



THE SKI LODGES ORGANISATION OF PERISHER, SMIGGINS AND GUTHEGA INC.

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23rd November 2015
Twenty-third Annual General Meeting

PRESIDENT'S REPORT 2015

Ladies and Gentlemen

Welcomes

Welcome to the SLOPES 2015 Annual General Meeting - our 23rd.

I am Frank Zipfinger, President of SLOPES.

I particularly welcome our Stakeholder Speakers tonight - Peter Brulisauer from Perisher Resorts, Stuart Schramm and Ryan Petrov from OEH/NPWS, Daniel James from Department of Planning and Infrastructure and Nick Kennedy from the Perisher Chamber of Commerce. I am pleased that this year we have continued to maintain excellent relations with all our key stakeholders, many of whom are represented by our speakers.

I also welcome, and thank on your behalf, the Committee Members of SLOPES who have again done a terrific job this year in ensuring that SLOPES focuses on our principal task of representing the interests of our Member Clubs.

The Strength of SLOPES

As we do each year, I remind you that our strength as SLOPES is that we speak for ALL the Club Lodges in Perisher, Smiggins and Guthega. The whole 88. It is our claim to fame.

The 100% membership figure of ALL Clubs and the 55,000 people who are our members, associates and visiting friends give us the right to be heard. We need and look forward to your continued support.

Your Committee

This year we have maintained our spread of Committee representation across Perisher, Smiggins and Guthega. There have been no changes to the Committee in 2015.

All current members of the Committee have nominated for re-election. There being no other nominations, they will continue to serve after the AGM. I thank them all for their support.

The Committee members are listed on the SLOPES website and can be contacted via the SLOPES email address: slopes.au@gmail.com.

I thank particularly our Secretary Bill Coombes, our Minutes Secretary Noni de Carvalho and our Treasurer John Pinkerton. This team bears the brunt of the administration of SLOPES and has worked extremely well.

SLOPES Finances

Our finances are in good shape (as shown by the unaudited accounts – audited accounts will be available at the AGM). Our revenues increased to \$26,506 (last year \$24,934) reflecting the decision to increase Club fees by a catch up CPI factor from \$250 to \$275.

Expenses reduced from \$24,793 to \$21,287 due to:

- (a) the one off \$5,500 costs in relation to the tender process we ran last year to identify a long term insurance service provider for all Club insurances not being repeated
- (b) timing differences in the payment of BtP costs and SLOPES insurance policies
- (c) the initial snowsports sponsorship awards as approved at the 2014 AGM
- (d) a substantial reduction in travel costs due to fewer meetings attended in KNP, and
- (e) higher website costs (see the comments on this item later in this report).

Matters look quiet at present. But we still expect in 2016 there will be a major Governance Review into the Perisher Range Resorts which will impact many issues affecting our Clubs, including future costs and revenues (we are now more than 8 years into the current 10 year plan and NPWS and OEH have consistently foreshadowed a review).

The key to budgeting the SLOPES finances is to have reasonable reserves available at all times to fund initiatives in support of the interests of Clubs as they arise. We appear to be in that position, holding \$62,030 cash at bank as at 30 June 2015. In the circumstances, the Committee decided not to change the Members subscription for 2015/16, keeping it at \$275.

Back to Perisher Weekend (BtP)

Good weather again favoured the 2015 Back to Perisher Weekend.

The weekend is jointly sponsored by SLOPES and NPWS - this year was the 7th such event in 7 years and again it was a huge success.

Our report dated 20 April 2015 has been previously circulated on BtP to all Clubs.

Back to Perisher will be on again in 2016 with a similar format. Please circulate and diarise the dates: **26 to 28 March 2016**.

For more information and to register your interest with any of these activities, contact Dave Read from SLOPES on 0418 419 938 or email djread@bigpond.com or slopes.au@gmail.com.

Perisher Peak Festival

The Perisher Peak Festival (“*the only music festival in Australia in the snow*”) was held over the June long weekend (5-8 June 2015), organised by the Perisher Chamber of Commerce. It was well attended. The Festival is on again over the long weekend **10-13 June 2016**: see www.snowymountainsofmusic.com.au.

Following confirmation at the 2014 AGM from Clubs, SLOPES again in 2015 was a sponsor of the Festival and made a contribution of \$2,500 plus GST.

The reason for doing this was explained at the 2014 AGM as follows:

We think the Festival must benefit all Clubs in some way. Arguably it has reduced the impact of smaller numbers of visitors to the Perisher Range when natural snow cover is uncertain.

The Festival attracts visitors to the snow and indirectly it is a plus for the sport, Clubs, Perisher and businesses on the Perisher Range. It is a team effort.

Clubs are encouraged to participate and use the Festival as an opportunity to promote the use of accommodation in their lodges.

Perisher Resorts – Perisher, Smiggins, Guthega and Blue Cow

Tonight we welcome Peter Brulisauer, the Perisher CEO. Peter will speak about the Perisher Range Resorts and update us on some new developments. The biggest event in 2015, of course, was the acquisition of the Perisher Range Resorts by Vail Resorts.

National Parks & Wildlife Service (NPWS)

Tonight we have with us 2 key SLOPES liaison contacts at NPWS – Stuart Schramm of the Office of Environment & Heritage (OEH) and Ryan Petrov who heads up the NPWS engineering unit at Perisher.

Between them, they have a multi-faceted role involving responsibility for the Kosciuszko National Park including the Perisher, Smiggins and Guthega Resorts. From a SLOPES perspective, this includes key issues such as lodge leases and bed numbers, village development proposals and operational matters such as waste transfer and roads.

They also co-ordinate a team of engineers who are charged with getting the IPART monies spent properly in putting in all the new Perisher Resorts infrastructure. The MSU team includes the people who run the water supplies, sewage handling, road supervision and controls. They are effectively our Town Council.

The most significant issues continue to be the previously foreshadowed Governance Review of the Perisher Range Resorts and the IPART review of MSU charges. There was no progress on either of these issues during the past year. However, given their critical importance to Clubs, in the attachment to this report is the background material on these issues as last issued to Clubs.

Department of Planning and Infrastructure

We welcome Daniel James who is with us tonight. Daniel is the Team Leader of the Alpine Resorts Team at the Department and is based in Jindabyne. The Department has overall planning responsibility for development in the Perisher Range Resorts (including fire safety

and building audits). We encourage all SLOPES members to consult with the Department early on in relation to all development proposals affecting lodges. The key message here is: *“Ring the Department of Planning and drop in to see them and talk about where you stand BEFORE YOU SPEND THE MONEY”*.

Insurances

The insurance program for our Clubs arranged by Jardine Lloyd Thompson (JLT) continues to be very successful. SLOPES thanks Clubs for their support which has been critical to this result.

SLOPES website

The SLOPES website is: www.slopes.org.au.

The website includes all our contact details and links to related sites of relevance to Clubs. For the benefit of all there is a section containing the website addresses of our Member Clubs which are known to SLOPES. If you launch a new website for your Club, please let us know.

We expect continually to enhance the website to make it an easy access point for SLOPES Member emails and commentary generally on issues of interest to our Clubs. Please use the website and give us feedback. We are especially interested in your views on what additional material we can put on the website that will be relevant to you.

A reminder that SLOPES maintains a list of service providers that may be of use to members and associates, such as cleaning services, auditors etc but this list is not currently displayed on the website. We are planning to do so in the future on our new website – see below. In the meantime any member seeking information on a particular service or issue should contact SLOPES at slopes.au@gmail.com and we will respond to individual requests for assistance or information. Topics raised that have a wider level of interest to Clubs will be posted on the website.

The SLOPES website was set up about 5 years ago. It has served its purpose to date but needs to be revamped with a better layout, improved functionality and easier editing. In short, the key reasons are:

- 1 SLOPES represents 88 Clubs and around 55,000 people connected with the Clubs. We deal with all kinds of stakeholders. Online presence these days is a given and says a lot about an organisation. SLOPES needs an up to date online presence to help perform its role.
- 2 Website communication is cost effective and efficient and accessible 24/7. The main goal of SLOPES is to help our Clubs. We do this through representation and education. The website helps with both but especially education and providing information.
- 3 A website is an excellent form of archive for an organisation’s materials and can facilitate the transition of office bearers and ensure information is not lost in the process. Importantly, it can be a critical resource in times of strategic issues eg the IPART review or Governance Review, both of which are on the horizon.

An attempt was made to create a new SLOPES website this year. Clubs will see in the accounts an expense of \$4,447 for website costs. Most of this related to the proposed new website. In the result, the exercise came to an unfortunate end, primarily due to a poor choice of website developer. A lot has been learnt in the exercise and some value will be recovered in the next phase being undertaken more efficiently. But the fact remains that this was not an optimal use of SLOPES funds and we apologise to Clubs for that. We are exploring our next step options and hope to launch the new website in early 2016.

Perisher Waste Transfer Station

The Perisher Waste Transfer Station operated again for the full winter season in 2015, including for the extended season into October with the late snow conditions.

A reminder that all Clubs must install a permanent waste receptacle this year if they have not done so yet. Importantly, be aware that planning approval is NOT needed if you comply with the NPWS guidelines. Also, some innovative waste receptacle options are being adopted by Clubs which are simple and relatively inexpensive eg adapting a large toolbox for the purpose. So, when you are ready to implement this for your Club, SLOPES suggests you first contact Ryan Petrov at NPWS on (02) 657 4411 or Ryan.Petrov@environment.nsw.gov.au. Ryan is also the person to speak to regarding grease trap issues.

Ryan will be at our AGM and will report on results to date and what lies ahead in this space.

Perisher Range Resorts EMS Reporting (PREEMS)

Reporting under PRREMS is mandatory as part of the lease obligations of Clubs. Generally, compliance has been excellent but not always at 100% of Clubs. Please remember to comply by the due date next year (usually a date in April nominated by NPWS).

The NPWS Awards program each year acknowledges exceptional performance in this area. Congratulations go to a 2015 winner, SLOPES Club Gunuma Lodge at Smiggin Holes, in the award category of Resource Efficiency for Club Accommodation.

SLOPES Sports Encouragement Awards 2015

The Agenda for the AGM last year included an item "*SLOPES annual financial support for ... inter club racing - discussion and feedback session*". Some background material on this topic is set out at the back of this Report. The awards made by SLOPES during 2015 were as follows:

Balmain Cup*	\$500
Perisher Cup	\$222
Brian Donegan Memorial Inter Club	\$600
Smiggins Bowl	\$500
Guthega Inter Club	\$500
Total	\$2,322

* To be paid in FY16

X-Country Skiing

Once again the NSW Cross Country Committee did a great job informing us daily as to the skiing conditions and generally in promoting the sport of cross country skiing. SLOPES thanks them for that and the work they do in helping us all to promote sport.

Other Items

Each year we remind Clubs about the following important issues:

1. NPWS KNP Season Passes
2. Perisher Valley Fire Station
3. Income Tax and Encouragement of Sport
4. Member email details.

More detail on these items appears at the back of this Report.

Frank Zipfinger
President
SLOPES
9 November 2015

CHAIRMAN'S REPORT – REMINDERS RE IMPORTANT ISSUES FOR CLUBS

NPWS, KNP Season Passes

Reminder to all members and friends of Clubs: it is much better to buy your season pass at the National Parks entry station on the Kosciuszko Road at Sawpit Creek. This is because 95% of the amount you pay goes towards the running of the Perisher Range Resorts. It is only 35% if you buy the pass from the Jindabyne NPWS office or online!

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Perisher Valley Fire Station

The new arrangements at the Perisher Valley Fire Station have now operated for the last 4 winter seasons. A reminder the critical thing for all Clubs is:

- A. to do what they can to maximise fire safety in their own lodges, including availing themselves of the service provided by FARNSW to provide guidance on shut down procedures at the end of the snow season, regularly checking fire and smoke alarms, checking the combustibility of lodge fittings and furnishings before installation, properly maintaining gas bottles, managing surrounding vegetation, notifying FARNSW if activities like welding will occur at your lodge etc
- B. to be fully informed of the call procedures in the event of a fire emergency - **ALWAYS CALL 000 and NOT the Perisher Valley Fire Station.** And at all times keep the FARNSW notices with details clearly posted in your lodge
- C. make sure Club contact details are kept up to date with NPWS and FARNSW - and put the current Club contact details on the fire panel in your lodge, and
- D. be aware of the significant costs (increased in 2013 from \$750 to \$1,250) which can be imposed by FARNSW in connection with responses to false alarms and of the greater likelihood now of charges being imposed and not waived. Clubs should also take steps with their service providers to minimise the incidence of false alarms from their lodges and take rapid remedial action after the occurrence of any false alarm.

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Income tax and Encouragement of Sport

SLOPES reminds all Members of the importance of continually taking actions to support retention of the exemption from income tax through the "ENCOURAGEMENT OF SPORT". SLOPES has appointed a Committee Member (Bill Coombes – slopes.au@gmail.com) to work on an encouragement program to promote and assist Clubs in their thinking. We strongly recommend that each Club appoint one of its committee as their "Sports Encouragement' Officer" to do the same.

On our SLOPES website there is a dedicated section with useful information and links to other organisations which can assist you to promote sport within your Club.

Clubs actually do a lot to encourage sport but they often do not think about it that way – nor sometimes do they keep records of their activities. Participation in The Perisher Cup is an example (the 62nd such Cup was run in 2014). As are the School Events Week and promotion of it in the Clubs. Another example is recording the hours of ski and snowboard

instructions – paid and unpaid – each week engaged in by lodge users: it is useful for weekly club captain's reports to keep a record of these hours.

For a self-assessment guide for non profit sporting clubs issued by the ATO see <https://www.ato.gov.au/Non-profit/your-organisation/in-detail/income-tax/income-tax-exemption-and-sporting-clubs/>. For background on these issues see this material issued by Clubs Australia: http://taxwatch.org.au/ssl/CMS/files/cms/246_treasury-nfp-tax-reforms-submission---final.pdf.

Please take this topic seriously as you never know when it might emerge as an issue for your Club.

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SLOPES Emails

SLOPES relies on the contact people for each SLOPES Club passing on to their membership information we send out which is of interest to Club members generally and not just the Board of Directors of the Club. Communication of key issues is an important part of what we do and helps to ensure co-ordinated action in the interests of all SLOPES Clubs – be it reducing insurance premiums or supporting the Back to Perisher Weekend.

We ask all Clubs please to promptly circulate to their members relevant SLOPES emails, especially on events and general information. Please also let your members know that increasingly information on SLOPES and our initiatives can best be found on the SLOPES website: www.slopes.org.au.

A reminder also to please notify us promptly if your designated email addresses change (usually where there are director or office bearer changes).

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ANNEXURES TO PRESIDENTS REPORT 2015

PROMOTING SNOWSPORTS – ENCOURAGING SPORT

AGM 2014 Discussion Item Paper

A prime purpose of a ski or alpine club is to encourage and facilitate sport – snowsports and summer alpine sports – the key to the non profit making character and exemption from income tax.

A typical club corporate objects clause reads – "to encourage, develop and promote snow sports, skiing, ski touring and other athletic sports and athletic games in which humans are the sole participants".

Participation might be as simple as a snow shoe through the powder or as complex as a pathway to the Olympics. For most of us it means time on the hill (with a day or season pass), cross country (on trail or back country), or a valley or range hike – as competitors for some, but for most, for fun and the sport.

Clubs were created and built lodges to bring members and their guests to the snow and the alpine country. Indirectly this can meet the criteria of encouraging sport, but without some active club participation it might not be seen as enough.

Around about 25-30% of our clubs participate in inter club events. An unknown number of our clubs host championships each year. Pretty much all the larger clubs do, including multi-lodge clubs, such as KAC, CAC, BSC, the AAC group. Pretty much most clubs have or had members or family compete in races on the winter calendar – from inter schools racing to state and national champs, FIS, and for a few, the Olympics.

Interschool Racing

More than 270 NSW public and private schools gather every year for races organised by the inter schools group of NSW and the ACT—a prestigious team based competition running for more than 27 years. Over 2000 NSW, ACT and Qld schools kids compete in 6 disciplines over 6000 entries across 4 regional events to qualify for State and National titles.

Perisher hosts 3 regional events and a state and national meeting every other year. With another half dozen race days for school age children held by the sporting organisations, and add in training days, the competitors are on snow for almost half the peak season of July and August.

Many clubs provide lodging for racers and accompanying families—the latter may also be team managers or course volunteers. That's a big tick towards 'participation in sport'. Better still if lodging is at a good price. Clancy Alpine Club reserves beds for the races every year. No doubt other clubs do as well.

Ashley Blondel, former Perisher CEO, has said—interschools racing provides thousands of school children and adolescents with the opportunity to visit the ski fields of the KNP. For some it becomes a life time interest. Maybe it will be for their children too.

Typically elite and would be elite racers are also in long term resort training programs, including the Perisher Winter School and XC Perisher. But by far most schools racers are not, and never will be.

Club Races

SLOPES supported the cost of Perisher Cup medals awarded in 2014.

SLOPES would like to offer modest sponsorship for all inter club racing on the 2015 calendar, which includes:

Perisher Cup (open to all clubs) – going since 1953

Balmain Cup (for clubs of Southern NSW districts and the ACT) - since 1933

Smiggins Bowl (Smiggins Clubs) - since 1963

Guthega Inter Club (Guthega Clubs)

Brian Donegan Memorial (Illawarra Clubs, Senior and Junior days).

Conclusion

SLOPES welcomes comments and feedback on these initiatives estimated to cost SLOPES up to \$[2,500] in a full year.

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PROPOSED GOVERNANCE REVIEW OF THE PERISHER RANGE RESORTS

The current governance model is that NPWS has overall responsibility for the Perisher Range Resorts (indeed for the Kosciuszko National Park) and is the landlord to the other main stakeholders there, being Perisher Blue as the resort operator, the commercial hotels and the SLOPES Clubs.

In relation to this review of that governance model:

- SLOPES understands unofficially that advances for capital expenditure for the upgrade of PRR infrastructure since 2005 have resulted in an accumulated debt by NPWS to the NSW Government of approximately \$55 million which is attracting interest of some \$2.5 million per annum. The first five year review of the IPART pricing model (foreshadowed in various earlier SLOPES emails over the last year or so) is now several years overdue. We believe that some of the debt is the result of incorrect projections from the initial IPART review of costs and revenue associated with the running of the PRR.
- The current view in Government apparently is that this situation is not sustainable and the options to address it need to be considered. Hence the review. Included in the review will be a determination on the most cost effective governance model for the future management of the PRR. This will include the examination of a range of options as opposed to the current lease management arrangements. Those options will include consideration of the grant of a head lease over the whole of PRR to a single entity.

Club Members with long memories will recall that a proposal to grant a head lease over all lodges and hotels in Perisher Valley was seriously considered by the NSW Government. Opposition at the time from Clubs assisted in the proposal not proceeding and indeed led directly to the formation of SLOPES: see <http://www.slopes.org.au/our-history/>.

Clearly, any review of governance arrangements that impacts Clubs (eg lease tenure, the administration of Club leases, the amount and timing of leaseholder charges and MSU levies, the exercise of landlord discretions under lease covenants etc) is a matter of concern to Clubs and so of concern to SLOPES.

SLOPES met with Stuart Schramm recently to discuss these matters. The meeting was open and cordial and it is clear that, while the review is an active project, further work internally needs to be done by OEH to form a view as to what it considers is the most appropriate governance model for the future management of the PRR.

Importantly, in the meantime SLOPES has obtained confirmation by email to the effect that, if the direction is to change the governance arrangements, then OEH "will absolutely consult with all interested stakeholders including SLOPES" and that "this consultation will be conducted in an open, fair and appropriate manner". However, this is in part a political process. Given our experience in other cases of political processes (eg Perisher Valley Fire Station), the extent and timing of that consultation remain unclear and the position needs to be closely monitored.

The core issues are the same now as they were back in the early 1990s.

First, identifying:

- (a) the infrastructure needs of the Perisher Range Resorts for the foreseeable future,
- (b) who is best credentialed to deliver those needs most effectively and at the best cost, and
- (c) how that cost is to be funded by the various stakeholders expected to contribute ie NSW Government, resort operators, commercial operators and the SLOPES clubs.

Secondly, identifying:

- (i) how to optimise the Perisher Range Resorts as a destination attracting all year round use but especially as snow resorts,
- (ii) who is best credentialed to co-ordinate and oversee the delivery of that outcome, and
- (iii) the roles of the various stakeholders (including SLOPES Clubs) in relation to that outcome.

In this context the foreseeable future is typically a period of 30+ years given most Clubs now have lease terms extending out until around 2050.

In many ways, Clubs face a very different world to that in the early 1990s when the head lease issue last surfaced. For example, back then Club leases only had a relatively short term to run (now most Clubs have tenure into the 2050s); back then there were multiple resort operators (today Perisher Blue operates all the resorts ie Perisher, Smiggins, Blue Cow and Guthega); the impacts of climate change back then were yet to be significantly felt whereas now they are significant concerns for all stakeholders - for example, snow making today is a major exercise for Perisher Blue. Another factor, especially in recent years, is the huge expansion of Jindabyne and the role it now plays not just in providing accommodation but generally as a tourist destination for people interested in accessing the Perisher Range Resorts.

The long term economic viability of Clubs is an important issue. A key component of that is how much Clubs must pay by way of rent charges and MSU levies (and, of course, expenses generally such as power, insurance etc). Equally important is the scope for Clubs to generate revenues from lodge usage. With the snow season inexorably getting shorter and less predictable, the quality and extent of the offering in the Perisher Range Resorts becomes even more important. The uncertainty created by these issues (and issues like the current difficulty obtaining development consent for lodge works due to fire protection rules as set out in an earlier SLOPES email) impact on the ability and appetite of Clubs to invest in their lodges, to the detriment of all concerned.

SLOPES welcomes a comprehensive and rigorous discussion on these issues provided all relevant stakeholders (including SLOPES and our Clubs) are fully involved and the aim is to deliver outcomes of mutual benefit to those stakeholders and which will underpin the long term economic viability of our Clubs.

As it is difficult to know if, how and when this discussion will progress, we thought it best to bring Clubs into the loop now.

SLOPES will monitor these matters very closely and keep Clubs informed.

In the meantime, it would be prudent for Clubs to budget for higher costs by way of MSU levies in future years.

The MSU budget shortfall will need to be addressed somehow (even if only initially via the IPART review we have foreshadowed for some time now). Clubs no doubt will be asked to share some of the burden.

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