



Frank Zipfinger <frank.zipfinger@gmail.com>

SLOPES: OEH Governance Review - Perisher Range Resorts & Charlotte Pass Village

SLOPES <slopes.au@gmail.com>
Bcc: frank.zipfinger@gmail.com

15 December 2015 at 11:48

Dear SLOPES Members

SLOPES today received the email below from OEH. It provides information on the upcoming Governance Review.

We understand a similar email has been sent to each of our Clubs.

The email confirms the information given by Stuart Schramm of OEH at our AGM on 23 November 2015.

In that regard, see attached a copy of our email of 24 November to Clubs with a summary of the AGM and background on the Governance Review.

Clubs may respond directly to OEH and participate in the consultation process.

However, our strength lies in our concerted action on important issues like this.

The OEH email recognises SLOPES' role in representing Clubs in saying "*We propose to communicate via representative groups, such as SLOPES...*".

Accordingly, for now SLOPES **recommends**:

1. Clubs respond to OEH acknowledging the email sent to them and informing OEH that they will be responding via SLOPES as their representative
2. Clubs provide input to SLOPES if they wish on the 5 questions listed in the OEH email. We will collate the responses and pass on to OEH the collective views of Clubs.

Regards

Frank Zipfinger
President
SLOPES

----- Forwarded message -----

From: **OEH NPWS Property Mailbox** <npws.property@environment.nsw.gov.au>
Date: 15 December 2015 at 11:04
Subject: OEH Governance Review - Perisher Range Resorts & Charlotte Pass Village
To: "frank.zipfinger@gmail.com" <frank.zipfinger@gmail.com>, "slopes.au@gmail.com" <slopes.au@gmail.com>
Cc: OEH NPWS Resort Consultation Mailbox <OEHNPWSResortConsultationMailbox@planning.nsw.gov.au>



15 December 2015

The President

Ski Lodges Organisation of Perisher Smiggins and Guthega

Email: frank.zipfinger@gmail.com / slopes.au@gmail.com

Dear Mr Zipfinger

Perisher Range Resorts and Charlotte Pass Village – Governance Review

I invite your participation in the upcoming review of governance arrangements for the Perisher Range Resorts. This review will also include a review into the future arrangements for Charlotte Pass beyond the expiry of the current lease in October 2017.

The purpose of the review is to determine a governance model that will best deliver a sustainable future for the Perisher Range and Charlotte Pass Resorts. Ideally, the new model will allow the NSW National Parks and Wildlife Service (NPWS) to withdraw from the delivery of municipal services and lease management, and encourage private sector investment and additional year-round activities and visitation.

Providing municipal services is not seen to be part of NPWS' core business in the future and disengaging from these services will allow NPWS to focus its resources on the best outcomes for the community.

It is expected that new governance arrangements will be implemented by the end of October 2017, following the review process. As the selection of a preferred governance model will be informed by both stakeholder and market engagement, the first stage of the review will be to consult with leaseholders and other stakeholders to understand their views, ideas and concerns in relation to governance of the resorts.

NPWS has engaged Straight Talk, an independent specialist consultation company, to design and manage the consultation process. Through discussions with several stakeholders, February 2016 has been identified as the most appropriate time to begin stakeholder consultation.

To help Straight Talk develop the most appropriate consultation process, I would appreciate it if you could take the time to respond to the following questions:

1. What consultation methods would work best for you and/or your constituents? For example, do you prefer face-to-face activities, such as meetings and workshops, or online feedback mechanisms?
2. Do you and your constituents have a preferred location for face-to-face activities? For example, do you and/or your constituents prefer events in Jindabyne, Canberra, Sydney or another location?
3. What day/s and time/s suit you the most?
4. We propose to communicate via representative groups, such as SLOPES, the Perisher Chamber of Commerce and the Charlotte Pass Ski Lodges Association. Is this the preferred method of communication to constituents?
5. What else do we need to consider when planning this consultation process?

Once feedback on these questions has been received, Straight Talk will design a consultation process. We expect to have the details of the consultation process made available to you by the start of February 2016.

In the meantime, NPWS will continue to liaise with representative groups and will be in touch with relevant stakeholders as it undertakes the preparation of background information to support the review.

Based on the feedback received from individual lessees and representative bodies, many parties are looking forward to an active and positive contribution to the review process. Please indicate your interest in being involved and provide feedback on the above questions by email to resort.consultation@environment.nsw.gov.au by Friday 22 January 2015.

Yours sincerely



MIKE PATRICK

A/ Director Park Assets

National Parks and Wildlife Service

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PLEASE CONSIDER THE ENVIRONMENT BEFORE PRINTING THIS EMAIL

 **SLOPES email 24-11-15.pdf**
306K



Frank Zipfinger <frank.zipfinger@gmail.com>

SLOPES - AGM quick update - Governance Review - Clubs Survey

SLOPES <slopes.au@gmail.com>

24 November 2015 at 11:16

Bcc: frank.zipfinger@gmail.com

Dear SLOPES Members

1. AGM 2015

The AGM last night was very successful.

We had an excellent attendance of over 80 people representing most of our 88 Clubs.

Full details will be set out in a more detailed email shortly.

Of immediate importance are:

- (i) the news announced last night that the long foreshadowed Governance Review is under way, and
- (ii) the need for all Clubs **urgently please** to complete the SLOPES survey requesting their data to allow us to prepare for the Review.

2. Governance Review

Stuart Schramm from OEH/NPWS attended the AGM as he has for the past few years.

Last night he provided an update on the Governance Review.

In short:

- a) the NSW government has approved the Governance Review going ahead
- b) it will begin with consultation in February 2016
- c) all stakeholders will be invited to participate in the consultation, including SLOPES
- d) the review will be of both the Perisher Range Resorts (Perisher, Smiggins, Guthega and Blue Cow) and of Charlottes Pass
- e) OEH/NPWS are still looking at all the options and the consultation will inform their thinking
- e) the Charlottes Pass head lease (a lease of all that resort except for the KAC lodge lease - KAC has a direct lease of it's lodge) expires in October 2017, so that date is likely to be relevant for the timing of the Governance Review
- f) OEH has engaged a firm of consultants called Straight Talk to advise on the consultation process - see: <http://www.straight-talk.com.au/>

Clubs will be hearing a lot more from SLOPES in the months ahead regarding the Governance Review.

Background on the review issues can be found in the 2015 President's Report - the relevant pages are attached to this email. **Please read this.**

For now, a few points which I made at the AGM should be emphasised:

- A) while SLOPES was set up to oppose the head lease proposal of the early 1990s, the circumstances now are very different, not the least being that today nearly all Clubs enjoy lease tenure of their lodges until 2058

- B) there are tensions in the current governance model that cause difficulties and inefficiencies and do not encourage the optimal operation nor future development of the Perisher Range Resorts
- C) SLOPES (along with other key stakeholders Perisher and the Chamber of Commerce as they confirmed at our AGM) welcomes the opportunity to have a comprehensive and transparent discussion of the issues
- D) SLOPES will actively represent our Clubs on the Governance Review and keep Clubs informed. Our aim is to achieve an outcome of mutual benefit to key stakeholders which will underpin the long term economic viability of our Clubs and allow them better to enjoy and promote sport and other activities in the Perisher Range Resorts and in the Kosciuszko National Park.

3. SLOPES Survey of Club Data

This announcement re the Governance Review reinforces the importance of the Clubs data survey that SLOPES is currently undertaking.

See attached a copy of our earlier emails on this topic.

Note especially the statements regarding CONFIDENTIALITY OF THIS DATA.

Attached for your information is a PDF copy of the survey.

This may assist you in collecting information and answers to all the questions before logging on to complete the survey.

The survey is at this link: https://www.surveymonkey.com/r/SLOPES_SURVEY_2015

There are 28 questions over 4 pages.

To submit the survey, click the "DONE" button at the bottom of page 4.

Please complete all questions if possible (even if the possible answer is "not applicable" or "no" as in 'prefer not to answer this question').

Question 28 gives space for you to provide comments including if you would like to indicate why your Club would prefer not to answer certain questions or to clarify earlier answers etc.

We are requesting one complete survey response only from each Club - a separate response is required for each lodge you have in Perisher, Smiggins or Guthega (if you have more than one lodge in those places)

Many Clubs have already completed their surveys.

But some have not. And some have submitted incomplete responses.

If you have already submitted an incomplete survey, please do a new survey with complete answers - and email us to say you have done that (so we can delete the incomplete survey).

We need to gather the surveys and have time to analyse the data ahead of the February consultation meetings.

SO PLEASE COMPLETE YOUR SURVEYS AND EMAIL US (slopes.au@gmail.com) COPIES OF YOUR ACCOUNTS AND BED NIGHTS DATA IF POSSIBLE BY 10 DECEMBER.

Thanks

Regards

Frank Zipfinger
President
SLOPES

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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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