



RAN SKI CLUB – FINANCIAL PLAN 2022-2037 (endorsed 29 Oct 2022)

This plan is intended to ensure financial resources are available to support achievement of the RAN Ski Club Strategy (2022 to 2027).

Situation

The RAN Ski Club owns 3 alpine lodges sited on Leasehold land at Perisher, Thredbo and Mount Buller. The Club intends to redevelop the accommodation wing of the Thredbo Lodge in the short term, while ensuring medium and long term funding commitments can be met in the form of Lease renewals for Buller (2037) Thredbo (2057) and Perisher (2058), as well as a programme of amenity improvement at Buller and a maintenance programme for the three lodges.

Current revenue and cost projections indicate that a phased Thredbo development costing \$3.3M is achievable from 2024, although borrowing costs will leave the Club exposed to potential interest rate rises above 8% and unforeseen extraordinary maintenance arisings during the period 2024 and 2035, while potentially necessitating a delay in commencement of renovation of the Buller lodge until 2040. Successful implementation of initiatives to increase revenue (while constraining tariffs to no more than CPI) through increased occupancy of Lodges, as well as reduce borrowing costs will significantly mitigate financial risk and may support advancement of future lodge renovation plans.

Objective

The objective of this plan is to increase revenue while constraining rises in membership subscriptions and accommodation tariffs in order to meet anticipated and extraordinary funding requirements, reduce borrowing costs and advance the commencement of the Buller renovation and thereafter, renovation of the Thredbo communal areas.

Constraints (must do)

Meet statutory trading solvency and other legal obligations

Ensure continued compliance with Lease Obligations

Meet objectives in accordance with the RAN Ski Club Strategic Plan

Ensure compliance with the Club Constitution

Meet Directors' due diligence obligations by exercising rigorous oversight of Club financial and operational commitments by Club Officers

Restrictions (must not do)

Seek extraordinary levies on members to raise funds

Cede control of Club assets to external parties through funding or development initiatives

Increase membership numbers or Club prices to a level where members do not consider Club membership to offer value.

Assumptions (change in assumptions requires amendment to this plan)

Bank Interest rates no greater than (current plus 4%) during the term of any Loan

Maximum Loan Principal of \$1.9M over a term of up to 12 years on commercial terms, assuming a contingency interest rate margin of 4% to ensure loan repayment by 2036.

Partnership with the RAN CCF may support low cost finance arrangements and offer significant marketing opportunities.

Extraordinary lease compliance expenses for Perisher and Thredbo will be minimal noting the development activity and recent audit remediation.

Extraordinary lease compliance and significant amenity upgrade expenses for Buller can be constrained to no more than \$100,000 prior to lease renewal in 2037.

The existing communal facilities in the Thredbo Lodge require no significant renovation expenditure until 2036

Current revenue and cost projections can be at least maintained, although revenue can be increased through enhanced engagement of Defence and other external entities, in particular to improve summer season use of the Lodges

The Thredbo, Perisher and Buller Resorts will respond to climate change impacts through adaptation measures to preserve snowsports activities and enhance the profile of the resorts as summer alpine destinations.

Lease renewal for Buller in 2037 may incur renewal fees of up to \$280,000, (commensurate with similar fees for paid for Thredbo) and associated Fire and Safety audit outcomes may entail significant unfunded expenditure.

Facts

Membership.

Club membership totals 1761 financial members, comprising 357 Ordinary, 606 associate and 798 Family members of which 390 are Children.

Accommodation revenue.

The vast majority accommodation revenue is derived through winter each year (June to October).

Winter accommodation occupancy at Buller is highest on weekends and during school holidays.

As Winter accommodation occupancy at Thredbo and Perisher is high throughout

the winter season there is little opportunity to increase revenue in winter without raising tariffs.

Summer resort activity at Thredbo offers opportunities for increased occupancy and revenue.

As the scale of summer resort activity at Buller is limited, and negligible at Perisher, any initiative to increase occupancy would be focussed on attraction of self-catering special interest groups at these lodges.

NSW Government development strategy.

The NSW Government is developing a development strategy (The Snowy Mountains Special Action Precinct) and has allocated funding to enhance the attractiveness of the NSW alpine region as a year-round tourist destination.

Contingency Reserve

Provision of \$100,000 is reserved for unforeseen extraordinary expenditure.

Method

Increase Ordinary Membership to sustain subscription revenue (VP MMC lead)

Develop and implement an enhanced member recruiting plan.

Seek opportunities to expose RAN members to Club facilities.

Increase Accommodation revenue through increased occupancy. (President, Lodge VPs, VPMMC)

Develop and implement a marketing plan in partnership with Navy Canteens.

Enhance engagement with Defence units to use the Lodges during Summer and Winter (low season/Buller mid-week)

Identify and engage non-Defence entities (Charities, Schools) to encourage use of the Lodges during Summer.

Consider use of Temporary and Summer membership provisions to support guest occupancy initiatives

Identify a suitable tariff premium for the Thredbo apartment/ garage carspace and identify arrangements to ensure winter season occupancy by guests for periods not booked by members.

Identify a daily tariff for members to garage their vehicles in the remaining Thredbo garage carspaces.

Reduce building cost of the Thredbo accommodation wing design (VP Thredbo/ Thredbo Project Officer Lead).

Refine the design to reduce build costs.

Identify work packages for volunteer work parties.

Adopt a competitive tender process for building works.

Identify an arrangement for close oversight of building works and timely response to contract change proposals.

Reduce Borrowing Costs. (President/ Treasurer Lead)

Implement an advance subscription payment arrangement

Consider fund raising through a 'buy a brick scheme'

Seek grants/loans from RANCCF or Navy Health or similar entities on better than commercial rates.

Identify a Financial provider with competitive Commercial loan terms

Identify foreseeable extraordinary maintenance costs to 2035 (Lodge VP Lead)

Assess and provide cost estimates for foreseeable extraordinary Lodge maintenance and renovation requirements.

Develop a Budget to 2036 to ensure Club financial viability (Treasurer Lead)

Include annual revenue and recurrent expenditure, Thredbo accommodation build costs, Extraordinary Lodge maintenance costs and contingency maintenance provisions.

Coordinate annual performance reporting and periodic biennial review of the Financial Plan (Secretary Lead)

Identify and record achievement for each task in the plan.

Prepare a report for inclusion in the Presidents Annual Report.