

Regulatory Impact Statement

Tour Operator and Activity Provider Licensing on Public Land



Acknowledgements

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The input provided was incredibly valuable and was shared respectfully by all involved.

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Photo credit

Parks Victoria – Kayaking, Mallacoota, Croajingolong National Park, First Peoples Country

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria's Aboriginal community to progress their aspirations.



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1. Summary

Background

Victoria covers around 20 First Nations, with most Nations today represented by formally registered bodies with recognised rights and responsibilities. Traditional Owners and First Nations Peoples also hold cultural responsibilities to care for Country. Public land is managed by partnering with First Nations people to advance self-determination so that reforms of systems, structures and services reflect their aspirations.

Around 700 Licensed Tour Operators (LTOs) facilitate hundreds of thousands of people in getting active in the outdoors every year in activities from bushwalking and bus tours to boot camp and boat tours. LTOs are an important part of the Visitor Economy as well as the education, health, wellbeing and fitness sectors.

The requirement for an operator to be licensed is set out within five key public land Acts and five corresponding sets of regulations providing a consistent framework across Victoria's public land. These are the:

- Crown Land (Reserves) (Tour Operator Licence Fee) Regulations 2021.
- Forests (Tour Operator Licence Fee) Regulations 2021.
- Land (Tour Operator Licence Fee) Regulations 2021.
- National Parks (Tour Operator Licence Fee) Regulations 2021.
- Wildlife (Tour Operator Licence Fee) Regulations 2021.

With the Tour Operator Licence (TOL) fee regulations due to expire, the Department of Energy, Environment and Climate Action (DEECA) commenced a policy and fee review project to inform this Regulatory Impact Statement (RIS) and draft new TOL fee regulations. The review project has included two formal engagement processes so far, targeted surveys of operators and land managers in 2019, and stakeholder and public Directions engagement in 2023. Traditional Owners have self-determined their involvement with the project, within the context of their individual resourcing capacity.

The purpose of this RIS is to consider the extent to which current TOL fee regulations, and the proposed remaking of regulations effectively, efficiently, equitably and simply recover the costs of managing licensing. The preferred option in this RIS is a proposal for public consideration only, final regulations may differ based on feedback received.

Feedback is sought on the proposed fee structure and fees with nine questions identified within this RIS that are published as a survey for response on [Engage Victoria](#). Survey responses and submissions will be considered in finalising the new 2026 TOL fee regulations for implementation on 1 July 2026.

Current fee model performance

The current TOL fee structure was set in 2011 (Table 1) and is based on a model to recover 75% of the costs of licensing delivery and on-ground land manager licensing support activities such as ranger monitoring and enforcement of licence conditions. For 2022-2023, the cost recovery of TOL for all public land managers is estimated at 74%. Fees consist of fixed and variable components, an annual fee and a per person per day use fee.

Table 1: Current (2024-2025) fees for a standard TOL

Category	Fee units	Fee for 2024-2025
Annual fee – standard one year licence	20.78	\$339.30
Annual fee – standard licence multiyear licence (per year)	16.30	\$266.20
Use fee – adult ^a .	–	\$2.40
Use fee – child (16 years and under) and school student ^{a,b} .	–	\$1.60
Use fee cap	1018.74	\$16,636.00

Table notes:

- a. per person per day.
- b. a school student is a person who is attending school as defined in the *Education and Training Reform Act 2006* (ETR Act).

The current fee structure is successful in terms of being simple, having equity measures such as child discounts and most fees paid being based on use, as well as incentives for longer licences. However, there are also limitations such as a lack of flexibility due to a one-size-fits-all licence, unfairness in terms of capped operators paying less per person and compliance and enforcement levels impacting on system effectiveness.

Victoria’s current TOL fees are 38% lower than NSW and Victoria is the only jurisdiction to still have a use fee cap.

Problem Analysis

The base case of this RIS is that the TOL fee regulations are not remade, fee charging powers expire and the resulting licensing cost burden is placed on State taxation or the other revenue streams of land managers. This would disincentivise public land managers from implementing licensing with no direct funding for licensing management. This would lead to more unlicensed and poorer performing operators with less ability to incentivise high standards and good compliance. This in turn would increase risks around safety, environmental and cultural heritage values.

Fee setting objectives

The pricing objectives proposed in this RIS are based on the Department of Treasury and Finance (DTF) legislation and guidance. The objectives proposed are that the TOL fee structure and/or pricing should be:

- Equitable – recover costs in a fair way balancing horizontal equity (all LTOs treated the same) and vertical equity (reflecting different abilities to pay).
- Efficient – reflect the licensing costs and the visitor value of public land.
- Effective – do not create unintended consequences or noncompliance.
- Simple – be easy for operators and land managers to understand and administer.

Fee options

Options within four fee design elements were initially considered in this RIS:

- **Scope** – because the broadest coverage of who needs to be licensed is the most efficient, current licensing exemptions were reviewed. An option for fitness trainers to be exempt was also considered.

Outcome – no changes to the current policy exemptions are proposed. This means public transport, taxis, ferries, schools, higher education providers and offshore fishing tour operators will continue to be exempted from the requirement to be licensed. Fitness trainers will continue to be included in licensing under the new lifestyle licence class.

- **Pricing** – only full cost recovery options were considered to meet the equitable and efficient objectives, with the need to cover all costs deemed more important than incentivised discounts for health, wellbeing and education benefits. A high value pricing option for Victoria’s highly visited areas was also analysed, with fees set beyond cost recovery to generate revenue to contribute to the management and protection of these areas. A high visitor value area is defined as an area with a special visitor investment project, an international tourist attraction or high visitation. In this flexible fee option, standard fees set at full cost recovery are proposed for remaining areas.

Outcomes – the flexible fee model was shortlisted for further analysis against key criteria. The level to set high value fees was determined to be 50% higher than standard value fees, as the best balance between contributing to the management and protection of highly visited areas and keeping fees relatively low to deter noncompliance. Three different high value fee levels were considered for the Great Ocean Road (GOR) coast and parks, with each of these selected for further analysis.

- **Fee structure** – variations of fixed and variable fees, a vessel capacity fee, current and new discounts, removing the fee cap and further licence categories were each considered.

Outcomes – the fee structure with the best balance of fixed versus variable fees was determined to be 20% fixed (annual fees) and 80% variable (per person per day use fees). Current discounts for school students and multiyear licences will be retained and a new multiple licence discount is proposed. A new lifestyle licence class is proposed for fitness trainers or other LTOs with high repeat clients who are participating close to their home. High repeat means they are undertaken by participants at least once per fortnight for six weeks and close to home means participants reside within the municipal district in which the activity is conducted. The fee for the lifestyle licence will be an annual fee only, set to the average licensing cost recovery point and there will be no use fees for this licence.

A fee based on vessel capacity was examined but was not favoured due to complexity in defining the category and potential inequity in relation to use.

Removing the use fee cap was found to be more equitable because it removes the current competitive advantage of capped operators and use fees would need to be set at least 70 cents per person on average more than without a cap.

- **Competitive allocation/limited availability of licences** – new reasons for a land manager to use competitive allocation were considered.

Outcomes – the new reasons of environmental sustainability and the maintenance of visitor experience considerations are included in the proposed TOL fee regulations.

A new upper limit equivalent to \$10,000 for the annual licence fee and a condition to have regard to reasonable administration costs will help ensure a land manager cannot set excessive or unreasonable annual fees. The minimum annual fee will be set to the high value one year annual fee. A name change from competitive allocated licence to limited availability licence is proposed, to better reflect this licence class.

Cost and benefits of the fee options

A Multi Criteria Analysis (MCA) was used in this RIS to further evaluate fee options. Firstly, two pricing options were analysed:

Pricing options:

- simple pricing – one standard pricing level with the fees set at 100% cost recovery.
- flexible pricing – pricing consisting of one set of fees based on 100% of cost recovery (standard fees) and another set of fees for high visitor value areas set at 50% above cost recovery (base high value fees).

Secondly, using the preferred flexible pricing option, high value fee options for the GOR coast and parks were analysed:

High value fee level options for the GOR coast and parks:

- Mid level high value fees – 100% above cost recovery i.e. double standard fees.
- Top level high value fees – a benchmarked (comparative) fee level or approximately 190% above cost recovery fees i.e. nearly three times standard fees.

The equity, efficiency, effectiveness and simplicity criteria were used to assess shortlisted options relative to the base case. Each criterion was determined to be of equal importance. The results of the MCA are in Table 2 and are summarised below:

- **Flexible pricing** with high and standard value fees scored higher (1.75) than simple pricing, 100% cost recovery (1.5). The main reason flexible pricing outscored simple pricing is that it scored much higher on efficiency, as it supports sustainable use and better reflects the value of the resource.
- **High value fees for the GOR coast and parks** are proposed to be set at the 'low' level which is 50% higher than standard fees, as it was the highest scoring option in the MCA (1.75). The 'mid' and 'top' level fee options (scoring 0.5 and 0 respectively) scored lower on effectiveness because of the impact of higher fees on noncompliance and the addition of another licence class on simplicity.

Table 2: Summary of MCA results

Criteria	1.1 Simple fee structure full cost recovery		1.2 Flexible fee structure base value, high value		2.1 High value fee – mid level set 100% higher ^a .		2.2 High value fee – top level set ~190% higher ^a .	
	assigned score	weighted score	assigned score	weighted score	assigned score	weighted score	assigned score	weighted score
Equity	6	1.5	8	2.0	6	1.5	5	1.25
Efficiency	4	1	6	1.5	7	1.75	7	1.75
Effectiveness	-2	-0.5	-3	-0.75	-6	-1.5	-7	-1.75
Simplicity	-2	-0.5	-4	-1	-5	-1.25	-5	-1.25
Weighted Score		1.5		1.75		0.5		0.0

Table notes:

a. refers to a percentage higher than standard fees.

Preferred option

The proposed fees under the preferred option are summarised in Table 3. Full details of proposed fees and licence classes are in Table 43.

Table 3: Proposed TOL fee units and fees (at 2024-2025 value) by licence class

Fee category	Standard licence		High value licence		Competitively allocated/limited availability licence		Lifestyle licence	
	Fee unit	Fee (\$)	Fee unit	Fee (\$)	Fee unit	Fee (\$)	Fee unit	Fee (\$)
Annual fee – one year	26.43	432	39.64	647	Annual fee: Min \$647 (20.78 fee units)		30.87	504
Annual fee – multiyear	20.73	339	31.10	508	Max \$10,000 (612.37 fee units)			
Use fee – student or child	0.10	1.70	0.16	2.60	0.16	2.60		
Use fee – adult	0.16	2.60	0.23	3.90	0.23	3.90		

Table notes:

a. The fees implemented will be based on an annual calculation of the fee unit and the value of the fee unit for that financial year.

A summary of the expected impacts of the preferred option was estimated and is summarised in Table 4, with all LTOs expected to be impacted by the proposed fees to some extent. In summary:

- The biggest impact will be on currently capped operators due to the removal of the use fee cap, however this impact is outweighed by the equity improvements for the majority of other LTOs in the form of lower use fees (use fees would need to be at least 70 cents per person more if the cap was still present).
- LTOs operating in high value areas will be the next most impacted with fees reflecting a proposed change from discounted cost recovery to pricing for value. The proposed increases for LTOs in high value visitation areas are \$308 (one year licence) or \$242 (multiyear licence) per annum to the annual fee and \$1.00 per child and \$1.50 per adult to the use fees. The increased fees will deliver a modest surplus amount of \$228,000 per year for the GOR coast and parks or \$258,000 across all high value areas to reinvest into land management activities and assets that support licensed activities. The fees may cause some marginal businesses to either considering dropping out or experience a small reduction in customers associated with passing on fees. These potential impacts are expected to be small.
- Fitness trainers are proposed to have an increase to the annual licence fee of \$165, bringing fees to a level that recovers licensing costs under the new lifestyle licence class. Other LTOs with high repeat clients who transition to a lifestyle licence will on average have a reduction of 10% or \$56 in fees payable overall.
- Multiple licence holders are proposed to have an \$84 use fee credit applied for each licence in recognition of the burden of multiple licences. This means a LTO holding two TOLs is entitled to receive \$168 in use fee credits, \$84 from each land manager.

Table 4: Summary of fee impacts expected on LTOs licensed by Parks Victoria

Group	Average fee impact per LTO per year		
	Annual fee	Use fee	Overall
Standard licence holders – outside of high value visitation areas	27% or \$72 ^d /\$92 ^e . increase	6% and 8% or 10 cents per child and 20 cents per adult increase	11% increase
Standard licence holders – inside high value visitation areas ^a .	91% or \$242 ^d /\$308 ^e . increase	63% or \$1.00 per child and \$1.50 per adult increase	68% increase
Fitness trainers^b.	49% or \$165 ^d . increase	NA	49% or \$165 increase
Other high repeat client base providers	49% or \$165 ^d . increase	use fees no longer apply	10% or \$56 on average decrease
Multiple licence holders	–	\$84 discount on use fees	\$84 decrease for each licence ^c .
Capped operators	–	increase proportionate to visitation above the cap.	–

Table notes:

- a. difference compared to a standard licence.
- b. with high repeat base of clients.
- c. a maximum of one discount per land manager can be issued.
- d. one year licence.
- e. multiyear licence.

Proposed regulations

There are five sets of near identical proposed draft 2025 TOL fee regulations that are available as separate attachments to this RIS on engage.vic.gov.au/tour-operator-licensing-policy-review under 'Documents':

- Exposure draft Crown Land (Reserves) (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Forests (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Land (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft National Parks (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Wildlife (Tour Operator Licence Fee) Regulations 2025.

Small business and competition impacts

LTOs are typically small businesses with an average staffing of four people. Therefore, the impact of the proposed Regulations falls largely on small business, although the biggest impact will be on the seven large businesses who would likely have otherwise met the use fee cap. Given the relatively low nature of TOL fees (approximately 3-5% of an LTO's gross revenue), the proposed TOL fee regulations are not considered to impose a significant cost on business that affects their competitive positions in broader markets, however there may be a small drop out of marginal businesses.

Implementation and enforcement

The importance of providing oversight of and funding for compliance was emphasised in the TOL Directions engagement for fairness and safety reasons. Key themes were around education, a better form of licence identification and clarity around making noncompliance reports.

In response, there has been a \$300,000 per annum boost to education and compliance funding built into the fee model to cover this expenditure and the proposed policy gives greater guidance to land managers on expectations. Initiative funding to develop regulation technology tools that provide TOL identification and help with compliance will continue to be sought by DEECA.

DEECA will lead the change process, in partnership with land managers. Actions include finalising the TOL fee regulations and policy based on feedback, updating licensing publications, templates and customer management systems. Land managers will need to undertake enforcement education, renew internal licensing delegations and formally write to each LTO about any changes that may affect their licence.

Evaluation

Evaluation is planned after year three to four of implementation to assess how the new licences are going and to recheck licensing costs being incurred by land managers given the completion of the transfer of some National Parks Act-managed land from PV to GORCAPA. The assessment should test that costs are being met by fees and that high value fees are contributing revenue for reinvestment into assets and the protection of the environment in high visitation value areas. Any regulation technology or other licensing efficiencies reducing costs should also be included.

2. Background

This chapter explains who manages Victoria's public land and what industries are associated with tour operator and activity provider licensing. It gives an overview of the tour operator licensing system within the current policy and legislative context and why we are reviewing the policy and fees.

2.1 Victoria's public land

First Nations

Within Australia there are hundreds of distinct Peoples or First Nations that have existed for tens of thousands of years and these Peoples are recognised as being the oldest living cultures in the world. First Nations people have intricate connections to Country around lore, customs, language, spirituality, identity and cultural practice.

Within Victoria, there are around 20 First Nations, with most Nations today represented by formally registered bodies with recognised rights and responsibilities:

- As a Registered Aboriginal Party under the *Aboriginal Heritage Act 2006* (Vic), with formal responsibilities in cultural heritage decision making.
- As a 'Traditional Owner Group' under the *Traditional Owner Settlement Act 2010* (Vic), with recognition and rights in Crown land as an alternative to Native Title.
- As a 'Registered Native Title Body Corporate' under the *Native Title Act 1993* (Cth), with management and protection responsibilities of Native Title agreements.

Traditional Owners and First Nations Peoples also hold cultural responsibilities to care for Country, alongside their formal rights. Public land is managed by partnering with First Nations people to advance self-determination so that reforms of systems, structures and services reflect their aspirations. The Department of Energy, Environment and Climate Action (DEECA) is genuinely committed to Aboriginal self-determination to support ongoing spiritual and cultural connection to Country and its healing.

Public land estate and managers

Public land in Victoria covers approximately 8 million hectares, representing around one third of the State. The Minister for Environment has ultimate responsibility for the management of this public land (known as Crown land under legislation) with everyday management responsibility directly sitting with DEECA or Parks Victoria (PV) or delegated to other public land managers.

Public land is made up of:

- 4 million hectares of National parks and other conservation parks managed by PV, except for within the Great Ocean Road (GOR) coast and parks where the National parks are managed by the Great Ocean Road Coasts and Parks Authority (GORCAPA).
- 3.2 million hectares of State forests and waters, managed by DEECA.
- 0.55 million hectares made up of 1,200 public land reserves, reserved for a broad range of public purposes and managed by delegation through a Committee of Management (CoM). CoM land managers include Alpine Resorts Victoria (ARV), coastal CoM, Shrine of Remembrance, Phillip Island Nature Park (PINP), GORCAPA and some municipal Councils. PV can also be appointed as a CoM.

The public land referred to in this RIS is land managed under the Acts in Table 5 on page 13 and does not include public land that is owned directly by municipal councils. The terms 'public land' and 'Crown land' are used synonymously for the purpose of this RIS. Public land is used as preference, however Crown land is used when the legislative distinction is important.

2.2 Participation health benefits

Tour operators and activity providers facilitate enormous numbers of people to participate in outdoor tours and activities every year, with a total of 447,171 visitations recorded by PV for the 2023-2024 financial year. Operators and providers may also work with health agencies to deliver targeted programs to support patient care.

The power of nature and the outdoors in preventative and restorative health and wellbeing benefits is well recognised. Whether it is the physical health and wellbeing benefits of an activity such as mountain biking, the mental health and wellbeing benefits of a bushwalk or yoga on the beach, or the social connection made during a cruise or 4WD tour, nature makes people healthier and happier.

2.3 Visitor economy

The public land estate is an important tourism asset for Victorians and the \$36.1 billion per year visitor economy (DJSIR 2025). Tour operators and activity providers serve three of the five product priorities in *Experience Victoria 2033: Our Strategic plan for a thriving Visitor Economy – Wellness, First Peoples and Nature*.

The Coronavirus (COVID-19) Pandemic had several years of devastating impact on Australia's visitor economy from 2020, with total visitor expenditure not reaching pre-pandemic levels of \$39.3 billion per year until March 2024 (TRA IVS/NVS March 2024). Despite the total visitor expenditure recovery, international visitor numbers in 2024 were still down 12% compared to pre-COVID levels, with 7.6 million annual visitors (TRA IVS/NVS March 2025). The recovery of domestic travel has been more advanced than international in Victoria (TRA IVS/NVS March 2024).

The recovery of international tourism has been uneven across markets and purpose of travel. COVID-19, China was Australia's leading visitor market contributing 15 per cent of arrivals and 33 per cent of spend in Australia in 2019 (TRA 2024). This market is not expected to return to pre-pandemic levels until 2026 and in 2024 Chinese visits were at 62% of the pre-COVID level, at 0.8 million. New Zealanders are Australia's top visiting Nation, with 1.3 million trips in 2024 (TRA 2025).

Ongoing global and local economic challenges including inflation and cost of living pressures are likely to have a significant impact on total visitor numbers and expenditure across both domestic and international markets.

2.4 Outdoor education sector

Around 15% of Licensed Tour Operators (LTOs) are outdoor education providers working with schools to support curriculum-based excursions and camps. The sector has also had disruptions from COVID-19, bushfires and industry pressures over the past few years.

Changes in the education sector are also impacting on school participation in excursions and camps. Like tourism operators, outdoor education operators are experiencing staff shortages, as are the schools that book their services. Increased costs for staffing when combined with teacher shortages has resulted in a decline of school camps and excursions.

Schools with limited resources have cancelled camps or deferred to on campus learning experiences. Private schools tend to be better resourced and less affected by this however with teacher shortages impacting the whole education sector, some private schools are also cutting back. Casual Relief Teachers are also currently in short supply so back up plans for schools with resources are sometimes not available. The differing resource levels is potentially creating inequity issues between private and public schools when it comes to active learning outdoors in nature.

Education visitation is recorded for schools visiting independent of LTOs on PV managed land and for schools visiting with LTOs on PV and DEECA managed lands. In 2022-2023, schools reported a total of 188,510 students visits and in 2023-2024 this declined to 152,252. Approximately 31,000 outdoors education visits were LTO-facilitated visits in 2023-2024.

Gariwerd/Grampians National Park was the most visited park overall for education and the second highest led by LTOs (approximately 3,600). Lake Eildon was second most visited overall for education but the largest led by LTOs (7,920).

2.5 Regulatory framework

The Tour Operator Licensing (TOL) regulatory framework or TOL 'system' refers to the primary legislation, regulations and policy (Figure 1), for which DEECA is responsible.

Legislation

The current legislative framework was set after the 2011 TOL Fee RIS (DSE 2011) established the rationale for licensing to protect natural, cultural and environmental values and to charge fees to cover licensing costs. The framework also aimed to improve consistency, transparency and administrative efficiency for tour operators with consistent licence conditions and fee structure across public land for the first time. Before this, various other commercial licences were required across different tenures.

The first sets of TOL fee regulations made in 2011 expired and were replaced with the 2021 TOL fee regulations made essentially the same in recognition of the significant impacts of COVID-19 on the tourism industry, with a forced expiry after two years. With industry recovery taking longer than expected, the 2021 TOL fee regulations were then amended to change the forced expiry date to 30 June 2026 to allow more time to complete industry engagement and this RIS.

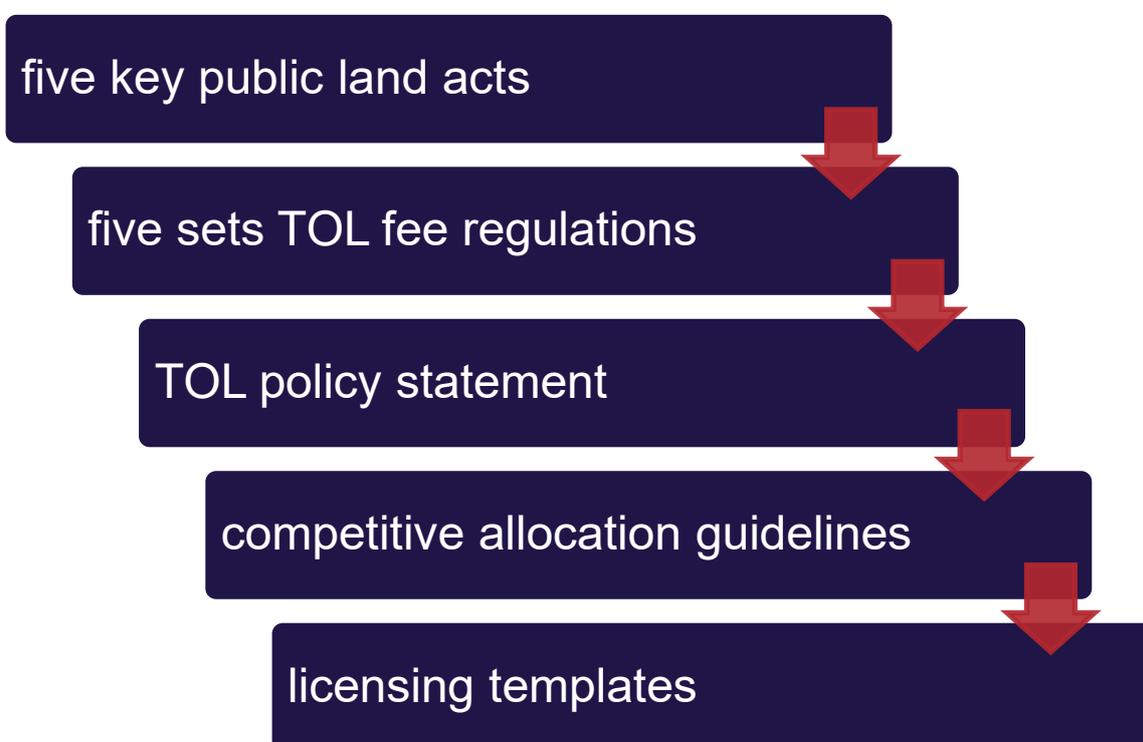


Figure 1: TOL regulatory framework

The requirement to be licensed is set out in five key public land Acts and five corresponding sets of regulations provide for consistent fees and fee relief (Table 5). Fee making powers are consistent in each of the five public land Acts and allow for regulations to be made for, or with respect to:

- Annual licence fees.
- Method of fee calculation – including by reference to persons participating and classes of persons.
- Specific fees, maximum fees, minimum fees, fees that vary according to class of licence.
- The manner of fee payments, including by instalment and time required.
- Exemption of individual or class of persons from the payment of fees.
- Reduction, waiver or refund of fees generally or specific to certain matters or classes of matters, and individuals or classes of persons.
- Prescribing tour operator licence conditions.

Table 5: Key TOL legislative powers across the five key public land Acts and Regulations

Public land Act	Grant of tour operator licence	Making regulations	Offence to conduct organised tour or activity if unlicensed	Fee Regulations	Prescribe tour operator licence fees	Limit licences via competitive allocation and set annual licence fee	Provide for fee relief
<i>Crown Land (Reserves) Act 1978</i>	section 21B (with approval of the Minister)	section 31	section 21A	Crown Land (Reserves) (Tour Operator Licence Fee) Regulations 2021	regulation 5 and 6	regulation 12 and 13	regulation 15
<i>Forests Act 1958</i>	section 57F	section 100A	section 57E	Forests (Tour Operator Licence Fee) Regulations 2021	regulation 5 and 6	regulation 12 and 13	regulation 15
<i>Land Act 1958</i>	section 140I	section 413A	section 140H	Land (Tour Operator Licence Fee) Regulations 2021	regulation 5 and 6	regulation 12 and 13	regulation 15
<i>National Parks Act 1975</i>	section 27D	section 48AA	section 27C	National Parks (Tour Operator Licence Fee) Regulations 2021	regulation 5 and 6	regulation 12 and 13	regulation 15
<i>Wildlife Act 1975</i>	section 21A	section 87A	section 21A	Wildlife (Tour Operator Licence Fee) Regulations 2021	regulation 5 and 6	regulation 12 and 13	regulation 15

Policy

The current TOL policy is published in two documents:

- 2008 Policy Statement ‘Licensing System for Tour Operators and activity Providers on Public Land in Victoria’.
- 2018 Policy Update ‘Longer Licence Terms and Competitive Allocation of Licences Process’.

The 2008 TOL Policy Statement outlines what we want to achieve with licensing and how this will be done. It includes an overall policy goal and specific licensing objectives. Objectives are:

- Creating a simpler and more efficient licensing system.
- Improving opportunities for industry investment and security.
- Encouraging high operating standards.
- Improving the management of capacity and compliance
- Managing groups appropriately and equitably.

The 2018 Policy Update established new ways to get longer licence terms and made changes to competitive allocation to make it simpler for operators by:

- Allowing operators with a good compliance history to obtain a longer licence term.
- Extending the maximum licence period for recognised accredited operators from three to five years and five to ten years.
- Additional guidance for land managers running a competitive allocation of licences around notice periods, provision of information about the licences available and setting application limits.

Guidelines and licence templates

Licensing application and licence templates are provided for land managers with standard terms and conditions. Land managers are required to use these templates. The licence is structured into parts:

- **General conditions** – fee payment arrangements, accreditation evidentiary requirements and compliance requirements around record keeping and reporting, first aid qualifications and equipment, emergency management planning, incident reporting, use of campsites and fire prevention, environmental protection requirements and more.
- **General details** – requirement of \$20 million public liability and, if relevant, products liability insurance for the permitted activities, a workers' compensation policy and notification responsibilities and indemnity of parties.
- **Licensed areas** – a map of the tour or activity and name of the forest or park.
- **Licensed activities and activity conditions** – a list of the activities permitted including compliance requirements with relevant Australian Adventure Activity Standard (AAAS) and related Good Practice Guides (GPGs).
- **Location conditions and any special conditions** – such as exclusion periods, infection control measures, land manager notification requirements and site sharing arrangements.

Land managers may also have internal guidance documents around issuing licences, compliance and granting fee relief.

Specific guidance is also published by DEECA to support land managers running a competitive allocation of licences process. This is a fixed price expression of interest process that is used when the number of licences available needs to be limited:

- 2018 'Competitive Allocation of Tour Operator Licences Guideline'.

Under the current TOL fee regulations, the annual licence fee for a competitively allocated licence must be set having regard to these guidelines.

2.6 Policy review project

The TOL policy review project includes developing this RIS, a new policy and new fee regulations. The current TOL Policy Statement needs improving and DEECA is reviewing it simultaneously with the fees as part of good regulatory practice, ahead of the expiry of the 2021 TOL fee regulations on 30 June 2026.

The TOL policy review project will deliver improvements that reflect a more mature regulatory system, recognise the achievements of the current policy and will be consistent with broader government policy. The review will make the policy:

- Simpler, more efficient, flexible and fairer.
- Support operators and ensure better compliance.
- Support high quality nature-based tourism, education and recreation that is:
 - safe, sustainable and respectful of First Nations people and their roles and responsibilities.

2.7 Licensing responsibilities

Each public land manager is responsible for implementing TOL on land and waters they manage. DEECA has delegated licence administration responsibility to PV for efficiency across government (Figure 2). Where a Council manages both Crown land and Council-owned free-hold land, the Council is not required to use TOL across their freehold land. Each public land manager has TOL compliance and enforcement responsibilities for their land and waters. For land managers other than PV and DEECA, revenue is directly retained by the land manager to recover licensing costs. Land managers currently have the delegated responsibility to issue fee relief.

It is estimated only around 30 CoM manage tour operators: primarily in metropolitan, coastal and alpine areas.

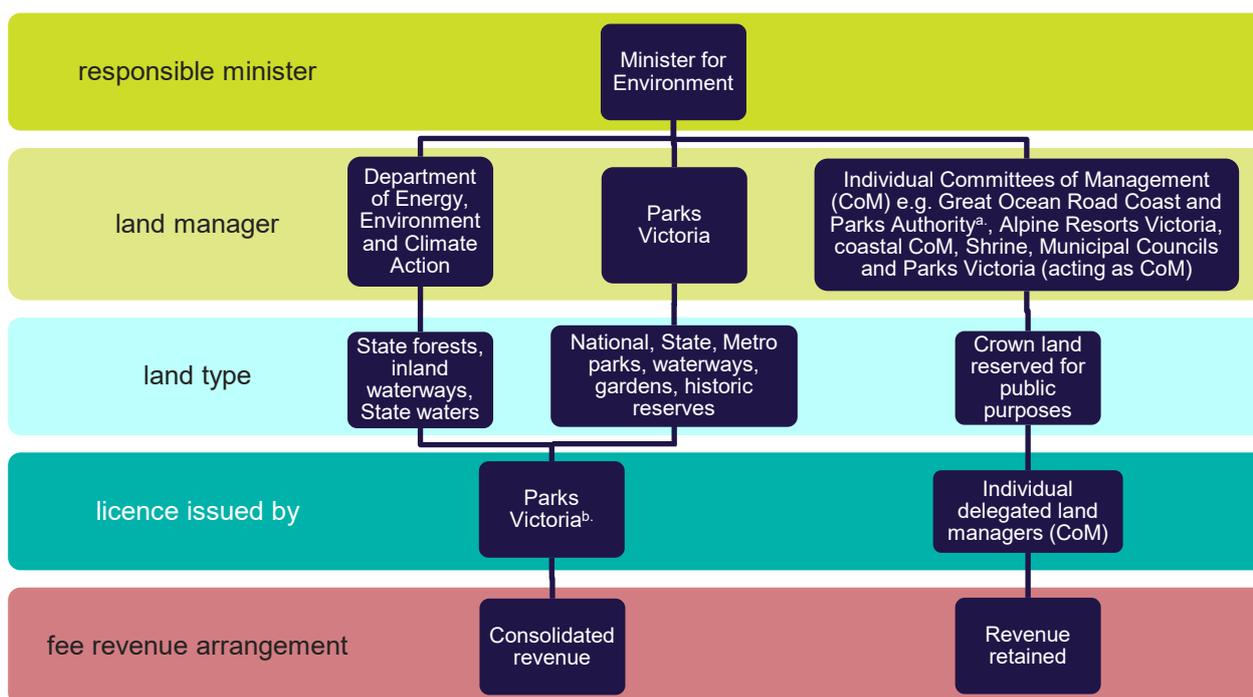


Figure 2: Public land tour operator licensing responsibilities

Figure notes:

a. GORCAPA will assume all TOL responsibilities within its management area by 1 November 2025, although PV may administer TOLs on GORCAPA's behalf.

b. PV issues TOLs across land and waters it manages and that DEECA manages.

2.8 Victoria's licensing profile

The total number of licensed tour operators (LTOs) across public land in Victoria for the 2022-2023 financial year is estimated at 719 (Table 6).

In 2022-2023 PV issued 75% (465) of known TOLs, licensing tours and activities across the PV managed public land estate, as well as across the DEECA estate, on DEECA's behalf. The other 25% of known TOLs are managed by CoM land managers (154). PV noted a growth in micro businesses starting up with, anecdotally, people looking for a change or to pursue a part-time passion business post COVID-19, taking advantage of the low-cost entry to operate on public land. In financial year 2023-2024, the number of PV TOLs reduced by 8% from 465 to 427, however in 2024-2025 numbers increased to 503 at April 2025. It is difficult to understand the reason for these fluctuations.

Following the initial devastating impact of COVID-19 on the domestic and international visitor markets, full market recovery has broadly occurred except for the Chinese market that is still under pre-COVID levels.

Table 6: Number of LTOs operating across Crown land and waters in Victoria 2022-2023

Public land manager	Total number of TOLs (standard and competitively allocated)	Number of TOLs competitively allocated
DEECA managed land and waters	(193) ^a	–
Parks Victoria issued licences total	465^a	–
Alpine Resort Management Board	21 ^a	–
Great Ocean Road Coast and Parks Authority in 2022-2023	33 ^a	12 ^a
Committee of Management – other (Municipal Councils, Coastal CoM, Shrine of Remembrance, Phillip Island Nature Park)	100 ^a + 100 ^b	22 ^a
CoM issued licences total	154^a+ 100^b	34^a
Victorian TOTAL	619^a 719^c	34^a

Table notes:

- a. known
- b. estimated
- c. known and estimated
- () licence issued by PV

Each CoM land manager is responsible for their own licensing and there is no central recording system from which information about LTOs can be extracted. DEECA contacted 20 CoM known to or most likely to manage LTOs, and licensing costing and profile information was received from ten of these. From this research it is known CoM together license 154 operators, with a further 100 estimated based on licensing enquiries received by DEECA over the years.

Across CoM managed lands, the total number of LTOs for 2022-2023 reduced significantly from the previous financial year by approximately 60 LTOs. Some of this reduction was likely to be pressures on the international market, however as licence compliance was deliberately relaxed over the COVID-19-impacted years, it is suspected that some fitness trainers have taken advantage of this and are continuing to operate unlicensed.

Table 7 and Table 8 show the top PV licensed activities by number of LTOs and visitation for 2022-2023. Bushwalking and vehicle-based sightseeing is the most common offering, while boat and bus tours had the greatest participation. For CoM land managers, fitness providers and surf schools make up the majority of LTOs (Figure 3).

Table 7: PV 2022-2023 top 10 LTO activities, by percentage of LTOs

Activity	LTOs licensed for activity (%)
Bushwalking	12.6
Coach/Bus Tours	9.8
Vehicle Based Sightseeing	8.0
Mountain Bike Riding	4.6
Boat Tours/Cruise Motorised	4.2
Four Wheel Drive Tours	4.0
Rock Climbing	3.8
Canoeing/Kayaking	3.6
Horse Trail Riding	3.2
Abseiling	3.2

Table 8: PV 2022-2023 top 10 LTO activities, by percentage of visitation

Activity	Representation of activities by visitation (%)
Boat Tours/Cruise Motorised	41.1
Coach/Bus Tours	15.8
Bushwalking	7.9
Vehicle Based Sightseeing	7.0
Surfing/Surf Education	4.1
Horse Trail Riding	2.4
Mountain Bike Riding	1.8
Canoeing/Kayaking	1.8
Heritage Tours	1.8
Rock Climbing	1.5

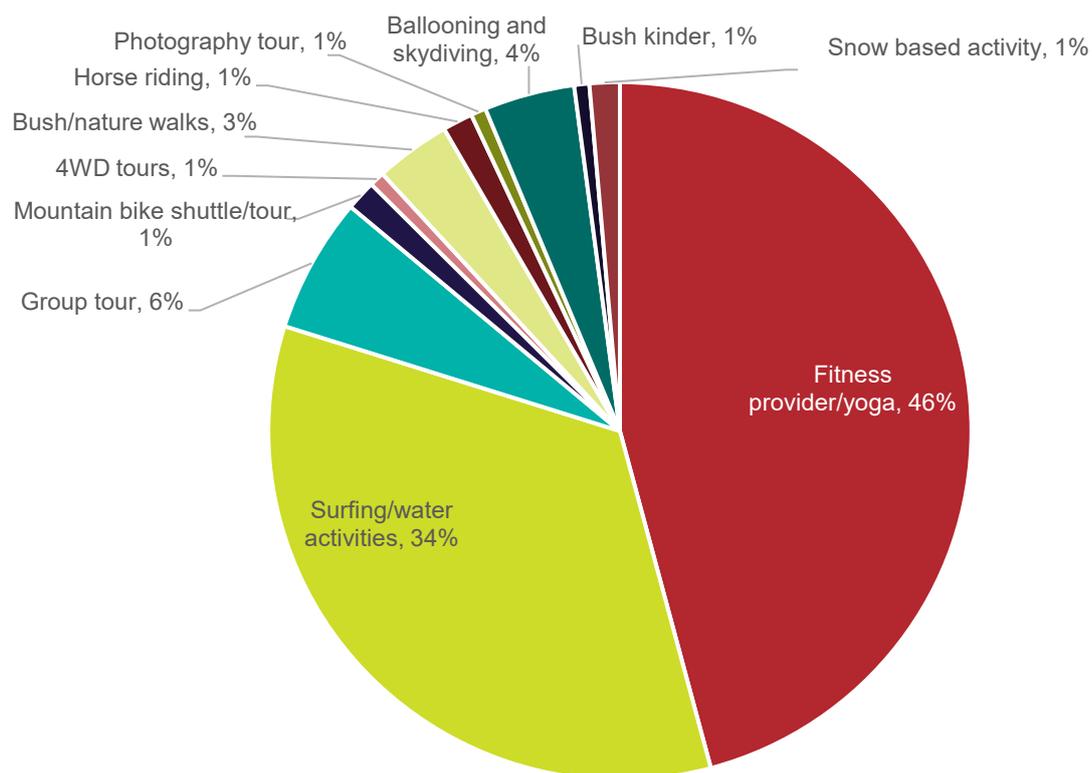


Figure 3: CoM LTO activities, by percentage of LTOs

Great Ocean Road Coast and Parks Authority

GORCAPA was established as the dedicated park manager for the Great Ocean Road (GOR) coast and parks on 1 December 2020 to conserve, protect, enhance and manage this landscape as one integrated natural entity. Simplifying historically complex and fragmented governance was a key reason for its creation. Revenue raised through commercial activities including caravan parks and commercial leases is retained and reinvested back into the GOR coast and parks.

GORCAPA took immediate land management responsibility for the Otway Coast Committee (OCC) and Great Ocean Road Coast Committee (GORCC) managed land and in the years following, other parcels of public land within the GOR coast and parks have been progressively transferred. This transfer of management responsibilities includes managing TOLs and LTOs, although PV may administer these on GORCAPA's behalf.

Once GORCAPA is administering all TOLs in the GOR coast and parks, it will have around 248 LTOs and PV will only completely hand over around 40 (Table 9). This is because an estimated 170 operators run activities both inside and outside the GOR coast and parks for which GORCAPA is responsible, and the TOL legislation requires a licence with each land manager. PV and GORCAPA are working to make the transition as smooth as possible and minimise the administrative burden on LTOs. As a result of the transition, PV will experience approximately a 20% reduction in visitation fees. The estimated impacts of this change have been included in the new fee modelling.

Like many international tourist destinations, the GOR coast and parks are under threat from high and increasing visitor numbers, environmental forces and the impacts of climate change. TOLs are a regulatory tool that can help manage commercial visitation to the coasts and parks to ensure that it is environmentally sustainable and, that the liveability of local communities is protected.

This RIS recognises the unique pressures and management challenges presented to land managers of Victoria's most highly visited areas including the GOR coast and parks, and builds the need for fees to be set at a level that contributes to infrastructure and land management, not just licensing cost recovery, into the TOL pricing objectives.

Table 9: Estimated number of LTOs to be administered by GORCAPA

Total number of tour operator licences	Number of licences which are competitively allocated
248 ^a (PV down 40 ^a)	12

Table note:

a. estimated

2.9 About this Regulatory Impact Statement

The purpose of this Regulatory Impact Statement (RIS) is to document evidence and analysis for government in the consideration of policy or regulatory change to TOL on public land.

This RIS has been prepared in accordance with the *Victorian Guide to Regulation (2024)*, which provides a best practice approach to analysing proposed regulatory intervention and *Pricing for Value (2019)* (Pricing Guide), government’s guidance on price setting.

The RIS sets out important background, contextual information, an evaluation of the current TOL fee model and the problem to be addressed. The current set of 2021 TOL fee regulations have a forced expiry of 30 June 2026, and therefore the base case is that these expire and that no regulations would be in place.

The requirement to hold a TOL is established in each of the key public land Acts (Table 5), therefore this RIS focusses on options to recover the costs of licensing against fee setting objectives, rather than a justification to regulate. The regulatory options developed are based around current arrangements and ideas heard or developed from engagement with land managers and LTOs. Many fee design options resolved in the 2011 TOL RIS were re-examined through initial analysis in this RIS. Options unresolved through initial analysis were considered further using MCA. The expected impacts of each of these were assessed relative to the base case and a preferred option identified using the MCA results and broader context.

The purpose of this RIS is to consider the extent to which current regulations, and the proposed remaking of regulations effectively, efficiently, equitably and simply recovers the costs of delivering licensing.

The preferred option is the basis for the draft regulations, prescribing licence classes and TOL fees payable, licence conditions and provisions for fee relief.

The analysis is conducted in quantitative terms where possible, otherwise a combined systematic and qualitative approach is used. The fee model is set based on revenue sourced from PV information or CoM information, as identified and where relevant.

This RIS has been prepared using discussions and formal feedback from the:

- 2019 land manager and LTO targeted surveys.
- 2023 land manager and LTO Directions workshops.
- 2023 Directions survey on [Engage Victoria](#), which gave an opportunity to key stakeholders as well the broader community.
- Peak industry representative bodies, other government departments and stakeholders through targeted engagement.
- Ongoing informal engagement with PV and GORCAPA has occurred throughout drafting.
- A summary of the engagement is listed in Appendix 2.

First Nations groups were contacted and have self-determined their own level of involvement. Resourcing and interest levels led to five group-DEECA liaison presentations. Interest centred around licensing requirements, protecting cultural heritage, revenue arrangements and compliance.

The preferred option in this RIS is just a proposal, final regulations may differ based on the feedback received during engagement.

This RIS will be open for public comment for 5 weeks for LTOs, peak industry bodies, land managers and the community to have the opportunity to learn about the proposed reforms and provide feedback.

Questions are included within the document and correspond to an online survey on Engage Victoria.

Public consultation will close at **11:59pm, 16 January 2026**. The RIS will be made available on Engage Victoria, the Victorian Government's online consultation platform. Opportunities for participation include:

- Completing the online survey or making a written submission on [Engage Victoria](#).
- Key stakeholders may request an individual briefing by emailing TOL.Review@deeca.vic.gov.au.

DEECA will consider all submissions received during the period of public review and will prepare a formal response, summarising the submissions received during the consultation. The response document will be made available on [Engage Victoria](#). The final Regulations will be developed considering the feedback received.

3. Current fee model performance

This chapter documents the current TOL fee model, providing a qualitative and simple quantitative analysis of its performance and outlines a summary of feedback from the Directions engagement.

3.1 Current fee model

The current standard licence fee model was set in 2011 and is based on recovering the costs of licensing delivery and on-ground land manager support activities. Costs include:

- licensing delivery – staff costs for licence application assessment, administrative compliance, customer service and support, reporting, finance, invoicing, vehicle stickers and support for the customer relationship management system (Park Connect).
- on-ground staff costings – ranger support in monitoring and enforcement of licence conditions.

The cost recovery level in the current model was discounted to 75% of the costs in recognition of the health, cultural, and educational benefits of people participating in outdoor recreational activities. The model does not include a levy for park or environmental services or infrastructure, although there is a misconception from some operators and land managers that it does.

There is a fixed annual licence fee and variable use (visitation) fee payable per person per day. The model was set to recover 25% of the cost recovery level from the annual fee and the remaining 75% through the use fee. This ratio was chosen to keep annual fees low so as not to create a barrier for entry and to have most fees collected based on use.

Government fees are set in terms of fee units, as is required under the *Monetary Units Act 2004*. The value of a fee unit is indexed annually to ensure its value does not erode over time. Fees less than the amount of the value of one fee unit, currently at \$16.33 (2024-2025), were at the time, unable to be indexed and had to be fixed in legislation.

The annual licence fee is fixed to 20.78 fee units for a standard one-year licence, or 16.3 fee units for a longer term/multiyear licence (up to ten years).

The reduced rate for a multiyear licence reflects both administrative savings for land managers and acts as an incentive-based mechanism to encourage higher operating standards. Operators with three years of good compliance may be offered a licence up to three years and operators holding recognised tourism industry quality assurance accreditation may be offered licence terms up to five or ten years.

The reduced rate for the multiyear licence also considers the time value of money. The fee discount was first calculated in the 2011 TOL RIS (DSE 2021) by applying a discount of 5% to the standard licence annual fee each year, over ten years and then selecting the fulcrum (middle value) as the average. The 5% yearly discount was selected based on a risk-free rate of return on a Commonwealth bond which is a common measure in financial analysis. The discounted average became the multiyear licence fee. The difference between this and the one-year fee in the 2011 RIS represented an overall fee reduction of 22% and therefore the multiyear fee units were set in the regulations 22% lower than the one year licence fee units.

The use fee is set in regulations at \$2.40 per adult per day and \$1.60 per child or student per day. The child rate is approximately 33% less than the adult rate which reflects a child's lower ability to pay. The 33% represents a historical discount that was carried over from previous regulations, rounded to the nearest ten cents.

There is a use fee cap set at 1018.74 fee units (\$16,636 for 2024-2025), imposing a ceiling contribution for use fees. A use fee cap was seen as appropriate in a cost recovery only model to ensure larger operators do not pay an excessive contribution to recover licensing delivery and support costs.

There is no GST charged on TOL fees. The fees for financial year 2024-2025 are in Table 10 and TOL fee discounts are in Table 11.

Table 10: 2024-2025 fees for a standard TOL

Category	Fee units	Fee for 2024-2025
Annual fee – standard one year licence	20.78	\$339.30
Annual fee – standard licence multiyear licence	16.3	\$266.20
Use fee – adult ^a .	–	\$2.40
Use fee – child (16 years and under) and school student ^{a,b} .	–	\$1.60
Use fee cap	1018.74	\$16,636.00

Table notes:

a. per person per day.

b. a school student is a person who is attending school as defined in the *Education and Training Reform Act 2006* (ETR Act).

Table 11: Current TOL fee discounts

Discount type	Details	Conditions
Child use fee	Child 16 years and under and school students	A school student is a person who is attending school.
Multiyear annual licence fee	Up to 3 years licence term	Full compliance of licence conditions for three years: <ul style="list-style-type: none"> • Provided insurance, completed visitation reporting and made fee payment on time. • Record of meeting all other compliance obligations under the TOL.
	Up to 5 years licence term	Must hold accreditation: <ul style="list-style-type: none"> • Nature Tourism – Ecotourism Australia (EA). • Quality Tourism Sustainable Accreditation – Victorian Tourism Industry Council (VTIC).
	Up to 10 years licence term	Must hold accreditation: <ul style="list-style-type: none"> • EcoCertification – Ecotourism/Advanced Ecotourism (EA). • EcoCertification – Sustainable Tourism/Advanced Sustainable Tourism (EA). • EarthCheck Certified – EarthCheck. • EcoStar Accreditation – (VTIC).

Competitive allocation of licences

A land manager may restrict the number of licences to protect natural or cultural values, or visitor safety. In these circumstances, licences are allocated in a fixed priced competitive process via Expression of Interest (EOI). Applicants are assessed on a set of known criteria. TOL policy and regulations allow for the land manager to set the annual fee for competitively allocated licences. It must be at least the amount of the standard one year licence fee and represent a fair and appropriate return to the land manager and be stated upfront in EOI documentation. The setting of this fee must have regard to the Competitive Allocation Guidelines.

Use fees still apply for a competitively allocated licence and the rate is the same as for standard TOL. A use fee cap does not apply. The 2024-2025 competitively allocated licence fees are in Table 12.

Table 12: 2024-2025 fees for a Competitively Allocated TOL

Category	2024-2025 fee
Minimum annual fee	\$339.30
Use fee – adult ^a .	\$2.40
Use fee – child (16 years and under) and school student ^{a,b} .	\$1.60
Use fee cap	No cap

Table notes:

a. per person per day.

b. a school student is a person who is attending school as defined in the ETR Act.

3.2 Historical improvements

Before the 2008 TOL Policy Statement and subsequent legislative amendments, licensed operators were charged different fees across the State for the same activity and had no certainty about fees charged by CoM land managers. Consistent licence fee regulations removed this uncertainty for operators and improved fee setting efficiency in general. Standard licence terms and conditions were also introduced in 2008 for efficiency and effectiveness. Other improvements in 2008 from the previous review in 1996 included:

- Standard licence categories of 1, 3 and 10 years with accreditation requirements for multiyear licences.
- Competitively allocated licence type established.
- Licence variation fee abolished.
- Option to submit annual visitation return summaries, rather than just by quarter.

3.3 Directions engagement

The Directions engagement phase of the TOL review publicly shared DEECA's proposal of the focus areas and direction to explore for change. The Directions were based on the results of the 2019 LTO and land manager targeted surveys, and learnings from policy implementation and Traditional Owner's Whole of Country Plans.

The engagement program included four in-person forums, four online workshops and a consultation hosted on Engage Victoria in July 2023. More than 20 briefings were also conducted with targeted stakeholders. Engagement feedback is documented in a 'What we heard' document, also available on Engage Victoria and a list of engagement is in Appendix 2 of this RIS. The feedback on the fee component is summarised below.

Directions results – fees

Feedback on the **use fee cap** was mixed. Some LTOs said it makes their business more viable, but many others wanted it removed because of the inequity it creates between capped and uncapped businesses in terms of fees paid when calculated on a per person basis.

There was generally a strong view among LTOs about needing better/well maintained facilities and greater land manager on-ground presence and, to support this, **some LTOs were open to a 'beyond cost recovery' model**. Currently TOL fees do not contribute to these costs, other than on-ground compliance associated with TOL. Alternatively, it was suggested PV could be better funded by government or through the reintroduction of park entry fees.

Other ideas for the use of any additional revenue included more compliance activities, rangers, education campaigns, and technology enhancements, or to fund social participation or environmental programs.

There was **reasonable support for removing use fees** or implementing a **different 'user pays' approach** such as vessel capacity or fees based on impact on the environment. In contrast, there was also **support for the current model/fees** because of its simplicity and efficiency.

Many LTOs did not support a beyond cost recovery model as it would be **too expensive**, or their activity/location does not rely on infrastructure, or it is believed the level of investment required to make a difference would make fees too high.

A range of perceived **fee inequities** were raised, such as:

- Absence of a use fee rate for activities for less than one day – with some operators having to pay multiple sets of fees per day for the same amount of use.
- Having to pay for annual licences – despite some operators having a shorter operating season.
- High fees in comparison to ticket prices – with a high proportion of fees paid compared to revenue.
- Requirements to have multiple licences – some tours happen to cross public land management boundaries so they must apply for more than one licence and pay more than one set of fees.

Fitness provider-LTOs generally supported an annual fee only model, although there was also good support for no fees.

There were ideas put forward as fee reduction **incentives** that related to complying with licence conditions, LTOs having accreditation and more.

3.4 Cost recovery

Context

Cost recovery is the recuperation of the costs of government provided services or products that give private benefit to a group or individual. Costs can be recovered from those who benefit from, or create the need for, the service or from taxpayers in general (in the case of State controlled entities), or other revenue streams (for non-controlled entities). There is generally no direct link between licensing costs and fee revenue for land managers, that is, fees go into general pools of revenue. However, there are typically efficiency reviews that are completed periodically by government departments and entities to ensure an efficient delivery of public services.

Full cost recovery has long been part of government fee setting policy to ensure efficiency and equity pricing objectives are met. Despite this, fee setting policy also allows for discounts or removal of costs for practicality, third party benefits, or as a way of meeting other government policy objectives.

Cost recovery for TOL is the collection of fees to cover the cost of licensing delivery and on-ground support and enforcement activity. A discount was applied to the current fee recovery model in recognition of health, cultural and educational benefits of participation in outdoor tours and activities (see 3.1).

Cost recovery considerations

PV is the largest issuer of TOLs (75%) and has a customer relationship management system that can be interrogated for detailed information such visitation, fee payment and licensing information suitable for analysis. Because of this and the absence of a statewide database, PV's costings and revenue estimates were used as the primary basis of calculations for the 2011 RIS and again for this RIS. Limited data has also been gathered from other CoM public land managers and is bench marked against PVs in this RIS where relevant.

The COVID-19 pandemic caused significant business impacts on LTOs across Victoria in both the 2019-2020 and 2020-2021 financial years. Many operators were also impacted by the 2019-2020 bushfires.

The impacts of COVID-19 are still affecting the international market and at June 2024, operators targeting the inbound Chinese market had not returned. There has been growth in the number of micro businesses starting up, with people looking for a change and lifestyle business opportunities. The low barrier to entry has encouraged some new operators in the self-improvement and wellness (Nature Therapy, Yoga) economies and photography instruction/tours.

Based on PV's and Outdoors Victoria's discussions with LTOs, the biggest emerging issue in terms of LTO business costs is the large increase in insurance premiums on the back of COVID-19, recent accidents and natural disasters. It is now the biggest cost faced by many and is unsustainable for many small business operators. Cost of living pressures and industry wide tourism staff shortages are also impacting on LTOs.

3.5 Evaluation of current fee structure

The current fee structure is successful around many of the fee principles established in the current TOL policy, however, there has also been limitations identified over the years of implementation and through recent engagement with LTOs and land managers. The successes and limitations are listed below.

Successes

Equitability

- Most fees are collected based on visitation, ensuring equity between small and large businesses and keeping annual fees low.
- Has student/child use fee discounts, considering ability to pay.
- No application fees, avoiding a barrier for new operators.
- Has a use fee cap ensuring that some businesses don't pay substantially more fees.

Rewarding good compliance and high standards

- Access to multiyear licence terms and discounted annual fees for accredited operators or operators with three years history of good compliance (provided their insurance details, use reporting and paid invoices on time, and have a record of meeting all their compliance obligations under the licence).

Simple and easy to understand

- Just one daily fee (up to one day of 'use').
- Only two types of licences/fees, one year or multiyear.
- No application or licence variation fees, freeing LTOs to be more dynamic to the market.

Recognises broader benefits of outdoor activity

- Positive contribution to physical and mental health, education and cultural connection, with discounted cost recovery.

Fairness

- Consistent statewide fees.
- Majority of fees are based on use, effectively building in fee relief when unforeseen circumstances limit visitation.
- EOI when licences are limited.
- Requirements in Competitive Allocation Guidelines that support EOI including notice periods, transparency of offer and application limits.

Efficiency

- All licences ending on 30 June, and commencing typically 1 July, allowing batch processing (alpine resorts excluded).
- No pro-rata licensing fees, instead one annual fee.
- Set dates for use reporting, being quarterly or annually.
- Automatic indexation of annual fees.

Limitations

Use fee reporting

- Visitation or use fee reporting can be time consuming, tedious, is based on 'honesty' therefore is easily underreported, and it is impossible to test compliance given it is a retrospective task.

Across land manager boundary licensing

- Operators who run tours that happen to cross a land manager boundary need to have multiple sets of TOLs and pay multiple fees.

Use fee cap

- When considered on a fee paid per person basis, capped operators can pay far less per person than uncapped operators, giving capped operators an advantage in the market.

Outdoor fitness providers

- This group currently have a temporary exemption from paying use fees. The most appropriate and fair fee structure for this group going forward needs to be determined.

Competitive allocation of licences

- Important aspects like environmental sustainability and maintaining visitor experience are not included as reasons to consider restricting the number of licences.

Effectiveness

- Lack of on-ground compliance has reduced the effectiveness of the system. Some operators choose to be unlicensed or to underreport use fees, taking advantage of what is an honesty-based system. The underreporting of fees creates inequity, placing greater cost burden on honest operators. Unlicensed operators also create inequity and risks to safety and public land values.

Efficiency

- The fee revenue generated does not support sustainable use and reflect the value of public land. This leads to facilities at popular locations being overused and poorly maintained as there is no revenue beyond licensing costs generated for maintenance and management of the area. This is a key limitation of the cost recovery only model.

3.6 Statement of current cost recovery

Parks Victoria

This RIS was initially developed around 2022-2023 costs, revenue and visitation, however 2023-2024 cost and revenue information became available before completion. The 2023-2024 figures have been used for fee modelling, and both the 2022-2023 and 2023-2024 figures are reported in the statement of cost recovery to help illustrate post-COVID-19 recovery.

PV's cost recovery for financial years 2022-2023 and 2023-2024 is calculated at 62% and 89%, respectively (Table 13). A detailed breakdown of PV licensing cost items for 2023-2024 is in Appendix 1. The estimated costs for PV to implement TOL over the 2023-2024 financial year totals approximately \$765,000 per annum. This equates to \$1,700 per LTO per year. While costs and the number of LTOs have reduced from 2022-2023 to 2023-2024, revenue has substantially increased with further recovery of the visitor economy. Currently, PV does not issue any competitively allocated licences.

Table 13: PV 2022-2023 and 2023-2024 TOL cost recovery

Year	Total licensing costs, revenue, number of LTOs and cost recovery				Average licensing costs (per LTO)			2011 RIS (300 LTOs)	
	Costs (\$)	Revenue (\$)	No. of LTOs	TOL cost recovery (%)	Licensing delivery costs (\$)	On-ground compliance costs (\$)	Total costs (\$)	Cost per LTO (\$)	Cost per LTO adjusted for inflation (\$)
2022-23	771,000	480,000	465	62	860	800	1,660	1,360	1,740
2023-24	765,000	677,000	446	89	900	810	1,710		

When comparing the 2022-2023 and 2023-2024 licensing costs with that reported in the 2011 TOL RIS, PV has improved on regulatory cost efficiency, reducing costs by around 3% per LTO per annum (adjusted for inflation). A source of efficiency gains is likely to be the introduction of Park Connect, PV’s customer relationship management system in 2018. The system provides a customer-facing portal enabling licensees to submit licence applications and trip return data online, utilises electronic signing of licences, digital distribution of executed licences, and is fully integrated with PV’s corporate information technology systems.

PV’s 2022-2023 cost recovery of 62% is below the discounted cost recovery model set point of 75%, as slow recovery of international markets, especially the Chinese market following the COVID-19 pandemic (DJSIR, 2025) has impacted on use fee revenue. PV’s cost recovery improved to 89% in 2023-2024, higher than the model set point, but still below cost recovery. The difficult economic environment post pandemic is reflected in declining LTO numbers from 465 in 2022-2023 to 446 in 2023-2024. However, figures for 2024-2025 show a solid increase, with 503 LTOs in April 2025.

PV’s LTO visitation recorded over the six financial years up to 2022-2023 is shown in Figure 4. The graph initially shows a trend upwards, peaking at 571,000 LTO visits before impacts of the 2019-2020 Victorian bushfires and COVID-19 result in a low of 181,000 in 2020-2021. While visitation has picked up to nearly 400,000 in 2022-2023 and 447,000 in 2024-2025, the visitation levels are still around 124,000 behind pre-COVID-19 levels due to a range of factors including reduced international visitors in parks.

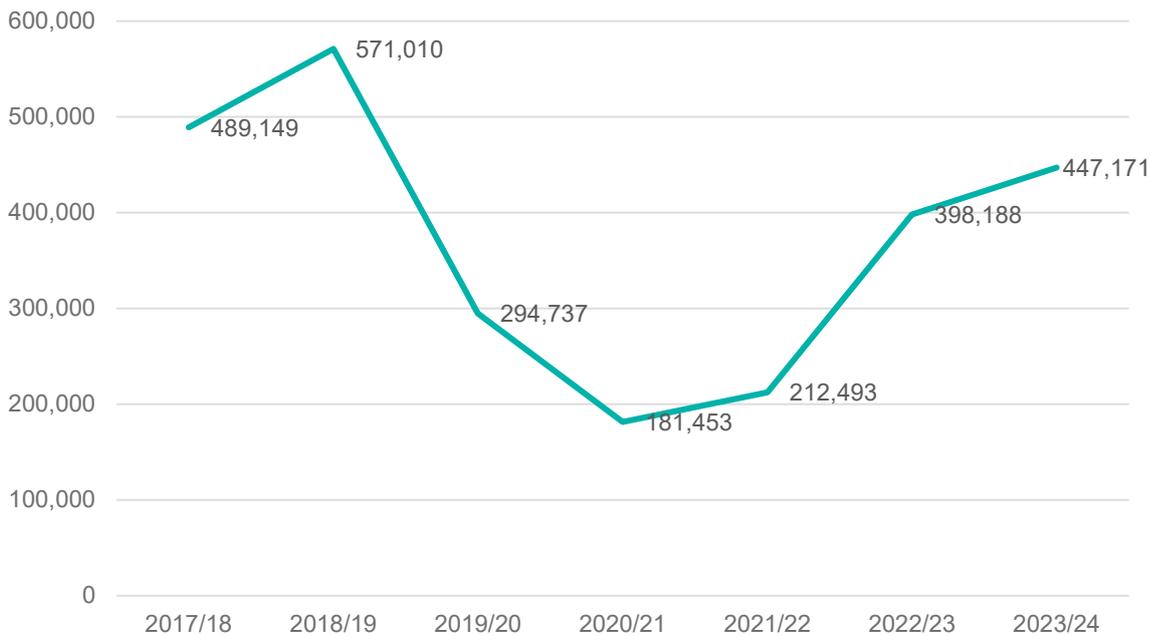


Figure 4: PV LTO visitation for financial years 2017-2018 to 2023-2024

CoM land managers

Together, CoM license a known 154 LTOs of which 120 are standard licences and 34 are competitively allocated licences (CAL). CALs incur greater licensing costs than standard licences because of the EOI process and land managers can set the fees for each EOI, at level that covers these additional costs. Because of this, cost recovery for CAL is considered independently from standard licences.

The cost recovery of all CoM combined for standard licences for the financial year 2022-2023 is calculated at an average of 166% (Table 14), with estimated costs associated with implementing licensing totalling \$90,500 per year and revenue at \$153,800. For each LTO, this equates to a cost of \$750 and revenue of \$1,216, meaning revenue above licensing costs is on average, \$530 per LTO per year. Revenue is retained by CoM land managers for asset and land management activities. It is noteworthy that two of the ten land managers who provided information estimate that an overall loss is incurred from implementing TOL.

The difference in cost recovery between PV and CoM is in line with expectations as PV incurs greater costs associated with the land it manages given it is more highly dispersed, more remote, and subject to a greater variety of activities under a more complex management framework associated with natural areas. These factors influence the cost of developing licence conditions, marketing, advocacy, partnerships, issue management and on-ground compliance.

Table 14: CoM land manager 2022-2023^a. TOL costs and revenue for standard licences

Total			Weighted average licensing costs (per LTO)			Average Cost recovery (%)
Costs (\$)	Revenue (\$)	Number of LTOs	Licensing delivery costs (\$)	On-ground compliance costs (\$)	Total costs (\$)	
90,500	153,800	120	430	340	750	166

Table notes:

- a. figures were derived using licence costings and revenue estimated by ten individual CoM land managers for 2022-2023 (2023-2024 costings were not available); where a CoM was unable to supply an itemised costing estimate, an average calculated across remaining CoM was used.

Cost recovery for two land managers' EOI processes for CALs is calculated at 350% (Table 15), with estimated combined costs at \$34,500 and revenue at \$120,900. This equates to a (weighted) average surplus of \$2,540 per LTO. The higher revenue is expected from such licences as typically competitive allocation is used in more highly visited or popular areas. Surplus funds contribute to land and asset management activities.

Table 15: CoM land manager 2022-2023^a TOL costs and revenue for competitively allocated licences

Total			Weighted average licensing revenue, costs and profit (per LTO)			Cost recovery (%)
Costs (\$)	Revenue (\$)	Number of LTOs	Costs (\$)	Revenue (\$)	Surplus (\$)	
34,500	120,900	34	1,015	3,560	2,540	350

Table notes:

- a. figures were derived using costings and revenue estimated by two individual CoM land managers estimated for 2022-2023 (2023-2024 costings were not available); where a CoM was unable to supply an itemised costing estimate an average across remaining CoM was used.

Combined land managers

When costs and revenue are combined for all public land managers, the overall cost recovery of TOL in Victoria for 2022-2023 was 74% (Table 16). This is within 1% of the model's discounted cost recovery set point of 75%, although CoM data was not used in the 2011 RIS. Overall, the model can still be considered as successful, although CoM land managers have most recently been on average, at a position of over recovery and PV in a position of under recovery.

Only PV's costs and revenue data were used in the base fee modelling, as if combined figures were used, this would ultimately skew the fees towards a position under-recovery for PV, who currently issue nearly 75% of Victoria's TOLs. PV are subject to Ministerial Statement of Expectations which formally ensures PV are committed to, and accountable for, continuously improving regulatory performance, including cost recovery.

Table 16: Combined public land managers 2022-2023 TOL cost recovery

Element	CoM land managers	Parks Victoria	TOTAL all land managers
Number of LTOs	120 ^a	465	585 ^a
Licensing costs	\$91,000	\$771,000	\$861,000
Licensing revenue	\$154,000	\$480,000	\$634,000
Combined land managers, cost recovery			74%
2011 fee model discounted cost recovery level			75%
Cost per LTO (weighted average) per year			\$1,470

Table notes:

- a. competitively allocated licences excluded from analysis.

3.7 Licensing costs breakdown

A breakdown of broad licensing costs for PV, CoM and combined for all land managers for 2022-2023 is shown in , Table 18 and Table 19 respectively. The figures show that on-ground compliance costs are between 78% and 94% of licensing delivery costs and that PV's licensing costs are greater than CoM due to the characteristics of the land and activities managed, as discussed in section 3.4 and 3.6.

Table 17: PV 2022-2023 TOL cost recovery statement

Cost item	Amount
LTO customer support	\$315,000
Commercial directorate support	\$16,000
Finance support	\$3,000
Support cost recovery charge	\$53,000
Bank and merchant fees	\$1,000
Licence and support costs for Park Connect	\$6,000
Annual depreciation (Park Connect)	\$3,000
	Total licensing delivery costs
	\$397,000
Ranger effort allocated to LTO	\$81,000
General ranger effort across all parks	\$292,000
	Total on-ground support costs
	\$374,000
	TOTAL COSTS
	\$771,000
	Number of LTOs
	465
	Cost recovery
	62%
	Licence management cost per LTO
	\$1,660

Table 18: CoM land managers 2022-2023 TOL cost recovery statement

Cost item	Amount
Licensing delivery costs	\$51,000
On-ground support costs	\$40,000
	TOTAL COSTS
	\$91,000
	Number of CoM land managers supplying data
	9
	Number of LTOs
	120
	Cost recovery
	166%
	Total TOL management costs per LTO
	\$750

Table 19: Combined land managers (PV and CoM) 2022-2023 TOL cost statement

Cost item	Amount
Licensing delivery costs	\$448,000
On-ground support costs	\$413,000
TOTAL COSTS	\$861,000
Number of LTOs	585
Cost recovery	74%
Total costs per LTO	\$1,470

3.8 Benchmarking fees

Victoria’s TOL fees have not been reviewed since their introduction in 2011 and are low compared to fees around Australia (Table 20). When considering various aspects around the geographical nature of public land and typical visitation experiences, Victoria is most comparable to NSW.

Victoria’s use fees (adult and child rate averaged to \$2 per person) are 38% lower than NSW’s use fee (low and high value rate averaged to \$3.25 per person).

For 2024-2025, NSW’s one year licence is an average of \$480 and multiyear licence \$349 or 41% (\$141) and 31% (\$83) respectively higher than Victoria’s current annual fees.

Victoria is the only jurisdiction to have a use fee cap. QLD is the only State to still have a different fee for activities or tours that take less than a day, or ‘short use’ fee. NSW abolished their short use fee in 2022-2023 as approximately 80% of operators were paying this fee and therefore a single one day fee was deemed more efficient.

NSW has a fixed annual fee for competitively allocated licences, and use fees are based on a percentage of revenue rather than a per person rate.

Table 20: Summary of TOL fees across Australia for 2024-2025

Fee type	Vic	NSW ^{a,h.}	QLD ^{a,b,g.}	SA ^{b.}	TAS ^{a.}	WA ^{a,b,f.}	NT ^{b.}
Application			\$387.20		\$150	\$117	
Annual licence – one year	\$339.30	high value \$550 low value \$410	renewal – licence change \$387.20 – no change \$193.20	\$410.00		\$406	\$500
Annual licence – multiyear	\$266.20	high value^{c.} \$398 low value \$300	\$300.58 ^{c.}	\$320.18 ^{c.}	\$300	\$406	\$500
Use per person per day unless specified	adult \$2.40 child \$1.60	high value^{d.} \$3.50 low value \$3.00	<3 hrs \$2.50 to \$4.75 ^{i.} >3 hrs \$3.40 to \$10.05 ^{i.}	standard \$4.50 adult up to \$23 ^{i.} child up to \$12.50 ^{i.}			parks pass required ^{e.}
Use – cap	\$16,636						
Licence amendment			minor \$20.10 major \$387.20				
Competitively allocated licence	minimum fee same as one year licence fee	Annual fee \$1,200 Use fee – high value 10% operator revenue – low value 5% operator revenue				higher fees case by case	

Table notes:

- a. additional fees apply for example, park entry fees.
- b. offers less than one year licence.
- c. average of multiyear fees.
- d. use fee for standard licence only.
- e. all NT visitors require a parks pass (Day pass \$10 per adult, \$5 child per day, \$25 family; 2 week pass and 1 year pass are also available).
- f. an annual fee waiver is currently in place until June 2028.
- g. where per person fee amount varies by location, the lowest value and highest value is specified as a range.
- h. high value parks are those: subject to visitor infrastructure projects, with an international attraction, with high or very high visitation per year.
- i. use fee is variable by location.

4. Problem analysis

This chapter outlines the nature and extent of the problem this RIS needs to address, the base case and its expected impacts.

4.1 Base case and problem statement

The base case is that the TOL fee regulations are not remade and powers to charge fees expire. Licensing would continue given the heads of power to grant the TOL and the offence provision for not holding a TOL continue to exist within the five public land Acts. This would result in a cost burden of at least \$765,000 per annum for PV (based on 2023-2024 costs) to administer its part of the TOL system that would fall on the State. The cost burden to CoM land managers is estimated at \$91,000 per year (for those that were surveyed), and so this amount would need to be sourced from other revenue streams within the CoM.

The problem under the base case is that the cost of administering TOL is not recovered and over time there would likely be a decline in willingness to issue licences, increasing the risk around safety, environmental and cultural heritage values.

The base case is also inconsistent with the *Pricing for Value Guide* (Pricing Guide) to recover full costs to ensure efficiency and equity pricing objectives are met. Further, in a licensing management cost recovery only fee model, there is no revenue generated to invest into infrastructure or management and protection of Victoria's highly visited areas including the GOR coasts and parks. This leads to facilities at popular locations, being overused and poorly maintained. It also places additional financial expectations on other revenue generating activities.

The base case is that the TOL fee regulations are not remade, fee charging powers expire and the resulting licensing cost burden is placed on State taxation or other revenue streams, disincentivising licensing.

4.2 Problem addressed by licensing

Outdoor tours and activities come with certain risks to environmental and heritage values and safety considerations. This is the problem that Government addresses by way of specific licensing conditions to ensure public and participant safety is managed and environmental and cultural heritage values are protected through licence requirements including:

- Taking precautions against damage or injury of wildlife, flora, natural feature, built asset or cultural heritage and remediation responsibilities.
- Planning, preparation and conduct of tours and activities.
- Making participants aware of potential hazards.
- Supervision being appropriate to clients' experiences and abilities.
- Rubbish disposal requirements.
- Compliance with Australian Adventure Activity Standard and Good Practice Guides.
- Emergency response planning and reporting of accidents.
- Public liability (and products liability if relevant) insurance policy for at least \$20 million.

A formal consent mechanism also allows land managers to ensure public land is used consistently with the purpose of its land category reservation (see 4.4) and any relevant strategies and management plans. Further, government does not allow free access to public land to run commercial business. Licensing is the regulatory intervention government has established to address these needs and principle.

The RIS for the 2011 TOL fee regulations justified the need for regulatory intervention. This RIS focuses on reaching a preferred option for the efficient, effective, equitable and simple recovery of the licensing costs and to support the sustainable funding of infrastructure and land management.

4.3 Impact of not remaking the regulations

The costs of TOL management broadly include those associated with licensing delivery (administration, administrative compliance) and on-ground compliance and enforcement activity. If the regulations were not remade, there would be some administrative savings for LTOs around not having to submit visitation reports and for land managers not having to prepare fee invoices, however these savings would be minimal.

The TOL fee regulations provide for fee relief in the form of a reduction, waiver or refund of annual or use fees. Clearly if no fees are prescribed, fee relief provisions are not required.

The land manager would also be unable to restrict the number of licences in a competitive allocation/limited availability licence process or charge associated fees as these are provided for in the TOL fee regulations alone. Where licences are currently limited, this scenario could raise safety, cultural and environmental risks, particularly at popular sites such as beaches. Overcrowding would also impact on visitor experience.

The different funding arrangements of land managers would likely have a somewhat different response to the base case. Land managers who fund their activities and functions from their own revenue are referred to as non-controlled entities, whereas land managers who derive most of their funding from the State and are subject to the *Financial Management Act 1994* are termed State controlled entities.

State controlled entity land managers

While there is generally no direct link between licensing costs and fee revenue for controlled land managers such as PV, transfer arrangements to appropriate TOL revenue to PV to cover licensing costs (licensing delivery and on-ground compliance) can take place via a revenue retention agreement under Section 29 of the *Financial Management Act*.

The amount of licence fee revenue is relatively small and therefore impacts to consolidated revenue and wider government expectations around safety and risk management and the protection of environmental and cultural heritage on public land is expected to be negligible on a broader scale. However, over time with a lack of resourcing specific to TOL, there may be a decline in willingness to issue licences and participate in strategic licensing decisions and therefore the management of safety and risk, and environmental and cultural heritage values would decline. Further information about this is below.

Non-controlled entity land managers

Non-controlled public land managers would suffer direct financial pressures if unable to pass licensing costs on under the base case scenario. A loss of fee revenue may mean these land managers are less inclined to invest time into a licensing arrangement and compliance activities if costs cannot be recovered. Alternatively, they would need to use other revenue streams to fund licensing activities.

Over time, there would likely be a decline in willingness to issue licenses, particularly if activities are deemed as having low safety and environmental risks.

Outdoor fitness trainers currently have a waiver of use fees and annual fees are low enough that land managers are likely to make a small loss. Anecdotally, it is believed a reasonable number of unlicensed fitness providers are operating on public land in Melbourne. This suggests some land managers have made a judgement not to conduct compliance activities based on risk and priority. This example illustrates the type of decision making that is more likely to occur under the base case.

For land managers responsible for Victoria's most highly visited areas such as GORCAPA, TOL revenue is needed beyond costs to contribute to investment and maintenance of visitor infrastructure and protection activities.

4.4 Flow-on impacts

More about the expected flow-on impacts of the base case on land managers is discussed below.

Safety and risk

If land managers chose not to pursue licensing and allow open and free access to public land, this would likely lead to an increase in less professional operators bringing associated increases in environmental, heritage and safety risks, with potentially irreversible impacts on values and assets. Land managers would not be able to adequately fulfill legislative responsibilities to manage land in accordance with the purpose of its public land category of reservation, and management strategies and plans because activities may be occurring in contravention of these. For example, unlicensed tours may occur on land classified as a 'reference area' that has been set aside as an undisturbed example of forest. More about these public land management legislative instruments is below:

- Public land categories are a system of reservation recommended by the [Victorian Environmental Assessment Council](#) and its predecessors and accepted by government. Each category has a primary purpose for its use and a range of broadly permitted activities.
- A management plan may have more specific direction or policy around permitted activities and zoning for where certain activities are permitted, and a management strategy may have specific actions around sustainable use.

Licensing also provides for direct communication around fire and emergency events, an important means to help keep LTOs and their participants safety. Without this, the risk of injury and loss of life increases.

Liability

LTOs are currently required to hold \$20 million public liability insurance. Without compliance checks through the licensing process, operators may be un- or under-insured, exposing the public land manager and DEECA to liabilities not covered by the operator. Customers may seek compensation from land managers if an accident occurred. In the absence of requirements to be accountable for specific safety standards, there would be an increased risk of injury or death of participants or the public. This in turn brings reputational risks to land managers and government. Licensing also provides insurers with a level of surety that the LTO is operating professionally, helping keep premiums down.

Quality assurance

The licensing system has built-in incentives for operators who are accredited with recognised quality assurance tourism programs, with longer licence terms and a discounted multiyear licence fee. For 2023-2024, 36 of PV's LTOs were accredited across a range of programs. Accredited operators give land managers assurances of high quality, safe and culturally respectful experiences. It is difficult to say how much influence incentive-based regulation has due to lasting COVID-19-related impacts, however it is considered a useful way for land managers encourage higher standards and to outsource some compliance. A reluctance to license would underutilise this mechanism and therefore risks to quality, safety and respect would increase.

Information and investment

Licensing provides an opportunity for a mutually beneficial land manager and operator relationship. Without it, there would be reduced information flows about matters such as track closure and hazards. There would also be a lack of input into infrastructure development, and lack of land manager knowledge of the type of activities taking place on public land.

Public land managers would not have parameters to measure the level of organised outdoor activity, estimate site capacity, and measure value to the visitor economy. These measures are useful in reporting on organisation or broader government goals relating to getting more people more active outdoors and growing the visitor economy.

Enforcement

The absence of a TOL and its associated conditions would result in the land manager being powerless to make the operator conduct their business in ways important to the land manager. For example, prohibiting access to certain parking areas or infrastructure, placing restrictions on timing of tours to disperse demand, remediating any damage or keeping visitors out of a forest in times of extreme fire danger.

5. Fee setting objectives

This chapter sets out new statewide TOL fee setting objectives to measure fee options and imbeds an objective for highly visited areas including for the GOR coast and parks.

5.1 Context

Price-setting across government must be in accordance with the Pricing Guide, as set out in the Standing Directions under the Financial Management Act. The Pricing Guide's pricing principles reflect current best practice and allow for more innovation, building on DTF's previous *Cost Recovery Guidelines* (2013), under which the current fee structure was designed.

The Pricing Guide is a tool to help set prices to recover the costs of regulating and delivering services, and to support policy objectives. It helps to identify opportunities to reform fees, to increase cost recovery, achieve sustainable funding, reduce costs, improve user experience and service quality, improve equity and increase administrative simplicity.

5.2 Pricing objectives

Proposed TOL pricing objectives have been developed based on the Pricing Guide. These can be categorised under four broad categories: equity, efficiency, effectiveness and simplicity; and these are the basis for the comparison of pricing options. The TOL fee structure and/or pricing should:

Be equitable – recover costs in a fair way with horizontal and vertical equity considered.

- Provide an equitable fee structure that does not disadvantage smaller operators or create a barrier for new operators.
- Be proportional to use (greater use should incur greater fees).
- Ensure users pay for differential licences based on the value of the activity.
- Ensure the public (land manager) shares in the value generated.

In determining fees, horizontal and vertical equity considerations must be balanced. Horizontal equity refers to the idea that everyone should be treated the same way. For example, LTOs are all subject to the statewide regulated licence and price structure on public land. Vertical equity considers individual abilities or needs. For example, a discounted child fee takes into consideration the ability for a child to pay is generally less than an adult.

Be efficient – reflect the licensing costs and market value.

- Generate at minimum enough revenue to recoup licensing delivery and compliance costs.
- Support sustainable use (including limiting licences if necessary) and reflect the value of the natural resource.
- Generate revenue to contribute to the management and protection of areas with high visitor values including for the GOR coast and parks.
- Recognise the positive contribution to physical and mental health, education, and cultural connection.

Be effective – do not create unintended consequences or noncompliance.

- Reward good compliance and high standards.
- Be periodically reviewed.
- Be introduced with enough notice to allow operators to adjust their pricing structures.

Be simple – for operators and land managers.

- Be easy to understand and simple to administer.

6. Fee options

This chapter describes the variable elements as a basis to form different fee options. It discusses an initial evaluation of all options, sets fees for resolved options and identifies those for further analysis.

6.1 Fee design elements

Under the *Subordinate Legislation Act 1994* and its Guidelines, where the authorising Act provides for fees to be prescribed in a statutory rule, the fees cannot be set by another method. Options are therefore limited to fee design elements contained in a statutory rule, rather than considering alternative funding options. Four elements were initially considered in designing TOL fee options:

- **Scope** – the coverage of businesses. In general, a broad coverage of businesses delivers the most benefits. There are some current exemptions in coverage to be re-examined.
- **Pricing** – the level to set fees, supported by the Pricing Guide. Full cost recovery is recognised as generally desirable to promote efficient consumption. The new pricing principles opens options to raise revenue beyond cost recovery to contribute to asset and land management costs in high visitation value areas including the GOR coast and parks. Despite this, there are benefits from participating in licensed activities including health, cultural and educational benefits to consider in pricing.
- **Fee structure** – is the variation of fixed versus variable fee rates and whether discounts and the cap should be retained. It also includes consideration of any further categorisation of licensing.
- **Competitive allocation of licences** – this element is supported by specific guidelines that are linked to the regulations. Currently, competitive allocation can only be used as a last resort where activities need to be restricted to manage safety and cultural heritage risks as well as environmental considerations. Other reasons could be included.

Detailed information about the consideration of fee design elements is in sections 6.2 to 6.6.

6.2 Scope of coverage

The scope of who is required to be licensed is determined by the consistent legislated definition in the five key public land Acts and the consideration of administrative (under the Act) or policy exemptions that are either documented in the current TOL policy or on the [DEECA tour operator licensing webpage](#). Good regulatory practice is to have as broad a coverage as possible to reduce inconsistencies and raise fee revenue at a lower rate. It is more efficient to avoid granting exemptions, however in some cases there may be good reasons to justify exemptions.

The legislation requires a person or business who conducts an organised tour or recreational activity for profit on public land to hold a TOL. This (counterintuitively) includes not-for-profits, charities, incorporated associations or other legal entities that conduct commercial activities or where a fee or money is exchanged for service. There are exemptions from the requirement to be licensed that are established in the TOL policy, however there are also powers to grant exemptions under the public land Acts.

Feedback received through the TOL Directions engagement was varied around whether licensing should include all organised groups including schools, or just commercial activities. The reasons in support of broadening the licensing base related to safety, equity, environmental impacts, and overcrowding. There were also varied opinions on whether some groups should be licensed, but have different, the same, or no fees. Generally, LTOs did not want to subsidise broadening the licensing base for non-paying groups.

Current TOL exemptions

In the current policy, the following have an exemption from requiring a TOL:

- **Public transport services** with regular routes and timetables and when on demand, **taxis and rideshare services**. This is to ensure transport services can remain as cheap as possible for those reliant on it for daily activities. Transport safety considerations are regulated by other specific legislation. There is no change planned to this exemption.
- **Water taxis and ferries**, whether public or private, **where the transport has no tour, sightseeing or recreation activity** component. This is to ensure transport services can remain as inexpensive as possible for those reliant on it for daily activities. Marine safety, vessel safety and marine environmental considerations are regulated by other specific legislation. There is no change planned to this exemption.
- **Primary and secondary schools and higher education providers (TAFEs and universities)** where staff run activities as part of the **curriculum**. The exemption is in place to avoid over-regulation, as school groups must follow the Department of Education Excursions Policy and Guidelines that are similar or more stringent than the Australian Adventure Activity Standard and Good Practice Guides. Land managers use booking systems to manage overcrowding or education to manage environmental concerns. There is no change planned to this exemption.
- An interim policy exempts **offshore fishing tours** from needing a TOL. It is timely to consider the transition of offshore fishing tours into the TOL system, as discussed below.
- Some **Not-For-Profit** and charitable organisations have advocated for a **licensing or use fee exemption** on the basis they are not set up to deliver an overall profit. This is considered further below.

There is a currently a **use fee waiver** in place for **outdoor fitness trainers**. This RIS focuses on examining whether fitness providers should be subject to the same fees as other operators, have a different fee regime in place or be exempted from licensing. This is also discussed further below.

Offshore commercial fishing tours

Offshore commercial fishing tour operators are currently not required to hold a TOL under an interim policy. At the start of the last policy cycle, fishing tour operators were required to hold a trading vessel permit under the *Water Industries Act 1994* and therefore were exempt from holding a TOL to avoid regulatory duplication.

The requirement to hold a trading vessel permit ceased when the Water Industry (Waterways Land) Regulations 2002 expired and were not replaced. It is timely to consider completing the intended transition of offshore fishing tour operators to hold a TOL and pay associated fees to improve fairness by putting all operators undertaking activities on-water operators on the same competitive level.

Compliance and enforcement of TOL regulation on offshore fishing tour operators has unique challenges for land (and waterway) managers because of the dispersed, offshore nature of their activity and lack of use of public berthing and mooring facilities that make enforcement of regulation easier. This means that compliance activities must be vessel based which is substantially more costly. Further, there is no dedicated coordinating body that could be used to support education around TOL requirements.

Conclusion

In summary, it is proposed to continue the licensing exemption for offshore fishing tour operators given the low risks by virtue of the overlap of existing regulations around safety and environmental considerations and prohibitive cost of compliance and enforcement. Commercial inland waterways fishing tours will continue to require a TOL given compliance is viable. Operators who conduct sightseeing as well as fishing will continue to be required to be licensed and pay fees for sightseeing activities.

Not-for-Profits (NFPs)

There was feedback in the TOL Directions engagement to exclude NFP and charitable organisations from either having to be licensed or pay use fees given many of these organisations deliver government healthcare programs that have strict criteria for what funds can be used. Typically, expenditure excludes transport and equipment costs, leaving organisations with a shortfall. However, organisations who earn

sufficient profit from the use of public land to pay staff who are delivering this service are 'profiting' (receiving private gain) from the activity.

The problems with not charging fees for licensing is discussed under sections 4.1, 4.2, 4.3 and 4.4.

There are policy and pricing objectives that are in tension in considering NFPs and there is not a whole of government position. DEECA's Crown Land Leasing Policy provides for administrative rent only community use leases where prices are set at cost recovery for NFPs where they are: competitively neutral; mostly managed by volunteers; managed primarily for the community; and that meet public benefit criteria.

Conclusion

Consistent with the leasing policy, NFPs delivering health care services via paid staff, overseen by paid board members do not appear to have unique and distinct circumstances over and above what other groups have. Therefore, the current policy is proposed to continue and NFPs conducting commercial activities will continue to be required to be licensed and pay use fees for their commercial activities.

Outdoor Fitness Trainers

Context

'Outdoor fitness trainers' is a term that is being used to include certain accredited providers in the areas of fitness, strength and wellness and includes activities such as running, yoga, personal training, Pilates, tai chi and bootcamp. These activities typically have repeat clients who are participating close to their home in short sessions, and it is these factors which leads them to be grouped together.

A use fee waiver has been in place for outdoor fitness trainers since 2013, after a DEECA-commissioned study found they were disproportionately impacted by the TOL fee structure due to the high proportion of TOL fees paid compared to fitness trainer revenue and high price elasticity of the activity (meaning a small increase in price has a big impact on the decision to participate). The payment of annual fees is still required, as is visitation reporting, however visitation reporting is not enforced by some land managers. The waiver was put in place as an interim policy with future arrangements to be determined via the current TOL policy and fees review. Further history about fitness trainer fee options is in Appendix 3.

Fitness trainers typically run low risk activities in low-risk environments and need fitness industry accreditation as a condition to secure insurance. Municipal councils also typically have broader objectives around the community being active. These characteristics lead to this group being the subject of a trial for automatic approval with selected councils, under the Victorian Government's program to create simpler and faster approvals, although an extension of this program has not occurred.

Are fitness trainers different?

A key difference in outdoor fitness trainers compared to most other LTOs is the high repeat base of clients and high price elasticity of the activity. In contrast, most other LTOs' participants are on holiday or engaging in an activity as a one-off and so they are more willing to pay a higher price. To ensure continued participation, trainers need to keep prices relatively low.

Attention is needed in defining any potential new licence category to ensure consistency and fairness. It is not as simple as having all outdoor fitness providers as a new class of licence, as some fitness provider activity sessions may not target repeat clients, for example a two-day summer boot camp. Similarly, there may be operators who run some of their outdoor activities for a repeat base of clients but only over a certain short-term period such as a surf school summer program, mountain biking or climbing training camp, that would not have the high price elasticity of more regular activities. The principles of high repeat base client and high elasticity of participation are fundamental to policy development around a new licence class, particularly considering so many activities have a fitness component to them which could lead to interpretation issues.

Information from outside of the PV costing model was used to estimate land manager licensing costings for fitness trainers, as CoM land managers mostly issue TOLs for fitness trainers. Cost estimates from CoM land managers who only license fitness trainers are 37% less than the average costs for all CoM land managers (Table 21). When examining the costs breakdown, the licence application, administrative compliance and on-ground licence condition oversight each contribute to lower costs overall. Contributing factors are likely to be having a single set of activity and site-specific conditions; no use fees; and lack of on-ground compliance due to activities generally taking place outside of standard business hours. The lower licensing costs, and high

price elasticity for these types of activities provide sound rationale for considering a different licensing and fee arrangement.

Table 21: CoM land managers 2022-2023 fitness trainer licensing costing estimates

Average licensing costs for fitness trainers (selected CoM) (\$)	Average licensing costs – all CoM land managers (\$)	Estimated savings on fitness trainer licences (\$)	Estimated savings on fitness trainer licences (%)
472	750	278	37

Fitness trainer fee options

A wide range of options were proposed by DEECA during the TOL Directions engagement with LTOs, land managers and stakeholders to prompt discussion about the best way to manage fitness trainers into the future. Options included having lower use fees, or a sessional fee or a unique annual fee. The survey results from all respondents were mixed:

- 31% supported fitness trainers having a licence but not paying use fees or having a code of conduct instead.
- 26% supported managing fitness trainers like all other LTOs.
- The remaining suggested other options including having no fees or left the question blank.

As these results did not provide a clear preferred option, selected options for fitness providers were examined more closely as part of the development of this RIS:

- Licence exemption and implementation of a Code of Conduct (CoC).
- A unique fee structure – either a single annual fee that covers costs or a fee per session or class run in place of a per person use fee.
- A flexible arrangement whereby land managers could choose to use a CoC or licensing arrangement.
- Apply the same fee structure as other LTOs, discontinuing the use fee waiver.

More information about each of the selected fitness trainer management options is in Appendix 3. Additional engagement with land managers was conducted in February 2024. The results showed there was strong support for having a regulatory tool to manage fitness trainers, something which the CoC option does not offer. Lower use fees could be justified, however, given use fees are so low in the first place, a single, higher fee has efficiency gains for land managers and fitness trainers. A unique fee structure as a single, annual fee set around licensing costs and no use fees was generally well supported by land managers to the extent that fees were not set at a level too high which discouraged compliance.

As information about use is still important to many land managers, retaining use reporting as a regulatory requirement is proposed to continue.

The inclusion of discount incentives for accredited operators in the fee model was also considered as part of the Directions engagement, however as this would add a small administrative burden to both land managers and LTOs and considering the insurance industry is seemingly driving this requirement, the benefits do not warrant its inclusion.

Impact of preferred option on fee model

The preferred licensing and fee option for fitness trainers from the research conducted was a single annual fee set to 100% of cost recovery. The impact of this option on the PV fee model from fitness trainers was calculated by:

- Taking the price of an annual licence (\$318) from the average CoM fitness trainer licensing costs (\$472, Table 21) for 2022-2023.
- Multiplying the resulting amount (\$154 per fitness trainer) by the number of fitness trainers (10), which equals \$1,540 in additional fee revenue.
- Inflating \$1,540 to the 2026-2027 (first year of implementation) value based on a 2% annual growth factor, equalling \$1,670. This amount was added to annual licence fee revenue in the fee model, and, like all revenue, subject to a 2% growth increase year on year over the regulatory period, 2026-2027 to 2036-2037; giving a total 10 year impact of an additional \$18,290.

Non-fitness trainer high repeat client activities

There are other activities that are also likely to have high price elasticity associated with a high repeat base of client and bulk price reductions. For consistency, these activities should also be considered for a similar licensing arrangement to fitness trainers. Activities could include some non-registered nature play/bush kinder, nature therapy, trail running, yoga/Pilates and dog obedience training providers. Further clarification of the activities is included in the proposed TOL policy. PV license approximately 50 of these activity providers, who in 2022-2023 paid an average of \$210 in use fees and all but three were on a one year licence. The absence of use fees would result in a total loss of \$10,590 (\$210*50 LTOs) in use revenue from the PV fee model, however this would be offset by an increase in annual fee revenue if this fee was set at cost recovery (\$472, Table 21).

Assuming all were on a one year licence for simplicity, the increase in annual revenue would be \$154 per LTO (\$472-\$317.70) or \$7,715 if all 50 non-fitness trainer high repeat client LTOs converted to this annual fee only licence. Overall, the loss of use fees and higher annual fees would result in a net reduction in revenue of \$2,879 at 2022-2023 value. This is equivalent to \$3,120 at 2026-2027 value using a 2% growth factor, and like other fees, subject to an annual 2% increase over the regulatory period; giving a total 10 year cost impact of \$34,130.

Conclusion – fitness trainer and high repeat client LTO fee options

The relatively small reduction in revenue to include non-fitness trainer high repeat clients of \$15,840 over the 10 years, equity improvements and having the annual fee set to recover costs sufficiently justify a new class of licence. It is proposed to call this class of TOL a 'lifestyle' licence. Operators eligible for a lifestyle licence are those who have high repeat clients participating at least once per fortnight over six weeks and that participate close to their home. Close means the participants reside within the municipal district in which the activity is conducted.

The duration proposed is only one year to avoid introducing another discount.

Scope of coverage summary

- No change to licensing exemptions for public transport services, taxis, ferries, schools and higher education providers.
- No change to policy that NFPs undertaking commercial activity require a licence and pay fees for their commercial activities.
- Continue the interim offshore fishing tour TOL exemption.
- Establish a new class of licence called a 'lifestyle' licence for eligible fitness trainers and operators with high repeat base of clients who participate close to their home.

Feedback survey question 1

The licensing exemptions proposed are based on an evaluation of regulatory duplication, public transport affordability or enforcement challenges, against the risks and benefits of policy consistency.

Do you have any feedback on the proposal to continue licensing exemptions for public transport services, taxis, ferries, schools, higher education providers and offshore fishing?

Feedback survey question 2

The Directions feedback did not provide a clear conclusion on managing outdoor fitness trainers. This group is unique because of the high repeat basis of clients and high price elasticity of the activity, meaning operators must keep fees low to ensure participation. To ensure TOL fees do not disproportionately impact this group, a new 'lifestyle' licence is proposed that does not have use fees.

Do you support the proposed new lifestyle tour operator licence (with no use fees) for eligible fitness trainers and LTOs with high repeat clients?

6.3 Pricing level

Pricing model

It is government policy to set fees based on a full cost-recovery basis to deliver benefits economically and efficiently, otherwise the cost deficiency is borne by the public through general taxation or the other revenue streams of the land manager. Despite this, there is consideration to recover at less than full cost in circumstances where social policy or equity considerations outweigh the efficiency objectives and/or where full cost-recovery affects other government policy objectives.

The current fee model is discounted to a cost recovery level of 75% to account for health, education and cultural benefits, however continuing with such a model under the Pricing Guide is now viewed as insufficient to justify transferring the shortfall burden on to other revenue sources or general taxation. Therefore, only options that are modelled to at least achieve full cost recovery are being considered and the positive impacts of participation in activities recognised by keeping pricing low.

Feedback from land managers and operators in the 2019 targeted surveys and 2023 Directions engagement is that many would like to see TOL fees re-invested to support the licensed activities. Additionally, to meet the pricing objective in this RIS for highly visited areas and the GOR coast and parks, fees in these areas need to be set at a level that contributes to the additional and unique demands of infrastructure such as high use amenity blocks, geotechnically complex viewing platforms, and land management activities. For this reason, pricing options that are beyond cost recovery are also explored. Other survey participants explained they would not be able to afford higher fees and that they barely used infrastructure on public land. This feedback suggests that having dual or flexible pricing levels may be most appropriate.

Flexible

The flexible pricing structure proposed for feedback in this RIS is similar to NSW, with standard priced fees for most areas, and higher priced fees where the visitor value of the area is high (Table 22). This proposed pricing model can generate revenue at a level that allows for re-investment into infrastructure and the protection of highly visited areas including the GOR coast and parks, better meeting LTO and land manager expectations.

High value licence fees

A **high visitor value area** is proposed to be defined as one that is subject to key visitor infrastructure investment, is an international tourist attraction or has high visitation (Table 22). The definition of high visitation can be determined by the land manager based on visitation data collected periodically and be guided by the TOL policy. A set level of high visitation cannot be specified given differences in area size, capacity and method for measuring visitation. Lower fees at less visited parks may also help spread demand.

Table 22: Proposed flexible, value-based licence structure

Licence class ^a	When required
Standard TOL	<ul style="list-style-type: none"> TOLs are automatically standard value^b unless a land manager determines an area to be of high visitor value then a high value TOL is required. An operator with a high value TOL is not required to hold a separate standard value TOL if a tour crosses into a standard visitor value area.
Proposed high value TOL^a	<ul style="list-style-type: none"> Required to conduct an activity on a high visitor value area. Where an operator conducts an activity across both high and standard value areas, the high value use fee applies. <p>Notes:</p> <p>A high visitor value area may have a special visitor investment project, is an international tourist attraction or has high visitation, as determined by the land manager.</p> <p>Competitively allocated licences/limited availability licences will be high value licences.</p>

Table notes:

- a. 'value' refers to visitor value measured by demand (not environmental, cultural heritage, or any other value).
 b. excluding lifestyle and competitively allocated limited availability licences.

PV records LTO visitation per park and if high visitation was defined as 10,000 LTO visitations or more per year (water bodies excluded) then three parks would be subject to high value licence fees – Port Campbell, Great Otway and Grampians/Gariwerd National Parks (NP) (Table 23). A total of 230 LTOs operate across these three parks.

High value licensing is considered for further analysis in this RIS, and modelling assumes the three high visitation Parks would be subject to high value licensing (Table 23). Consideration was given to how the value of an activity or profit margin of an LTO could be used to separate out lower value activities in high value areas. After discussions with key land managers, it was decided that this would add too much complexity and subjectivity and that high value licensing would be most efficiently based on an area only, irrespective of the type or value of the activity within an area. This factor needs to be considered by keeping high value pricing relatively close to standard value.

Table 23: PV data set: high LTO visitation locations

High visitation value ^a - park/location	Number of daily visitors reported by LTOs for 2023-2024	Number of LTOs licensed to run activities for 2023-2024
Port Campbell NP	78,129	180
Great Otway NP	32,869	178
Gariwerd/Grampians NP ^d .	13,729	123
TOTAL	124,727^b	230^c

Table notes:

- high visitation equals 10,000 or more visitors reported by LTOs per year. Water bodies are excluded from this analysis due to key infrastructure, mooring and other costs generally being covered by a range of fees payable to a Port Authority or land manager lease.
- individual daily trips.
- some LTOs operate across more than one park, only unique individual LTOs are counted in the tally.
- due to multiple bushfires in the summer of 2024-2025, visitation for Gariwerd/Grampians NP is expected to be under 10,000 daily visits for 2024-2025.

There may be other CoM land managers (outside of the fee model) who would consider high value licensing such as those managing high visitation areas with significant visitor infrastructure, or where the geographical environment makes asset management more costly. Some operators may find high value fees too expensive so it will be important to build in a land manager-stakeholder engagement process in determination of high value areas. As it is difficult to predict the decisions of all land managers, an estimate is not provided as part of this RIS.

High value pricing

There are different ways high value fees could be set such as using a revenue target based on an estimate of additional investment required to meet infrastructure and land management requirements or by using a simple method of a multiple of base value fees. High value fees could be established for both annual fees and use fees or just one of these.

A revenue target has not been established for the GOR coast and parks to guide the setting of high value fees. Thought must also be given to the relationship between price and underreporting where entry into public land is not controlled and the value proposition around high value areas compared to standard value areas. Some operators may choose not to become licensed if the fees are too high. Ultimately a balance needs to be achieved between these factors.

The high value fee options initially considered the most feasible balance between price and non-compliance were:

- High value fees set to 30 percent higher than standard value fees.
- High value fees set to 40 percent higher than standard value fees.
- High value fees set to 50 percent higher than standard value fees.
- High value fees set to 60 percent higher than standard value fees.

High value pricing and GOR coast and parks

Setting a single statewide high value pricing level comes with a degree of simplicity, particularly for operators who may hold tours that cross land management boundaries. However, this option does not allow full value leverage of highest visitor value areas such as the iconic tourist destinations along the GOR coast and parks.

A benchmarking review of similar tourist attractions around Australia was completed. The ability to control entry and the relationship between price and noncompliance around being licensed or accurate reporting of use was an important consideration. The Blue Mountains in NSW was thought to be the closest comparison, with operators paying high value fees of \$3.50 per person. Adjusting this figure to be inclusive of on ground compliance costs (which represents 47% of costs in the PV fee model) to ensure a consistent cost base for

comparison, a mid price point of around \$6.50 was calculated ($\$3.50/53\% = \6.60 , rounded to nearest 50 cents). This price was converted to adult and child fees using a ratio derived from the historic child fee discount of 32%. The annual fees were then calculated using the proportion of use to annual fees in the fee model, 20:80.

The benchmarked, modelled, projected surplus results in the following fees:

- Use fee: child \$5.30, adult \$7.70 per person per day.
- Annual fee: one year \$1,264, multiyear \$993.

Multiplying these fees out with the number of LTOs and visitors, an average annual surplus of \$0.8 million is projected. Draft fee options for the GOR coast and parks were modelled using a 2% growth factor for visitation and number of LTOs over the ten-year implementation period of the draft fee regulations. This option is considered for further analysis in this RIS as the highest pricing, theoretically highest surplus option. Another option is also considered as mid-level pricing and surplus option that is 100% more or double standard fees. The lowest price and surplus option for GOR coast and parks is to have the same high value fees that may be used in the rest of the State.

High value pricing and competitive allocation/limited availability licensing

When considering competitively allocated/limited availability licences and the relationship between demand and value, it is appropriate that high value pricing be applicable for competitively allocated/limited availability licences. PV currently do not undertake any competitively allocated licensing so there would be no change to the overall fee model.

Looking at information outside of the PV model supplied by two CoM land managers, a total of 34 LTOs with competitively allocated licences accrued average use fees of \$740 per LTO. If high value pricing was introduced, this average would increase by 30, 40, 50 or 60 percent, as above.

Proposed pricing level summary

- Discontinue the discounted cost recovery model.
- Further analyse in this RIS, a flexible pricing model consisting of one set of fees based on 100% cost recovery and another set of fees for high visitor value areas set beyond cost recovery.
- Further analyse different high value fee levels for the GOR coast and parks, one at a mid priced level and one at a top priced level based on benchmarked fees.
- Competitively allocated/limited availability licences should be subject to high value pricing.

Feedback survey question 3

The Directions engagement feedback shows that some operators would be open to higher fees if funds were reinvested to support licensed activities, and others were concerned about affordability. In response, a flexible fee model is proposed.

Do you consider flexible pricing, with standard fees set at 100% of cost recovery, and high value fees set at beyond cost recovery, is fair and appropriate?

6.4 Fee structure – general

Fixed vs Variable

Fixed fees are those that remain the same no matter how much an LTO uses public land. Variable fees depend on the number of visitors or participants a LTO takes on a tour or activity. The current fee structure is a mix of fixed (annual fee) and variable (per person per day use fee) fees.

The administration costs of collecting and submitting use data, and the calculation and invoicing/payment of use fees remains a key burden for land managers and operators, whether payments are made annually or quarterly. LTO reporting of visitation is an ‘honesty’ system, which is viewed by many land managers as a fundamental flaw in the licensing system given the direct link to fees payable.

One option to address this is to **remove the use fee and recover all costs through a fixed annual fee**. This would remove the costs of processing use fee returns, reduce the transaction costs of paying the use fees for LTOs, and provide greater certainty around fees and revenue for the LTO and land manager.

However, for most land managers, visitation reporting is valuable information that can be used to inform site capacity, investment in infrastructure and reporting against broader organisational goals around participation in outdoor activity. Visitation is also used regularly for industry advocacy. Visitation reporting could also be kept as a regulatory requirement but detached from fees.

If 100% of costs were to be recovered by an annual licence fee only, and using a simple analysis based on PV’s 2023-2024 data, the fee would need to be set to \$1,710 per LTO (Table 24). This amount is considered a financial barrier to market entry for smaller operators, although possibly less than insurance and participation in some accreditation programs.

There are also around 20 CoM who only manage personal training providers who typically impose group limits and require park bookings and therefore there is only small value in receiving use reporting. An interim exemption for fitness trainers to pay use fees is currently alleviating this burden.

Table 24: Fee structure option – annual fee only^a.

Total licensing costs	\$765,000
Number of LTOs	446
Cost/fee per LTO	\$1,710

Table notes:

- a. calculation based on PV’s 2023-2024 costs and does not account for the increase of costs and revenue over the ten-year period of the regulations.

Alternatively, **costs could be recovered through the use fee alone** (variable only fee structure). Removing the fee for business entry is likely to increase the overall number of LTOs, however these additional operators are more likely to have businesses with lower visitation due to the nature of the low-cost business, perhaps insufficient to cover licensing costs. To cover 100% of 2023-2024 licensing costs, with the use fee cap in place and less than half of the visitation attracting fees, the average use fees would have needed to be around \$3.00 per person (Table 25), if the fee attracting visitation remained constant. This option is not preferred as having some fees to be paid upfront ensures at least some licensing costs are covered particularly as use fees rely on an honesty-based reporting.

Table 25: Fee structure option – use fee only^a

Visitation total	447,171
Fee attracting visitation	257,343
Total licensing costs	\$764,624
Average per person fee	\$3.00 ^b

Table notes:

- calculation based on PV's 2023-2024 costs and visitation and does not account for the increase of costs and revenue over the ten year period of the regulations.
- setting a different per person fee for adults and children may affect the amount of fee attracting visitation as some providers may reach the cap with lower visitation, for example, those that primarily cater for adults.

A **hybrid option** is to charge both a **fixed and variable fee component**, which is what the current model is, with 25% of costs fixed (annual fee) and 75% of costs variable (use fees). If this same model was used with cost recovery set at 100% and the use fee cap still in place, the annual fee would need to be set at \$420 per year (Table 26). This amount is around \$90 more than the 2024-2025 one-year annual licence fees of \$339.30 for a standard licence. The average use fee under this scenario is \$2.20 per person per day, or around 20 cents more than the current average.

Table 26: Fee structure option – hybrid model

Number of LTOs	446
Licensing costs/revenue 'target'	\$765,000
Average annual fee	\$420
Visitation total	447,171
Fee attracting visitation	257,343
Average use fee per person	\$2.20

Table notes:

- fee model is based on PV's 2023-2024 costs and revenue and assumes 75% of costs are recovered from use fees, 25% from annual fees, and the use fee cap still in place.

An alternative to having a per person per day participation fee is to have a **fixed tiered approach, based on visitation** but with, for example, three categories of fees payable of low, medium, high. It's likely that visitation figures would be more accurate as the financial consequence is not as direct therefore minimising underreporting risk. PV's 2022-2023 visitation data shows that 50% of LTOs report visitations under 150 per year. The remaining 50% of LTO's visitation reports are highly variable, ranging between 150 to 60,000 per year. This makes a tiered approach problematic as a central price point for each tier would result in significant 'winners' and 'losers'.

Another alternative is to use a **fixed tiered fee structure based on revenue or turnover**. This fee structure would likely result in more accurate visitation reporting as there would be no financial consequence to reporting accurately as they would already be locked into a tier. The difficulty with this system would again be choosing a central price point for each tier without inadvertently creating 'winners' and 'losers'. LTOs may not want to disclose financial statements to land managers as their information is commercial in confidence. There may also be businesses that run licensable and non-licensable activities meaning using turnover or revenue would result in inequitable fee outcomes.

Vessel fee

Through the TOL Directions engagement, a vessel operator suggested a different 'user pays' approach whereby a yearly fee is paid based on the number of vessels and their capacity. This option allows operators to understand fees before setting their pricing structures, which tend to be highly variable (individual, family, return, one-way fees and more) and commissionable (price includes commission for an independent party such as a travel agent who sells a tour or activity on the LTOs behalf). The need for daily visitation reporting could potentially be removed under this option. A similar example cited was the change for calculating liquor licence fees from percentage of alcohol sold to venue capacity. The pricing levers in the Pricing Guide being considered in this option are to 'use bulk pricing' and 'differential prices for different users'.

The 'per vessel capacity' fee option for vessel-based tours has some administrative cost savings in not needing to invoice operators for use fee payments if the fee was charged up front, although there would also be additional costs associated with calculating the annual fee for each operator. Land managers are still likely to be interested in visitation figures so this could still be a regulatory requirement but not linked to fees.

Initially a desktop study was completed using licensing and visitation information for PV's 39 LTOs who undertake boat tours or motorised cruises. Vessel capacity information was obtained for 22 of the 39 from publicly available information on the LTO's website. Using the total TOL fees payable in 2022-2023 (ignoring the use fee cap) and combined capacity of each of the LTO's vessels, a fee paid per person was deduced for each LTO.

The range was \$10 to \$360, and the average was \$111 per person per annum, with a high standard deviation of \$166. This significant range and high standard deviation suggest a per capacity fee would have significantly different impacts on different operators, and therefore introduce equity issues. For example, operators who run multiple trips per day would pay less on a per participant basis than those who run one trip a day, all else equal, despite having greater revenue and capacity to contribute to fees. This is it at odds with the Pricing Guide.

Aside from boat tours or motorised cruises, snorkelling, diving, inland fishing, amphibious vehicle tours and seal/dolphin watching licensed activities are also likely to involve smaller vessels and a decision would need to be made as to whether these activities might also qualify for a possible vessel fee or if these operators could be given a choice to be included in the vessel fee program or under the standard licence.

Conclusion

In conclusion, while a vessel fee might be favoured by some vessel operators, this option would add complexity around determining what kind of vessel-based activity would qualify for a capacity-based licence and inequity when considering fees payable per participant. The fairest way to distribute licensing costs remains on a per person basis that can be passed directly on to the participant. A fee based on vessel capacity is not being considered further.

Conclusion fixed versus variable fees

Having both a fixed and variable component to fees remains the best way to recover TOL costs. Operators and land managers are familiar with this model, and it is now used across most States in Australia. The best combination of fixed versus variable is when the annual fee creates only a small entry barrier (so the licence is not considered free) but allows small operators to easily enter the market. The use fees would also be set low enough to discourage underreporting.

6.5 Fee structure – discounts

Short use fees

The current use fees are based on a daily use fee per adult and per child/student however many tours and activities are less than a full day. While one daily use fee has been a feature of the fee structure for some time, some would like to introduce a short use fee to reduce fees payable, particularly those who run multiple activities per day, accruing multiple sets of daily fees. Having a per day and short use category of fees adds complexity and introduces new compliance issues around the short use category. There are also complexities in defining short use in terms of the choice between one hour, two hours or half a day. Introducing a short use fee would need to be offset with higher daily fees.

NSW abolished their short use fee in 2022-2023 after it was found that approximately 80% of operators were paying this fee which was out of alignment with advertised information and the difficulty of compliance

around this. If a similar situation occurred in Victoria and the average short use fee was set at, for example, \$1.50 per person per short use period, then the daily use fee would need to be \$4.60 per person per day to retain the same revenue.

Given the compliance issues around short use and the need to have higher daily fees as an offset, short use fees are not being considered further in this RIS. The fairest way to distribute licensing costs remains on a per person up to a per day basis that can be passed directly on to the participant, and the most efficient way to do this is a single fee for up to one day of use.

Seasonal licence fee

For businesses who are looking to operate for a limited period such as the summer school holidays, the annual licence fee reportedly presents a barrier for entry. A seasonal licence was suggested by these operators to reduce costs and to reflect their short operating period. Current TOL fee regulations do not provide for licence terms or fees for less than one year, the rationale being that licence costs are almost the same, whether a one-year licence, or six months or less licence is issued. There could be a slightly reduced on-ground compliance costs for short season operators compared to those operating all year, however some land managers suggest there could be additional costs to processing applications outside of 'batch' processing. Additionally, new compliance costs may arise around the start and finish of the shorter licence period, with operators perhaps tempted to continue activities unlicensed if conditions were favourable.

PV estimates approximately 20-30% of operators may be interested in a seasonal licence of, for example, three months duration, if the cost was cheaper than a full licence. This would potentially include snow sport operators, some vessel-based operators, dive operators and many summer season adventure activity specialists. It is likely there would also be new operators that would become LTOs if there was a seasonal, discounted annual licence fee, however this has not been estimated as it would require a survey of businesses currently unknown.

Conclusion

No substantial justification was found for offering a seasonal licence at a reduced price point.

Child/student use fees

The current use fee is regulated at \$2.40 per adult and \$1.60 per child or student, per day. The child rate represents a discount of approximately 33 per cent for the vertical equity consideration of ability to pay. Fee options could be to retain the discount proportion, vary it, or remove it altogether. The proportion of adult to child visitation reported for 2022-2023 is approximately 65:35, and for 2023-2024 70:30.

If the child fee was abolished in place of one per person fee and use revenue remained constant, the use fee could be set at \$2.10 per day per person. While this may reduce use reporting noncompliance, the impact on certain sectors of the outdoor industry would be disproportionate, the outdoor education sector the being the most adversely impacted with most participants being children.

If the child fee discount was increased, it is expected that underreporting would increase to reduce fees payable.

Conclusion

The optimal discount is one that balances equity issues with compliance. It is thought the current discount rate is close to this optimum and that there is no significant reasoning to change it.

Longer Term Licences

The current discount for longer term licences is an incentive-based element in the fee structure. Operators must be accredited with recognised quality assurance programs or have a three-year history of good compliance history to apply for a longer-term licence.

The percentage of one year and multiyear licences for 2023-2024 was 53% and 47% of licences respectively. The discount for a multiyear licence was set based on a 5% discount on the standard licence fee for every year over ten years and then selecting the middle value as the average (see 3.1). However, the methodology to discount is probably less important than the degree of incentive and how that aligns with policy objectives.

Based on 2024-2025 licensing fees, the multiyear fee (\$266.20) represents a 22% discount on the annual fee (\$399.30) or about \$73. Given the cost of participating in an industry accreditation program is typically more than \$1,000, it is more likely that the extended licence period or the business benefits of accreditation are more attractive than any consideration of an increase in the multiyear TOL fee discount. For this reason, the same discount will continue to be part of the fee model. The discount does not get separately accounted for in the PV fee model as the estimate of licensing costs builds in the reduced costs of processing multiyear licences.

Fee Cap

The purpose of a use fee cap is so larger operators don't pay an excessive contribution to cost recovery. The 2023-2024 cap on the amount of use fees payable was \$16,198, around \$14,480 above the estimated average cost per LTO. The cap equates to 6,749 adult visitors or 10,124 child visitors per year. In 2023-2024 there were seven operators who reached the cap and prior to the impacts of COVID-19, there were 11. Of the capped operators, four were cruise operators, two bus tour operators and one outdoor education provider.

While a cap on use fees can be an important aspect to a partial cost recovery only model, the issue of equity is frequently raised by many LTOs in terms of the amount of fees larger operators pay relative to use.

In 2023-2024, the amount of visitation fees above the cap totalled \$397,000, at an average of \$57,000 per capped operator. An average per person per day use fee paid for capped operators is calculated at 50 cents per person per day, compared to \$2.10 for other, non-capped operators. This calculation demonstrates that the cap, which was put into the fee structure as an equity measure, is creating a different form of inequity.

If the fee cap did not exist in 2023-2024, \$397,000 of additional revenue would theoretically have been received and PV cost recovery would have been 140%. Note this is a simple calculation with no allowance for underreporting that may increase if capped visitation had a fee payment consequence. In a cost recovery fee model, an increase in use revenue can be converted into reduced fees. It has been calculated that if the use fee cap was kept, under a 100% cost recovery fee model, use fees would need to be set approximately 70 cents more on average.

Based on these equity considerations and the pricing principle that beneficiaries pay, this RIS proposes to abolish the use fee cap. It is noted that such a change would have a significant impact on the fees payable for capped operators and therefore impact on their product or service pricing. Appropriate notice should be given for such a change.

Across land manager boundary licensing

Individual public land managers can only issue TOLs for the land they manage. This means if a tour or activity happens to cross a public land management boundary, the tour operator must apply for multiple licences and pay multiple fees. This inefficiency of public land licensing is currently absorbed by operators, as noted in the *Small Business Regulation Review of the Visitor Economy* (2018). The inefficiency has been partially addressed with PV having the authority through delegations to issue TOLs on behalf of DEECA, saving 147 operators a total of nearly \$42,000 in fees in 2022-2023, realising a significant efficiency across government and industries.

It has not been possible to further address this complexity outside of major reform as is the key barrier is embedded within the legislation. New South Wales and Tasmania have both resolved multi public land manager licensing issues, with the primary land conservation agency issuing a single licence on behalf of the secondary key land manager.

The ideal, most efficient end state is that an operator would apply for one licence on a single online service point such as the government's Service Victoria. Each land manager would be involved in approvals and on-ground compliance but only one licence would be issued, and one annual fee paid. To achieve this there are legislative and technology barriers to resolve, and cost and revenue sharing potential to be examined. This option also has significant set up investment costs.

It is expected that the administration for around 210 licences will transition from PV to GORCAPA. This will result in approximately 170 LTOs operating across land management boundaries potentially adding around \$141,000 in additional licensing delivery costs if administrative efficiencies between PV and GORCAPA are not found and implemented. A solution that will avoid LTOs having to bear the full administrative burden of the PV-GORCAPA transition is being sought and it is assumed will be resolved for the purpose of this RIS. If the resolution significantly impacts costs and revenue, this should be picked up in the next pricing review.

PV has estimated a reduction of approximately 20% in use reported as a direct result of the transfer of National Parks Act land.

Reducing the burden

The burden of multiple licences could be somewhat offset by offering a discount or fee reduction relative to the sharing of on-ground compliance costs. There are currently LTOs who have licences with PV and other land managers that would 'qualify' for such a fee reduction, however, this discount would be added to the PV cost model as there would be no net difference in PV compliance costs. It is unknown how many LTOs are in this category, although the 2019 targeted survey results reported 24 cases of multiple licences held across 10 LTOs.

A use fee reduction for LTOs with multiple licences could be based on the reduction in on-ground compliance costs associated with an LTO moving from being licenced with only PV, to being licenced with PV and another land manager. Using 2023-2024 costs, if on-ground compliance costs per LTO (\$814) were halved (\$407) and then proportioned to represent the current annual fixed fee proportion (25% of overall fees) ($\$407 \times 25\%$) the fee reduction could be around \$100. Assuming there were 30 LTOs holding a TOL with PV and a CoM land manager, and 10 with PV and a border land manager (see below), the total additional costs (or reduction in revenue) would be around \$4,000.

The analysis above is simple and does not consider 10 year average costs.

In summary, a discount of around \$100 is easily accounted for and would be relatively easy to implement and would only add a small cost to the PV fee model. The impact could be greater on smaller CoM land managers but should still be able to be absorbed comfortably. Ultimately, it would be ideal to eliminate the burden of dual licence costs all together, rather than working out ways to share it more broadly across LTOs.

Cross border

When reviewing and developing regulation consideration must be given to how residents and businesses around the Victorian border areas are impacted by differences between states in terms of the opportunities and the costs of doing business. This is known as '[Ask the Border Question](#)'. It is not known how many LTOs may be impacted by border issues, although this issue was raised by at least one LTO during the Directions engagement. To estimate the number of potentially affected LTOs, a search of tour or activity location information on LTO websites with business addresses adjacent to the South Australian and New South Wales-Victoria borders was conducted. Three businesses were confirmed as operating in Victoria only, six LTOs were identified as running businesses in Victoria and other states, and no conclusion could be drawn for a further two.

A use fee reduction for multiple licence holders could also be offered to LTOs affected by cross border impacts. If there were a total of 10 cross border impacted LTOs, this would add less than \$520 in costs to the PV fee model.

Conclusion

A solution to prevent the full administrative impacts of the PV-GORCAPA licensing transition on LTOs is being sought and it is assumed will be resolved for the purpose of this RIS.

Given the small costs to the PV cost model, the regulations proposed include a use fee reduction for the estimated 40 LTOs currently impacted by multi-tenure licensing, including those who hold multiple TOLs or a TOL and equivalent interstate licence.

Fee structure and discounts summary

- A combination of fixed (annual) and variable (use) fees will be retained.
- There will be no vessel fee.
- There will be no short use discount.
- A seasonal licence discount is not justified.
- The child/student and multiyear licence discounts will be retained.
- The fee cap is proposed to be removed.
- A use fee reduction for multiple licence holders is proposed.

Feedback survey question 4

After a range of fee structure options were reviewed, this RIS concludes that having both a fixed and variable component to fees remains the best way to recover TOL costs as it aligns with the 'user pays' pricing principle and does not create an entry barrier for small business.

Do you have any feedback on the proposed fee structure being a combination of annual fees and use fees for a standard tour operator licence as the most equitable way to recover costs?

Feedback survey question 5

New and existing fee discounts were evaluated based on a balance of vertical and horizontal equity considerations, fairness and cost.

Do you have any feedback on the fee discount outcomes proposed: no short use discount, no seasonal discount, retaining the child/student discount, retaining the multiyear discount?

Feedback survey question 6

Use fees would need to be at least an average of 70 cents per person more if the use fee cap was retained. For fairness and to align with the 'user pays' pricing principle the use fee cap is proposed to be removed.

If you are a Licensed Tour Operator, do you believe removing the use fee cap will have an unfair impact on your business?

6.6 Competitively allocated/limited availability licences

The number of TOLs that can be issued is generally not restricted. However, if there are circumstances where a limit is needed, this can be done through competitive allocation of TOLs via a fixed price Expression of Interest (EOI) process. Powers to undertake and set fees for competitive allocation are in the five key public land Acts and, through the TOL fee regulations, provide for:

- Specific reasons that a land manager can transition from unlimited licences to limited licences.
- Annual fees to be set higher than the minimum fee prescribed for standard TOL fees and/or higher use fees.

The five sets of 2021 TOL fee regulations allow for a land manager to use competitive allocation for any of these reasons:

- Environmental reasons.
- Cultural reasons.
- To ensure public safety.

The land manager can set the annual fee for competitively allocated licences, however in doing this must have regard to the Competitive Allocation Guidelines. Under the guidelines, the decision to restrict the number of licences must be a decision of last resort, reflecting broader government policy that regulations do not restrict competition unless the benefits outweigh the cost, and that the policy and regulatory objectives can only be achieved by restricting competition to that extent.

Feedback from land managers and some operators in the 2019 targeted surveys and 2023 Directions engagement suggest it may be desirable to restrict the number of licences to maintain visitor experience and for environmental sustainability reasons at overcrowded and vulnerable sites. As the population increases and demand at certain sites increases, this aspect will become more important, particularly with the potential impacts of climate change. Note that 'environmental reasons' may be for example, a narrow jetty where there are physical limitations. This is distinctive from 'environmental sustainability' which is about limits based on maintaining an ecological balance so environmental values can be protected for future generations.

Conclusion

The proposed TOL fee regulations include the two new reasons to undertake competitive allocation – to maintain visitor experience and for environmental sustainability reasons. This change is unlikely to have any immediate impacts on the extent of competitive allocation being used by land managers, however, it is possible that land managers of areas that are at risk of over visitation or significant environmental impacts may use this in the future. A new upper limit of \$10,000 (612.37 fee units) for the annual licence fee and new condition to have regard to reasonable administration costs will be included to help ensure the land manager cannot set excessive or unreasonable fees.

The competitive allocation licence class is proposed to have a name change to limited availability to better reflect the licence class.

Competitive allocation – summary

- New reasons to undertake competitive allocation/limited availability licensing are proposed in the draft TOL fee regulations – to maintain visitor experience and for environmentally sustainability reasons.

6.7 Outcomes of initial analysis of fee design options

The outcomes of the initial analysis in Sections 6.2 to 6.6 are summarised in Table 27. Most options for fee design were resolved from the initial analysis, and for these, further modelling was undertaken to establish the specific fee or fee unit. Unresolved options were further analysed for decision and documented later in this RIS.

Table 27: Summary of outcomes of initial analysis of fee design options

Design Element	Design option	Resolution	Further work
Scope of coverage	Offshore fishing tour operators	Continue licence exemption	–
	NFPs and charitable organisations	Continue to require commercial activities to be licensed	–
	Eligible fitness trainers	Establish a lifestyle licence	Fee modelling
	Operators with high repeat clients		
Pricing level	Discounted cost recovery model	Discontinue in favour of full cost recovery	–
	Base high value pricing level	Pricing level at 30%, 40%, 50% and 60% more than standard value	Fee modelling
	High value pricing for GOR coast and parks	Consider high value pricing options for GOR coast and parks via MCA analysis: 1) low level – base/statewide high value pricing level 2) mid level – 100% more than standard high value pricing 3) top level – benchmarked pricing	Further analysis
Fee structure – general	Vessel fee	No vessel fee	–
	Fixed versus variable fees	Fee model to be a hybrid of annual (fixed) and use (variable) fees	Fee modelling
Fee structure – discounts	Short use fee	No short use fee	–
	Seasonal licence	No seasonal discount	–
	Child/student discount	Continue child/student discount	–
	Longer licence term discount	Continue longer licence term discount	–
	Fee cap	Remove fee cap	–
	Use fee reduction for multiple licence holders	Establish use fee reduction	Fee modelling
Competitively allocated/limited availability licences	More reasons to undertake competitive allocation/limited availability licensing	Add two more reasons to undertake competitive allocation/limited availability licensing: – maintaining visitor experience – environmental sustainability	–

6.8 Setting fees

Future costs

A full cost recovery base model to predict future licensing costs was developed based on the costing estimates provided by PV (Table 17) with modifications from the current model as described below.

General

This RIS proposes to create a new class of licence for eligible fitness trainers and operators with a high repeat basis of client (see Section 6.2), to remove the use fee cap and to introduce a use fee reduction for multiple licence holders. Each of these impact on the fee model. The impacts are quantified based on actual costings from 2022-2023 or 2023-2024 (from PV and CoM, as available) as foregone revenue, inflated by 2% annually to the beginning of the regulatory period, with revenue further inflated by 2% per year from 2026-2027 to 2036-2037. The impacts include:

- A net total of \$9,100 in reduced revenue per year to account for the shifting of LTOs to the lifestyle licence. This includes:
 - \$1,500 added to revenue to bring fitness trainers fees up to average CoM cost recovery of \$472.
 - \$10,600 reduced revenue to account for non-fitness trainer high repeat base LTOs that would transition from a standard licence to a lifestyle licence (see section 6.2). These figures are in 2022-2023 values.
- \$397,000 (2023-2024 value) of previously 'capped' fees was added to revenue (see section 6.5), however a discount of 30% was applied at year one of implementation to account for under reporting of use that may arise.

Regulation technology investment

- No allowance has been made, given there are no funded projects confirmed at the time of writing. Should a project be funded and implemented, the resulting costs and benefits would need to be included in a subsequent fee review.

GORCAPA transition

The transition of National Parks Act land from PV to GORCAPA has a range of impacts on the PV fee model (see sections 6.4 and 6.5) (figures are in 2023-2024 values):

- \$101,800 was removed from on-ground compliance costs to account for the transition of the 210 LTOs operating under the National Parks Act going from PV to GORCAPA for 2025-2026. This assumes 50% (\$407) sharing of on-ground compliance costs for 170 LTOs who will still require a licence with PV and 100% (\$814) of compliance costs for 40 LTOs estimated to be fully transitioning.
- A 20% reduction in visitation because of the PV to GORCAPA transition, with this associated use revenue of \$110,800 transferred outside of the PV fee model.
- A \$12,700 reduction in annual fee revenue to account for the estimated net loss of 40 LTOs from PV to GORCAPA.
- No allowance has been made to share licensing delivery costs given costs will not change for PV.
- No allowance has been made for a reduction in administrative costs associated with the 40 LTOs as all costs are fixed, none are variable.

Boost to education and compliance

The most important issue according to LTOs and land managers is the lack of on-ground compliance. On-ground compliance activities can be expensive, prioritisation is often risk-based and LTO activities are largely considered low risk within broader compliance activities. Greater funding is needed along with more guidance for land managers on the expectations of compliance activity within the TOL policy. The following adjustments have been made to the PV fee model:

- A \$300,000 education and compliance program boost, adding this amount to administrative compliance costs from year one of regulatory implementation, 2026-2027.

This level of investment is expected to add around 60-90 previously unlicensed operators by year two. 100% cost recovery from this investment is not deemed necessary given improvements are expected around compliance with licence conditions.

A proportionate level of compliance investment is expected from CoM land managers.

LTO growth

The number of LTOs is expected to grow from the current 503 (2024-2025 at April 2015) to a modelled 664 by year 10, using a 2% growth factor and accounting for the compliance boost increases. 160 more LTOs will require additional staff resourcing, both in administration and on-ground compliance. The salaries and on-costs of two additional staff have been modelled, with 50% of these costs added at year one, the other 50% at year six. These are the only real increases in costs over the ten year regulatory period.

Visitation growth

Various adjustments were made to visitation growth:

- A 2% growth rate was applied to actual visitation figures for 2023-2024 for each year up to the beginning of, and during, the regulatory period.
- A 20% reduction was applied to account for the loss of visitation associated with the PV-GORCAPA transition in 2025-2026.
- Previously capped visitation, discounted by a 30% non-compliance factor, was added at the beginning of the regulatory period, 2026-2027.
- An increase in visitation expected due to the compliance investment using average visitation (adjusted for the top ten LTOs contributing 50% of visitation) multiplied by the additional 75 LTOs on average expected from the compliance boost was added after year one.
- A reduction to visitation was also applied in year one to account for high repeat LTOs transitioning to a lifestyle licence, using a conservative estimate of 50% of the potential of 50 LTOs actually transitioning and therefore not contributing to paying visitation.

Method of fee calculation

The costs were summed each year for the ten year period of the new TOL fee regulations. The ten year average costs were then allocated proportionally against the ten year average number of LTOs. The current multiyear discount (44%) was applied to calculate the one year and multiyear licence fees. Using the historical child fee discount of 32% and actual visitation figures, the child and adult use fees were calculated. The use proportion of the ten year average costs were divided by the 10 year average visitation figures, applying the historical child fee discount of 32%.

Setting the use fee reduction for multiple licences

The use fee reduction for LTOs with multiple licences was based on estimating the reduction in on ground compliance costs associated with an LTO moving from being licenced with just PV, to being licenced with PV and another land manager. To do this, the 2023-2024 on-ground compliance costs per LTO (\$814) was halved (\$407) and then proportioned to represent the annual fixed fee proportion (20% of overall fees) (\$407*20%), noting that the reduction in use fees from the transition is already accounted for in the fee model. This multiple licence use fee reduction was calculated at \$81 based on 2023-2024 values, which is equivalent to 5.12 fee units. Assuming there were 30 LTOs holding a TOL with PV and a CoM land manager, and 10 with PV and a cross border land manager, the total additional costs (or reduction in revenue) is \$3,260 or \$3,350 at 2024-2025 value.

To ensure the administration of the fee reduction is simple to implement, it is proposed as a use fee reduction. If it were an annual licence fee reduction, processing complexities would arise from the variable timing of issuing licences for each land manager and therefore ability for an LTO to provide evidence of a second licence.

Setting the lifestyle licence fee

The annual fee is proposed to be set at the 2022-2023 average cost recovery of \$472. This is equivalent to 30.87 fee units or \$504 in 2024-2025 terms. A growth factor of 2% has been applied to this revenue over the regulatory period.

Setting fee ratio and standard licence fees

Three variations of fixed (annual fee) versus variable (use fee) cost recovery ratios were used to determine the proposed TOL standard use fees (Table 28). The calculations were based on PV's 2023-2024 costs and revenue that were then projected for each year over the ten year lifespan of the new TOL fee regulations. The average of projected costs and revenue were then used to calculate the annual licence and use fees. This methodology is described in more detail below:

The **annual fees** were quantified by:

- Taking proportions of the average ten-year costs of 25%, 20% and 15%, dividing them by the average number of LTOs over the ten years to ascertain the 'annual fee mid-price point'. This point can be thought of as a weighted average.
- Applying the current multiyear discount of 22% to the annual fee mid-price point to calculate the one year and multiyear fees.

The 2022-2023 ratio of one year to multiyear licences was 53:47, however an adjusted ratio of 50:50 was used in modelling to account for expected ratio changes. In 2019-2020 the ratio of one year to multiyear licences was 35:65 reflecting the 2018 policy statement update and significant uptake in multiyear licences, however greater uncertainty in the tourism industry and the types of new businesses following COVID-19 has seen more one year licences.

The **use fees** were quantified by:

- Taking proportions of the ten-year average costs of 75%, 80% and 85% and dividing this by the average visitation projected over the ten years. The average visitation incorporates a 20% reduction due to the PV-GORCAPA transition, the addition of previously capped visitation and an allowance for an increase associated with a compliance boost.
- Proportioning the adult and child fees using the 32% historical child fee discount.

Table 28: Fixed and variable fee ratio options, full cost recovery base model

Annual fee cost recovery (%)	Use fee cost recovery (%)	Standard licence type	Annual fee ^{a. b. c.} (\$)	Use fee type	Use fee (\$)
Fixed and variable fee ratio options considered (2024-2025 value)					
25	75	One year	539	Child/student	1.60
		Multiyear	423	Adult	2.40
20	80	One year	432	Child/student	1.70
		Multiyear	339	Adult	2.60
15	85	One year	324	Child/student	1.80
		Multiyear	254	Adult	2.70
Current fees for 2024-2025					
25	75	One year	339.30	Child/student	1.60
		Multiyear	266.20	Adult	2.40

Table notes:

- a. fee model based on PV’s estimated licensing costs, revenue and visitation for 2023-2024.
- b. fee model includes the following proposed reforms or considerations: no use fee cap, GORCAPA transition, lifestyle licence, use fee reduction for multiple licence holders, and education and compliance boost.
- c. cost and growth assumptions:
 - Growth in number of LTOs: 2.0% per year.
 - Growth in visitation: 2% per year.

The preferred fee ratio selected is 20% of costs recovered through the annual fee and 80% of costs recovered via use fees. This was chosen as the best balance between keeping the annual fees low so as not to be a barrier for entry, while keeping use fees low to encourage compliance.

Setting base level high value fees

Four variations of increases relative to standard licence fees were used to determine the proposed base high value use fees (Table 29). Increases of 30%, 40%, 50% and 60% to the standard fee were quantified for the preferred 20:80 annual to use fee ratio.

The expected surplus for high value licensing across the three high visitation Parks modelled, the Great Otway, Port Campbell and Grampians (Gariwerd) National Parks, was estimated using PV’s 2023-2024 visitation for each Park (Table 31). Note this analysis was completed prior to the bushfires in the summer of 2024-2025, and does not account for the expected reduction in visitation in Gariwerd/Grampians NP.

Table 29: Base level high value fee options and predicted revenue

Base level high value fee as increase to standard value (%)	Licence type	Base level high value annual fee ^{a,b,c.} (\$)	Use fee type	Base level high value use fee (\$)	Additional revenue (surplus) predicted ^{d.} (\$)
High value fee options considered (2024-2025 value)					
30%	One year	561	Child/student	2.30	131,000
	Multiyear	440	Adult	3.30	
40%	One year	604	Child/student	2.40	175,000
	Multiyear	474	Adult	3.60	
50%	One year	647	Child/student	2.60	219,000
	Multiyear	508	Adult	3.80	
60%	One year	691	Child/student	2.80	263,000
	Multiyear	542	Adult	4.10	
Current standard fees for 2024-2025					
	Licence type	Annual fee (\$)	Use fee type	Use fee (\$)	
	One year	339.30	Child/student	1.60	
	Multiyear	266.20	Adult	2.40	

Table notes:

- a. fee model based on PV's estimated licensing costs, revenue and visitation for 2023-2024.
- b. fee model includes the following proposed reforms or considerations: no use fee cap, GORCAPA transition, lifestyle licence, use fee reduction for multiple licence holders and education and compliance boost.
- c. cost and growth assumptions:
 - Growth in number of LTOs: 2.0% per year.
 - Growth in visitation: 2% per year.
- d. additional revenue predicted is the total across three high visitation Parks – Gariwerd/Grampians, Great Otway and Port Campbell NPs. Preferred cost recovery proportion used is 20:80 annual to use fee. 50:50 ratio of one year to multiyear licences is assumed. Note this analysis does not account for the summer of 2024-2025 bushfires in the Gariwerd/Grampians NP.

The preferred high value fee base level option is 50% higher than standard TOL fees. In other words, high value fees are proposed to be set at one and a half times standard fees. This ratio was chosen as the best option to generate sufficient revenue to make high value fees potentially worthwhile. The prices for the 60% option were considered too expensive. As the surplus estimated for reinvestment into public land is still relatively modest (\$219,000), the decision as to whether to implement high value fees was deferred for further analysis.

Table 30: Additional annual average revenue (surplus) predicted for high value locations

High value revenue ^{a,b,c,d} (surplus) predicted as annual average over 10 years (\$ per year)		
Port Campbell NP	Great Otway NP	Gariwerd/Grampians NP ^e
130,000	59,000	30,000
Total		219,000

Table notes:

- a. fee model based on PV’s estimated licensing costs, revenue and visitation for 2023-2024.
- b. fee model includes the following proposed reforms or considerations: no use fee cap, 20:80 use to annual licence fees, GORCAPA transition, lifestyle licence, use fee reduction for multiple licence holders and education and compliance boost.
- c. preferred cost recovery proportion used is 20:80 annual to use fee. 50:50 ratio of one year to multiyear licences is assumed.
- d. cost and growth assumptions:
 - Growth in number of LTOs: 2.0% per year.
 - Growth in visitation: 2% per year.
- e. note this analysis does not account for the 2024-2025 summer bushfires in the Gariwerd/Grampians National Park.

Setting high value fee options for the GOR coast and parks

Three high value fee options reflecting three different pricing and potential surplus levels were modelled, based on actual 2023-2024 visitation for PV’s high visitation parks within the GOR coast and parks area, Port Campbell and Great Otway National Parks (Table 31). The analysis method uses an approximation and does not include TOLs and visitation for GORCAPA’s public land managed under the Crown Land (Reserves) Act and intentionally does not include LTOs and visitation for parts of the Great Otway NP that will remain with PV, as this data cannot be separated. These two limitations are estimated to have a neutral, perhaps underestimate impact on the surplus projections.

Table 31: High value TOL fee options for the GOR coast and parks

Licence type/high value fee option	Annual fee ^a . (\$)		Use fee ^a . (\$)		Modelled surplus (\$)	Additional modelled surplus with Twelve Apostles improved compliance 30%	Total modelled surplus with Twelve Apostles improved compliance 30%
	one year	multiyear	child	adult			
Standard licence fee	432	339	1.70	2.60	0		
Option 1 – low (base) level Statewide high value – 50% higher	647	508	2.60	3.80	189,000	39,000	228,000
Option 2 – mid level – 100% higher	863	677	3.50	5.10	378,000	78,000	455,000
Option 3 – top level benchmarked – ~190% higher	1,252	982	5.00	7.40	717,000	147,000	864,000

Table note:

a. rounding not applied until final calculation, therefore use fees may differ slightly than final fees proposed; fee is at 2024-2025 value.

GOR coast and parks and noncompliance

Anecdotal evidence suggests underreporting of visitation and unlicensed operators are significant issues at the Twelve Apostles, the most visited tourist attraction on public land in Victoria. There is great potential to significantly improve on noncompliance at this area because of the location characteristics of the attraction and therefore an increase to visitation and surplus estimates was estimated and applied. An increase of 30% to visitation was used following a simple analysis that compared Twelve Apostles visitation centre data with LTO visitation data and anecdotal estimates of tour buses from local PV staff.

Conclusion – high value fee for GOR coast and parks

Higher surplus obviously better contributes to the management and protection of the GOR coasts and parks, however there is a tension between generating more surplus with higher fees and noncompliance, equity and simplicity. Therefore, the three fee options in Table 31 are further analysed via MCA.

6.9 Summary of TOL fee setting and options for further analysis

Proposed fee setting outcomes

Fee setting outcomes from section 6.8 are summarised below.

Proposed fee setting summary

- The use fee reduction for multiple licences is based on the reduction in on-ground compliance and is set at 5.12 fee units or \$84 per licence at 2024-2025 value.
- The lifestyle licence fee is based on 100% cost recovery and is set at 30.87 fee units or \$504 at 2024-2025 value.
- The use to annual fee ratio chosen is 80:20 as a balance between keeping use fees low to reduce noncompliance and annual fees low to be only a small barrier for entry.
- Proposed base high value fees are to be set at 50% more than standard fees as a balance between generating enough revenue to make high value licensing worthwhile and keeping fees low enough to maintain compliance.

Options for further analysis

The fee design options considered for further analysis in this RIS are simple or flexible pricing and base high value or mid or top level high value fees for the GOR coast and parks (Table 32).

The simple pricing option is a 100% cost recovery model with a 20:80 fixed (annual) to variable (use) fee ratio. The flexible pricing option is a combination of standard and high value licensing. The high value base pricing level considered is 50% higher than the standard value fees, for both annual and use fees.

The high value fee options investigated for the GOR coast and parks are using the proposed statewide high value fee (low/base level) or having a mid level high value fee, set at 100% above standard fees or top level high value fee set at the benchmarked fee level of 190% above standard fees.

Table 32: TOL fee design options for further analysis in this RIS

Design Element	Design option
1	Pricing level 1.1 Simple pricing Full cost recovery
	1.2 Flexible pricing High value, standard value
2	High value fee level for GOR coast and parks 2.1 Low (base) level high value fees Statewide high value fees – 50% above standard fees
	2.2 Mid level high value fees Fees set at 100% above standard fees
	2.3 Top level high value fees Fees set at benchmarked price – 190% above standard fees

7. Cost and benefits of the fee options

This chapter analyses the unresolved fee options and evaluates them using a multi criteria analysis within the broader policy context.

7.1 Multi criteria Analysis

It is very challenging to quantify some of the effects of different fee options, so a Multi Criteria Analysis (MCA) is used to evaluate options. The MCA uses a subset of the policy and fee setting objectives (section 5.2) that would be differentially met under the options and assesses their relative importance.

The fee setting objectives are broadly categorised into four criteria for assessment: equity, efficiency, effectiveness and simplicity (Table 33) and each are equally weighted as it was determined they are of equal importance.

Table 33: Criterion for analysis

Criteria	Description	Weighting
Equity	The extent that costs are recovered in a fair way with horizontal and vertical equity considered. An equitable fee structure: <ul style="list-style-type: none">• does not create a barrier for new operators.• ensures users pay for differential licences based on value.	25%
Efficiency	How well the fees reflect the licensing costs and market value. The fees must: <ul style="list-style-type: none">• supports sustainable use and reflects the value of the resource.• contribute to infrastructure and land management costs of high visitor value areas including the GOR coast and parks.	25%
Effectiveness	The extent to which the fees create unintended consequences or noncompliance. The fees: <ul style="list-style-type: none">• are low enough to deter noncompliance.	25%
Simplicity	The extent to which the fee structure is simple to understand and administer. The fee structure is: <ul style="list-style-type: none">• simple for operators to interpret.• easy for land managers to administer.	25%

A symmetrical scoring scale from -10 to +10 was used, with the base case of no fee regulations scoring zero and score assigned according to the impact of the fee option against the criteria relative to the base case. Further explanation of scoring is described in Table 34.

Table 34: Description of scoring used in the MCA

Score	Description
-10	<p>A maximum negative score for equity creates significant barriers to market entry and for effectiveness creates perverse incentives such as noncompliance relative to the base case. A maximum negative score for simplicity would be tied to excessive policy descriptions and interpretations.</p> <p>A negative score is not possible for efficiency as an option contrary to this objective would not be considered.</p>
0	<p>A zero score does not further cost recovery in an equitable or efficient way relative to the base case.</p> <p>A zero score for effectiveness does not add perverse incentives or unintended consequences relative to the base case.</p> <p>A zero score for simplicity does not change how easy the fee structure is to interpret and implement relative to the base case.</p>
+10	<p>A maximum positive score sets fees most equitably relative to the base case.</p> <p>A maximum positive score is most efficient and effective at improving compliance and supporting sustainable use.</p> <p>A maximum positive score for simplicity is far easier to understand and administer than the base case.</p>

The base case of no fees associated with TOL is used as a benchmark and is considered:

- **Simple** and **effective** as there is no fee regime to consider.
- Highly **inefficient**, generating no revenue to cover costs or generate a surplus to support sustainable use.
- Highly **inequitable** because there is no differentiation in licences based on value.

7.2 Analysis of fee options

Pricing level

7.2.1.1 Simple pricing, full cost recovery

This option has one standard pricing level with the fees being those set in the full cost recovery base model (see 6.8). The MCA has been completed using the preferred fixed to variable cost recovery ratio of 20:80 of annual fees to use fees. A score was assigned to each of the four criteria (Table 35):

- **Equity** – a score of six out of a possible positive or negative ten was given as the fees are still relatively low and considered only a small barrier for new operators. The option does not score higher than six because there is only one category or licence and no value based pricing.
- **Efficiency** – a score of four was assigned as option 1.1 does not reflect the full value of the resource as a cost recovery only option and therefore does not contribute to infrastructure and land management costs of high visitor value areas including the GOR coast and parks.
- **Effectiveness** – imposing fees would cause a degree of noncompliance compared to the base model of no fees, however fees are still relatively small, set only at 100% of cost recovery so a negative score of minus two has been allocated.
- **Simplicity** – having fees in contrast to the base case which does not have a fee structure, reduces simplicity, although the option is still relatively easy to understand and administer so a score of minus 2 has been assigned.

The total weighted score for option 1.1 simple pricing, full cost recovery is 1.5 (Table 35).

Table 35: MCA of 1.1 Simple pricing, full cost recovery

Criteria	Weighting	Assigned Score	Weighted Score
Equity	25%	6	1.5
Efficiency	25%	4	1
Effectiveness	25%	-2	-0.5
Simplicity	25%	-2	-0.5
Total	100%		1.5

7.2.1.2 Flexible pricing, high value and standard value

This option has a combination of two pricing levels, high and standard value. The standard value fees are those in the full cost recovery base model (see 6.8). The MCA has been completed using the preferred fixed to variable cost recovery ratio of 20:80 of annual fees to use fees. The high value fees were calculated by multiplying the full cost recovery base model fees by the increase percentages (see Table 29, page 61).

The surplus or revenue above costs for reinvestment into land management has been estimated to be approximately \$258,000 (Table 36) for the three high value Parks modelled. A break down for each park and for the GOR coast and parks is in Table 37.

Table 36: Standard and high value fees considered for option 1.2

Licence class	Licence type	High value annual fee (\$)	Use fee type	Use fee (\$)	Additional revenue (surplus) predicted (\$)
Standard value	One year	432	Child/student	1.70	0
	Multi year	339	Adult	2.60	
High value (50% above standard)	One year	647	Child/student	2.60	258,000
	Multi year	508	Adult	3.90	

Table 37: High value licensing estimated surplus

High value area	2023-2024 visitation	2023-2024 Number of LTOs ^b	Estimated surplus (\$ per year)
Gariwerd/Grampians NP ^d	13,729	123	30,000
Great Otway NP	32,869	178	59,000
Port Campbell NP	78,129	180	169,000
High value parks totals^a	124,727	230	258,000
GOR coast and parks approximation	110,998	208	189,000
GOR coast and parks approximation – increased compliance ^c			228,000

Table notes:

- a. modelling based on PV's 2023-2024 visitation and number of LTOs using High Value fees set at 50% above standard fees.
- b. total number of LTOs is the total number of unique LTOs only (many LTOs operate across multiple Parks).
- c. a 30% increase to Port Campbell NP surplus was applied to account for compliance improvements (see 6.8).
- d. this analysis does not account for the summer of 2024-2025 bushfires in the Gariwerd/Grampians National Park.

A MCA of option 1.2 flexible pricing, base high value and standard value was undertaken by assigning a score to each of the four criteria (Table 38):

- **Equity** – a score of eight out of a possible positive or negative ten was given as this option is more equitable than the base case as LTOs pay fees to cover the licensing costs. The fees are still relatively low so also considered a small barrier for new operators and are proportional to use. The introduction of value-based pricing means option 1.2 scores higher than option 1.1.
- **Efficiency** – a score of six was assigned as option 1.2 reflects the value of the resource, contributing to infrastructure and land management costs through the high value fee surplus. This option does not score a ten as the surplus amount is too low to contribute significantly to management and protection of the GOR coast and parks.
- **Effectiveness** – option 1.2 has the same considerations under effectiveness as option 1.1, however a lower score of minus three has been allocated to account for slightly higher noncompliance likely with high value fees, therefore reducing effectiveness.
- **Simplicity** – with the introduction of another category of fees, this option reduces simplicity compared to option 1.1, particularly if an LTO operates across both standard and high value areas. A score of minus four is assigned.

The total weighted score for option 1.2 flexible pricing, base high value and standard value is 1.75 (Table 38).

Table 38: MCA analysis of option 1.2 Flexible pricing, base high value, standard value

Criteria	Weighting	Assigned Score	Weighted Score
Equity	25%	8	2
Efficiency	25%	6	1.5
Effectiveness	25%	-3	-0.75
Simplicity	25%	-4	-1
Total	100%		1.75

Conclusion – proposed pricing level

A flexible pricing structure where land managers can implement base level high value fees in high visitation value areas scores higher than a simple pricing structure. The potential surplus generated by high value fees is modest, however a high value fee based on the value of an area alone (and not the value of an activity) needs to be kept low to minimise noncompliance. Base high value fees are proposed to be implemented and the high value class of licence has been added to the proposed TOL fee regulations. This analysis was completed prior to the 2024-2025 summer bushfires in Gariwerd/Grampians NP and it is expected visitation for 2024-2025 will be under 10,000 as LTOs have been significantly affected. For this reason, it is recommended the implementation of high value fees be delayed until after visitation recovers. It has not been estimated when this will occur.

As the surplus for reinvestment generated from base level high value fees does not sufficiently contribute to funding of the GOR coast and parks, further options with greater high value fees that better leverage the value of this area are being considered in section 7.2.2.1 and 7.2.2.2

High value fee level for the GOR coast and parks

Three options are further analysed to set the level of high value fees for the GOR coast and parks, as Victoria's most highly visited region. The low or base fee level and surplus option is the same as option 1.2. Flexible pricing, high value and standard value, scoring 1.75 in the MCA. The other two options are in 7.2.2.1 and 7.2.2.2 below:

7.2.2.1 Mid level, 100% higher than standard fees

This option sets differentiated high value fees for the GOR coast and parks at 100% higher than standard fees and is considered the mid level fee and surplus option.

A MCA analysis of option 2.1 was undertaken by assigning a score to each of the four criteria (Table 39).

- **Equity** – a score of six was given, one less than option 1.2 as mid level high value fees would create more of a barrier for entry for some operators and disadvantage smaller operators. The option also includes value-based licensing and is therefore more equitable than option 1.1.
- **Efficiency** – a score of 7 was assigned as this option theoretically generates around \$455,000 surplus which could better protect and enhance the GOR coast and parks than option 1.2 which generates approximately \$228,000 less surplus. The score accounts for the theoretical surplus unlikely to be realised because noncompliance would be higher with higher fees. The pricing required in this option better reflects value.
- **Effectiveness** – having higher fees than option 1.2 reduces the effectiveness given the relationship between price and noncompliance where entry is not controlled. A score of minus six was allocated, two less than 1.2.
- **Simplicity** – another licence class reduces simplicity and so a score of minus five was given, two less than option 1.2.

The total weighted score for option 2.1 High value fee for GOR coast and parks – mid level – 100% higher than standard fees is 0.5 (Table 39).

Table 39: MCA analysis of 2.1 – mid level, set 100% higher than standard fees

Criteria	Weighting	Assigned Score	Weighted Score
Equity	25%	6	1.5
Efficiency	25%	7	1.75
Effectiveness	25%	-6	-1.5
Simplicity	25%	-5	-1.25
Total	100%		0.5

7.2.2.2 Top level, set at the benchmarked fee

This option is the top level fee or surplus option considered in this RIS, with high value fees for the GOR coast and parks set at the benchmarked fee or approximately 190% higher than standard fees.

A MCA analysis of option 2.2 was undertaken by assigning a score to each of the four criteria (Table 40).

- **Equity** – setting high value fees at this highest level would create the greatest barrier for entry for some operators and disadvantage to smaller operators and so this option scores a five, lower than option 1.2 and 2.1. It would not be fair to ask all LTOs to pay such high fees. This option includes value-based pricing, however as the high value pricing is almost three times standard fees, this reduces the equity of the flexible pricing model.
- **Efficiency** – this option theoretically generates the highest surplus to contribute to the management and protection of the GOR coast and parks if fees were paid, however the pricing is thought to be overvalued given entry is uncontrolled and can be accessed by the public for free. Consequently, LTOs would likely choose to become unlicensed or underreport use, therefore reducing overall surplus, possibly to the extent that no more revenue than in 2.1 is achieved. A score of seven, less than 1.2 was given.
- **Effectiveness** – a score of minus seven, one less than 2.1 was assigned given the higher level of noncompliance expected with this maximum high value fee option.
- **Simplicity** – this option reduces simplicity, with the introduction of another category of fees, scoring the same as 2.1, minus five.

The total weighted score for option 2.2 High value fee for the GOR coast and parks set at the top, benchmarked level or 190% above standard fees was 0.0 (Table 40).

Table 40: MCA of 3.2 Top level, benchmarked fee, approximately 190% higher than standard fees

Criteria	Weighting	Assigned Score	Weighted Score
Equity	25%	5	1.25
Efficiency	25%	7	1.75
Effectiveness	25%	-7	-1.75
Simplicity	25%	-5	-1.25
Total	100%		0.0

Conclusion – GOR coast and parks high value licence fee level

The mid and top level options for setting high value fees for the GOR coast and parks scored lower in the MCA than the option of having one single high value fee level across the State (low level). Therefore, one consistent high value fee set at 150% of costs is proposed to be implemented. This reflects that theoretical surplus under higher fees is unlikely to be realised because of the likelihood of an increase in noncompliance given entry is not controlled.

7.3 Summary of MCA analysis results

A summary of the MCA results is in Table 41. The highest scoring options are the preferred options of this RIS and are proposed to be implemented subject to public feedback. The preferred option for the fee structure is to have flexibility with two fee levels, one set at cost recovery and the other, high value, set at 50% above standard fees to contribute surplus for reinvestment into land management activities and infrastructure for high visitor value areas. High value fees for GOR coast and parks are proposed to be the same as the rest of the State. The analysis generating this outcome assumes uncontrolled entry across the GOR coast and parks. Technology or infrastructure enhancements could have an impact on compliance capability, and therefore would likely generate a different MCA result. Should this occur, a new analysis may be warranted.

Table 41: Summary of MCA comparing fee design options

Criteria	1.1 Simple fee structure full cost recovery		1.2 Flexible fee structure standard value, base high value		2.1 High value fee – mid level, set 100% higher ^a .		2.2 High value fee for – top level, set ~190% higher ^a .	
	assigned score	weighted score	assigned score	weighted score	assigned score	weighted score	assigned score	weighted score
Equity	6	1.5	8	2.0	6	1.5	5	1.25
Efficiency	4	1	6	1.5	7	1.75	7	1.75
Effectiveness	-2	-0.5	-3	-0.75	-6	-1.5	-7	-1.75
Simplicity	-2	-0.5	-4	-1	-5	-1.25	-5	-1.25
Weighted Score		1.5		1.75		0.5		0.0

Table notes:

a. refers to a percentage higher than standard fees.

8. Preferred option

This chapter summarises the preferred option and the impacts it is expected to have on LTOs, land managers and others.

The groups impacted by the TOL fee regulations proposed are tour operators, public land managers and to a lesser extent, activity and tour participants and other public land users. Costs include the direct cost of fees and time, and administration costs involved in licensing.

A summary of fee design elements considered in this RIS, the proposed outcomes and preferred options is below:

Proposed scope summary

- No change to licensing exemptions for public transport services, taxis, ferries, schools and higher education providers.
- No change to policy that NFPs undertaking commercial activity require a licence and pay fees.
- Continue the offshore fishing TOL exemption.
- Establish a new class of licence called a lifestyle licence with a unique annual fee and no use fees for LTOs with a high repeat base of clients. The annual fee is proposed to be set at cost recovery.

Proposed pricing level summary

- Discontinue the discounted cost recovery fee model.
- Establish a new flexible pricing model with a high value licence class. Standard licence fees will be set at 100% cost recovery and high value licence fees will be set beyond cost recovery at 50% above standard value fees.
- The high value licence class and fees set at 50% above standard value fees are proposed to apply to all the high visitation value parks including the GOR coast and parks. The proposed introduction of high value licences at Gariwerd/Grampians NP will be delayed until visitation recovers from the 2024-2025 summer bushfires.

Proposed fee structure summary

- The preferred combination of fees is 20% fixed (annual fee) and 80% variable (use fee).
- There will be no vessel licence class or fees.
- There will be no short use discount or seasonal licence discount.
- Child or student and multiyear licence discounts will be retained at current proportions.
- The fee cap is proposed to be abolished.
- A use fee reduction of 5.12 fee units or \$84 at 2024-2025 value for multiple licence holders will be implemented.

Competitive allocation/limited availability of licences summary

- The competitive allocation licence class name is proposed to change to limited availability to better reflect this licence class.
- New reasons to undertake competitive allocation/limited availability licensing are included in the draft TOL fee regulations: for environmental sustainability and visitor experience.
- The minimum annual fees for competitively allocated/limited availability licences is proposed to be the one year high value annual fee (39.64 fee units) and the use fees will be at the high value use fee rates.
- A new upper limit of 612.37 fee units or \$10,000 at 2024-2025 value for the annual licence fee and new condition to have regard to reasonable administration costs is included.

Question 7

A more flexible licensing structure and pricing model is proposed with standard and lifestyle licence fees set at cost recovery and proposed high value fees set at a level that can generate modest revenue for reinvestment. The high value fees proposed reflect the need to ensure our most highly visited areas are managed and protected.

High value use fees are proposed to apply to competitively allocated/limited availability licences in alignment with the pricing for value principle.

A use fee reduction of 5.12 fee units or \$84 at 2024-2025 value per licence is proposed for those who hold multiple tour operator licences.

Do you have any feedback on the proposed fees for any of the tour operator licence classes or the use fee reduction for multiple licence holders?

8.1 Summary of impacts and proposed new fees

The proposed changes from the current TOL fee regulations aim to improve:

- **Equity** – through the removal of the use fee cap, ensuring fees are proportional to use.
- **Efficiency** – by introducing a flexible pricing model including the new high value licence and by adding new reasons to undertake competitive allocation/limited availability licensing to support sustainable use and the value of the resource.
- **Effectiveness** – by keeping standard fees low and at 100% cost recovery and modest high value fees to deter noncompliance.
- **Simplicity** – through the new class of licence for high repeat base client LTOs with no use fees, removing the need for ongoing administrative fee exemptions.

Examples of features that are working well and are familiar to users in the current fee regulations that are proposed to be retained include the discounted child or student fee and discounted multiyear licence. A boost to on-ground compliance allowed for in the fee model in combination with greater guidance for land managers will enhance the effectiveness of the proposed new fee regulations.

Detailed assumptions underlying cost calculations are described in section 3.7. The proposed fees are in Table 43. All LTOs will be impacted by the new fees and discounts, although the impact varies for different groups depending on the visitor value of the area they are licensed for, whether they are eligible for a lifestyle licence and if they are affected by the use fee cap. The impacts on PV's LTOs are described using a baseline of the average total fees paid per LTO in 2023-2024 of \$1,518 per year and summarised below and in Table 42.

- **Standard licence holders, outside of high value visitation areas** – this is approximately 320 or 64% of PV's LTOs who on average will pay an additional 11% in tour operator fees overall. This consists of a 27% increase in annual fees and an average of 7% increase to use fees. Those who have paid a multiyear licence fee upfront will not have to pay any additional annual fees.

- **Standard licence holders, inside high value visitation areas** – this is approximately 230 LTOs who operate in the Port Campbell, Great Otway or Gariwerd/Grampians NPs who will transition to a high value licence. Note there is recommended delay to introducing high value fees in the Gariwerd/Grampians NP due to the impact of fires. Of these standard licence holders inside high value areas, an estimated 123 are inside the PV fee model. High value licence holders will pay an additional 66% overall which is a 91% increase in annual fees (\$242/\$308 at 2024-2025 value) per year and 60% increase in use fees (an extra \$1 per child/student and \$1.40 per adult at 2024-2025 value). The relatively high increases are part of the transition from a discounted cost recovery to beyond cost recovery fee model, to contribution to manage and protect Victoria's highly visited areas.
- **Competitively allocated/limited availability licence holders** – there are currently no competitively allocated/limited availability licence holders on PV and DEECA managed lands, however there are around 34 operating on CoM managed lands. These LTOs will have a 68% increase in fees overall reflecting the new high value fees.
- **Fitness trainers** – PV licence around 10 operators who may apply for the new lifestyle licence. Lifestyle licence holders will pay fees that are 49% or around \$165 more (2024-2025 value) than the current standard annual fee and will not pay use fees. This proposed change is to meet cost recovery only.
- **Other high repeat client basis providers** – this includes up to 50 of PV LTOs who may be eligible for a new lifestyle licence. The impact will be a 49% (\$165 in 2024-2025 value) higher annual fee than the current annual fee but they will no longer have to pay use fees, which on average will mean an overall 10% (\$56 at 2024-2025 value) decrease in fees.
- **Multiple tour operator licence holder discount** – it is unknown how many existing LTOs hold TOLs with more than one land manager, however it is likely to be at least 10, perhaps as many as 40 LTOs. The use fee reduction for multiple licence holders of 5.12 fee units or \$84 (2024-2025 value) per annum can be applied for as a use fee credit from each land manager.
- **Capped LTOs** – the currently 7 capped LTOs will be impacted by an increase in fees due to the removal of the cap, the extent proportionate to their visitation above the cap. For some this will result in a significant increase in fees, particularly if they operate in high value areas. The average fees above the cap for 2023-2024 was \$57,000.

Table 42: Expected fee impacts on PV LTOs

Group	Estimate of number of LTOs impacted (proportion ^{e.})	Average fee impact per LTO per year		
		Annual fee (2024-2025 value)	Use fee	Overall
Standard licence holders – outside of high value visitation areas	320 (64%)	27% or \$72 increase for a multiyear licence, \$92 increase for a one year licence	6% and 8% or 10 cents per child/student and 20 cents per adult increase	11% increase
Standard licence holders – inside high value visitation areas ^{a,d.}	123 (24%)	91% or \$242 increase for a multiyear licence, \$308 increase for a one year licence	63% or \$1.00 per child and \$1.50 per adult increase	68% increase
Fitness trainers^{b.}	10 (2%)	49% or \$165 increase	NA	49% or \$165 increase
Other high repeat client base providers	up to 50 (up to 10%)	49% or \$165 increase	use fees no longer apply	10% or \$56 decrease on average
Multiple licence holders^{c.}	40 (8%)	–	\$84 discount on use fees	\$84 decrease per licence (up to two)
Capped operators	7 (1%)	–	increase proportionate to visitation above the cap.	–

Table notes:

- a. difference compared to a standard licence.
- b. with high repeat base of clients.
- c. operators can apply for one multiple licence use fee discount with each land manager.
- d. this analysis was completed prior to the 2024-2025 summer bushfires in Gariwerd/Grampians NP and it is expected visitation for 2024-2025 will be under 10,000 as LTOs have been significantly affected. For this reason, it is recommended the implementation of high value fees be delayed until after visitation recovers.
- e. proportion is calculated based on the number of PV LTOs only.

Those indirectly affected include consumers participating in activities who are likely to have increases to their participation price. Activities include cruises, tours, sightseeing, surfing, horse trail riding, mountain biking, rock climbing and more.

Table 43: Current (2024-2025) and proposed TOL classes and fees

Class/category	Current fee 2024-2025 (fee unit)	Current fee 2024-2025 (\$)	Proposed fee (fee unit)	Proposed fee 2024-2025 value ^a (\$)	Increase (%)	Increase (\$)
Standard licence						
Annual fee – one year licence	20.78	339.30	26.43	432	27	92
Annual fee – multiyear licence	16.30	266.20	20.73	339	27	72
Use fee – student or child	NA	1.60	0.10	1.70	6	0.10
Use fee – adult	NA	2.40	0.16	2.60	8	0.20
Use fee – cap	1018.74	16,636	abolish	abolish	abolish	abolish
High value licence – proposed NEW licence class						
Annual fee – one year licence			39.64	647	91	308
Annual fee – multiyear licence			31.10	508	91	242
Use fee – student or child			0.16	2.60	63	1.00
Use fee – adult			0.23	3.90	63	1.50
Lifestyle licence – proposed NEW licence class						
Annual licence fee (one year only)			30.87	504	+49 ^b -10 ^b	+165 ^b -55 ^b
Competitively allocated/limited availability licence						
Annual fee – minimum	20.78	330.40	39.64	647	91	308
Annual fee – maximum	612.37	10,000				
Use fee – student or child	NA	1.60	0.16	2.60	63	1.00
Use fee – adult	NA	2.40	0.23	3.90	63	1.50
Use fee reduction – NEW						
Use fee reduction for multiple licence holders ^c			5.12	83.60		

Table notes:

- a. the fees implemented will be based on an annual calculation of the fee unit and the value of the fee unit for that financial year.
- b. impact varies: 49% (\$165) increase from those LTOs currently exempt from use fees compared to a standard licence and 10% (\$55) reduction in fees on average for those high repeat client base LTOs currently paying use fees who transition to a lifestyle licence.
- c. a maximum of one discount per land manager can be issued as a use fee credit.

Land manager costs

The Government aims to have the most efficient regulatory systems possible and avoid excessive time and costs incurred by business, the community and land managers. Introducing new licence types will have initial systems set up costs for land managers as well as licensing support costs associated with helping LTOs understand the new licences and transition. After the initial transition period, it is not expected that the ongoing licensing delivery costs will be different to current.

The expected ten-year average costs for PV to implement the proposed TOL fee regulations was estimated to be \$1,156,000, based on current costs with a boost to on-ground compliance. To derive fees, costs were summed every year for each of the ten years of the proposed TOL fee regulations. The ten-year average costs were then allocated proportionally against the ten-year average number of LTOs. The current differential between fee units for a one-year licence (56%) and multiyear licence (44%) was applied to calculate the annual licence fees. Using the historical child fee discount of 32% and 10 year average visitation modelled using a 2% growth factor, child and adult use fees were calculated.

The standard and lifestyle fees set are modelled to deliver TOL revenue for PV equal to that of the costs, \$1,156,000. High value fees are expected to deliver revenue beyond costs of \$30,000 per year for PV and \$228,000 per year for GORCAPA. This is a total of \$258,000 per year of high value revenue to reinvest into the protection and maintenance of high value areas.

Each public land manager will be expected undertake compliance efforts aligned with proportional investment in fees.

LTO costs

LTOs are typically small to medium businesses who run commercial tours or outdoor recreational activities or services reliant on access to public land. Many are driven by a passion for their activity or the area in which they operate, rather than high profits.

The cost to business to comply with TOL includes direct financial costs of paying fees and time administration costs to maintain the licence, report visitation and pay fees. Businesses are also required to maintain insurance, accreditation (for some multiyear licences) and adhere to the [Australian Adventure Activity Standard and Good Practice Guides](#), which have broader benefits for operators. These costs are considered relatively small in the context of general business costs and are likely to be passed on to participants.

The opportunity cost of time taken to fulfil obligations under the proposed regulations relative to the base case has been calculated using an estimate of the time taken to complete tasks and an average weekly earnings and hourly wage rate of employees in the sector. LTO administrative obligations from the regulations include:

- payment of annual fees and, if applicable, use fees (quarterly or annually).

The total amount of time estimated to complete these tasks is:

- 15 minutes per LTO per annum.

The cost of completing these tasks is in on average \$10 per LTO per annum.

Average weekly earnings and wage rates are calculated based on Australian Bureau of Statistics (ABS) data of average weekly earnings and number of hours in a working week, for full time adults in May 2024, for Arts and Recreation Services. This is \$37.60 per hour.

Feedback survey question 8

The preferred option includes new licence classes with different fees for each and a use fee reduction for multiple licence holders.

If new licence classes, fees and the use fee reduction for multiple licence holders are implemented, can you see any unintended consequences that might arise?

Feedback survey question 9

The changes proposed, subject to their final approval, will need action by land managers and operators to be implemented.

Are there any practical, transitional or implementation issues that need to be considered in implementing the proposed licence classes and fees?

9. Proposed regulations

There are five sets of near identical proposed draft 2025 TOL fee regulations that are available as separate attachments to this RIS on engage.vic.gov.au/tour-operator-licensing-policy-review under 'Documents':

- Exposure draft Crown Land (Reserves) (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Forests (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Land (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft National Parks (Tour Operator Licence Fee) Regulations 2025.
- Exposure draft Wildlife (Tour Operator Licence Fee) Regulations 2025.

9.1 Description of proposed regulations

Part 1 – Preliminary

Regulations 1 to 5 provide the objectives, the authority to make the regulations under the Act, the commencement of new regulations and revocation of existing regulations, and definitions to assist in interpretation.

Part 2 – Classes of tour operator licence

Regulation 6 lists the four different classes of TOL.

Regulation 7 to 10 describes the different TOL classes and information about under what circumstances they can be issued.

Part 3 – Licence fees

Regulations 11 and 12 prescribe the fees for a standard licence and set the timeframes for payment, including the option to pay a multiyear licence in a lump sum and quarterly instalment payments of use fees, unless the use fee annual total is likely to be less than \$10,000.

Regulations 13 prescribes the fee payable for a lifestyle licence and sets the timeframe for payment.

Regulation 14 and 15 prescribes the fees for a high value licence and sets the timeframes for payment, including the option to pay a multiyear licence in a lump sum and quarterly instalment payments of use fees, unless the annual total is likely to be less than \$10,000.

Regulation 16 prescribes the use fees, minimum and maximum annual fees and specifies regard for administration costs in setting a maximum annual fee for a limited availability licence. It also sets the timeframes for payment, including the option to pay a multiyear licence in a lump sum and quarterly instalment payments of use fees, unless the annual total is likely to be less than \$10,000.

Part 4 – General

Regulation 17 sets out recording requirements and the timing for provision of records to the land manager.

Regulations 18 provides for the holder of a TOL to apply for general fee relief and the holder of more than one TOL (or equivalent) to apply for a use fee reduction.

Regulations 19 provides the land manager with some grounds to reduce, refund or waiver fees in certain general circumstances and sets out circumstances where the land manager cannot give reductions or waivers.

Regulation 20 allows for the land manager to reduce the use fee for the holder of more than one TOL (or equivalent).

Regulation 21 provides for refunds of surrendered licences.

10. Small business and competition impacts

This chapter assesses the small business and competition impacts of the preferred option.

10.1 Impact on small business

Small businesses may experience disproportionate effects from regulation because of limited resources to interpret or meet compliance requirements compared to larger businesses. Small businesses may also lack the economies of scale that allow fixed regulatory costs to be spread across a large customer base.

LTOs are typically small businesses with an average staff of 4 people. Therefore, the impact of the proposed Regulations falls largely on small business. However, the biggest impact will be on the current 7 large businesses who would otherwise likely meet the use fee cap. This change, however, will improve use fee equitability, ending this competitive disadvantage that small businesses within the same market have experienced due to the cap. Cap removal means all businesses do not have to pay at least 70 cents more per person than they would have if it had been retained.

The fixed component of the fees (annual fee) has been set at 20% of the required recovery costs, so as not to be a significant entry barrier for small businesses. Fees remain low when comparing to those around Australia.

The new lifestyle licence, being priced up to licensing cost recovery may slightly increase the barrier for entry for some operators.

10.2 Impact on participation and competition

In some cases, regulation can affect competition by preventing or limiting the ability of businesses and individuals to enter and compete within particular markets. Where this occurs, there are likely to be adverse effects for consumers (through reduced choice of products and/or higher prices) and the broader economy (through reduced opportunities or incentives for businesses to invest and innovate, leading to lower productivity and employment growth).

Given the relatively low nature of TOL fees and their small proportion relative to gross revenue (approximately 3-5%), the proposed TOL fee regulations are not considered to impose a significant cost on business that would affect their competitive positions in broader markets.

The increases in fees associated with operating in a high value area may have an impact on marginal businesses, perhaps causing some to consider dropping out or experience a degree of reduced demand associated with passing on fees. High value fees may also impact on some operators who may choose to cease tours in the high value area to avoid the high value licence and fees and this could assist in reducing visitation at high demand areas. These potential impacts and new market distortion are expected to be small.

The two new reasons to undertake competitive allocation of licences, for visitor experience and environmental sustainability, do by their nature restrict the number of licences and therefore participation in the market. However, the impact is considered to provide a net benefit to the community by managing demand and overuse. These licences will be periodically contested in the market through EOI and according to guidelines.

11. Implementation and enforcement

This chapter outlines important considerations for the successful implementation of proposed reforms.

11.1 Compliance, enforcement and safety outcomes

Current context

Administrative compliance

Land managers generally experience a high level of compliance in the payment of annual fees, given fees are relatively low, the issuing of a new licence is subject to this payment and land managers may suspend or cancel an existing licence if fees are not paid. When becoming aware of an unlicensed operator, ground-based staff or PVs licensing team contact the operator to advise them of licensing requirements. Approximately half of these operators subsequently become licensed. For the remaining, further efforts are made to encourage these operators to become licensed by formal warnings, however further resistance and limited resourcing means enforcement action for offences or Penalty Infringement Notices (PINs) (on the spot fines) are rarely used.

The use fee is an honesty-based system and therefore compliance with accurate reporting will never be at 100%. LTOs have a regulatory responsibility to maintain a daily record of participants, but due to the administrative burden of entering visitation into Park Connect daily, LTOs are permitted to do bulk uploads quarterly or annually. This reduces the likelihood of accurate reporting and makes compliance around accurate reporting impossible.

On-ground compliance

Noncompliance includes operators who run commercial tours or activities while not being licensed or LTOs not adhering to the conditions of their licence. Noncompliance could be deliberate or a lack of awareness about licensing requirements.

Noncompliance is generally around unlicensed operators and is typically reported by other LTOs. Often reports of noncompliance relate to tour bus operators. Noncompliance is generally reported more frequently in summer and averages at least one report a month for PV. Compliance by licensed operators with their licence conditions is thought to be generally good with occasional reports followed up with reminders which generally prompt immediate compliance.

Future

The TOL Directions engagement results emphasised the importance of providing oversight and funding for compliance for fairness and safety reasons. Ideas to reduce noncompliance included more education about who needs to be licensed and the penalties for not being licensed. It was also suggested LTOs should be provided with a better form of identification and land managers should provide clarity around making noncompliance reports.

Some LTOs supported a land manager safety/compliance induction upon being licensed and more on-ground land manager presence. The need for data about noncompliance to inform the regulatory effort was also identified.

While additional compliance measures can be expensive, compliance can be encouraged by keeping fees low and including incentives in pricing.

In response to Directions engagement feedback, there has been a \$300,000 boost to compliance funding accounted for in the fee model and greater guidance for land managers is included in the proposed policy. The compliance of visitation reporting of previously capped operators will be important during implementation. Initiative funding should be sought to develop regulation technology tools that provide TOL identification and on-ground access to licensing information for land managers. This is essential to compliance and enforcement around unlicensed operators and use fee under-reporting.

The standard fee amounts proposed are overall 11% higher than current fees or 27% higher for annual fees and an average of 7% higher for use fees. This is an increase of 10 cents per child/student and 20 cents per adult, per day based on the 2024-2025 value.

In comparison to NSW, the standard annual licence fee proposed is 5% higher and use fee is 28% lower, bringing the overall difference to 20% lower than NSW, without any adjustment for the greater cost base used in the PV model (including on ground staff compliance costs).

The high value licence fee amounts proposed are 50% higher than the standard fees proposed. This is 68% greater than current standard fees overall, or 91% greater than current for annual fees and 63% greater for use fees. These increases are relatively significant, however necessary in a proposed transition from discounted cost recovery pricing to beyond cost recovery pricing.

In comparing with NSW, the high value fees are overall 7% lower.

The fee increases are estimated to represent approximately 3-5% of an LTO's gross revenue and therefore, the new fees are not expected to incentivise noncompliance.

Best practice permissions

[Better Regulation Victoria](#) recently released a series of guidance tools for achieving best practice in permissions such as licensing. Planning for the review of regulatory processes and investment into digital technology tools is good practice and particularly important for high volume LTO land managers such as PV and GORCAPA. What was heard during the TOL Directions engagement is that the priority for investment from an LTO perspective is a technology tool to minimise the burden of visitation reporting and address multi tenure licensing. From an on-ground land manager perspective, a tool that provides TOL identification and access to licensing information is essential to compliance and enforcement. PV technology improvement priorities for licensing delivery are focused primarily on the Park Connect system to further develop and improve the customer experience, efficiency and functionality of the system.

The funding arrangements of land managers generally prohibit significant technology enhancements, however the Victorian Government has an ongoing program of funds for [regulatory reform](#) that can be accessed through various grants programs.

Provision of use reporting and fee relief

As use fee reporting is done in arrears, it is important that the timing of the delivery of these records to the land manager is addressed in the regulations so that land managers can invoice operators accordingly (section 9.1). The proposed Regulations state that these records be given to the land manager at the end of each financial year quarter or year.

A licence holder may apply to the land manager for fee relief. In considering fee relief, a land manager must have regard to:

- whether payment of a fee would cause, or has caused, undue financial hardship to the holder of a tour operator licence.
- whether payment of the fee by the holder of a TOL would be manifestly unfair.
- the impact of any natural or unnatural event on the ability of the holder of a tour operator to conduct an organised tour or a recreational activity that is authorised under the licence.

Refunds are also available should a licence be surrendered. The number of fee relief applications received by PV in a standard year is typically three or under. There are also provisions for a land manager to issue fee relief on their own motion. This power would typically be used where all or a large number of LTOs are impacted by the same event. This power was used by many land managers during COVID-19.

11.2 Implementation plan

The new TOL fee regulations and final TOL policy, incorporating any changes resulting from public engagement, are planned to be implemented on 1 July 2026. A summary of what is required to implement the changes is in Table 44.

Table 44: Summary of land manager activities to implement the legislative change

Item number	Item	Change process (people, process/guidance, technology)	Action/deliverable (who)	Timing
1	Final TOL policy and TOL fee regulations	Process	Finalise TOL policy and fee regulations based on feedback on RIS and proposed policy. DEECA in consultation with land managers	January-February 2026
2	Forms, templates, web content and portal and licensing information (Park Connect)	Process	Review and update existing web content and/or forms/templates to reflect changes. DEECA and all land managers	May to June 2026
3	LTO communications at commencement	Process	Development and delivery of LTO communications at making and commencement of regulations. DEECA and all land managers.	May to June 2026
4	Training and education (enforcement)	Process	Confirm changes or updates for land manager enforcement teams. DEECA prepare and distribute. All land managers implement.	May to Aug 2026
5	Delegation of Minister and Secretary powers and authorisations within land managers to undertake regulated responsibilities	Process	Development and approval of delegations and authorisations. DEECA	June to July 2026

12. Evaluation

An evaluation is planned for after year three to four of implementation. It is important that the implementation check is done earlier in the regulatory period to assess how the implementation of the new licences is going and to recheck licensing costs being incurred by land managers given the transfer of National Parks Act land from PV to GORCAPA adds uncertainty around future licensing costs. The assessment should test that costs are being met by fees and that high value fees are contributing surplus for reinvestment. Any regulation technology or other licensing efficiencies should also be included.

13. Consultation

DEECA is inviting land managers, LTOs, stakeholders and the public to help improve tour operator and activity provider licensing in Victoria by participating in the consultation on [Engage Victoria](#). Visit [Engage Victoria](#), scroll down to 'How to participate', then click on 'Start survey' to have your say on the below questions. Traditional Owners and First Nations Peoples have been invited to participate further and will self-determine their involvement.

Table 45: Feedback survey questions

Survey question	Reference (section)	Context and question
1	6.2	<p>The licensing exemptions proposed are based on an evaluation of regulatory duplication, public transport affordability or enforcement challenges, against the risks and benefits of policy consistency.</p> <p>Do you have any feedback on the proposal to continue licensing exemptions for public transport services, taxis, ferries, schools, higher education providers and offshore fishing?</p>
2	6.2	<p>The Directions feedback did not provide a clear conclusion on managing outdoor fitness trainers. This group is unique because of the high repeat basis of clients and high price elasticity of the activity, meaning operators must keep fees low to ensure participation. To ensure TOL fees do not disproportionately impact this group, a new lifestyle licence is proposed that does not have use fees.</p> <p>Do you support the proposed new lifestyle tour operator licence (with no use fees) for eligible fitness trainers and LTOs with high repeat clients?</p>
3	6.3	<p>The Directions engagement feedback shows that some operators would be open to higher fees if funds were reinvested to support licensed activities, and others were concerned about affordability. In response, a flexible fee model is proposed.</p> <p>Do you consider flexible pricing, with standard fees set at 100% cost recovery, and high value fees set at beyond cost recovery, fair and appropriate?</p>
4	6.4	<p>After a range of fee structure options were reviewed, this RIS concludes that having both a fixed and variable component to fees is the best way to recover TOL costs as it aligns with the 'user pays' pricing principle and does not create an entry barrier for small business.</p> <p>Do you have any feedback on the proposed fee structure being a combination of annual fees and use fees for a standard tour operator licence as the most equitable way to recover costs.</p>
5	6.5	<p>New and existing fee discounts were evaluated based on a balance of vertical and horizontal equity considerations, fairness and cost.</p> <p>Do you have any feedback on the fee discount outcomes proposed: no short use discount, no seasonal discount, retaining the child/student discount, retaining the multiyear discount?</p>
6	6.5	<p>Use fees would need to be at least an average of 70 cents per person more if the use fee cap was retained. For fairness and to align with the 'user pays' pricing principle the use fee cap is proposed to be removed.</p> <p>If you are a Licensed Tour Operator, do you believe removing the use fee cap will have an unfair impact on your business?</p>

7	8.1	<p>A more flexible licensing structure and pricing model is proposed with standard and lifestyle licence fees set at 100% cost recovery and proposed high value fees set at a level that can generate modest revenue for reinvestment. The proposed high value fees reflect the need to ensure our most highly visited areas are managed and protected.</p> <p>High value use fees are proposed to apply to competitively allocated/limited availability licences in alignment with the pricing for value principle.</p> <p>A use fee reduction of 5.12 fee units or \$84 at 2024-2025 value per licence is proposed for those who hold multiple tour operator licences.</p> <p>Do you have any feedback on the proposed fees for any of the tour operator licence classes or the use fee reduction for multiple licence holders?</p>
8	8.1	<p>The preferred option includes new licence classes with different fees for each and a use fee reduction for multiple licence holders.</p> <p>If new licence classes, fees and the use fee reduction for multiple licence holders are implemented, can you see any unintended consequences that might arise?</p>
9	8.1	<p>The changes proposed, subject to their final approval, will need action by land managers and LTOs to be implemented.</p> <p>Are there any practical, transitional or implementation issues that need to be considered in implementing the proposed licence classes and fees?</p>

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15. Appendices



16. Appendix 1: PV 2022-2023 licensing costs

Cost category	Cost item	Amount
Licensing delivery costs^a		
Licensing activity	Licensing application – legal instruments	
	Licensing requirements – public liability Insurance, Certificates of Currency, relevant accreditations	
	Licence approvals	
	Reporting – trip returns	
Licence conditions	Development/assigning standard and specific location and activity conditions	
	Annual licence conditions general review	
	Input into reviewing and updating the Australian Adventure Activity Standard and Good Practice Guides	
Communications, education and marketing	Administer an annual LTO survey (Ministerial Statement of Expectations commitment)	
	Create and distribute annual vehicle stickers	
	Liaison with DEECA, Outdoors Victoria, VTIC and other organisations in an advocacy, education and communication role	
	Licensing communications	
	Emergency issue response and resolution	
	Stakeholder relationship management	
	Australian Tourism Exchange (ATE) tradeshow representation	
Administration	Finance including invoicing and accounts receivable	
	Marketing including website listing on ParkWeb	
	Customer service	
	Reporting	
Park Connect and Portal	Depreciation of Park Connect (LTO portion only)	\$3,057
Compliance	Incidence response forms	
	Desk top licensing checks	
	Review of park and activity conditions	
Total licensing delivery costs		\$397,000
On-ground support costs		
Compliance	Compliance and enforcement activities	\$81,075
	Managing LTO/visit impacts (traffic management, visitor use etc.)	\$292,000
Total licensing on-ground support costs		\$374,000
TOTAL COSTS		\$771,000

^aa breakdown of licensing delivery costs was not able to be provided.

17. Appendix 2: List of engagement

Directions Engagement 2023

A consultation was hosted on [Engage Victoria](#) from 30 May to 25 July 2023. There were almost 1,200 unique visitors to the Engage Victoria website during the consultation period. In total, 85 submissions were received including 74 online responses to survey questions and 11 written submissions.

There were four in-person workshops, four online workshops (Table 46), and more than 20 briefings with targeted stakeholders (Table 47). Note continuous engagement occurred with PV and GORCAPA.

Table 46: List of Directions workshops

Location	Date	Number of LTO attendees	Number of Land Manager/other attendees	Total number of attendees
Melbourne	31 May	35	17	52
Alexandra	6 June	9	7	16
Halls Gap	21 June	11	8	19
Morwell	28 June	5	8	13
Online – fitness trainer LTO 1	10 July	4	3	7
Online – fitness trainer LTO 2	11 July	1	2	3
Online – general LTO	12 July	29	5	34
Total		94	50	144

Table 47: List of Directions briefings offered/occurred

Organisation	Organisation
Alpine Resorts Victoria	City of Yarra
ARV – Falls Creek	EarthCheck
ARV – Mt Buller & Mt Stirling Alpine Resorts	Ecotourism Australia
ARV – Mt Hotham	Four Wheel Drive Victoria
AUSactive (was Fitness Australia)	International Institute for Complementary Therapists
Australian Camps Association	Melbourne Shrine of Remembrance
Australian Institute of Fitness	Outdoors Victoria
Barwon Coast CoM	Phillip Island Nature Park
Bayside City Council	Physical Activity Australia
Boating Industry Association of Victoria	Professional Tour Guide Association of Australia
Bus association of Victoria (BusVic)	Quality Tourism Australia
Bushwalking Victoria	Surfing Australia (Victoria)
City of Greater Geelong	Transport Safety Victoria
City of Melbourne	Victorian Tourism Industry Council
City of Port Phillip	Visit Victoria

18. Appendix 3: Outdoor fitness trainer background

Context

The current TOL system came into operation in July 2011, bringing outdoor fitness providers into the statewide system for the first time. Before this, some public land managers had permit systems in place, while others had yet to regulate this group. In recognition of the significant change for some fitness providers, transition to the new fee arrangement was planned to be phased in.

During the phase in period, fitness trainers reported the fee system was unfair because their short, repeated sessions attracted multiple daily use fees, and most clients were repeat clients who would not come back with a significant increase in price. The fitness industry sought an exemption from the licensing system until a more appropriate fee structure could be designed for fitness trainers.

In response, DEECA's predecessor, the Department of Environment and Primary Industries (DEPI) facilitated an independent assessment of the impact of the fees on outdoor fitness trainers in 2013. The report concluded that the impact of TOL fees on outdoor fitness trainers was disproportionate in comparison to other outdoor recreational industries. The basis for the conclusion was:

- **The relative size of the fee (2013 conclusion).** Licence fees represented a higher proportion of fitness trainer's revenue and were higher for the duration of the activity.

Today (2025) With the diversification of activities and the product market, it is believed that if a similar analysis was done today, the proportion of the use fee relative to revenue for the duration of activity would be more consistent across activities, rather than fitness trainers being comparatively higher than other activities.

- **Price sensitivity of client (price elasticity) (2013 conclusion).** The report used published 'price elasticities of demand' and proportion of fee as percentage of activity price to estimate the impact on demand. Fitness trainer clients are also generally more price sensitive as they are typically high repeat clients, and therefore are less likely to participate in the activity with an increase in fees as they would have to pay extra for example, every day or week, compared to as a once off.

Today (2025). A similar result is expected if this study was conducted today, with most fitness trainer clients being repeat base participating while at home, compared to other activities that are typically consumed while on holidays or as a once off experience.

As a result of the 2013 report, a waiver was put in place to exempt outdoor fitness trainers from paying use fees as a temporary measure. Annual fees continued to be required. In 2014, alternative options for outdoor fitness providers were explored, however a viable solution was not reached. Since then, use fee waivers have continued and the issue planned for resolution through the current TOL policy and fees review.

The 2011 TOL RIS looked at options for fitness providers but ultimately concluded they should have the same fees as other operators. Options considered in the 2011 RIS were:

- Permit for one-on-one trainer, but no fee.
- Permit with fees scaled based on group size.
- Licence with lower fees; and same fee.

Anecdotally, there has been continued growth in outdoor fitness trainers offering individual or group training in parks, gardens and on beaches, particularly in urban areas. There has also been an increase in stretch, strength, and wellness activities such as yoga and Pilates outdoors on public land, particularly on beaches. However, the number of licensed fitness trainers reported has decreased across many CoM land managers and it is believed that there are now at least as many unlicensed fitness trainers, as licensed. It is possible many land managers see this activity as low risk, low value licensing and that they can't efficiently recover costs.

Table 48: 2024 options considered for outdoor fitness providers

Option	Details	Comment
1) Introduce a Code of Conduct	<ul style="list-style-type: none"> Establish a licence-exemption subject to the introduction of a Code of Conduct. Establish guidelines for when this option can be used in the policy. The Code would have mandatory elements around insurance, accreditation and safety. This option would remove licence assessment and on-ground compliance costs and reduce administrative compliance costs. There would still be small administrative costs for checking insurance and accreditation currency. The policy could include guidance, or a template could be provided for land managers to help keep administrative costs low. The costs, even though small, would need to be met by other funding sources, rather than TOL. 	<ul style="list-style-type: none"> This option would likely be favourable for fitness providers because of the absence of fees, although some would prefer the ability to secure popular locations and times and booking systems would be another land manager cost. Most land managers were not in favour of a Code of Conduct primarily because of the lack of enforceability.
2) Unique fee structure	<ul style="list-style-type: none"> Assess unique fee structure options and incorporate the preferred option into the TOL fee regulations: <ul style="list-style-type: none"> a. A single, 'flat annual use' fee specific to this unique class of licence. This option could eliminate the need for use reporting and separate invoicing if combined with the annual licence fee into a single unique fee, therefore reducing administrative costs. Or use reporting could be retained but without fees. The annual fee would need to be at least \$472 per annum to meet full cost recovery (Table 21). b. A per activity session fee, rather than a per person fee. 	<ul style="list-style-type: none"> a. A flat use fee to be paid upfront is a simple, efficient option, although pricing would need to be low enough to avoid creating a barrier for new operators. This option was strongly preferred by land managers based on setting fees to cover costs. b. Sessional fees would provide greater equity from a use perspective but is more administratively complex. This option was not favoured by land managers or LTOs due to lack of administration savings. One annual interaction with fitness trainers is more desirable.
3) Flexible	<ul style="list-style-type: none"> Design specific policy to allow a land manager to choose to implement a licence exemption and implement a Code (option 1) under certain conditions. Where conditions are not met, a land manager would implement the unique annual fee only (option 2a). The land manager would need to be clear about the rationale for making the choice. For example, for land managers who manage other licensed activities, consistency around fee payment may be more important. Other land managers may have broader responsibilities about promoting health, wellbeing and fitness and want to subsidise these operators. 	<ul style="list-style-type: none"> Flexible policy allows land managers to make a judgement of the best option for their circumstances. Land managers would rather a clear policy for consistency rather than a choice and were concerned about the administrative burden around creating and interpreting policy about using licensing or a Code of Practice.

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- 4) Consistent with other LTOs
- Discontinue the use fee waiver and manage consistently with other operators, paying annual fees and per person per day use fees.
 - As this option does not account for the unique characteristics of fitness trainers this option is not being considered further.
 - This option does not account for the uniqueness of fitness trainers.
-

19. Appendix 4: Key model assumptions

19.1 Key cost assumptions

Number of affected businesses and fee impacts

Based on the 2022-2023 statewide licensing figures (Table 6), the number of businesses that will be subject to the proposed regulations initially is estimated at 719. This includes both PV and CoM licensed operators. Of these 719, approximately 230 LTOs or around 30% could be subject to high value licensing.

The new fees are based on modelling which uses estimated costs and revenue supplied by PV, this is termed the 'PV fee model'. Where it has been determined that a specific problem analysis would be improved from information sourced from CoM land managers this has been used, as identified in Chapter 5. An example is the costs and revenue from CoM who only manage fitness trainers.

The number of affected businesses within the PV fee model is 503 according to PV's 2024-2025 figures. Adjustments have been made to fee revenue, licensing costs and on-ground compliance costs to account for the planned transition of 210 LTOs operating under the National Parks Act from PV to GORCAPA, which is estimated to result in around 40 LTOs fully transitioning and the remaining 170 needing to be licensed by both GORCAPA and PV. A visitation reduction associated with the transition of 20% has also been included in the fee model.

Growth and cost rates of change

The model accounts for the growth rate of industry over time to ensure that estimates reflect the expansion of the number of LTOs subject to regulation. The 2026-2036 ten-year average number of LTOs is modelled to be 601 which uses a 2% year on year growth factor which is based on PV's historic growth figures and the addition of 60-90 (or average of 75) LTOs at year two after one year of additional education and compliance.

The growth of visitation numbers is accounted for by a 2% year on year growth factor which is based on PV's historic visitation increases. The previously capped visitation is added at year one, minus a 30% reduction as a noncompliance estimate.

The cost of the education and compliance program boost is \$300,000. The PV fee model accounts for the anticipated increase in revenue associated with more LTOs coming into the system and builds in the costs of two extra staff members with 50% accounted for at year one and 50% at year six. It is expected that investing \$300,000 per annum will result in an additional 60-90 more LTOs. This assumes that a \$100,000 investment will increase the number of operators becoming licensed by 30. After \$300,000 of investment (adding 60-90 new LTOs), the number of new LTOs becoming licensed with further investment is estimated to decline by about half.

Discount rate assumptions

The regulatory changes proposed were modelled over the lifetime of the regulations (10 years from 2026 to 2036) and the average costs and revenue over the 10 years were used to calculate the average fees. The resulting fees were then converted into fee units based on the 2024-2025 value, as set by the Treasurer.

