

# Elouera Ski Club Ltd



Pygmy Possum Lodge, Charlotte Pass  
Kosciuszko National Park  
and  
Castaways Unit, Shoal Bay  
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## CLUB REVENUE CHANGES 2023

Over the last few years we have experienced large increases to our operational costs, a hit on our income from the impacts of COVID and the price estimates of our upcoming lodge renovation have gone up.

It is the responsibility of the board to ensure the ongoing viability of the club, and as such it has been forced to increase the 2023 annual subscription fees by 10% and the accommodation fees by 15%. We have outlined our full explanation of these changes here.

### A SUCCESSFUL SEASON, WITH HIGH MEMBER DEMAND BUT REDUCED REVENUE

The very successful 2022 ski season is now winding up, and fortunately after the two lean COVID lock down years, we finally had both lots of snow and a full lodge throughout the season. Importantly, most members were able to obtain at least one week (sometimes 2 weeks) of their preferred accommodation dates and enjoyed their long-delayed ski holiday. The high member demand inevitably reduced the number of guest bookings within our 54-bed capacity. The ratio of guest to member bookings has been declining since 2016 (with many of our repeat guests signing up as members) but this trend was exacerbated in 2022 due to the pent-up demand from members. Guests pay much higher fees than members, and they contributed 65% of our winter peak revenue in 2016, but only 28% in 2022. Based on the 2022 season booking rates, if we had the same number of guests in 2022 as 2016 we would have received an additional \$110k in revenue. We enjoy the privilege of inviting our friends as guests, but when members want bookings the guests are squeezed out first.

### OUR MAJOR COSTS ARE INCREASING

The club's major fixed costs are insurance (\$105,000), municipal service charges (\$102,000) and rent (\$24,000), and all of these are likely to increase due to current inflation. Municipal charges include water, garbage, sewerage and our contribution to a resident doctor in season. We anticipate insurance will increase by 15% and other fees will increase by 10%. Our major variable cost is power, but this is only \$30,000 and is also likely to increase.

### CRITICAL LODGE RENOVATION PLANNED

Members are aware of the lodge refurbishment plans. These plans include recladding and addressing safety issues. The lodge is now 38 years old and our lease expires in 2058 or in 36 years' time. The club will spend approximately \$750,000 on this refurbishment work over the next 5 years, with additional internal work to follow including kitchens, carpets and painting. As a club we need to cover all of these planned expenses, and maintain a healthy bank balance so we can survive future lean years or poor seasons. The board has voted to fund this with cash flow

and by taking a loan facility secured against Castaways. The board has also unanimously rejected selling Castaways as this would compromise future financial security.

## 2023 MEMBER RATES AND SUBSCRIPTIONS

We traditionally set rates in October for the year ahead. However, we will receive the bills for our major costs over 2023 well after we set our rates. Given the inflation pressures, we need to plan ahead and not fall into a catch-up game or have to dip into our reserves. The reduced number of guest bookings, the expected cost increases and the planned refurbishment work have required the board to increase our 2023 rates so we have enough cash available to pay for our expenses.

In setting rates, the board is also conscious that a user-pays principle is desirable. As such the major change in rates will apply to accommodation. For a club member or spouse in peak winter season the weekly rate will be \$640 (inc. GST) compared to \$555 in 2022. This is an increase of \$12.14/night. Guest rates will incur a similar percentage increase, and the surcharge on guest rates, will not change. Over the last four years the club subscription has remained at \$110/member (inc. GST), with no adjustment for inflation. This subscription will increase in 2023 to \$121 (inc. GST).

The board will also this year introduce an annual capital works contribution of \$55/member (inc. GST). These additional funds will be used exclusively on lodge refurbishment. While I mentioned user-pays, there is a counter argument that all owners of the lodge should contribute to its maintenance and improvement. An inactive member should still be supporting the maintenance and upkeep of the lodge.

## KEEPING THE CLUB FINANCIALLY STRONG

Taken in combination, these rates **may** deliver an annual profit of \$140,000/annum, roughly what we will be spending every year on lodge refurbishment for the next 5+ years. This level of cash flow would allow our loan facility of \$600,000 (financed at 6%) to be repaid in 6+ years, and allow us to fund the internal work such as carpets and kitchen.

I intentionally use **may**, in the last paragraph. The club continues to face the normal risks of poor seasonal snow, summer bushfires or another COVID outbreak. Any or all of these events will place pressure on our club income but we will still incur high fixed costs and we need to make sure the club stays financially viable. Dipping into our reserves to pay for the necessary refurbishment work or to pay for our fixed expenses will make us less able to ride out another challenge like the 2020-21 seasons.

I appreciate your support and am, as always, happy to respond to feedback from the membership.

Jon Barber  
President