

Edelweiss Ski Club of Victoria (inc)  
38 Emperor Drive  
OCEAN GROVE VIC 3226  
**Reg No: A0017955S**

The logo is a shield-shaped emblem. At the top is a stylized white flower with many petals. Below it is a rectangular banner with the word 'EDELWEISS' in capital letters. The main body of the shield is light blue and features a white silhouette of a skier in a dynamic pose, leaning forward with arms outstretched. At the bottom of the shield is another banner with the text 'SKI CLUB OF AUSTRALIA' in capital letters.

# Edelweiss Ski Club of Victoria Business Plan

**Prepared:** October 2017

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## Executive Summary

Edelweiss Ski Club (Edelweiss) is seeking a new lease of at least 30 years.

Edelweiss was formed in 1934 and has occupied its current site continuously for the last 60 years, and is one of the original three private ski clubs granted leases at Mt Hotham between 1945-1947. The existing membership of Edelweiss includes 3<sup>rd</sup> generation families descended from the founding members, demonstrating a long and deep attachment to Mt Hotham and the Club itself. The site that the Club occupies is a key component of this attachment.

In recent times, the membership of Edelweiss has stagnated, with no recent new members since, minimal capital improvements undertaken and declining usage. A number of factors have contributed to this including:

- The looming lease expiry;
- A disparate membership with different financial priorities;
- The shortening length of ski season due to climate change impacts; and
- Ever increasing competition from local and overseas ski resorts.

This application and the accompanying business plan seek to address the above issues that the Edelweiss membership has had in recent times through:

- Securing a long term 30year lease;
- Investigating a possible restructure of the membership to allow those members who are committed to a long-term future to contribute the required capital;
- A capital improvement plan to upgrade the Club facilities to a modern standard while still maintaining the unique nature of the existing building and its site;
- A marketing plan that will seek to increase usage and bed nights through new membership, expanding access for non-member guests and targeting specific user groups particularly outside of the winter season.

A key issue for Edelweiss and the Mt Hotham Resort Management Board (MHRMB) in obtaining a new lease has been connection to the mains reticulated sewerage system. The capital improvement plan detailed in this business plan provides for either an upgrade and/or replacement of the existing septic tank; or connection to the mains sewerage if and when the MHRMB provide a connection point at or adjacent to the existing Edelweiss site boundary. Previous options proposed by the MHRMB that required also funding the connection from the site boundary to the closest existing mains point, some +450 metres, is not preferred or considered feasible. This would result in the majority of capital raised from members being diverted to this resulting in minimal ability for the Club to upgrade the existing building. Alternatively, the capital plan proposes financial assistance from the MHRMB in order to construct the proposed sewer connection, allowing the club to focus all capital raised on upgrading the existing accommodation in conjunction with a marketing plan to grow usage of Edelweiss through increased membership and non-member bed nights throughout winter and summer seasons.

The business plan is robust, deliverable and results in a long-term future for Edelweiss to successfully reach its centennial anniversary at the current location. The business plan delivers on the requirements of the MHRMB by ensuring a meaningful investment in the building and a plan to increase usage and grow visitation to Mt Hotham. The worst-case alternative is that Edelweiss ceases to exist, the existing beds and any future usage is lost in addition to a long, established and historical association with the mountain.

## The Future

### **Vision statement:**

Edelweiss Ski Club provides affordable accommodation to families year-round, so that they can enjoy all the wonders that Mt Hotham has to offer.

The history of Edelweiss is closely linked with the development of skiing within Australia, and the Club is looking to secure its long-term future and reach its centennial anniversary at the site.

### **Goals/objectives:**

- Obtain 30-year lease from MHRMB
- Increase membership base to enable ongoing affordable accommodation
- Upgrade building in order to retain existing members, and attract new members
- Introduce concept of sharing the site with like-minded groups as non-members, to help increase utilisation particularly in Summer.
- Consolidate club to secure long-term future and reach centenary anniversary on current site.

## The Market

### **Target market:**

- Families and friends associated with existing members
- Like minded groups (such as bushwalking / yoga groups) looking to enjoy what Mt Hotham has to offer year-round, and will value the unique location and history of the lodge and site.

### **Marketing strategy:**

- Update web presence with a Facebook page
- Update current website to be more interactive
- Target new members and introduce the concept of non-member guests staying at the lodge without members present - focusing primarily on friends, families and like-minded groups connected with the existing membership base.
- Promote all year-round use.
- Create affiliations with ski hire / over snow tow services

## The Finances

Edelweiss's forecast Cash flow for the next 20 years is strong:

- A minimum surplus cash position of \$20k to cater for emergency situations is always maintained, as well as accumulation of a surplus of ~\$100k for final site restoration at the end of the lease.
- Accommodation rates have been revised based on Market and Competitor analysis.
- Realistic assumptions have been made, which include realising additional funds from introducing new members and converting children of members to full members every 5 years, as well as spending \$100k every 5 years on building refurbishments.
- The Club plans to spend \$140k on building upgrades in the next 5 years in order to address environmental goals and attract new members. For the Club to remain viable after this capital expenditure, the Expected Cash flow shows MHRMB funding the sewer pump connection proposed by the Board.

# The Club

## Historical Context

Edelweiss Ski Club of Victoria was formed in 1934 with the aim of perpetuating friendship through the practice and accomplishment of skiing. Mt Hotham was often the destination of the club's early ski trips, continuing through the early years of the development of the Victorian ski fields. Following the granting of a lease to the Alpine Club of Victoria to construct a lodge on the mountain in 1945, the University Ski Club and Edelweiss Ski Club were granted leases, resulting in 3 private lodges on the mountain in addition to the Hotham Heights Chalet in 1947.

A sergeant's hut was purchased by members, using personal savings, from the Darley Military camp near Bacchus Marsh, and this hut forms the base of the lodge that still stands on the site to this day. The Club, originally formed by an eclectic group of ski enthusiasts, maintains the "can do" attitude that helped create the ski industry on Mt Hotham and continues to operate as a diverse group of families committed to continuing the club's original goal of bringing likeminded ski enthusiasts together in a family-friendly, affordable setting.

Since 1934 the club membership has been passed down through 3 generations, with new families coming onboard along the way. The membership is varied both in age and background, and is no longer just a handful of dare devil friends, but a love of Hotham and a love of the site binds the membership together.



*Packing up the sergeant's hut at the Darley Barracks (1947)*



*Reconstructing the hut at the Mt Hotham lease site (1947)*

Further detail regarding the foundation of the Club and pioneering skiing on Mt Hotham can be found in Appendix 1

## Club Details

**Business name:** Edelweiss Ski Club of Australia Inc

**Business structure:** Incorporated Association

**Registration Number:** A0017955S

**Business location:** Mt Hotham

**Date established:** Incorporated on 16<sup>th</sup> July 1976 (originally formed in 1934)

Edelweiss Ski Club of Victoria is an Incorporated Association operating under the Model Rules, under Section 46 of the Associations Incorporations Reform Act 2012.

## Organisation structure

The Club structure consists of a President, Secretary, Treasurer and Cabin Manager.

There is also a working strategic sub-committee (consisting of 6 members) formed to manage the club's ongoing development.

There are currently 26 Full Club Members.

- In addition to full members, both spouses and children of members are recognized.
- Four of our full members are also recognized as Life Members, as they have reached 70 years of age, and have each made significant contributions to the club (~40 years each).
- Members that come of age (18 yrs) are offered full membership, continuing the strong generational foundation of the Club.

New members are invited into the Club by existing members, and are voted into the Club during an AGM.

## Key personnel

### Current Committee:

<b>Title</b>	<b>Name</b>	<b>Skills or strengths</b>
President	Peri MacDonald	Executive General Manager, Retail with Frasers Property Australia. Has held senior property roles at Coles Myer, Macquarie Bank and Ray White Invest
Secretary	Joanna Smith	Senior town planner with SJB Planning with almost 20 years' experience in major town planning projects in Victoria.
Treasurer	Georgina McCowan	Subsurface Engineering Advisor with almost 20 years' experience managing oil and gas projects for a large multinational company in various countries around the world.
Cabin Manager	Chris Mitton	Engineering Manager at the Citadines Apart'hotel - managed by The Ascott Limited, a member of CapitaLand, one of the leading international serviced residence owner-operators with more than 500 properties across the Americas, Asia Pacific, Europe and the Middle East.
Strategic Sub Committee Member	Francina MacDonald	Co-ordinator Western Alliance for Greenhouse Action  Environmental scientist working with the Western Alliance for Greenhouse Action with local government (Moorabool, Melton, Brimbank, Moonee Valley, Maribyrnong, Hobson's Bay, Wyndham, Greater Geelong) to facilitate responses to climate change. Freelance editor and writer specialising in environmental science, waste management and recycling.
Strategic Sub Committee Member	John Guise	Director of regional Victorian Planning, Surveying and Engineering firm with offices across the state; has designed and managed civil engineering projects across Victoria and overseas in an almost 20-year career.



## Accommodation at Edelweiss

The Club offers affordable accommodation year-round to its members and their guests.

To following items help ensure that the lodge is well utilized and that each visit is hassle free:

- The club uses an online booking system, which helps members plan their trips. The online system opens on the 1st of January each year.
- In addition to the online booking system there is a member restricted website, containing relevant information (such as Emergency Contact List, Operating Procedures, Mailing List, Meeting Minutes etc) in case a problem occurs during a visit.
- Members are encouraged to visit year-round, as reflected in the Peak / Low Winter and Summer accommodation rates.
- In 2017 a local cabin Manager was engaged to help open and close the lodge during the Winter season. This proved to be very successful, with Members enjoying late arrivals and / or skiing for longer on their last day. The use of this service all year round is currently being investigated.

The increased use of the lodge by non-members is currently being considered by the Club. This would take the form of allowing non-members (who have been vouched for by a full member) to use the lodge unaccompanied, increasing both peak season and year-round utilization.

### **Market position:**

Edelweiss offers affordable family style accommodation, which would be in the lower end of the accommodation rate range presently available on the mountain. There are currently a small number of other clubs offering similar style accommodation on the mountain. An analysis of how Edelweiss compares to these potential competitors and additional market research is detailed later in this document.

### **Unique selling position:**

- Uninterrupted spectacular views
- Unique quiet location
- Safe / private outdoor kids play area
- Outside deck & BBQ area
- Low accommodation rates
- Family style accommodation, maintaining the original historical building and atmosphere established by the founding members
- Club's 70-year historical connection with the development of skiing in Australia (including memorabilia exhibited in the lodge).
- Strong generational club membership (with continuous line of children reaching full membership).
- Great access to both ski runs (Davenport access) and walking tracks (Cobungra Ditch).
- Active, energetic, successful working committee
- Local cabin manager to help open / close the lodge



**Anticipated demand:**

- 300~500 winter beds
- 20% guest beds
- 50 summer beds
- Summer utilisation by like-minded groups (walking / yoga etc)

**Pricing strategy:**

- Low cost family style accommodation with Peak / Low Winter rates and Summer rates
- Increased accommodation fees for non-members staying unaccompanied
- Scaled fees based on demand
- "sale" when utilisation low

**Credit policy /Warranties & refunds:**

- The Club is looking to implement a Snow Guarantee similar to other accommodation providers at Mt Hotham, and ensure that cancellations be in line with current practices on the mountain.

**Memberships & affiliations:**

- The Club is looking to strengthen its affiliations with ski hire and over snow tow services, in order to offer members and guests discounted / priority services.



*View from the lodge's deck*

## Risk management

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Strategy</b>
Climate change (less snow, shorter ski season)	Likely	Medium	Diversify product offering and promote all year-round use.
Loss of current members due to uncertainty around Lease	Likely	Medium	Create certainty by ensuring Lease renewal application is for the longest available Lease.
Visitor Safety	Unlikely	High	Near term building improvements required and ongoing compliance to annual BSA.
Underinvestment in building leading to dwindling membership and inability to reach target market	Likely	High	Spend money and upgrade building as a matter of urgency
Bushfire	Unlikely	High	Comply with Bushfire regulations & upgrade building as required.

## Insurance

### **Public liability & Business insurance:**

Edelweiss is insured for Property Damage (\$416,800), Burglary (\$11,000), and Broadform Liability (\$40,250,000) with Marsh Advantage Insurance.

## Success Factors

### Historical Success:

- A key success has been keeping rates low, so that families can minimize accommodation costs in an otherwise very expensive cost environment.
- The uniqueness of the site has played a large role in Edelweiss's success and is valued for it's:
  - Uninterrupted spectacular views
  - Unique quiet location
  - Safe / private outdoor kids play area
  - Great access to both ski runs (Davenport Access) and walking tracks (Cobungra Ditch)
- The long history of the club at the site is unique and contributes to the success of the club. We are proud to be associated with the original members, who played a significant role in establishing the skiing culture that exists at Hotham today.
- The current working sub-committee also plays a key role in ensuring that Edelweiss reaches its centenary. It is made up of vibrant, energetic, successful and diverse individuals, who are committed to grooming the next generation of Mt Hotham lovers, and cementing the Club's future.



**Original Founding members:** Les Buzaglo, Doctor Claude Farrow, Alma Coleman, Lawrence (Jesse) Diggins, (unknown) Charles Coleman, Vic Wraith. s



*Edelweiss 1965*



*Edelweiss 1962*

**Future Success:**

To secure the long-term success of the club the following KPIs will be used:

- Obtaining 30-year lease to secure the Club's future
- Club successfully reaches centenary anniversary
- 100% of child members becoming full members
- 3-5 new full members every 5 years
- Increase winter beds from 300 – 500
- Increase summer beds to 20 - 50



*Almost the entire resort's runs from Blue Ribbon around to the Orchard are visible from the lodge's deck*

## Sustainability plan

The Edelweiss Ski Club Environment Management Plan (EMP) is included in Appendix 2. This plan discusses on site energy use, waste production and disposal as well as site landscaping and weed control. Energy conservation & recycling initiatives will be review and implemented on an ongoing basis.

In addition to this the Club has identified the need for rectification of onsite hazards (asbestos), and wastewater treatment.

- Asbestos:

Anecdotal evidence from members suggests that roof sheets possibly containing asbestos may be present in the lodge. The Club intends to identify this material during the proposed upcoming building audit and confirm the nature and extent of the issue and prepare a programme for removal. Estimated costs for this have been included in the Club's cash flow projections described later in this Plan.

- Wastewater treatment / disposal:

Wastewater generated at the Club's lodge has been directed to an underground septic system since the system was installed a number of years ago. In recent years, the MHRMB has identified its preference for the lodge to be connected to the Resort's underground reticulated sewerage system. This would involve significant capital investment as this proposal would involve the construction of 480m of pressure sewer and an underground pump station in order to reach the existing sewerage infrastructure (Refer Appendix 3 for details). The cost of these works has been estimated at \$180,000. The estimated costs have been included in the Club's cash flow projections described later in this Plan.

It is understood that the MHRMB has identified its preference for a connection to reticulated sewerage as the use of a septic / waste recycling system would not be an acceptable environmental income (Refer letter dated 21/07/17). Nevertheless, due to the high capital cost of the sewer connection, the club has investigated to use of closed system wastewater treatment systems that meet the EPA's 2016 Septic Tank Code of Practice and address the MHRMB concerns regarding the effectiveness of these type of treatment systems in Alpine Environments, while still providing the required level of treatment to ensure that the downhill waters from the Edelweiss Site are unaffected by lodge operation. Two different systems have been investigated – the cost of installing a system able to cater for 14-20 beds (including decommissioning of the existing septic system) would be between \$50-70K – subject to site inspections (Land Capability Assessment) and council approvals:

1. A&A Worm Farm Waste Systems

- 21 years experience - Australian owned & operated.
- Experience in designing, manufacturing & installing this technology is extensive including Ski lodges, homes in Alpine areas, Restaurants & a 37-unit development in the Jindabyne area.
- This technology functions very well in alpine climates as well as hot climates.
- Intermittent use is fine as well as full time occupation. No smell & virtually no maintenance.
- No ongoing quarterly service fees & expensive energy costs.

2. Septic Systems Australia Pty. Ltd

- Local Victorian company
- Closed loop system certified by EPA

Due to the high capital costs associated with connecting to reticulated sewerage, the Club requests that MHRMB consider the option of the abovementioned onsite closed loop treatment systems in order that the limited capital able to be raised by the club can be utilised in building upgrades (detailed later in this Plan) rather than solely on the sewer connection.

Key components of the Edelweiss Ski Club Environment Management Plan:

- The Club has an annual Working Party, which includes weed management to ensure native flora and fauna flourish at the site.
- Investigate closed loop septic system
- Asbestos roof sheets – remove & replace
- Improve Recycling

**Action plan:**

<b>Sustainability milestone</b>	<b>Target</b>	<b>Target date</b>
Asbestos removal	100% reduction	TBD (10 years)
Septic Tank Upgrade	Completion	2020
Increase Recycling	60% reduction	2018
Weed management	60% reduction	ongoing



## Marketing Plan

### Market research & analysis

The Club has done some competitor analysis to better understand what other similar style lodges exist on the mountain, and what their rates are for both members and guests.

The Club is clear that we do not want to become a commercial venture. It is recognized that a similar style lodge would be at the lower end of the accommodation rate range. As such, we do not want to join the 'accommodation pool' or attract large groups looking for cheap rates that wouldn't value/respect/look after the uniqueness of the lodge and / or site. This would include School Groups, Towies, Summer builders etc.

Having done some additional Market Analysis, the Club is pleased to see the strong continued visitation performance at Mt Hotham, as seen in MHRMB annual report 2015-2016 below.

## Key Performance Indicators

MHARMB's overall performance has continued to be strong.

Customer service	2011/12	2012/13	2013/14	2014/15	2015/16
	12 Months	12 Months	12 Months	12 Months	14 Months
Total visitor days (Winter)	411,495	264,527	332,281	313,341	328,602
Market share (Victorian majors visitor days)	32.39%	25.07%	28.52%	26.95%	26.85%
Accident rate/'000 visitor days (Hotham Historical average)	1.06	0.95	1.51	1.77	1.54
<b>Operations</b>					
Property revenue/FECA*	\$64.14	\$63.81	\$66.62	\$68.08	\$79.56
Infrastructure and admin costs/FECA*	\$80.50	\$79.10	\$78.33	\$77.05	\$89.37
Village, visitor and marketing costs/visitor day	\$7.19	\$10.07	\$9.03	\$11.15	\$11.42
<b>Environmental management</b>					
Potable water quality (compliance with Australian Drinking Water Guidelines as reported to DHHS)	96%	100%	100%	100%	100%
Wastewater quality (compliance with Licence Limits as reported to EPA)	75%	100%	62.5%	89%	100%
Solid waste – kilograms (winter period) per visitor day	0.62	0.68	0.54	0.5	0.50
<b>Resort investment</b>					
Total village size (FECA)*	84,068	84,228	84,270	84,941	85,013
Total CAPEX ('000) (includes Geotech and WIP)	\$0.62m	\$1.02m	\$3.34m	\$5.19m	\$6.572m
<b>Financial</b>					
Outstanding debtors as % of revenue	9.35%	7.51%	8.29%	6.47%	0.00%
Closing cash ('000) (including term deposits)	3,021	3,665	9,657	6,338	0,000
Operating cash flow/total assets	2.21%	2.17%	2.70%	2.12%	0.00%
Current assets/current liabilities	2.49	3.16	3.47	3.40	0.00

\*FECA - fully enclosed covered area (m2)

MHRMB annual report 2015-2016



## Market targets

The Club is planning to increase membership & lodge utilization. This will be done by:

1. Increasing number of full members
  - Ensuring children of members sign up for full membership
  - Targeting families and friends associated with existing members. The aim is to get 3-5 new full members, every 5 years.
2. Introducing non-member usage, targeting like-minded groups (such as bush walking / yoga groups) that are looking to enjoy what Mt Hotham has to offer year-round. Initially this will be done through local connections within the existing membership base, with a focus on promoting year-round activities. The aim will be to have at least 50 beds per Summer.

## Customer analysis

### **Customer demographics:**

- Family groups looking for affordable accommodation
- Like minded groups who will value the unique location and history of the lodge and site.

### **Key customers:**

- Current children of Members
- Families with young children looking to introduce their families to downhill and x-country skiing, snowboarding, hiking and other adventures that Mt Hotham has to offer.
- Yoga groups, bushwalking groups, mountain biking groups, orienteering groups, trailing riding and fishing enthusiasts etc
- Not school groups, university groups, towies, summer builders etc

### **Customer management**

A local cabin manager will be used year-round to open / close the lodge, to ensure that both members and guest have a hassle-free stay. This was introduced in Winter 2017, and proved to be very successful, with Members enjoying late arrivals and / or skiing for longer on their last day.

## S.W.O.T. analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• <i>Uninterrupted spectacular view</i></li> <li>• <i>Unique quiet location</i></li> <li>• <i>Safe / private outdoor kids play area</i></li> <li>• <i>Outside deck &amp; BBQ area</i></li> <li>• <i>Low accommodation rates</i></li> <li>• <i>Family style accommodation, maintaining the original historical building and atmosphere established by the founding members.</i></li> <li>• <i>Club's 70-year historical connection with the development of skiing with Australia.</i></li> <li>• <i>Strong generational club membership (with continuous line of children reaching full membership).</i></li> <li>• <i>Great access to both ski runs and walking tracks</i></li> <li>• <i>Active, energetic, successful working committee</i></li> <li>• <i>Introduction of local Cabin Manager to help open / close the lodge</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Underutilised by current members, in both summer &amp; winter</i></li> <li>• <i>Current members not actively maintaining the building (only a handful of active members)</i></li> <li>• <i>Old building</i></li> <li>• <i>Access to lodge (especially in Winter) – far from bus stop</i></li> <li>• <i>Lack of parking</i></li> <li>• <i>Over-snow tow not currently available.</i></li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• <i>Make immediate building improvements to increase lodge comfort in order to</i> <ol style="list-style-type: none"> <li>1. <i>re-engage current members</i></li> <li>2. <i>attract new members</i></li> <li>3. <i>engage other like-minded non-members / groups</i></li> </ol> </li> <li>• <i>Obtain long term Lease to secure the Edelweiss's future</i></li> <li>• <i>Engage MHRMB re access / parking</i></li> <li>• <i>Promote year-round use</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Losing current members due to increasing cash demands for sewer, for which they will see no direct benefit</i></li> <li>• <i>Not having a lodge that can be used by non-members because it is too run down</i></li> <li>• <i>Climate change</i></li> <li>• <i>Uncertainty about Lease extension</i></li> <li>• <i>Members skiing at competing local and overseas resorts</i></li> <li>• <i>Competition from year-round activities at other local and overseas resorts</i></li> </ul>

## Competitor analysis

### Competitor details:

Competitor	Established date	Size	Rates	Strengths	Weaknesses
Eiger <a href="http://www.eigerski.com/">http://www.eigerski.com/</a>	1980	75 members 25 guest beds	Shoulder: <ul style="list-style-type: none"> <li>Adult \$67.00 \$96.00</li> <li>Under 15 \$54.00 \$77.00</li> </ul> Peak: <ul style="list-style-type: none"> <li>Adult \$78.00 \$112.00</li> <li>Under 15 \$63.00 \$90.00</li> </ul> Other: <ul style="list-style-type: none"> <li>Adult \$38.00 \$54.00</li> <li>Under 15 \$30.00 \$43.00</li> </ul>	Live in manager; multiple living areas with open fireplace and a dining area provides accommodation for over 2,900 bed nights during the snow season (a period of 16 weeks) with total occupancy averaging 89% (peak season only) over the past five years	Members might not get preferred dates during peak season. No private/ safe outdoor area for kids to play.
Langitaan <a href="https://www.langitaan.com.au/">https://www.langitaan.com.au/</a>	Not Known	52 members accommodation up to 42 people in 13 rooms	Winter - High Season Rates (non-member) High Season: 9 July 2017 - 30 August 2017 Standard rate \$95 Share Room* \$65 Child Rate** \$65	3 types of membership Close to bus stop	No private/ safe outdoor area for kids to play. Very large lodge. Expensive peak rates.

Competitor	Established date	Size	Rates	Strengths	Weaknesses																								
Aadvark <a href="http://www.aadvark-mthotham.org.au/">http://www.aadvark-mthotham.org.au/</a>	1980	45 members 31 beds in 8 bedrooms on 3 levels.	LOW (VALUE) \$40 adult / \$30 child  MID (SHOULDER) midweek \$55 adult / \$40 child  MID (SHOULDER) weekend \$70adult / \$50 child  HIGH midweek \$75 adult / \$65 child  HIGH weekend \$90 adult / \$80 child	Extended in 2008 (2 additional bedrooms) Ski-in Ski-out  This is a great location for skiing families. Excellent access to the Big D slopes makes supervising children very easy.  Close to the General Store and Ski School  Highest private lodge at Mt Hotham	No private/ safe outdoor area for kids to play  Expensive peak rates.																								
Austen Alpine club <a href="http://www.skiausten.com.au/home2.html">http://www.skiausten.com.au/home2.html</a>	1971	22 members 7 bedrooms, which can accommodate up to 4 or 5 in each	<b>Season 2017</b> <table><tr><td></td><td colspan="2">Weekday</td><td colspan="2">Weekend</td></tr><tr><td></td><td>Adult</td><td>Child</td><td>Adult</td><td>Child</td></tr><tr><td>LOW</td><td>\$58</td><td>\$30</td><td>\$67</td><td>\$32</td></tr><tr><td>HIGH</td><td>\$80</td><td>\$37</td><td>\$85</td><td>\$42</td></tr><tr><td>LOW</td><td>\$58</td><td>\$30</td><td>\$67</td><td>\$32</td></tr></table>		Weekday		Weekend			Adult	Child	Adult	Child	LOW	\$58	\$30	\$67	\$32	HIGH	\$80	\$37	\$85	\$42	LOW	\$58	\$30	\$67	\$32	Davenport Village, Deals with boys Ski Hire (>3 < 15 years) Snow guarantee refunds Free wifi   <
	Weekday		Weekend																										
	Adult	Child	Adult	Child																									
LOW	\$58	\$30	\$67	\$32																									
HIGH	\$80	\$37	\$85	\$42																									
LOW	\$58	\$30	\$67	\$32																									

<b>Competitor</b>	<b>Established date</b>	<b>Size</b>	<b>Rates</b>	<b>Strengths</b>	<b>Weaknesses</b>
Kongoola Ski Club <a href="https://www.kongoola.com/index.html">https://www.kongoola.com/index.html</a>	1975	30 people in 6 bedrooms	Type of Room Bunk shared facilities  Guest Weekend: \$50 Midweek: \$40 Guest child < 5 \$0 Guest child 5 - 15 Weekend: \$45 Midweek: \$39	Located in Davenport Village area and within easy walking distance of the General Store	Distance to road Manual opening and closing procedures

## Advertising & sales

### Advertising & promotional strategy:

Planned promotion /advertising type	Expected business improvement	Cost (\$)	Target date
Upgrade existing website	<ul style="list-style-type: none"> <li>Increased lodge utilisation</li> <li>Provide clear Club rules for both members, guests and non-members</li> <li>Provide instructions for lodge operating procedures</li> <li>Details of accommodation / facilities / photos to attract guests and new members</li> <li>Details of year-round available activities available</li> <li>Provide links to ski hire and other affiliated service.</li> </ul>	\$200	2018
Facebook page	<ul style="list-style-type: none"> <li>Increased exposure beyond existing club members</li> <li>Allows for instant updates / snow reports / sales specials</li> </ul>	\$200	2018
Word of mouth membership drive	<ul style="list-style-type: none"> <li>Ensures potential new members and non-members are like minded and will value the unique location and history of the lodge and site.</li> </ul>	\$0	Ongoing

### Unique selling position:

- *Uninterrupted spectacular view*
- *Unique quiet location*
- *Safe / private outdoor kids play area*
- *Outside deck & BBQ area*
- *Low accommodation rates*
- *Family style accommodation, maintaining the original historical building and atmosphere established by the founding members*
- *Club's 70-year historical connection with the development of skiing with Australia.*
- *Strong generational club membership (with continuous line of children reaching full membership).*
- *Great access to both ski runs and walking tracks*
- *Introduction of local Cabin Manager to help open / close the lodge*

**Proposed accommodation rates:**

Membership Category	Fee Per Night
Member	\$30
Child of member	\$15
Guest	\$50 (High Peak) \$30 (Low Peak)
Child of Guest	\$20 (High Peak) \$10 (Low Peak)
Non-member	\$50

There will also be a \$100 cleaning fee for each stay (members can choose to waive this fee if they do the cleaning themselves).

In Summer, a Member can book the whole lodge for \$100 a night.





# The Future

## Vision statement

Edelweiss Ski Club provides affordable accommodation to families year-round, so that they can enjoy all the wonders that Mt Hotham has to offer.

## Goals/objectives

- Obtain 30-year lease from MHRMB to secure the Club's long-term future and reach centenary anniversary
- Increase existing membership base to enable ongoing affordable accommodation
- Introduce non-member usage, with a focus on like-minded groups that will value the unique location and history of the lodge and site.
- Improve the current condition of the building to ensure:
  - that the Club is able to attract new members and guests
  - that the original building will have sound structural integrity /comfort at the Club's centenary anniversary
- Increase year-round usage
- Implement Environmental Risk Mitigation measured as identified:
  - Asbestos removal
  - Upgrade of wastewater treatment facility

## Action plan

### **Building improvements to be implemented:**

- Respond to structural Engineering report post 2017 snow melt, to ensure building is up to code (\$50k 2018).
- Deck replacement / extension - the outlook from the deck is one of the Club's greatest assets, and we believe an upgrade will add significant value to the current and prospective Members (\$20k - 2018)
- Bedroom Upgrade (Bunk / room configuration) (\$20k – 2018)
- Asbestos – roof / Re-cladding as required (\$100k – 2022).
- Compliance with Bushfire Regulations as required.
- Sewer upgrade (\$180k – 2022). Due to the high capital costs associated with connecting to reticulated sewerage, the Club requests that MHRMB consider the implementation of an onsite closed loop treatment system (capital cost \$50-70k)
- General Building upgrades (to be funded by operating surplus / capex surplus):
  - Toilet / shower reconfiguration.
  - Potential Kitchen Upgrade

- Remove lockers and increase change area
- Alternate ski storage location

### **Site access improvements to be investigated:**

- Build a staircase to the lodge from the road to improve accessibility and safety of getting to the lodge from the road. (2020)
- Build a raised off-street car park, to allow for easier /safer unloading / loading. Permanent off-road parking. (2020)
- Repurposing of existing on road car parks (at the top of the driveway) to long term car Club parks. (2020)
- Possibility of year-round vehicle access to the lodge (ongoing)

**Please note:** This list does not include sustainability milestones as they are listed in the sustainability section above.

## **Standards of Occupancy**

Edelweiss has always had a strong commitment to keep the lodge at the highest standard as possible. There is an annual working party that takes place (usually over a long weekend at the start of every year) and has afforded the lodge many upgrades over the years through the commitment of the members. These work parties bring the members together in the off season to not only keep the lodge in top condition for the pending winter season, but to also enjoy The Alpine national park during the Summer period.

Edelweiss has always taken on recommendations \ requirements resulting from inspections by the local building surveyor appointed by the Resorts board (refer Appendix 5), and employs local trades for the annual inspections for fire life safety elements of the AESMR (refer Appendix 6). These include:

- Mount Hotham Electrical: Emergency Lighting / Smoke Alarms / Exit Signs
- Alpine Fire extinguishers: Fire extinguishers & Hose reels

Annual inspections by the indigo shire always result in a report of a "clean and well-maintained premises".

A structural inspection of the lodge building is proposed to be undertaken in the coming weeks following the end of the current ski season.



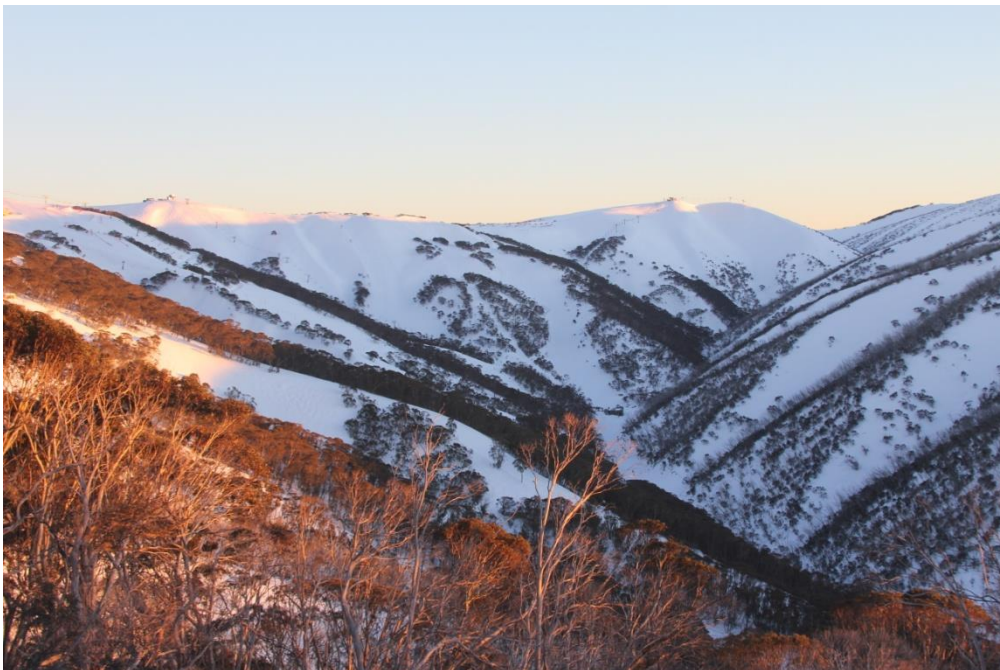
## The Finances

### Key objectives & financial review

#### Financial objectives:

Edelweiss is not a commercial venture, and does not seek to make a profit. The aim is to keep both Membership Subs and accommodation rates as low as possible. There is a requirement to retain a minimum of ~\$20k in the bank at all times for emergency situations, as well as having ~\$100k at the end of lease for site rehabilitation.

Due to the high capital costs associated with connecting to reticulated sewerage (\$180k), consider the implementation of an onsite closed loop treatment system (capital cost \$50-70k) in order that the limited capital able to be raised by the club can be utilised in building upgrades (detailed later in this Plan) rather than solely on the sewer connection. In lieu of this, the club formally requests financial assistance from the MHRMB in order to construct the proposed reticulated sewer connection due to the Club's inability to raise the required capital to both implement this connection and undertake the building upgrades required to ensure the forecast membership and occupancy increases are possible.



## Assumptions

The financial table on the subsequent page is based on the assumptions listed below:

- Implementation of initial building works in order to ensure the forecast membership and occupancy increases are possible.
- \$90k will be spent on building upgrades in 2018, with an additional \$100k being spent every 5 years in an ongoing reinvestment of surplus capital into the lodge and surrounds to ensure the forecast membership and occupancy increases are possible.
- An annual increase of 2% on the current \$21k annual operating expenses.
- An increase from 300 to 500 beds over winter, with a 20% guest rate.
- There will be 3-5 new members (\$30k) every 5 years.
- \$50k in 2018 is enough to meet structural Engineering report requirements.
- Financial assistance from MHRMB for the reticulated sewer connection (estimated valued at \$180k) as detailed above.
- Accrued interest on Club bank account estimated at 2% pa .
- There will be a 10% increase in annual membership subs and accommodation rates every 5 years.

Expected cash flow

Revenue		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	Guest Accommodation		\$1,920	\$1,920	\$3,200	\$3,200	\$3,200	\$3,200	\$3,520	\$3,520	\$3,520	\$3,520	\$3,520	\$3,872	\$3,872	\$3,872	\$3,872	\$3,872	\$4,259	\$4,259	\$4,259	\$4,259
	Member Accomodation		\$6,300	\$6,300	\$10,500	\$10,500	\$10,500	\$10,500	\$11,550	\$11,550	\$11,550	\$11,550	\$11,550	\$12,705	\$12,705	\$12,705	\$12,705	\$12,705	\$13,976	\$13,976	\$13,976	\$13,976
	Interest			\$2,160	\$2,160	\$536	\$1,202	\$1,568	\$1,893	\$222	\$550	\$1,410	\$1,828	\$2,242	\$664	\$1,084	\$1,991	\$2,457	\$2,920	\$1,390	\$1,859	\$2,425
	Subscriptions																					
	Membership Dues		\$21,600	\$24,300	\$24,300	\$24,300	\$24,300	\$24,300	\$29,700	\$29,700	\$29,700	\$29,700	\$29,700	\$32,670	\$32,670	\$32,670	\$32,670	\$32,670	\$35,937	\$35,937	\$35,937	\$35,937
	New Memberships			\$20,000.00					\$20,000.00					\$20,000.00								
	Totals		\$29,820	\$54,680	\$40,160	\$38,536	\$39,202	\$39,568	\$66,663	\$44,992	\$45,320	\$46,180	\$46,598	\$71,489	\$49,911	\$50,331	\$51,238	\$51,704	\$57,092	\$55,562	\$56,031	\$57,119
	No. of members		24	27	27	27	27	30	30	30	30	30	30	33	33	33	33	33	33	33	33	33
Expenditure																						
	Annual Service Charges		\$8,500	\$8,670	\$8,843	\$9,020	\$9,201	\$9,385	\$9,572	\$9,764	\$9,959	\$10,158	\$10,361	\$10,569	\$10,780	\$10,996	\$11,216	\$11,440	\$11,669	\$11,902	\$12,140	\$12,383
	Annual Site Rental		\$3,500	\$3,570	\$3,641	\$3,714	\$3,789	\$3,864	\$3,942	\$4,020	\$4,101	\$4,183	\$4,266	\$4,352	\$4,439	\$4,528	\$4,618	\$4,711	\$4,805	\$4,901	\$4,999	\$5,099
	Audit Fees																					
	Advertising																					
	Bank Charges																					
	Capital Works		\$50,000				\$180,000															
	less MHARMB reimbursement						-\$180,000															
	Cleaning																					
	Electricity		\$800	\$816	\$832	\$849	\$866	\$883	\$901	\$919	\$937	\$956	\$975	\$995	\$1,015	\$1,035	\$1,056	\$1,077	\$1,098	\$1,120	\$1,143	\$1,165
	Food and Supplies																					
	Freight																					
	Gas		\$1,000	\$1,020	\$1,040	\$1,061	\$1,082	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,243	\$1,268	\$1,294	\$1,319	\$1,346	\$1,373	\$1,400	\$1,428	\$1,457
	Insurance		\$4,700	\$4,794	\$4,890	\$4,988	\$5,087	\$5,189	\$5,293	\$5,399	\$5,507	\$5,617	\$5,729	\$5,844	\$5,961	\$6,080	\$6,202	\$6,326	\$6,452	\$6,581	\$6,713	\$6,847
	Interest																					
	Miscellaneous		\$500	\$510	\$520	\$531	\$541	\$552	\$563	\$574	\$586	\$598	\$609	\$622	\$634	\$647	\$660	\$673	\$686	\$700	\$714	\$728
	Postage																					
	Refurbishment		\$40,000				\$100,000				\$100,000					\$100,000					\$100,000	
	Repairs/Maintenance		\$2,000	\$2,040	\$2,081	\$2,122	\$2,165	\$2,208	\$2,252	\$2,297	\$2,343	\$2,390	\$2,438	\$2,487	\$2,536	\$2,587	\$2,639	\$2,692	\$2,746	\$2,800	\$2,856	\$2,914
	Stationary																					
	Subscriptions																					
	Telephone																					
	Wages																					
	cabin manager		2500	\$2,550	\$2,601	\$2,653	\$2,706	\$2,760	\$2,815	\$2,872	\$2,929	\$2,988	\$3,047	\$3,108	\$3,171	\$3,234	\$3,299	\$3,365	\$3,432	\$3,501	\$3,571	\$3,642
	Totals		\$111,000	\$21,420	\$21,848	\$22,285	\$122,731	\$23,186	\$23,649	\$24,122	\$24,605	\$125,097	\$25,599	\$26,111	\$26,633	\$27,166	\$127,709	\$28,263	\$28,828	\$29,405	\$29,993	\$130,593
	Surplus/Defecit		-\$81,180	\$33,260	\$18,312	\$16,251	-\$83,529	\$16,382	\$43,013	\$20,870	\$20,715	-\$78,917	\$20,999	\$45,378	\$23,277	\$23,165	-\$76,471	\$23,440	\$28,263	\$26,157	\$26,038	-\$73,997
	Opening Bank Account	\$108,000	\$108,000	\$26,820	\$60,080	\$78,392	\$94,643	\$11,113	\$27,495	\$70,509	\$91,379	\$112,094	\$33,177	\$54,176	\$99,554	\$122,831	\$145,996	\$69,525	\$92,965	\$121,228	\$147,385	\$173,423
	Add Surplus		-\$81,180	\$33,260	\$18,312	\$16,251	-\$83,529	\$16,382	\$43,013	\$20,870	\$20,715	-\$78,917	\$20,999	\$45,378	\$23,277	\$23,165	-\$76,471	\$23,440	\$28,263	\$26,157	\$26,038	-\$73,997
	Closing Bank Account		\$26,820	\$60,080	\$78,392	\$94,643	\$11,113	\$27,495	\$70,509	\$91,379	\$112,094	\$33,177	\$54,176	\$99,554	\$122,831	\$145,996	\$69,525	\$92,965	\$121,228	\$147,385	\$173,423	\$99,427

## Appendices

Attached is supporting documentation in relation to this business plan. The attached documents include:

1. Jackson, K "Hotham Highs: the development of Skiing between the wars and the establishment of a skiing culture" (1990)
2. Edelweiss Ski Club EMP
3. Reticulated sewer connection cost estimate
4. Waste water Treatment systems
5. Building standards audit (December 2016)
6. Annual Essential safety measures report (July 2017)

Addition information regarding the history of the club can be found in the book "Mountain Memories: 60 years of skiing 1990" (Mick Hull, 1990)

