

Fifteenth Annual General Meeting

29th November 2007

PRESIDENT'S REPORT

Ladies and Gentlemen,

Welcome to the SLOPES 2007 AGM . On behalf of the Committee I thank you for your attendance here tonight, and your support over the last twelve months.

For the fifteenth time at an AGM your committee says again that our strength as SLOPES is that we talk for ALL the Club Lodges in Perisher, Smiggins and Guthega. The whole 88. It is our claim to fame, and we must have your continued support .

We have had a very heavy negotiating year, and 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.

YOUR COMMITTEE:

We have maintained our spread across the three basic areas of Perisher, Smiggins and Guthega. This year we lose Bob Sim of Blue Cow Club at Guthega. Bob has been a very strong asset in our deliberations and meetings. We will miss his quiet but very well reasoned contributions. We have welcomed back after a long break Don Gowing of Muniong Club in Smiggins. Don has dived in headfirst into the Roads program.

Both Don and I sacrificed a car each to the cause in traveling to and from Jindabyne. After two 100% vehicle writeoffs we were thankfully not damaged too heavily in person.

A special thanks to Gerald Lynch, who, living in Canberra, does not hesitate to meet in Sydney or Jindabyne.

Bert Sheridan has continued to perform nobly, and is a pleasure to work with. Say it, and it is done!!

YOUR PRESIDENT:

It is desirable not to develop the John Howard syndrome and hold the seat too long. Regrettably there is no one in the current 'Slopes Cabinet' who feels that they can take on the position, so we are making a call to you all for a potential to come on board and join us on the Committee. It really requires flexible times to do things and see people, so a retiree is the ideal applicant, with Lodge Committee experience. Please ring Graeme at 9498-3348.

NPWS:

Andrew Harrigan, who is with us here tonight, has been confirmed in his position as Resorts Manager at Jindabyne. It has been a pleasure to work in with Andrew who has a strong background knowledge of Perisher and our Clubs. NPWS have always been slow in decisions, doubtless with a time factor for reflux up the management tree. We are appreciating Andrew's attitude in speeding up the process, clearing the air, and on to the next one.

IPART:

The implementation of the IPART report has led to a sharp increase in the expenditure program in roads and water. An engineering team has been situated at Perisher Valley to coordinate the design and implementation of the considerable work to be carried out under the IPART program. Guthega,

who felt the hardest hit under the IPART costs split, are now benefiting with the first monies being spent on roadworks!

MSU:

We are running now in the first year of the MSU budget driven under the IPART outlines. At a meeting on 26th November the accounts for the first quarter indicated the operation is running within the budget restraints.

BED ALLOCATIONS AND NEW LEASES:

As you are all aware the first round of bed/lease offers was rejected by over 95% of all Lodges, and NPWS agreed to redraft the lease conditions. NPWS tell us that despite this they are going ahead with the lease offers to the 4 sensible tenders they received in stage 1 rather than abort this part of the process which was their option. We think this is reprehensible and bad form, as we must assume that such offers will be offered the advantage of the new lease conditions negotiated!! This type of bureaucracy for bureaucracy's sake irritates considerably.

There was considerable delay in the release of the second round of the leases, and the documents finally came out in October 2007. NPWS were quite frank in negotiating with Slopes and the Chamber of Commerce, and we had four negotiating meetings. When SLOPES saw the nearly final draft in July we could see the amount of changes that were carried out, and appreciated the time taken to negotiate these internally in NPWS. Particularly as the Crown Solicitor has to approve all the changes.

Your Committee thinks that apart from a few minor items being cleared up as we speak, the lease is legally livable with. In particular a long running problem on physical beds vs head count has been opened for individual club registration. The lease is far too long and convoluted, but as it has to last 50 years some extra conditions could be expected.

Clubs should keep in mind how these extended leases came about. The release of 1320 beds in 1997 included 800 beds for a major development in the new village centre. The centre developers stated at the outset that anything less than 50 years would not stack up. So it was considered that if the centre was to be for 50 years, then all new beds should be for 50 years. This then led to the extension of our existing leases even without new beds being offered for 50 years.

Unfortunately over the last 10 years the climate has been precarious, and the threat of climate change is becoming more realistic. The new leases do handle this quite well, with clauses allowing for "options" at 10 yr break points, and a complete relook at prevailing conditions when assessing lease rentals at these breaks.

The pricing for new beds is fairly reasonable compared to the current valuations of existing beds, particularly for Lodges who do not have to add to their premises .

However the prices of the lease extensions are in SLOPES opinion high. They are highish if the extensions were next year in known conditions, but are really high 20 years away in unknown and dubious conditions.

We also look at the expected failure of the 800 bed village centre, that was hoped to lift our non winter occupancy. The asking prices for beds and leases were more than Perisher Blue could afford, so we can not realistically see anyone else stepping up to the plate. We may be surprised.

The redeeming factor is that the cost per head for Clubs' members is probably affordable for lease extensions of 30 years, if only one could predict what the extension will actually mean.

Summary: For those Clubs who do not need new beds, the proposition of lease extensions now comes at a difficult time. The unknowns are large. Most Clubs would probably prefer the subject to be

deferred until say 2022 when conditions will be more certain. For example, Guthega at present does not even have a ski lift operator past 2013. Noone, repeat noone, however has any idea of the politics in 2022.

VALUATIONS:

The Government valuer shocked us with the 2007 valuations coming in 40% on average higher than 2002, (which were the same as 1997.)

66 out of our 88 members came in quickly with releases for us to get their values from NPWS, and this enabled us to quickly assess the situation. SLOPES finds it hard to understand the attitude of the remaining 22 Clubs. What is so special about a land valuation that you must keep it private?? Sooner or later it will be on the web, the same way that anyone can obtain a valuation on any property in NSW.

The fact that we held authorisations from 75% of the Clubs to negotiate enabled us to develop arguments, and finally to hire a well respected valuer for his opinions. This gave us the courage to determine to go to court if necessary, although the SLOPES bank balance would have been somewhat precarious facing up to a \$30-40,000 cost if we lost. Our valuer advised us that it was fortunate that we held proxies for 75% of lodges, as if we only held 50%, then the fact that the other 50% were accepting the valuations without challenge would be taken as evidence that the valuations were deemed to be fair!!!

We were finally able to negotiate a 7% discount (even for the 22 non cooperative Clubs), which brought the average increase back to 30%. As the CPI increase for the 10 years had been 29.2% we felt we were in the range of the potential outcome of a three mediator party decision, which would always be a compromise.

Through the process NPWS played a very fair position. The valuations were not of their making, but they could see the impact on us. Neither of us wanted to go to court, and the final agreement was on the basis of withdrawal of all objections.

We cooperated very well with the Commercial lodges in the negotiations, and split the costs of our Valuer with them on a proportionate basis, and received their cheque within 24 hrs!

GREASE TRAPS:

NPWS now have sufficient water supply data to believe that there are quite a few defective grease traps allowing excessive cold ground water to enter the sewage system. This works against sewage digestion. Some Lodges appear to have removed their grease traps. Some grease traps are grossly undersize. This summer a survey will be taken to attack this problem. Grease traps also serve a valuable function in "grease" removal which reduces the sewage plant load.

A contractor paid for by MSU is charged with the responsibility of clearing grease traps once a year, so lodges doing it themselves is a redundancy.

The expense of disposing of the grease trap refuse is becoming high in the budget.

STREET NAMES:

New street names have now been allocated and approved by the Street Names Authority for 95% of the streets, and many signs will be up for next season.

PROJECT SIGNS:

For the next few years there will be many different major projects in progress. Signs will be erected explaining to all what the projects are about.

X-COUNTRY SKIING

The X-country building is being rebuilt this summer by the X-country enthusiasts with government grant aid plus their own fund raising, and there will be a residential building manager. We believe that having a new managed focal point will see an uplifting of the attention paid to this very important part of our snow life.

GAS SUPPLY:

NPWS and ELGAS are working together in the next 6 months to clear up the current unknown situations as to when and where will gas reticulation take place. SLOPES has registered the point that it should be cleared up promptly as to which areas can be, or may be, or won't be reticulated, so that sensible long term decisions can be made by Club Boards.

FIRE AND SAFETY AUDITS:

We raised strong objections with NPWS about the Audits, but regrettably achieved little.

Members must be aware of the dangers of proceeding with what they think are approved NPWS audits without checking first with Department of Planning. When it is all over, it is Planning who have the final say re buildings in the Park.

The expense of Club funds in this task has been enormous with multi million dollars being spent due to the NPWS decision to look at the 2005 BCA as a benchmark, despite legislation demanding this to be non existent. The project crept up on us due to the lengthy time between audits being done and the ultimatums being issued. We should have made a challenge, legal if necessary, at the outset, but it went too far and became locked in for NPWS.

SLOPES recommend that Clubs talk with Planning first before paying out large sums to independent consultants.

PERISHER BLUE:

The valley is humming with activity on the installation of new massive snow making water pipelines. Perisher Blue are spending some \$13 million last year and this year on snowmaking to give better control of coming seasons. Peter Brulisauer will outline tonight their plans. P/B are protecting their financial future, but their protection is also ours!!

OVERALL PERISHER AREA MANAGEMENT:

We operate under strong disadvantage compared to our Australian Competitors. The Victorian operations collect all the gate fees and rentals for their own use in the snow. Thredbo collect and use all the rentals for their operations. Our rentals and a considerable proportion of the gate fees leave us to go to other NPWS operations. The Millions of Dollars per year add up to a very large sum over 20-30 years. This is a core reason why we are now forced to attempt to catch up with heavy MSU fees to cover the capital works costs being forced upon us .

We still believe that the best Operation Management for us would be a headlease where the headlessor is a separate corporation, not dominated by any one existing stakeholder. This is basically the Victorian model.

SLOPES had to break away from any potential arrangement with Perisher Blue to be the head lessor as we could not obtain written confirmation from them of a management structure, but this does not mean that the Bret Walker report did not have merit. Walker recommended a head lease arrangement, but did not necessarily nominate Perisher Blue as the head lessor.

THE 2007 SEASON

Started with a hell of a bang, which went well for the school holidays, but August was disappointing and September faded away. Classified as average, it was a lot better than 2006, but still not a GOOD SEASON. Many vacancies in Club bookings by those who were burnt by the bad season in 2006.

INSURANCES:

Going well. A low claims year, and SNOWLINE (the new name for the brokers SLOPES works with) have expanded their base further in Thredbo, so gaining more negotiating power. SLOPES has had no reports of any dissatisfaction with Snowline. No doubt the insurance issue was a major SLOPES success.

SKI LIFT DISCOUNTS:

A messy start this year and it became confusing. One lodge handled it well for their members and their lodge. We will try better next year.

EMS:

The log books as we know them are phasing out as having served their introductory purpose.. The EMS project so far has been positive in gaining skiers awareness that we are in a National Park, and should act accordingly in working for the environment. The information process is now being reviewed and a new format will be coming through concentrating on those items we can control.

It is a fundamental item in the Plan of Management for the Park that EMS does rate, and must be fostered and encouraged., and all tenants should and must cooperate.

BACK TO PERISHER IN 2008:

As the attached page will tell you, we are organising a fun week for the first week of the April School Holidays for NSW and ACT next year. The dates are 12th-19th April.

A key event will be a 6.2km fun run from Perisher gap to Charlottes, and other things to do will give you a happy autumn week at Perisher. We have 1650 Club beds in Perisher, and it is the answer for what to do with the kids in the Hols. Most Clubs have discounted accommodation.

Graeme Anderson

PRESIDENT SLOPES

BACK TO PERISHER APRIL 12-19TH **2008**

THE FIRST WEEK OF THE SCHOOL HOLIDAYS IS APRIL 12-19TH IN 2008

All of us who have been to Perisher in Summer or Autumn have loved it, but it is often lonely. We have 1600 Club Beds in Perisher and we hope to achieve at least 1200 visitors enjoying themselves at the same time and saying G'day.

Activities will include:

1). A 6.2km Fun Run from Perisher Gap to Charlottes. The run will start at the top of the hill near Eyres TeeBar, so the run does NOT include the heartbreak hill. Charlottes Chalet will be open for the runners to revive. Paramedics will be there. Water stations on the way. Working on having buses to return the runners to Perisher

For those who bring bikes, a bike fun run from Spencers gap to Charlottes and return..

2). Working on a Ski tube ride to Blue Cow from Perisher and return down the road , or over the top where you usually ski.

3). Organize a car driver swap, half go to Thredbo, half to Rawsons, and then walk over the top 13 ½ k,(or including the summit 15 ½ k) from Thredbo to Rawsons or vice versa. Down or up the Thredbo Chair lift. There is a hugely expensive toilet being installed near the summit!!

4. The Porcupine walk, and the old cattle stockade.

5. Walks at Guthega to Illawong , 1 hr each way or longer. Guthega Hotel will be open.

6. Inter Club Tug of war!!! Fire Brigade demonstration.

7. The Jatz bar will open in Perisher as a watering hole for everyone to get together for a beer. We are working on Smiggins Hotel to open their bar.

8. Clubs will be grouped in threes, and each Club should have the other two clubs over for a drink during the week so as to see how the other half live.

9. Visit Rainbow 2km Walk at Dainers gap and see the original wooden water pipes used in the 1800's.

10 Take a day and drive to Cabramurra or other parts of the Snowy scheme.

11. All insurances supplied by Snowline Insurance gratis.