments and research and will change as a result of the planning work that is being done currently. Parks Victoria will keep the community updated on the outcomes of assessments and research and any subsequent changes to the experience.

Will I be able to complete the Crossing independently, or will I have to book a guide?

People will be able to walk the Falls to Hotham Alpine Crossing independently and for free, or as part of an operated tour.

Will I still be able to walk the existing 37-kilometre Falls to Hotham Alpine Crossing route?

Yes, the track network making up the existing 37-kilometre Falls to Hotham Alpine Crossing route will continue to be accessible and will benefit from the track upgrades as part of this project.

Do I have to have a roofed accommodation booking to be able to walk the Crossing?

No. Day walkers and campers will continue to be able to access the track network regardless of bookings for roofed accommodation.

Can I still walk the route separate to these planned new facilities?

Yes, independent hikers will continue to be able to walk the route for free and self-select where to camp.

Why do we need to provide more facilities and formalised camping sites on the walk?

One of the key purposes of the Falls to Hotham Alpine Crossing project is to make the walk more attractive and accessible for a wide range of walkers. Some visitors may not have the confidence to independently tackle walking in terrain or country not familiar to them. For various physical reasons people may not be able to, or wish to, carry a full pack with tent, sleeping and cooking equipment. Similarly, overseas travellers might not wish to bring their own camping gear with them if hiking is only a small part of their overall holiday. Or they may simply be willing to pay a little extra for a more comfortable walking experience.

An important objective of the Master Plan is not to displace existing independent walkers, so the existing ability to walk and self-select where to camp will remain.

I've heard that the huts are going to be really expensive. How is that accessible for the community?

The price for the new roofed accommodation has not yet been determined.

The aim is to make it as affordable as possible, so it is accessible to the broad community. As the operating model has not yet been determined, we cannot give an accurate answer to 'How much will it cost?'. However, more information will be made available as it is known.

I've heard that helicopters will be flying visitors in. Is this true?

Helicopters are currently used to service assets at remote sites across the parks network, such as for emptying toilet waste. Helicopters will continue to be used for this purpose.

Helicopters are also used to bring in materials for the upgrade of tracks or for the new roofed accommodation.

There is no intention to transport people as part of this project.

Will I be looking at the new accommodation when I camp in existing campgrounds?

As far as possible the location of new huts will be planned so that they minimise any visual impact in the landscape.

Why are we not simply sticking to the existing route?

The existing three-day walking route goes through a 'Remote and Natural Area' designated under the National Parks Act. New facilities are not permissible.

The purpose of the new walk is to provide a more accessible walking option and requires changes to camp and walks, therefore a new route outside of the Remote and Natural Area is needed.

GHD Advisory

ghd.com

→ The Power of Commitment