

I NDEPENDENT P R I C I N G A N D R E G U L A T O R Y T R I B U N A L

P E R I S H E R R O U N D T A B L E F O R U M T r i b u n a l M e m b e r s

Dr Michael Keating AC - Chairman
Mr James Cox
Ms Cristina Cifuentes
Mr David Brett

Held at Meeting Room 2, Level 2
44 Market Street, Sydney NSW 2000

On Wednesday, 16 March 2005, at 9.30am
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1 THE CHAIRMAN: I am Michael Keating, Chairman of IPART,
2 and the other Tribunal members present are Jim Cox on the
3 left, who is also the Chief Executive of IPART, Cristina
4 Cifuentes and David Brett. The secretariat members at the
5 table are Steve Lyndon on my right, next to him Alex Dobes,
6 and Mandy Tu Man Phan sitting behind.

7
8 The purpose of today's meeting is to focus discussion
9 on some of the key issues that have arisen in IPART's
10 Perisher review and, as always, we are guided by our terms
11 of reference. I think today should assist us in focusing
12 the discussion. Probably the key points in those terms of
13 reference are the Government's desire for full cost
14 recovery, which was the purpose of setting up this inquiry,
15 I believe, and we are also instructed in our terms of
16 reference that IPART should not review the National Parks
&
17 Wildlife Service policy on gate entry fees, I have a
18 specific instruction on that, and we are attempting to find
19 the least cost infrastructure program which will meet
20 current standards.

21
22 The Tribunal has noted that most submissions suggest
23 that someone else should pay, or pay more, for
24 infrastructure services. Perhaps that does not come as a
25 surprise. I think we all recognise that full cost recovery
26 of those services will not be painless, although it may be
27 painless to some people, at least. At the same time, the
28 Tribunal is aware that Perisher operates in a competitive
29 environment, particularly perhaps with Thredbo, and the
30 Tribunal will be aiming to recommend an approach which is
31 as close as possible to competitive neutrality.

32
33 The specific topics for discussion are those set out
34 in the agenda and the discussion paper and they are the
35 cost of roads, solid waste and water headworks, being the
36 first set; the second are the revenue and pricing options;
37 and the third is the expected future demand at Perisher.

38
39 Alex Dobes from the secretariat will introduce each
40 topic and the secretariat will engage in general
41 discussion, especially qualifying points of view. Each
42 organisation represented at the table will be asked to
43 limit comments on each of the three topics to three
44 minutes. You don't have to speak if you feel you have
45 nothing in particular to say on a specific issue.

46
47 Naturally you are aware that the Tribunal has read the

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1 stakeholders' submissions, so we are aware of the points of
2 view in general, and really the aim of this round table is
3 to clarify opinions on specific issues, especially those
4 issues which were explored in the recently published
5 consultant's reports where, for want of a better phrase,
6 the facts might be in dispute. We need to know that.

7
8 As you can see, we are making a transcript of this
9 round table and we will post that on our web site as soon
10 as possible. For the benefit of transcription, and indeed
11 for the rest of us, each speaker should introduce himself
12 or herself. If time permits, and I am pretty determined
13 that it will, when the participants at the table have
14 stated their positions, we will have time for some
15 discussion or comment on each other's positions at the end
16 of each topic.

17
18 MR DOBES: Thank you everyone for attending. The
19 Chairman has indicated how we hope to proceed, so I will
20 go straight into it.

21
22 You will notice the discussion paper is divided into
23 three main subject areas, although some have sub areas.
24 Some are related and we have changed them a little bit in
25 the order in which we hope to approach things, just for I
26 guess smooth progress, and we have combined some items
27 which are closely related, for example, parking fees and
28 gate entry charges.

29
30 First up we would like to discuss roads. We are not
31 able to discuss cleared roads, that is part of the DIPNR
32 process, so what we are hoping to discuss is the cost
33 differences between cleared and uncleared roads. The cost
34 differences break down into three broad areas, which is
35 roads capex, roads opex and solid waste removal. First up
36 I would like to do roads capex and opex, then move on to
37 solid waste removal.

38
39 The questions to do with roads capex I guess are if
40 roads are uncleared, is it possible to seal them with
41 bitumen rather than concrete. That is a proposal in the
42 Earthtech report. If so, what is the difference in capital
43 cost and what is the life of an uncleared bitumen road as
44 opposed to an uncleared concrete road.

45
46 The second topic is what is the difference in
47 operating cost between cleared and uncleared roads, and

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1 there are other costs which may be higher or lower, so to
2 begin on that topic I would like Earthtech to introduce
3 those two questions, the difference in cost, both capex and
4 opex, of cleared and uncleared roads, and then move around
5 the table and get opinions on that.
6

7 MR RYAN: I guess we have established that concrete roads
8 are clearly the most appropriate pavement for a cleared
9 environment, but they come at a significant cost over and
10 above asphalt roads. The subsequent impact on operating
11 costs of asphalt compared to concrete are also fairly
12 obvious. As far as the longevity of asphalt, we believe
13 asphalt road surfaces perform appropriately as evidenced by
14 all the roads that currently exist in the road that are
15 bituminous based or asphalt, including the car parks, and
16 the same experience worldwide is that asphalt is quite
17 serviceable as long as it is maintained appropriately.
18

19 Maintenance is an issue because maintenance has to be
20 not just timely but appropriate, particularly with cracked
21 sealing keeping water out of the pavement. Water, once it
22 is in the pavement, causes freezing and cracking of the
23 pavement, causing exacerbation of the condition of the
24 road.
25

26 Concrete requires substantial service infrastructure
27 realisation and rationalisation because once it is down it
28 is pretty much permanent and very costly to open up again,
29 whereas asphalt is more readily opened up. Clearing
30 activities of removing snow from an asphalt surface do more
31 readily show signs of wear and tear on the surface of the
32 pavement, there is no doubt about that, particularly
33 abrasion from chains and other steel blades and so on.
34 They certainly do impact on the asphalt. The fact is there
35 are many asphalt pavements, and I use the actual Kosciuszko
36 Road as an example, even though it is a spray-sealed road,
37 but it has had multiple applications over the years which
38 gives it the equivalent surface of an asphalt pavement
39 anyway. It is self-evident as a pavement that it stands up
40 to regular clearing activity in that environment.
41

42 As far as maintenance costs goes, anything up to
43 \$1,000 a lane kilometre for concrete surfaces would be a
44 reasonable budget figure, and for asphalt surfaces possibly
45 \$3,000 to \$5,000 for lane kilometre depending on the level
46 of snow clearing. In some years there is much more snow
47 clearing activities than others, of course.

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1
2 With development costs, however, asphalt is a good 25
3 per cent cheaper to develop compared to concrete pavement.
4 These figures vary from application to application. They
5 vary with road widths, they vary with grades and they vary
6 with geotechnical conditions, so it is a little bit
7 difficult to be absolute about the comparative costs. The
8 long-term effect of holding out for a concrete road in our
9 view is detrimental to the environment if it means we have
10 to sustain continued use of gravel roads and thus have poor
11 stormwater outcomes, so I hopefully have addressed that.
12

13 MR DOBES: We will start with National Parks.
14

15 MR HENCHMAN: Our only comment on the concrete
16 roads or roads sealing is that the advice we have is that
17 asphalt won't have as long a life as Earthtech has proposed. I
18 think it was 15 years. Our advice is telling us more like
19 eight, but certainly we agree with Earthtech that it is
20 desirable to seal the roads as soon as possible and that
21 the cleared or uncleared scenario does impact on the life
22 of that surface. Certainly it is our desire to see those
23 roads sealed for the environmental benefit in any case.
24 That is all we want to say.
25

26 MS SHORE: The Chamber has always supported the concrete
27 road proposal and has not really considered the bitumen
28 options, so we would be prepared to do that.
29

30 THE CHAIRMAN: Can you just say that again?
31

32 MS SHORE: We have always supported and proposed
33 concrete, not bitumen, but we would certainly consider that.
34

35 MR BLONDEL: We have been on the record since 1997 as
36 saying that all the roads should be sealed. We support
37 Earthtech's position that dead-end roads are not desirable
38 in this circumstance of resorts, certainly Perisher, so the
39 loop roads are also supported. On balance we also support
40 the recommendation for concreting the immediate facilities
41 and asphaltting the remaining areas.
42

43 On the clearing issues, quite clearly the evidence is
44 internationally, as Earthtech observes, and even on the
45 better completely sealed sections of Kosciuszko Road, that
46 asphaltting can hold up, particularly if the verges and
47 shoulders are sealed out. The problem more particularly

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1 with blowers as distinct from blades is to do with the non
2 sealing of the verges and shoulders. If that happens, you
3 get far less of the asphalt being deteriorated and pushed
4 out into the verge areas.

5
6 By and large the overall program in summary that has
7 been suggested by Earthtech is broadly supported by us, and
8 those elements are a mixture of concreting and asphalt and
9 loop roads; and the clearing mechanisms are also broadly
10 supported.

11
12 MR DOBES: Do you have a view on the cost differences, the
13 capex and opex.

14
15 MR BLONDEL: It is self-evident that obviously the capital
16 costs of concreting is far greater than asphalt in the
17 shorter term. However, as has been touched upon in the
18 reports going to greater detail, there are trade-offs.
19 Earthtech has said the overall construction cost is about
20 25 per cent greater for concrete but in the longevity of
21 the 30-year program there is about a 15 per cent capex
22 saving over the total period. Offset against that straight
23 away is the consequential impacts of sealing roads and also
24 having them cleared, so the two go hand in glove. There is
25 a 40 per cent reduction in the operating cost for waste,
26 let alone other elements, so there are pluses and minuses
27 in those sorts of aspects, and when one looks at the costs
28 of these things we have had some concern now, and have
29 expressed it for sometime, that for want of a better term
30 economic rationalisation about how much this will cost and
31 in what period of time and who will pay for it is not the
32 prime motivator for resort operators anywhere in the world,
33 they are long-term longhaul businesses that require
34 detailed operational and circulation patterns.

35
36 In environments like alpine environments sometimes the
37 additional capital load at the front end is more important
38 than the overall payback with lower maintenance costs going
39 forward. So long as it is staged and structured
40 appropriately, that is a far better way to go.

41
42 MR PRINEAS: The Nature Conservation Council does not
43 support clearing of roads because for a range of reasons it
44 would lead to increased environmental impacts, more vehicle
45 movement and a general urbanising of the resort
46 environment. The issue of the comparative performance of
47 the different surfaces from the point of view of clearing

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1 from our point of view is not an issue. We don't support
2 clearing. We hope it won't occur.

3
4 We would therefore tend to support the general view
5 put by Earthtech that, based on the performance of bitumen
6 roads in the Snowy area, there does not seem to be any
7 compelling reason to go to another surface, a concrete
8 surface, and there appears to be a capex saving in the view
9 there will not be clearing, we hope, so no compensating
10 operating costs saving really as long as the bitumen
11 surface is well maintained. That is our position.

12
13 We see no reason why the roads should not be sealed
14 with asphalt. We accept that the roads need to be sealed
15 for water quality reasons because there is a lot of erosion
16 coming off those unsealed surfaces going into the
17 surrounding streams and it has long been recognised that
18 sealing is a necessary step to improve water quality and
19 ensure the continued habitat quality for a number of
20 species that exist within and around the resort developed
21 areas, including several threatened species. Thank you.

22
23 MR ANDERSON: My name is Graeme Anderson. I am from
24 SLOPES. For those members in the room who don't know
25 what that means, SLOPES is the organisation that has as its
26 membership the 88 clubs that exist in the Perisher region.
27 100 per cent of these clubs belong to SLOPES. We've got a
28 capital invested there insured for over \$100m, so we are a
29 substantial player. We believe we talk for 25,000 people
30 who are directly associated with us and including guests,
31 et cetera, about 55,000 people. Therefore, we believe that
32 we are a substantial stakeholder.

33
34 Starting off with asphalt roads versus concrete, my
35 experience on Ku-Ring-Gai Council is such that I'm not that
36 impressed with the discussion of the ease of repairing an
37 asphalt road. It ain't like that. A road is a seal over a
38 surface that has to be properly prepared and when you
39 repair a pothole you know there's going to be another
40 pothole. To repair it properly is quite a difficult job,
41 so don't get carried away with it. You scratch the
42 surface. We can easily repair that. Life's not like that.

43
44 With respect to our opinions towards the concrete road
45 issue, there will be a few small spur roads and they could
46 be asphalt or perhaps, as I suggested in the paper that we
47 submitted, we have to investigate stabilising because if

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1 you're looking for something to harden the surface up now
2 so as to minimise the run-off, stabilising would have a
3 life, in my opinion, not that darned far different to
4 asphaltting and it is a lot cheaper, of course.

5
6 I would suggest that that be looked at. The thought
7 of putting in asphalt and then coming back later with
8 concrete - of course we know what that means. It won't be
9 done. What it means is we're going to get a series of
10 degrading asphalt roads and if you have the benefit of
11 living in Ku-Ring-Gai, you'll know what that means.

12
13 Therefore, balancing it all up, we would suggest that
14 concrete roading must be the only way on any road which
15 could be classified in any way as being "main". In the
16 paper put forward by Earthtech there are a couple of roads
17 which, in my humble opinion, are mainish and they're being
18 asphalted. Regarding the loop roads, this has to be
19 properly looked at and the people that look at it will be
20 DIPNR. In other words, it has to be analysed in the same
21 way the current problem is being analysed.

22
23 I don't think that the flippant statement that loop
24 roads beat McDonald's, et cetera, really covers the
25 situation. I think that that really has to be looked at,
26 where the road is to be. We would say - in 10 seconds -
27 taking out a valley floor road, making everybody go up the
28 hill, run right along the hill and then come down again is
29 absolutely crackers. This has to be looked at by technical
30 people such as DIPNR.

31
32 I do make the point that if we're looking at a global
33 costing thing of \$150m to be found over the next 30 years,
34 these details don't really affect things much overall. In
35 other words, when the millions go up and down this part
36 of
37 the strategy won't really affect the fact that you're
38 trying to find \$100m. Sure, it might be \$145m. Maybe it
39 will be \$155m in 30 years time. I won't be around. I
40 couldn't care less if it's out by \$5m. It won't affect the
41 global situation.

42 Just on the roads, because it comes in at this bit,
43 there is mention in the roads that "Goody, goody, I did it"
44 means we can do some car parking up at the lodges. Forget
45 it: not practicable; not possible. Can you imagine the
46 first time that some idiot driver in a vehicle with no
47 speed limitation drives up to his lodge and kills someone?

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1 We'll have a Thredbo Inquiry all over again. You cannot
2 have Australian citizens who cannot control vehicles in the
3 snow driving over amongst lodges: so this connotes into
4 the road picture. The Smiggin Holes trial has reinforced
5 our opinion. I was the hero who started the Smiggin Holes
6 trial and I followed it very closely.

7
8 The Smiggins trial has not been all beer. There have
9 been many skittles. That has confirmed to me that you
10 cannot trust Joe Blow who charges in at 11 in the morning,
11 breaks every rule known to mankind, parks in the wrong
12 spot, drives off the next morning and drive off the edge of
13 the road. This has happened. The Smiggin Holes trial has
14 emphasised the fact that you can't let cars wander around.

15
16 I won't discuss clearing because, as I said, that's
17 being done at a different place. I am pleased to note that
18 they've confirmed my thoughts that it's going to be done.
19 The one thing - also on roads - we must be careful to
20 maintain, to my mind, is that we don't want salting. That
21 should underlay a lot of what we're doing. When you're
22 playing with roads the cheapest way to play with them is to
23 salt them. We don't want salting. If you've been in
24 salted places overseas and you walk along, the salt scuffs
25 up around the skirts of your trousers. You don't like it.
26 I won't even talk of Peter's problems with salt running
27 down into the creeks. I think he would express that
28 himself.

29
30 The situation on roads, therefore, is that we would
31 tend to go towards concrete, bite the bullet, and only on a
32 few little spurs, and if we've got an urgent situation to
33 do little spurs, please have a look at stabilising.

34 Thank you, Mr Chairman.

35
36 MR DOBES: Thank you. Do Treasury have any comments?

37
38 MR ROBERTS: No comments.

39
40 MR DOBES: CIE?

41
42 MR DAVIS: No comments.

43
44 MR DOBES: We can move on to solid waste. We're making
45 fairly good time. Once we have finished with roads plus
46 solid waste, we may be able to open it up to general
47 discussion. Once again, on solid waste, to summarise,

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1 National Parks has been considering a solid waste solution
2 which would involve a transfer station at Perisher.
3 Earthtech's report sets out an alternative which relies on
4 a compactor truck and doesn't have a transfer station. It
5 relies on cleared roads.

6
7 If we go to uncleared roads, we need to find an
8 alternative solution and Earthtech has done some thinking
9 about that. We need to know how much the solution might
10 cost, whether it involves a transfer station and what sort
11 of transfer station, because in the discussion about
12 transfer stations we're not sure whether a transfer station
13 compacts waste or whether it stores it until it is carted
14 away. I am interested in opinions on solid waste options
15 with uncleared roads mainly, the cost of the options and of
16 a transfer station. I would ask Earthtech to comment
17 first.

18
19 MR RYAN: Our review of the solid waste operations in the
20 resorts, like the rest of our report, was based on
21 reviewing historical information and technical reports
22 prepared by others and so on, matched up to our own
23 in-the-field observations.

24
25 We made a couple of trips to the resort during the
26 season and at the end of the season and I must commend the
27 URS report on solid waste. It was a particularly important
28 reference document. What we had difficulty with was the
29 conclusions in the URS report. Within the body of the
30 report we found material that supported our recommendation,
31 which was "Don't worry about a transfer station. Transfer
32 stations seem totally inappropriate for that site, for an
33 alpine environment." Full stop.

34
35 At-source separation of recyclables from waste is
36 state-of-the-art thinking right now right across the
37 planet, not just at Perisher, and it seemed strange to us
38 why would you put something in that nobody wants next to
39 their place, a transfer station, in the middle of a
40 pristine environment, and why would you do anything that
41 would compromise transparency in the management of your
42 solid waste by having all your skips placed in the absolute
43 front door of your premises and have a dependence on
44 possibly the most inefficient and unenvironmentally
45 friendly transport system we've ever seen, being oversnow
46 vehicles? I mean that's certainly not a friend of the
47 environment.

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1
2 What we saw was if the snow was good here and there
3 was a skip, that's where the rubbish went. It didn't
4 matter whether the skip was labelled "bottles and cans". It
5 didn't matter whether the skip was labelled whatever.

6
7 Summing up, we cannot justify a transfer station for a
8 whole range of reasons. At-source separation is the way to
9 go. It doesn't matter where you are - Perisher or Sydney.
10 Oversnow vehicles to transport garbage is gold-plated
11 transport if ever I've seen it. It is not environmentally
12 friendly. Whatever you do, you've got to get rid of those
13 skips, and lastly, accountability: back to where the waste
14 is generated. A 17-year-old on a skiddoo throwing garbage
15 bags six or eight metres from his skiddoo into a half-open
16 skip is not the future of solid waste management at
17 Perisher.

18
19 I mentioned Thredbo before. It is a perfect example
20 of accountability - lockers out the front of the lodges,
21 with good systems there to demonstrate separation of waste
22 from recyclables, and that's basically where we're at.

23 As far as costs go, our report goes over it but it's
24 pretty simple: oversnow vehicles are limited in their
25 capacity. There isn't one with a compactor on the back.
26 You're paying twice the operating costs per tonne on an
27 oversnow vehicle. The models just don't stack up. Why
28 would you sort rubbish in the middle of a resort? That is
29 how I would summarise it off the top of my head, without
30 reading those.

31
32 MR DOBES: You're saying with uncleared roads solid waste
33 removal becomes difficult?

34
35 MR RYAN: We talk about a 40 per cent cost impost. It
36 could be much higher than that. It would be higher again
37 with a transfer station. If the stuff is picked up out the
38 front of your lodge, compacted into the vehicle and taken
39 away, that's the best outcome you can think of. Why would
40 you store it at the resort and sort it loose? Why would
41 you cart it around the resort loose? It is just not on.

42
43 I know we said we weren't going to talk about cleared
44 roads but it is so fundamental to the cost analysis. I
45 will just read a small passage from a report, prepared in
46 1998, which is related to oversnow transport. I will
47 attribute the report. It is by Jackson Teece Chesterman

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1 Willis. It says:
2
3 Tracked vehicles go off-road at the end of
4 the season, when gravelled roads are
5 part-clear and part-snow, as such
6 conditions damage vehicles. The sealing of
7 village roads should reduce this problem.
8 It only requires a few traverses by
9 oversnow vehicles and compaction of snow to
10 seriously damage native shrub vegetation.
11 This also destroys wildlife movement
12 corridors.
13
14 It goes on about skiddoos and so on. This isn't new
15 information that I'm putting on the table, that's what I'm
16 trying to say. It has been around a long time. We just
17 haven't dealt with it.
18
19 MR DOBES: Thank you. I guess what Earthtech is saying is
20 that without cleared roads solid waste is very difficult.
21 Maybe one of the things we need to focus on is solutions
22 for solid waste with uncleared roads. People may have some
23 thoughts on this.
24
25 MR HENCHMAN: From National Parks' point of view, we
26 do have that advice that Earthtech mentioned which is from
27 URS. It does recommend to us that a waste transfer station
28 would be required under any scenario and it is not so much,
29 as I understand it, for the processing of waste, but
30 particularly we feel that there's a contradiction in the
31 recommendations that have been given to the Tribunal on
32 this matter because we'd have a recommendation to go down
33 cleared roads, and yet we're saying there should be a
34 continuance, presumably, of the current unacceptable
35 situation where waste is actually transferred from oversnow
36 to wheeled vehicles out in the open and we don't support
37 that in any way.
38
39 We think that particularly with uncleared roads you
40 must have locations where you can transfer that waste.
41 You're never going to be able to coordinate totally the
42 pick-up of waste by oversnow vehicles and the transfer to
43 road vehicles in a way that guarantees that there's no
44 holding of waste between times.
45
46 We recognise that a transfer station or a series of
47 transfer stations would be a capital cost, but in

1 environmental and operational terms in an uncleared road
2 scenario certainly we don't see that you could operate in
3 any other way acceptably.
4
5 We agree that separation at source is an ideal way of
6 recycling and we would envisage that those separate waste
7 streams would be managed through a transfer process as
8 separate streams, so they would be collected at sources
9 separately and not sorted within the national park, but
10 those waste streams would be separately taken to the
11 regional tip.
12
13 Basically, given that there seems to be a
14 recommendation towards uncleared roads, we think that the
15 capital costs of a waste transfer station should be
16 incorporated into the costing.
17
18 MS SHORE: We would agree with the National Parks'
19 position on this. The Chamber has always supported a
20 transfer station as opposed to individual collection
21 points. Once again, given that the scenario is a
22 recommendation for uncleared roads, then the necessity for
23 the transfer station is quite urgent. Skips are totally
24 unacceptable and our members have been making complaints
25 about these skips for many years.
26
27 Even if the roads were to be cleared it would be a
28 long-term process, so we would support the transfer
29 station.
30
31 MR BLONDEL: Contrary to the Service and the Chamber's
32 view, we have always opposed a waste transfer station on
33 several bases, but we also find that they're undesirable
34 for the broad reasons that have been touched upon by
35 Earthtech. The locations for a waste transfer station are
36 incredibly problematic. The URS report first preference
37 is, in fact, for what is known as the Old Comfort Station
38 on the north-east side of Kosciuszko Road alongside the
39 existing Smiggin Holes workshop.
40
41 You can't possibly get oversnow vehicles going to
42 Charlottes Pass which is serviced well as to waste issues.
43 Following existing oversnow routes and driving oversnow
44 vehicles across Main Road 286 is just not going to happen,
45 with the RTA or anybody else. The second and most
46 preferable location is one which the Service and
47 Perisher Blue has been considering for some time - the

1 co-location of the workshop facility, having the waste
2 transfer station in the same location in an area known as
3 Pipers Saddle, which is halfway between Perisher and
4 Smiggin Holes and behind the Perisher Blue Lodge site
5 effectively.

6
7 However, the problem with that site, particularly in
8 the uncleared road scenario, is that you don't always have
9 reliable snow from the beginning of the season to the end
10 of the season. We get bare patches here, there and
11 everywhere in the lower spots now. That means several
12 things, but fundamentally it would mean the maintaining of
13 two vehicle fleets, two systems, with all the capital and
14 operating costs associated with that and exacerbating
15 occupational health and safety issues too with the people
16 who have to handle all of this waste.

17
18 Charlottes Pass and its impacts on Perisher Valley is
19 noted in various reports. In so far as a waste transfer
20 station at either of those two preferred locations by URS
21 is concerned, we find it completely unacceptable to suggest
22 that there be an oversnow vehicle pulling trailers of
23 rubbish from Charlottes Pass to Perisher Valley on an
24 oversnow route, if there is snow on it, all the way from
25 Pipers Gap to a waste transfer station and separate it all
26 there. The same thing would apply, of course, with
27 Smiggin's rubbish, Guthega's rubbish and Perisher Valley's
28 rubbish.

29
30 The capital cost I think has been referred to in some
31 of the reports, but from memory - and I stand to be
32 corrected - it is circa \$1m as a minimum for the waste
33 transfer station. One of the reasons we also don't like
34 that as an upfront scenario is, as with many capital works
35 programs conducted in the Perisher Range to date and
36 perhaps those foreshadowed, they are a sunk cost up front.
37 You've got to fund that and meet it and then it sits there
38 forever.

39
40 One thing that isn't discussed a lot - but it comes up
41 in some of the reports - as a possible impact for future
42 and strategic planning, which these 30-year infrastructure
43 programs go toward, is climate change. The worst case
44 scenarios and predictions for climate change would indicate
45 that you're going to have less snow less often and,
46 therefore, the roads are going to clear themselves, even if
47 you don't start putting blades on them, sooner rather than

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1 later. With separation and selection at source, which goes
2 with the cleared road scenario, you automatically come back
3 to duplication of fleets under any circumstance.

4
5 Rather than having a fixed cost of capital with a
6 waste transfer station, with variability in a snow season,
7 which therefore affects skier visitation, you can control
8 those operating expenses. It goes with the tide, it goes
9 with the level of visitation and, therefore, that governs
10 the amount of rubbish that is determined in any one year.
11 It is much more efficient economically, in our view.

12
13 Contrary also to perhaps what I have heard the Service
14 understands from URS recommendations for a waste transfer
15 station under any circumstance, any scenario, that is not
16 our understanding from our discussions with URS. For some
17 of the reasons I have touched on already about location for
18 a waste transfer station and all the problems associated
19 with it, and in any circumstance these predicated on
20 staying with uncleared roads, you will have to have two
21 fleets of vehicles, two sets of registrations, two sets of
22 maintenance, two sets of licensing and all the rest of it
23 that goes with that, hugely uneconomic, and the cost goes
24 through the roof on that basis alone.

25
26 The other issue, which is a considerable issue for a
27 waste transfer station in areas such as the Perisher Valley
28 resort, as it is currently planned and been talked about at
29 least, is the adequacy of volume to make that transfer
30 station actually function properly. There is probably
31 enough, as URS has indicated, waste currently, and
32 certainly projected in the case of possible development of
33 Perisher Range, that there would be enough volume produced
34 to make the waste transfer station efficient for eight to
35 ten weeks of the year, but for the remainder of the year
36 there is not likely to be anywhere near the amount of
37 volume of waste produced to justify a waste station, yet
38 you have funded the capital cost up front and two fleets to
39 service it up front. We don't support it.

40
41 MR PRINEAS: The Nature Conservation Council is concerned
42 about the level of waste management and quality of waste
43 management at the resorts. Because it is badly managed, it
44 attracts and has sustained a population of ferals, foxes,
45 cats and the like, which are predating on native fauna and
46 are a considerable impact, and over a long period of time
47 waste management, or bad waste management, is one of the

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1 factors that is degrading the natural environment around
2 the Perisher resort. So there has to be an improvement in
3 waste management.
4
5 The other point we make, and we take Earthtech's
6 comment about the aesthetics, it is unacceptable that
7 current management, at least the last time I saw it, to
8 have a scattering of skips at the entry point to the resort
9 on one edge of the car park, uncovered and surrounded by
10 litter and debris, and people arriving and apparently
11 trying to do the right thing by allocating different waste
12 streams at different receptacles, and then I understand, as
13 we are informed, the whole lot being then loaded into a
14 simple truck and the whole process of collection being
15 negated, or at least the whole process of sorting being
16 negated.
17
18 The whole thing needs improvement. However, we don't
19 accept Earthtech's point that the cost of managing waste in
20 a snow environment ought to be a significant issue. This
21 is a resort. This is a resort in the snow. People go
22 there to see snow. They don't go there to get low cost
23 waste management. If they did, we would have our holidays
24 at Tempe tip or somewhere convenient like that, so let's
25 not worry too much about the cost of waste management in a
26 snow environment. People go to wilderness areas, they have
27 to carry all their waste out in their packs, walking for
28 several days, they go to tropical islands where waste is
29 difficult to manage, so it is not really an important
30 primary issue as to how much it costs to manage the waste.
31
32 Looking at improvement, the first thing that needs to
33 be done is for the resorts to take seriously their
34 responsibilities under the new environmental management
35 system so that all of the resort lodges and operators
36 manage waste at source at the lodges in an appropriate
37 manner, sort it and keep it covered and make sure that it
38 is delivered to the disposal point, which would have to be
39 a covered transfer station in the resort area or in the
40 vicinity of the resort area. There would be no other
41 practical solution.
42
43 There needs to be a conscientious application of the
44 rules and procedures under the EMS. There has to be a set
45 of procedures relating to the handling of waste in
46 transport by skidoo operators so that you don't have this
47 cowboy element racing past the skips and seeing how

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1 efficiently they can toss a bag from a long distance, that
2 kind of thing.
3
4 Obviously the waste transfer station has to be covered
5 and has to be managed in a way that ensures that waste is
6 not left around to attract animals and does not provide a
7 source of sustenance for ferals.
8
9 If all of those things are done then we do not see why
10 you can't have a good waste management system locally using
11 the current methodologies, which includes over-snow
12 vehicles, and we would prefer that. We would also point
13 out that if you don't have snow clearing of roads and
14 people use the traditional method of getting to their
15 lodges that does place a limit on consumption and therefore
16 it places some limit on the generation of waste at the
17 lodges, so we don't want to go to the major urban model, or
18 suburban model, that has been proposed where you have a
19 municipal garbage truck turning up and taking any amount
20 of waste that you want to generate.
21
22 We prefer no snow clearing of roads, improved waste
23 management based on over-snow vehicles, and a proper EMS
24 with proper education and enforcement of practices in
25 transportation and handling and a covered transfer station
26 adequately managed.
27
28 MR ANDERSON: Picking up on the points that Peter has just
29 made, I belong to a lodge which has just 22 beds. Let's
30 look at how we handle our waste management. It is
31 expensive to get our bags taken away but we pay the price.
32 We do four bags of putrescible and a couple of bags of
33 recyclable, and it costs us \$7 or \$8 a bag. "Oh, my god".
34 In other words, it is a negligible expense. But because it
35 costs us money to get rid of it, what do we do? First of
36 all, as Peter mentioned, you watch what you take in,
37 because the board gets a bit pinged off if it has to pay
38 for your waste, so we stack under our lodge the recyclables
39 and at Christmas time a working bee goes down, we get a
40 four-wheel drive, we stack it up and we take it down and
41 put it in the waste bins.
42
43 In other words, we are handling our recyclable waste
44 now extremely cheaply and we are not on our own. We are
45 talking of the lodges, our club lodges, out in the snow
46 area. There currently is an excellent system whereby Hans
47 Oversnow Service comes up, picks up blue bags, or green

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1 bag, recyclable bags - and he forgot to charge for the last
2 lot, that was his mistake - but picks the bags up and takes
3 them away, picked up between 8 and 9 in the morning, and it
4 vanishes.

5
6 There is one thing that I object to strongly in the
7 Earthtech report, that it did not talk to the man Ralph
8 Zollinger who runs the current Oversnow transport and who
9 collects this waste, and your report is so one-eyed on
10 having compacts running around, I checked with him
11 yesterday and you did not talk to the man who is currently
12 running it, so I think that your report is very faulty in
13 that regard. You have omitted the ground knowledge.

14
15 We heard a bit of ground knowledge talked about
16 yesterday. National Parks mentioned they are there.
17 Because of that, you did not realise that currently, when
18 he takes a load down, he meets up with the truck. We
19 currently have a truck, it is not a compactor, heaven
20 forbid, it is a bloody big truck with a skip on the front
21 that goes dump into it, relatively lightweight, not heavy
22 compaction gear, and he meets that truck and dumps it in.
23 The waste comes down from mid-station. How does the
24 waste from mid-station get anywhere? I am told
25 sometimes it meets up with the truck.

26
27 In other words, what we want, yes, we are talking of a
28 transfer station, and those of us who have been out to Ryde
29 or Artarmon see these huge things with big arms pushing and
30 dumping into trucks and all that. That is not what we are
31 talking about. We are talking of a building with a roof
32 which is not available to public view and is not rained on
33 and could even have a door on it to keep out the animals.
34 Regarding compactors, beauty, we are going to have a
35 compactor going around and it will come along the road at
36 9 o'clock and pick up your waste, at 10 o'clock and pick up
37 the glass, at 11 o'clock and pick up the tin cans. Spare
38 my thoughts, we want to get away from suburbia. We
39 don't want to have our roads with compactor trucks
40 running around. And you can't do it with one truck.

41
42 Thirdly, if you talk to the fellows on the ground you
43 would realise that the glass waste and the cardboard waste
44 are actually combined purposely before they are taken down
45 to the recycling at Jindabyne because the recycling people
46 prefer them combined. They say they transport better. It
47 is easier to handle bottles than broken glass.

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1
2 We talked of efficiency in waste transfer. You know,
3 National Parks running those things has a lot of
4 experience. You have a vehicle, not a particularly heavy
5 construction vehicle, it has a pick-up at the front which
6 tips in, and it works. It is neat, it works. In my
7 opinion it is quite cost effective. I would like to see a
8 colleague's compactor garbage truck running from the snow
9 down to Jindabyne or Cooma - talk of Cooma - running down
10 there, backwards and forwards and doing 28 trips up the
11 valley, then down again.

12
13 Let's work that out. You have to have somewhere where
14 the waste can be brought to and put into whatever it is it
15 is going to go. There must be a waste centre. You won't
16 get away without it. If you talk to the right man, he will
17 tell you about how you can get what he does with marginal
18 cost. So there is one thing that we will agree to, there
19 must be a central waste contractor. In other words, the
20 days of 15 skidoos coming up, throwing their bags, that is
21 finished, and I am quite sure - look, it is an evolving
22 scenario you have there. I am quite sure, without having
23 asked the question of National Parks, they are on the verge
24 of stopping this anyway. There has to be a central
25 contractor.

26
27 I was talking with Ralph Zollinger - Hans Oversnow was
28 his father - he has been there not for five or six years,
29 but 20 or 30 years. They know what they are doing and he
30 says that as a central contractor he could see how it could
31 work. Who does he talk to, a fellow from Jindabyne, who
32 wants to put in a tender for taking the waste away, and he
33 said, "I can handle the waste from there, you handle the
34 over-snow waste, all we will do is work in and coordinate
35 it and we can be handle it." I agree, that is the way I
36 believe evolution should take place.

37
38 We have a distinct abhorrence to these little waste
39 enclosures scattered along the roadside. It is suburbia at
40 its finest. It is to me the six-foot paling fence which we
41 all object to, particularly if the neighbour puts it up,
42 and to have these bins around, look, as Peter said, we are
43 trying to get away from suburbia, we are trying to get to
44 where we can have a holiday and look out at the snow. In
45 America, snow is hated. Every home has its snow blower
46 doing all these bloody things. For us it is fun to walk
47 over the snow. You buy ugh boots, \$25 a shot, just to walk

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1 through the snow. That is what it is all about. To have
2 these waste bins gives us the heebie-jeebies. Thredbo has
3 it. I had a choice of buying into a Thredbo lodge or
4 Perisher. I went Perisher. I didn't want suburbia.
5
6 So when it comes to waste, yes, a contractor is
7 required. I think this whole process, one thing it has
8 forced us all to realise, is the need for one contractor.
9 The transfer station, regrettably I think it is the only
10 way we can handle it. Whichever way you are going, it is
11 the only way. But the Oversnow version, that handles it
12 well, so thank you.
13
14 MR ROBERTS: No comment.
15
16 MR DAVIS: No comment.
17
18 MR DOBES: The next item is augmentation of water supply.
19 Once we wrap that up there might be a bit of time to come
20 back to roads and solid waste.
21
22 Augmentation of water supply is one of these items
23 which has come up in the process of the review. It is a
24 fairly major expense item potentially. What I am
25 interested in today is an overview of the options because
26 the Earthtech report has limited information on that. As I
27 understand it, there are currently three options under
28 consideration, which is supply from the aqueduct, supply
29 direct from the Guthega dam or pumped from Guthega along
30 existing roads. Those I understand are the current
31 options. I wonder if National Parks could give us a
32 rundown on those options?
33
34 MR HENCHMAN: Basically what we have got now is some
35 advice which we just received this week from the Department
36 of Commerce on a feasibility level estimate of the cost of
37 those options, and those costs range between \$6.7m and
38 \$9.6m, and these figures include a contingency of 25 per
39 cent, so a high contingency given the very feasibility
40 level nature of them. There has been no design work done,
41 no assessment work done, it is just simply looking at the
42 options.
43
44 The high-level option is the option of taking water
45 from Guthega dam and in part, because we would need to
46 treat that water coming out of Guthega dam, it is now the
47 village of Guthega itself, so that is basically our updated

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1 information. We had estimates previously but they were
2 more like guesstimates, they were not actually based on
3 breaking down a particular option at all, just an
4 allowance.
5
6 MR DOBES: I guess the immediate question for the Tribunal
7 is, will this happen in the next five years and does it
8 need to be included in a potential five-year price path?
9
10 MR HENCHMAN: Yes, it does.
11
12 MR LYNDON: With the Earthtech report, can you just
13 clarify, they were working off the guesstimate of \$5m,
14 because this issue was not addressed three years ago, it is
15 something that has arisen since, so something from zero in
16 the 30-year plan then to your figures you have given now.
17 Based on the fact we were talking about a two-year period,
18 what is the current view of the current estimates, what
19 time period will that expenditure occur? Is it similar?
20
21 MR HENCHMAN: Same time, 07, 08.
22
23 MR ANDERSON: I did not understand what the options
24 were. The high level and the low level options, what are they?
25
26 MR STAPLES: Rob Staples, National Parks. There were three
27 options that were mentioned. Where those options are at at
28 the moment is that it has gone through quite a lengthy
29 process over the last several years in getting to that
30 point. We have explored a range of options but what has
31 triggered all this is the environmental flows requirement
32 under the licensing that was issued by DIPNR
33 post-production of the Priss report, that is why there was
34 that discrepancy.
35
36 The three options that we feel are the most feasible
37 at this stage, and from which those recent figures have
38 been presented, are extraction from Guthega dam and
39 pumping basically over the hill across through Guthega itself
40 to the Blue Cow resort and then down to Perisher. That is the
41 mid range option of about \$8.6m. The high-cost option is
42 from Guthega via the road network, the \$9.6m, the upper
43 limit figure. And then the lower figure, \$6.7m, is using
44 water extracted from the Perisher aqueduct and utilising
45 the snow-making pump station facilities that Perisher Blue
46 is currently developing.
47

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1 MR DOBES: You can see that this being between \$6.7m and
2 \$9.6m adds a certain percentage to the overall program over
3 30 years. This is all new information for many people ,but
4 I wonder if we can go quickly around the table and see if
5 there are any initial opinions or if people wish to
6 reserve.

7
8 MR RYAN: We acknowledge the good work National Parks
9 has done with the introduction of water meters at Perisher.
10 That is really good stuff. It is something that is often
11 avoided in alpine environments because of the old wive's
12 tales about freezing problems with meters and so on, which
13 they have demonstrated are pure fallacies. The use of
14 water meters and user pays billing principles for water
15 consumption and the application of volumetric balance
16 sheets to quantify system losses and so on and overuse by
17 some sites is really viable to getting the best value out
18 of what water is available up there.

19
20 The development of alpine resorts by their very nature
21 means that they are usually at the top of the hill. Most
22 of the water is available usually at the bottom of the
23 hill, so the challenge is to get the water back up the top
24 when you need it without impacting on the environment.
25 Unfortunately the way the resorts have evolved is they are
26 continuing to draw the water locally where flows are at
27 their lowest and of course the availability of water varies
28 with temperature and weather conditions, so the further
29 away you go to get the water the less impact you have on
30 the environment but the more you pay for it, so these
31 options that are being thrown around now, the quantum does
32 not surprise me, the quantum is of the order you would
33 expect and it decreases with distance and elevation for the
34 transfer of water.

35
36 I just wanted to say that the National Parks water
37 conservation approach, coupled with supplementary water
38 supplies from taking it from a lower location and
39 transferring it back up to the reservoir, is the way to go.
40 The sizing of the infrastructure is something to be
41 determined because the maintenance of environmental flows
42 at the top does not mean the water is no longer available,
43 it just means that the drawdown rates have to be reduced
44 to
45 preserve environmental flows. As Alistair said, this is
46 still at a very early stage in feasibility but as that
47 feasibility strengthens to get detailed design solutions
and so on, the costs will turn up.

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1
2 I just notice from the early figures that we have seen
3 that generic rates for pipes in ground of \$270 a linear
4 meter are suggested and that same rate has been applied I
5 think to the road alignment as well as the alignment over
6 the hill. That is fair enough at a feasibility stage, but
7 there will be other cost considerations to take into
8 account to reinstate the road. For example, if you follow
9 the road, if you go along the road you will have more air
10 valves, scour points, whereas going over the hill you would
11 appreciate that there is a clear high point where the air
12 valves should be and a clear point where the drainage
13 should be and so it is a different scenario, but you have
14 much more severe environmental impacts because you are
15 probably going through steep country that needs all sorts
16 of prevention measures for trenches.

17
18 It is still early days and frankly I just want to
19 reinforce the fact that this huge apparent variance of \$6m
20 to \$9m in the options is well justified given the variance
21 in the scenarios we are talking about.

22
23 MR DOBES: I guess we can just move around the table.

24
25 MR ANDERSON: Water metering obviously will have quite
26 an effect on people's usage. We still have some galahs using
27 what is known as the freeze tap, where you leave a tap
28 running all year round because it stops your water pipe
29 freezing up. There are a still a couple of those galahs
30 around, but once we charge so much per 100 litres that sort
31 of person will disappear. I believe that we can anticipate
32 a saving of something like 20 per cent in our water usage
33 when we start charging a price for water. I am in favour
34 of charging a price for water. That is the only way to get
35 it under control.

36
37 We have been through the heartbreak and work, it has
38 been a three-year program of putting in water meters by
39 National Parks, that has been a good job, and I commend
40 them, and obviously this will be taken into account I
41 presume in your calculations of water demands. However,
42 I
43 am a bit put off by the talk of environmental flows, and
44 before Peter jumps down my neck, the point is this: we are
45 talking of a distance of 400 metres between where the weir
46 is, whatever the creek is called, and where it joins onto
47 the Perisher Creek. For 400 metres, why couldn't we put in
a 2-inch pump and just pump up from Perisher Creek 400

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1 metres and re-establish water flow? The costs would be
2 peanuts, a couple of hundred, running costs 10,000 a year,
3 so nothing.

4
5 I believe that has been knocked back by the
6 environmental people but it could be that, through the
7 strength of IPART and the power that you people have, that
8 you could maybe ask - well, I think you were pretty
9 powerful when I was on the Medical Health Board as I know
10 what you did to me - I feel that this could be looked at
11 not just as a fly-by-night idea but a very sensible
12 practical notion. We are talking of 400 metres, once
13 around a football field, that is all. We are talking of
14 making sure we have water flowing down there that is good
15 healthy water. We have Perisher Creek flowing past with
16 the water, no shortage. If we pump it up, it comes back to
17 Perisher Creek 400 metres later. I ask that that be
18 considered as a very serious suggestion before we go
19 through the other environmental degradation of putting in
20 the trenches and putting it right over the hill.

21
22 Also, I think when it comes to the firming up that we
23 talked about, let's not firm up anything too darned quickly
24 until we've seen the effects of the water metering. I had
25 hoped that we'd have water metering in as a charge by this
26 season. It would have been nice. We could have started to
27 cut teeth. It is getting a bit late to pull that now.
28 Maybe we can, maybe we can't, but the sooner we get on to
29 that then we're really going to know what our water flows
30 are and let's see if we can have a look at that
31 environmental area. Thank you.

32
33 MR DOBES: I assume that Treasury and CIE have no
34 comments. We'll go around in the other direction this time
35 and move on to the Nature Conservation Council.

36
37 MR PRINEAS: The NCC would argue that we don't have all
38 the information on the table about water. We need a
39 comprehensive assessment of the resource and we need a
40 total water cycle approach which takes into account what
41 has been taken from the streams for snow making, which is
42 considerable, and project it. I didn't see anything in the
43 papers about the draw on the available resource for snow
44 making, but perhaps I missed it.

45
46 Also, we need environmental flows as part of the
47 picture. Graeme just said draw the water from

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1 Perisher Creek. Unfortunately, from the little I know
2 about the available resource, Perisher Creek is at a
3 critically low level in July each year, which corresponds
4 with the period of peak demand. I don't know whether that
5 creek has the resources, and I very much doubt that it
6 does, at the appropriate time to be a significant source of
7 supply and I would understand that the catchment of
8 Perisher Creek is already supplying pretty much all the
9 water that is being consumed there now, so I don't know how
10 much you can draw and still maintain acceptable
11 environmental flows. I think that needs to be looked at.

12
13 With regard to the new proposals that have just been put on
14 the table, I wasn't aware of those and it is too early to
15 make any comment about the proposal to extract from
16 Guthega Dam or from the Perisher Aqueduct. They would
17 have to be subjected to some environmental assessment
18 before the NCC would be in a position to comment on those.

19
20 I will make one comment and that is that the cheaper
21 option which was mentioned which involves bringing the
22 water over Blue Cow, compared with the more expensive
23 option of bringing it along the road network, is probably
24 going to have more environmental and aesthetic impacts.
25 Blue Cow is a very prominent mountain visible from the main
26 range. If you're going to be running a pipe over that it's
27 going to have implications apart from the physical
28 environmental effects.

29
30 I would just summarise by saying that there's not
31 sufficient information before the Tribunal on the water
32 supply issue. We need to have a total water cycle
33 approach. We need to look at the demand not only from the
34 resorts for consumption in their buildings, but also the
35 demand for snow making. Thank you.

36
37 MR DOBES: Perisher Blue.

38
39 MR BLONDEL: Because these options and some of the
40 estimated costs are so fresh, being as of yesterday, I
41 think it is difficult, obviously, for anybody to have
42 considered views on them. It may be that people need the
43 opportunity, Mr Chairman, to make further submissions on
44 this particular point, at least if they so desire, if that
45 opportunity is afforded.

46
47 Just from my notes as I've heard the discussion going

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1 on - and I might follow them in order - environmental flows
2 are said to be the trigger. What is disappointing about
3 that from our viewpoint, I think, is that environmental
4 flows is not a new issue, it has been around since the
5 early 1990s, and it is disappointing that an infrastructure
6 strategy plan, parts of which have only been released
7 recently but which was written by the Service in 2002,
8 didn't run with the issue of environmental flows,
9 certainly, when we've been required to develop master plans
10 for the ski area, including snow making, and we've had to
11 have regard to environmental flows, and so for the Service
12 not to do this and then lay upon us adjustments and options
13 at this stages is disappointing.

14
15 The options - firstly, the middle option of extraction
16 from Guthega Pondage and pumping across to Perisher
17 Valley, the filtration that the Service refers to, of course, is
18 going to be quite significant because Guthega Pondage was
19 in fact ruled out for snow making services, let alone potable
20 water supply requirements. When we were developing
21 the master plan because it receives effluent from the
22 Charlottes Pass sewage treatment plant, so it is going to
23 require a very high level of treatment to get it from
24 effluent receiving bodies to potable water standard.

25
26 In fact, the Department of Health and indeed the
27 Service in the late 1990s ruled it out for snow making
28 because although a snow-making system will destroy
29 bacterium by literally destroying the walls of cells of
30 bacterium, snow making will not kill pathogens and the only
31 way you can kill those pathogens - they'll lie dormant in
32 the snow pack - is if you use sewage treatment. There are
33 very major issues with treatment to get to a potable water
34 standard.

35
36 The \$400,000 differential that is estimated between
37 that option and taking it from the same source, Guthega,
38 but pushing it around the road, from \$8.6m to \$9m, will
39 diminish rapidly and probably overtake it. One of the
40 other reasons, apart from treatment, that it will
41 overtake - and I agree with what the Nature Conservation
42 Council says - is that presumably the Service would want to
43 lay the piping in disturbed area corridors; that is, either
44 along ski lift trails or access roads, over the mountain
45 from Guthega into Perisher Valley. That might sound fairly
46 good as a first stop base for environmental planning, but
47 whilst those surface areas may have been cleared for

1 ski trails, or whatever, you don't have to go far below the
2 surface before you meet metres and metres of solid granite
3 which needs to be blasted away in order to lay the pipes in
4 the ground.

5
6 The pressures under which this pipe would have to
7 supply water - it will have enormous thruster blocks on it
8 to stop the pipes moving in the ground as well: major
9 concrete constructions. The environmental impacts, in
10 other words, are going to be very significant for that
11 option to go from Guthega to Perisher Valley absent
12 anything dealing with converting it from an effluent source
13 to a potable water source.

14
15 With respect to the least-cost option of extracting
16 water from the Perisher Range Aqueduct, as I would
17 understand it to be, and then using pumping stations that
18 Perisher Blue is developing, we have been developing and
19 augmenting some of our pumping stations consistent with the
20 snow-making master plan, but that doesn't mean we're going
21 to build out on the snow-making master plan. If we don't
22 go to conclusion and build out with the snow-making master
23 plan, the Service won't be relying on our pumping stations
24 or footprints for those either and there are considerable
25 issues associated with that.

26
27 I also have concerns, I must say, for that option that
28 says it is going to plug into, effectively, the Perisher
29 Range Aqueduct. The Perisher Range feeds in at different
30 points and the aqueduct dumps into Guthega Pondage. One
31 is a contaminated source, which is the Perisher Aqueduct,
32 because it picks up the effluent out of the Perisher sewage
33 treatment plant before it hits the aqueduct and dumps into
34 Guthega, so not only does Guthega receive Charlottes Pass
35 effluent, it receives effluent from the Perisher sewerage
36 treatment plant as well.

37
38 The other aqueduct is known as the Pipers Creek Aqueduct
39 and as some eight years of study and many millions of
40 dollars and, in fact, recent approval from DIPNR and the
41 water licensing bodies for snow making have shown, we draw
42 water from the Pipers Creek Aqueduct which is a clean water
43 source for snow making, not for potable water, and in
44 developing that requirement and having received a licence
45 for that as well we had to have account, of course, for
46 environmental flows. In other words, enough water coming
47 out of the Pipers Creek Aqueduct would have to serve

1 proposed build out for snow making purposes as well as
2 environmental flows into the lower area of the
3 Perisher Creek.
4
5 I wonder, in other words, therefore, Mr Chairman, how
6 much water is left over to make it out the Perisher Range
7 Aqueduct after all those things have been happening anyway?
8 I would have thought perhaps, with my limited knowledge of
9 aqueducts and water cycles and everything else in the
10 Perisher Range area, that that option may in fact not be an
11 option and certainly the cost is vastly underestimated.

12
13 Again, I'm sorry, following my notes as the
14 conversation has evolved so far, the metering that has been
15 referred to in the supporting reports that the Service is
16 doing now to see if water demand management could
17 ameliorate the need for augmentation works, we support
18 that. Obviously, it is a sensible and pragmatic solution.
19 However, I also heard the Service say today that they would
20 think that is important for IPART's deliberations and
21 certainly for us, for commercial certainty moving forward,
22 these projected costs as they exist now, even though we
23 think - me personally - they're somewhat light,
24 unfortunately, must be included in the five-year path.
25 They don't at the moment, or at least Earthtech included
26 the five million, but we know it is 6.7m to 9m and I think
27 that's light.

28
29 The Nature Conservation Council is also correct that
30 SLOPES's view that there is no shortage of water in
31 Perisher Creek is simply wrong. The environmental flows in
32 Perisher Creek are very low at critical points of the year,
33 when the ski season is just commencing, which is exactly
34 why we have a reservoir to take water off and hold it from
35 the season before for snow making purposes because it
36 simply cannot get the water for snow making after
37 environmental flows and after potable water supplies.
38 However, having made that observation, the Nature
39 Conservation Council is not correct in saying that
40 Perisher Creek is pretty much the source of water supply in
41 this area. The potable water supply comes from Rock Creek,
42 not Perisher Creek.

43
44 MR PRINEAS: It is a tributary of Perisher Creek.

45
46 MS SHORE: I have no comment.
47

1 THE CHAIRMAN: We have time I think for some general
2 discussion. I have some questions but I'm happy to let you
3 go first.

4
5 MR LYNDON: I address this question to the Parks and
6 Wildlife Service. The Service indicated that the current
7 estimates for the water augmentation works were \$6.7m to
8 around \$9.6m and that they were feasible estimates. I
9 would ask the Service when they would envisage that these
10 would be made more firm, given the works are likely to
11 start within two years?

12
13 MR STAPLES: The time frames that we're looking at are to
14 certainly firm up on a couple of the more feasible options
15 and to start to do detailed investigation into them. At
16 this point in time, we have looked at some preliminary
17 environmental assessments of a whole range of options, not
18 just the ones that we have outlined. The time frame that
19 we're looking at is by the end of this current year -
20 that's by December this year - to actually have determined
21 which of the options we wish to investigate in greater
22 detail and we have in fact commenced that detailed
23 investigation to try and get a firm design cost.

24
25 You will appreciate that in going through the phases
26 with the feasible level of estimates, that's why the plus
27 or the 25 per cent contingency figure was there, because of
28 the nature of that estimate, but we need to get to a stage
29 of determining the desired or the most appropriate solution
30 that we see and then do the detailed design. It is not
31 until we get to that stage that we're going to actually
32 come up with a quantity surveyor's estimate of the costs
33 and then you go through the tender process and that could
34 even change again. This is why we have great difficulty in
35 picking a figure, a firm figure, right from this early
36 stage to actually feed into the report.

37
38 MR LYNDON: Just to clarify that, you would have a
39 preferred option by the end of this year and then a firm
40 figure on that preferred option some time next year?

41
42 MR STAPLES: Yes, that is the general drift of it. We are
43 looking at having over the next couple of months a firm up
44 on a particular option that we will explore in greater
45 detail to try and come up with a much tighter estimate on
46 the overall costs.

1 MR LYNDON: Thank you.
2
3 MR DOBES: I would like to go back to "solid waste"
4 because it seems to be so closely tied in with the question
5 of cleared and uncleared roads. If I've understood
6 everyone's positions correctly, Earthtech and Perisher Blue
7 say solid waste collection without cleared roads is either
8 a logistical nightmare or expensive or both. At the same
9 time there seems to be general agreement that the current
10 solution is not acceptable for environmental reasons, feral
11 animals being one of them.

12
13 SLOPES holds the position that there is a way to avoid
14 the feral animal problem with a very low profile transfer
15 station, but SLOPES doesn't like the idea of having sealed
16 huts near the lodges themselves. As I understand it,
17 though, it is also possible to have low profile sealed huts
18 which are disguised as something else. We don't know
19 whether cleared or uncleared roads will be the solution,
20 but is there some sort of compromise possible, some sort of
21 solution? If they're uncleared roads is there a solution
22 which will be acceptable in terms of cost and in terms of
23 Perisher Blue's logistical problems, and if there are
24 cleared road is there some solution which is acceptable to
25 SLOPES in terms of not setting up suburbia at Perisher?
26 Are there some sort of in-between solutions we can come to
27 in either case or is that question too complex to address
28 here?

29
30 THE CHAIRMAN: Could I just add to that, because I was
31 going to ask a similar question, I am particularly
32 interested in hearing Earthtech's response to the SLOPES
33 proposal.

34
35 MR RYAN: The cleared road scenario, even though we
36 weren't going to focus so much on it as a topic for the
37 discussion today - we were trying to concentrate on roads
38 per se, solid waste and water - I guess what our report
39 really says is that the inner central part of the village
40 where all the activity is centred, where the majority of
41 the traffic movements are, where the majority of the
42 services are centred, that's the area where we see cleared
43 roads as being a real, viable option. The sparse and
44 widespread nature of the Perisher Village in particular
45 isn't conducive to wholesale clearing of all the roads: it
46 just isn't. The lodges are so far and wide and scattered
47 and there's open spaces between them that it's just not

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1 something that I think we really seriously contemplated
2 wholesale clearing of all the roads.

3
4 The benefits of a cleared road for collecting and
5 managing waste are absolutely obvious. They jump out at
6 you every time you look at the URS report. Oversnow
7 transportation of anything is ridiculously expensive. I
8 accept what everybody says about amenities and how they
9 prefer oversnow and all that, but in your wildest dreams
10 oversnow is not good for the environment. NPWS do
11 transport compacted waste. I'm sorry, you were wrong
12 there. The oversnow vehicles are big costly things.
13 They're enormously inefficient. They've burn huge
14 volumes of fuel for very little outcomes.

15
16 The spin-offs of cleared roads go beyond solid waste
17 to visitor movement around the village, to freight, to
18 every basic function of a business. Every business or
19 lodge in that village will benefit from cleared roads.
20 There's just absolutely no economic argument in support of
21 a snow-covered road: there just isn't. I know we're
22 trying to focus on solid waste and the roads water issue,
23 but universal access for people - no-one's mentioned
24 disabled people. No-one's mentioned newcomers to the
25 resort. It is all right hearing from the old timers who
26 know the place, love it and know how to get around it, but
27 what about that huge proportion of the population of New
28 South Wales that will never see the resorts simply because
29 it is so damned difficult to get into it and move around
30 it?

31
32 All these things, I think, need to be looked at and
33 you will see there are enormous benefits not in universally
34 cleared road but the inner centre of the village having a
35 more organised movement network and a less cumbersome
36 service system. Emergency services are another thing. We
37 haven't touched on that --

38
39 MR DOBES: I understand that, Glen, but this is a general
40 discussion.

41
42 MR RYAN: All those things to me go to support cleared
43 roads.

44
45 THE CHAIRMAN: Could I just take you back a step? We
46 understand that you like cleared roads, but let's take a
47 scenario --

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1
2 MR RYAN: Not universally cleared roads.
3
4 THE CHAIRMAN: Let's take a scenario where roads are
5 cleared in the village, particularly major redevelopment in
6 the centre of the village and so on. Let's take that as a
7 given, just a scenario, but in the rest of the wider area
8 where most of the present lodges are they were not cleared.
9 What is your response to the proposals for development of
10 the present system SLOPES have put forward for the rest of
11 the village?
12
13 MR RYAN: Yes. I am trying to zero in on what exactly
14 SLOPES put forward. All I can recall are counter arguments
15 to the cleared-road scenario. Can you give me a hint?
16
17 THE CHAIRMAN: Yes. As I understood it - and SLOPES
18 will correct me immediately if I'm wrong - they were
19 essentially saying that someone comes around now and
20 provides bags, so that you store the recyclables until your
21 summer working bee, but for your non recyclable waste or
22 perishable waste someone comes around with a bag, you
23 put it in the bag and it's taken away.
24
25 MR RYAN: Yes.
26
27 THE CHAIRMAN: The argument is that presumably you'd
28 take it away via an oversnow vehicle when the road is not
29 cleared and have an arrangement, because of this problem
30 that some parts of the resort have snow and some parts
31 don't, whereby they meet up with an ordinary truck and they
32 rationalise it. It is fairly clear that there would be one
33 central point, there would be one central contractor, but
34 with a small out-of-site transfer station so that you could
35 coordinate the transfer from the oversnow vehicle to the
36 on-road vehicle.
37
38 MR RYAN: I am sorry, I forgot that point about a
39 centralised contractor and one-point service. That was
40 commendable, but again we're talking about a fairly
41 uncompetitive outcome here. It sounds to me like there's
42 this bloke who might be interested in pairing up with
43 Hans Oversnow so as to provide a service. That doesn't
44 sound to me like a market-tested outcome.
45
46 THE CHAIRMAN: Whether it is the person who was
47 suggested, the essential point is it can be put out to tender.

1 Garbage collection in most areas of Australia is regarded
2 as an actual monopoly. It may be retendered from time to
3 time, but you don't have two different firms competing
4 down your street to collect your garbage.
5
6 MR RYAN: Whilst there's a dependence on oversnow
7 transport you've got a fairly limited competitive outcome
8 and I would argue that a reduced dependence on oversnow is
9 a good environmental outcome and a more open-market
10 testing outcome.
11
12 MR CUTLER: Would we be able to have a better definition
13 of what you call the core village and outlying areas?
14 That's a really important step here.
15
16 MR RYAN: We sketched up several options in our reports.
17 You'll find there's a series of loops proposed. That
18 initial report I was reading from before back in 1998 by
19 SMEC and Jackson Teece Chesterman Willis has a series of
20 loops in it as well. Our preference for loops is simply
21 because you can have one-way traffic and avoid conflicting
22 vehicle movements, you can accommodate pedestrians
23 within the road and all that sort of thing. It is a much
24 clearer scenario. Unfortunately, the current layout
25 prevents looping all the roads. We've prepared a series of
26 scenarios, what we call the "inner scenario cleared", about
27 1500 metres of road and the "outer scenario" I think was
28 just over three kilometres in road in the Perisher Valley
29 itself.
30
31 MR CUTLER: Can you be more specific as to where that
32 starts and ends?
33
34 MR RYAN: We saw the inner loop as extending basically to
35 and enclosing the Ski Centre and back to Kosciuszko Road up
36 to the Man From Snowy River Hotel and concluding in that
37 area where the concrete road goes to right now. There
38 needs to be something done up the top to facilitate the
39 turning around of vehicles because there's no loop there,
40 obviously.
41
42 There are two dead ends, one up the back of - I can't
43 remember the lodge names now, but out towards Rock Creek
44 and so on. That is our inner loop area: that's the 1500 metre
45 scenario. The outer loop scenario takes us out to along
46 Perisher Creek Road from the car park, comes back
47 in to the north of the Ski Centre, adds a loop on that side

1 and extends a couple of dead ends out towards the south, up
2 behind the helipad and so on. I'm sorry, I haven't got
3 road names on this map to look at.

4
5 MR DOBES: Can you refer to a map number?

6
7 MR RYAN: It is map number 21 in the documents, if you
8 want to have a look at it.

9
10 THE CHAIRMAN: I am not sure this would take us a long
11 way in terms of what we're concerned with as the Tribunal. I
12 would like to ask Jim Cox to comment.

13
14 MR COX: Could I make a comment on the question?
15 We've heard a lot about the infrastructure strategy from
16 Earthtech and National Parks and I'm left with the
17 observation that there's a lot of uncertainty about the
18 strategy. I doubt very much that we're going to resolve
19 those uncertainties between now and the time of the report,
20 which is June-July. We're left with a lot of uncertainty.
21 I think we'll deal with that and accept that.

22
23 The capital works program has to be worked out by
24 someone. We recognise that estimate is pretty uncertain.
25 What I've heard this morning suggests that what has been
26 presented by Earthtech is more likely to have been an
27 underestimate than an overestimate, particularly because of
28 the huge water cost and the cost of the transfer station.
29 I would like to know if that's a correct observation and
30 whether anyone disagrees and if so, why.

31
32 MR ANDERSON: I would suggest, Mr Chairman, that you've
33 got two scenarios. One is the National Parks scenario
34 which is - they were both in the same ballpark, give or
35 take \$15m which, frankly, over a 30-year period is not a
36 huge amount of money. It seemed to me that there's
37 sufficient pluses and minuses floating around in there that
38 if you're out it's not by a huge amount, maybe \$5m, but,
39 after all, that again is not a huge amount. I should think
40 that the figures you've got are probably as close as you're
41 going to get because after that we're really stepping out a
42 long way.

43
44 THE CHAIRMAN: Yes, I broadly agree with you. It is not
45 quite as simple as that because it makes a difference
46 whether it is capital or operating expenditure, because in
47 the end we are looking at how much it costs per annum and

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1 obviously the capital expenditure is depreciated over a
2 period of time, whereas operating expenses entirely occur
3 in the year.

4
5 When you look at the two components the differences
6 between the two scenarios are more significant than the
7 total expenditure. Nevertheless, I broadly agree with you
8 and perhaps it's worth saying, despite your earlier views
9 about the significance of IPART, at the end of the day
10 we're not in the business of deciding which is the best way
11 to develop a water supply or, indeed, roads or whatever.
12 What we have to give expression to is what is the most
13 efficient cost of what is determined and then work out the
14 pricing and revenue recovery consistent with that.

15
16 In many of our inquiries the actual capital
17 expenditure, in particular, can vary over the course of the
18 five years from what was projected where there's changes in
19 plans, so some works are substituted for other works, and
20 so on. We don't have to get into that level of detail.

21
22 At the end of the day we'll do our best in terms of
23 projecting the cost of the Perisher matter, but we don't
24 have to get down to the precise way in which the money is
25 spent.

26
27 MR RYAN: I have just one thing that occurred to me that I
28 don't believe we've given quite enough time to and that is
29 with the development of roads comes increased operating
30 costs. The current road system, informal as it is with
31 gravel and so on, costs very little to maintain, but once
32 the roads are developed there'll be an expectation that the
33 roads be swept, that line markings are maintained, that
34 drains are kept clean, that things remain functional,
35 whether it is asphalt or concrete.

36
37 There needs to be an awareness that with the
38 development of the infrastructure comes an operating cost
39 and it is important, otherwise you might as well not
40 develop it. Don't let anyone go away from here thinking
41 that by developing the infrastructure you're going to save
42 money. Once you've developed that infrastructure you've
43 got to maintain it. It doesn't matter whether it is
44 asphalt or concrete. I felt I needed to say that.

45
46 MR BLONDEL: Could I make a couple of observations? It is
47 my suspicion that the underestimation rather than the

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1 overestimation that Mr Cox spoke about is probably correct,
2 but we don't really know, and I'm troubled by the isolation
3 of perhaps IPART's role in doing nothing more than finding
4 the most efficient way to carry these forward rather than
5 actual cost, particularly over such a timeframe as
6 30 years.

7
8 It seems inherently incredible to us that reliable
9 2000 costings of these options and proposals can't in fact
10 be carried out. We say that they are very important for
11 commercial certainty going forward with your leasing
12 arrangements, master plan developments, all the things
13 that sit underneath that IPART have been asked to consider:
14 it matters; they're important. The capital and operating
15 expenditure differentials are important in a business
16 setting, as everybody would appreciate.

17
18 The problem for IPART, I suspect, in trying to find
19 the most efficient way of providing infrastructure services
20 is something, firstly, that we certainly agree with, the
21 most efficient way obviously has to be found, but the great
22 difficulty is, as has been remarked upon by Earthtech - and
23 I can't think of any consultant for any organisation that
24 has had anything to do with the Perisher Range Resort in
25 the last 10 years that I've been heavily involved with who
26 hasn't said this is complex and it is unique. It is,
27 therefore, likely, with great respect, to be quite unique
28 to IPART to be considering what is the most efficient way
29 and what are the costs associated with this and the
30 ramifications in the commercial setting for operators, be
31 they direct commercial operators such as Perisher Blue or,
32 indeed, not-for-profit organisations but which have to be
33 able to make financial ends meet, such as club lodges.

34
35 We are troubled by the fact that estimates and costs
36 seem to be being suggested here today. If that's the case
37 why should we worry about asking National Parks to confirm
38 the difference between \$6.7m and \$9m for water? Close
39 enough is good enough. Let's figure out the best way of
40 doing it. Does it come down to getting environmentally
41 aesthetic value or do we take the cheapest way? We're
42 troubled by that.

43
44 THE CHAIRMAN: Let's be clear. All of us would like
45 greater certainty, particularly IPART. Normally, when
46 we're confronted with a lot of uncertainty in assessing
47 prices and charges our practice is to make a one-year

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1 determination and do it again the next year. I suspect you
2 wouldn't like that. You would rather have a five-year
3 determination.

4
5 MR BLONDEL: We're used to turning up at inquiries every
6 second month. Perhaps one-yearly would be of benefit.

7
8 THE CHAIRMAN: In terms of planning your own operations,
9 it is better to know your charges for five years out. That
10 is what we're presently minded to do, to determine the
11 charges for five years out, with the real possibility that
12 they could turn out to be wrong in terms of getting full
13 cost recovery over that five years. That is the sort of
14 compromise we're forced into.

15
16 MR BLONDEL: I have one final point, if I might, in
17 response to that, Mr Chairman. I place a lot of cognisance
18 on the position that IPART is forced into and it goes to
19 many soft terms of reference that have nothing to do with
20 IPART. I suspect as we get into some other sections of the
21 discussion paper today those elements might come out
22 further.

23
24 What troubles me about the five-year price path in
25 some ways is this: that is, there has been a backlog,
26 there has been a stalling of works that have already been
27 planned several years ago because there hasn't been
28 long-term commitments to funds as well and it may well be
29 that all of a sudden a lot of capex will be thrown into
30 that five years and we'll be paying for those right now
31 whether or not in the longer term they were needed.

32
33 Off the back of IPART's recommendation of a five-year
34 price path framework there'll be a tendency by the
35 appropriate agencies responsible for the area to slam it in
36 the front end.

37
38 THE CHAIRMAN: That is why, of course, we're looking at
39 what is needed and what is most efficient.

40
41 MR BLONDEL: I am comforted.

42
43 THE CHAIRMAN: I note it is morning tea time. Did you
44 have anything further?

45
46 MR DOBES: I have nothing further. What I was thinking of
47 won't be resolved here.

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1
2 MR BLONDEL: Could I ask for the record what it is you're
3 contemplating?
4
5 THE CHAIRMAN: Did you have anything Ms Cifuentes.
6
7 MS CIFUENTES: No.
8
9 THE CHAIRMAN: David?
10
11 MR BRETT: No, Mr Chairman.
12
13 THE CHAIRMAN: We will break for morning tea.
14
15 SHORT ADJOURNMENT
16
17 THE CHAIRMAN: I ask Alex to introduce the next set of
18 topics, pricing principles and options for raising revenue.
19
20 MR DOBES: The next session focuses on revenue options
21 and then wraps up with the demand study.
22
23 With the revenue options, the question we have been
24 given throughout the course of the review is an equitable
25 division of charges between over overnight stays and day
26 trippers. There has been quite a bit of debate about the
27 ratio, the cost base, and we are working on that by looking
28 at the individual components trying to set out the
29 components for roads and solid waste, all individually.
30 Once we have that ratio we will know how much needs to be
31 recovered from each group roughly and we can start setting
32 out specific charges for those groups.
33
34 What we are interested today to find out is your view
35 of the basis of those charges. We think that charges for
36 water and sewerage are the least controversial, so will
37 address those first, then move to gate entry and car
38 parking fees. As I said, most stakeholders accept that
39 water and sewerage charges are an equitable way of
40 recovering costs.
41
42 One anomaly is that many commercial lessees provide
43 facilities, publicly shared facilities, so if we charge for
44 water they will be paying for providing public facilities.
45 We don't intend to penalise them for that and will look to
46 avoiding this. There will probably be a fixed volume and
47 fixed charge for water and sewerage and, we assume all

1 water is discharged to the sewer system. If all
2 stakeholders are comfortable with that, we will keep this
3 part of the discussion brief, but I would like to hear what
4 stakeholders have to say, so CIE or Treasury.
5
6 MR DAVIS: CIE was tasked to come up with some pricing
7 principles for the full recovery of costs associated with
8 providing various infrastructure services, and that is
9 roads, water, sewerage and some vague areas called
10 amenities and administration. When we devised pricing
11 principles the key issues were the full cost recovery of
12 those services, so that is the beneficiary pays approach,
13 that if people benefit from the service they should
14 ultimately pay for that.
15
16 We wanted to limit the extent of cross-subsidies
17 between various groups or people who use the resort, not
18 only between groups but within groups, and various
19 submissions suggested day trippers do not pay a fair share
20 of the service cost. We wanted to provide incentives for
21 the efficient use of those resources and the SLOPES example
22 of people running taps is a very good example of what we
23 want to try to avoid. Water is very valuable, we don't
24 want people leaving taps on, and ultimately the pricing
25 regime should be simple to use and transparent.
26
27 In theory it is very easy to come up with the ultimate
28 mechanism, but hard to have every specific cost to end
29 users. That will not be easy to administer. In the paper
30 we developed we tried to reach those various sometimes
31 conflicting objectives.
32
33 In terms of volumetric pricing of water, given the work
34 NPWS has done in providing meters at various premises,
35 this seems a very easy way of getting volumetric price to
36 end users where they can then target how much water they
37 use because at the end of the day if they use more they
38 will pay more. In our mind the volumetric pricing of
39 water, and hence sewerage, if we assume a discharge factor
40 of one, is quite straightforward and not that
41 controversial, and it could, if we believe what SLOPES
42 said, ultimately see a large reduction in the demand for
43 water and that may postpone further capex and operating
44 expenditures downstream.
45
46 In our mind volumetric pricing on water is quite an
47 obvious way to go and it satisfies all the objectives of

1 what we are trying to do, full cost recovery of the
2 beneficiaries of that service provision. .
3
4 MR ROBERTS: We basically support all the points raised by
5 CIE in the draft proposal for a volumetric and fixed water
6 charge. We see it being an efficient charging mechanism
7 and it is used widely throughout metropolitan water
8 industry, so we support that.
9

10 MR ANDERSON: As indicated earlier, SLOPES agrees that
11 there should be a volumetric charge. There is a degree of
12 difficulty which no doubt you are trying to grapple with,
13 which is that let's assume there was not a lodge in the
14 valley, there would still have to be a substantial sewerage
15 system. There would still have to be a substantial water
16 supply if there was not one bed to charge it to, therefore
17 where this is being looked at as to how you work out, how
18 do you collect this from those in attendance as distinct
19 from the fellow who gets out of a bed and has a shower -
20 the remark made that if a toilet is in a public place it
21 should not be charged for. Well, that is in that formula,
22 isn't it, because if you assume no beds, somewhere that
23 toilet in a public place has to be charged for.
24

25 Maybe it is a question of some more meters. Metering
26 is not that expensive, particularly if there is a
27 substantial flow, therefore we support the volumetric
28 charge and the fixed charge but we throw to you the
29 question, which we could not answer, which was just how
30 you work it all out that you have got to have something
31 there or you don't have a valley at all.
32

33 MR PRINEAS: The Nature Conservation Council, in relation
34 to water and sewerage charges, supports full cost recovery.
35 We support volumetric pricing so that demand management
36 can be implemented, in other words, a situation not too
37 much different from that which applies in most urban areas.
38 However, we do recognise that there is a cost associated
39 with day visitors who are substantial users and the impact
40 they have on water and sewerage infrastructure and that the
41 uses they make of it might not be fully reflected in
42 charges made to lodges because they don't partake of the
43 services to the same extent as overnight visitors.
44

45 From the papers we have seen there are a number of
46 options discussed. One I think, if I am not mistaken, was
47 a surcharge on the park entry on the gate. We regard that

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1 as the last option.

2
3 MR DOBES: That is the next item.
4

5 MR PRINEAS: But I really have to talk about it in this
6 context because part of the rationale would be to spread
7 the burden of these costs. We regard that as the last
8 option and that can be supported by the principles
9 enunciated by CIE which are that there should be no
10 cross-subsidies, and it is clear that with a round-the-year
11 surcharge, a very large proportion, especially in summer,
12 of visitors are not making use of Perisher resort.
13

14 THE CHAIRMAN: It could be a seasonal charge.
15

16 MR PRINEAS: If it is seasonal, you have the situation
17 where the end of the road is Perisher, and that is just
18 about where everybody is going, so that is more acceptable.
19 However, I think we would regard as the first option a
20 surcharge on car parking and a car parking regime where
21 everybody has to pay, you don't have any free parking.
22

23 MR DOBES: We are discussing water here, we will move
24 on to that.
25

26 MR PRINEAS: And also a surcharge on lift tickets. Those
27 are the appropriate points at which to gather these
28 additional revenues. Thank you.
29

30 MR BLONDEL: As I understand the secretariat's view,
31 that is, that there is no intention to penalise lessees for
32 providing real or de facto public facilities, we are
33 pleased to hear that and support that in terms of moving
34 forward.
35

36 For many of the reasons discussed we also accept and
37 agree with the concept of fixed charge and volumetric
38 pricing. We note, if I remember correctly out of the
39 reports, that that is principally what IPART seeks from
40 this forum today, and the actual mechanisms and the costs
41 that flow would be considered later, but that is what
42 occurs elsewhere in the state, whether this is occurring in
43 protected lands or not.
44

45 SLOPES and the Nature Conservation Council refer in
46 similar but slightly different ways to the need for, if
47 there were no villages, no beds, the treatment plant would

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1 still be required, and therefore how do you look at day
2 visitors. And the NCC's view about the cost of day use is
3 that they are substantial users of water and sewerage. The
4 available data, including URS and the more recent results,
5 seems to indicate that overnight stayers in the totality of
6 their visitation uses up to six times, or have a capacity
7 load of six days that of a day tripper.

8
9 There is a difference when it comes to waste, solid
10 waste, and particularly in the scenario, if I remember the
11 data, in relation to the development scenario as distinct
12 from the non development scenario, but when it comes to
13 water and sewerage as primary infrastructure requirements
14 it is up to six times the load by a day tripper to an
15 overnight stay.

16
17 Lastly, in our submissions to IPART we have said that
18 the principle of beneficiary pays is one that is hard, if
19 not impossible, to argue with. But, as I alluded to just
20 before the morning tea break, in terms of reference and
21 others aspects of IPART's challenge, the Government here is
22 a beneficiary and yet it seems to be outside of the
23 equation. It is a beneficiary in terms of what has already
24 been done in the past and what is about to be done in the
25 very near future. The economic value of the ski resorts to
26 the State of New South Wales, it is recognised as a state
27 significant activity under state environmental planning
28 policies, and outside of that wider economic value, not
29 just to the State of New South Wales but of course to the
30 Snowy River Shire Council and Jindabyne, and excluding
31 rents, which we get to later in capital charges on leases,
32 major commercial operators, and particularly Perisher Blue,
33 pay a significant turnover fee, not just rents.

34
35 None of these things seem to be considered. In our
36 respectful view it needs to be recognised that the state,
37 through its agencies such as NPWS - that the New South
38 Wales Government is a beneficiary of the activities carried
39 out by all lessees in the Perisher Range area and yet it
40 does not seem to want to contribute anything because the
41 state does not benefit from it. In our view that is
42 clearly a demonstrable nonsense.

43
44 MS SHORE: I reinforce what Ashley Blondel has just said.
45 The chamber has supported the water meters from the
46 beginning and believes that the fixed and volumetric charge
47 is an equitable way of paying for these services.

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1
2 I am happy to see the recommendation that properties
3 providing public facilities in lieu of services which
4 should be provided by government, public toilet, shelter,
5 et cetera, it is suggested that a rebate be applied, and I
6 certainly agree, although I know we will address this
7 later, that the Government is a beneficiary and does use
8 these services and there is no return, the lessee is
9 responsible for the entire cost. Thank you.

10
11 MR HENCHMAN: Obviously we support the water and
12 sewerage charges, particularly the volumetric component.
13 We see that as an important demand management tool
14 which we would like to access as soon as we can.

15
16 In relation to the provision of public facilities, we
17 should not be making any special arrangements, just in the
18 same way as the management of the building across the road
19 there provides facilities that are available to the public
20 they also have a significant opportunity to raise revenue
21 from that public, and with these public facilities being
22 provided by commercial operators in the resorts I see no
23 reason why we should be treating it in any different way to
24 like here in the city, in particular because the users of
25 those public toilets don't actually get to control the
26 efficiency of that use. That is something that is in the
27 hands of the operator and provider of those services, to
28 provide efficient services so that they reduce the water
29 and sewer use. The charges should go to the provider of
30 those services and facilities.

31
32 MR RYAN: We observed the inconsistency between both the
33 level of services offered to date as compared to day
34 trippers and also an inconsistency in the provision of
35 services, day services. Day visitor services are not all
36 that good at Perisher generally, I might say. They are
37 pretty ordinary. But with respect to the water and sewer
38 infrastructure, which is what we are talking about now, and
39 the pricing or revenue opportunity for it, we did advocate
40 earlier, Alex, I am unable to find it in the report now,
41 during one of our edits we took it out, we were advocating
42 not just quantitative pricing, which is the volumetric
43 stuff, we were also advocating qualitative pricing, which
44 meant trade waste agreements for large generators of
45 sewerage and so on and particularly commercial premises
46 that might inject a lot of fat and grease or whatever into
47 the sewerage system, which is the bane of alpine treatment

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1 plants. Those things need to be added to this
2 consideration.
3
4 THE CHAIRMAN: We move on to car parking, please, and
5 gate entrance together.
6
7 MR DOBES: You will notice in the discussion paper we
8 looked at a number of options for recovering costs from day
9 trippers and that we rejected some of them, in particular
10 the ski lift surcharge, and the discussion paper sets out
11 some of the disadvantages of the options we chose to
12 disregard. The ones we think are most reasonable are an
13 entry surcharge and car parking fee. You can have one or
14 the other or a combination. If you rule out one, the other
15 goes higher. The advantage and disadvantages are once
16 again set out in the attachment and we would like to hear
17 from the stakeholders on the relative merits.
18
19 MR DAVIS: From a purely economic point of view the only
20 issue with something as flat as a car parking fee, or gate
21 entry fee, is a concern that it does not target user
22 response, if they use more of a service they should really
23 pay more. Two people walk through the gate, they both pay
24 \$1 or \$2 or \$10, but those two people might use vastly
25 different amounts of services.
26
27 If we assume that all users are pretty equal in terms
28 of services they use then it is fine. But then it comes
29 down to what actual cost of the fixed service
30 infrastructure services will it target. Clearly it will
31 not target water and sewer because we will potentially go
32 to volumetric pricing. If it is things like
33 administration, use of the service centre, then it should
34 be fine, because you would expect that use to be relatively
35 flat across customers. If it is solid waste disposal, that
36 is another issue. Do those two users going through the
37 gate generate the same amount of solid waste? That is our
38 only real comment on that.
39
40 MR ROBERTS: In regard to the proposal for a car parking
41 fee, Treasury supports that. We think it has a lot of
42 merit in terms of environmental congestion and other
43 benefits it can offer and also contribute towards the cost
44 of infrastructure works and the beneficiaries.
45
46 In terms of the proposal for a gate entry fee, we also
47 support that. However, we do see that there are some

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1 practical issues that may have to be worked through and
2 IPART could address that over the course of this proposal
3 in terms of how that would be implemented and who would be
4 charged for that fee and what sort of quantum or range. We
5 do support both charges.
6
7 MR ANDERSON: This does give me a chance to pick up a
8 point Ashley raised earlier, that six to one ratio. We
9 dispute the hell out of that. To us it seems the problem
10 is that you have 12,000 people there in the day time, you
11 have 3,000 people there in the night time, therefore you
12 have got to have sufficient things to keep 12,000 people
13 running in the day time and sufficient things to keep 3,000
14 running at a night. The same things will do both jobs.
15 Therefore everybody has to contribute and the contribution
16 should somehow reflect this. Therefore we believe that a
17 gate entry fee is really the only way of doing it.
18
19 We do not want to see a car parking fee with car
20 parking meters. I go sailing at Church Point every
21 Thursday and nothing irritates me more when you walk up to
22 a machine, put in your \$6, and you don't get a ticket.
23 There is your skiing day gone for you, I can tell you. The
24 thought of running car parking meters in the snow, it was
25 bad enough putting in water meters let alone car parking
26 meters.
27
28 Also, if you pay your entry at the gate, you do not
29 want to pay a second time. It is a very competitive
30 market, gentlemen, very competitive. My daughter goes
31 skiing every year in Canada. I have been a life long
32 member of our lodge and she goes to Canada for many
33 reasons. She goes there because the queues are less, the
34 snow is better, et cetera, et cetera, et cetera. We are in
35 a competitive environment. Price is one thing. Irritation
36 is another. Don't have a car parking fee irritating the
37 hell out of the day trippers or they will wander.
38
39 We actually do pay a car parking fee, those of us who
40 are overnights who stay at Bullocks Flat, because you can
41 do a return trip on the ski tube for \$34, but if you leave
42 your car overnight, you don't return the same day, you pay
43 \$48, so in effect every car at Bullocks Flat staying
44 overnight is already paying a \$14 car parking fee. It is
45 interested to note that the terms of the Perisher Blue
46 franchise for Perisher say they are not allowed to charge
47 car parking fees. I will now devote research to see if

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1 they are able to charge for Bullocks Flat and this will be
2 an interesting scenario.
3
4 That aside, we have to keep it simple, we have to keep
5 the place attractive, therefore whatever happens it has to
6 be fairly easy to run. We submit when the calculations are
7 done it is what is a fair proportion for the day tripper
8 that we see in the gate entry surcharge.
9
10 The other alternative, of course, was to add it on the
11 ski lift ticket. That is a bit tricky. That ticket is
12 already a considerable downrider in attending Perisher.
13 You can ski in Canada for a lot less per ski ticket, or
14 France or Italy. In the mind of my children, we are
15 expensive on ski lift tickets. We keep kicking that up, it
16 is not quite so good.
17
18 The point was raised that if we do have a gate entry
19 surcharge for winter, what do we do about Thredbo? There
20 is a rather unique opportunity here. My understanding is
21 that Thredbo pays approximately \$20,000, \$30,000 rental,
22 for the whole place they have got. How beautiful! We put
23 on a ski surcharge. National Parks at least gets money
24 back from Thredbo. That would be a nice little income
25 stream for National Parks, not particularly popular I would
26 think with Thredbo, but SLOPES say, yes, the gate entry
27 surcharge is we believe the preferred charge.
28
29 MR PRINEAS: I do not wish to say a lot more about the NCC
30 view. We have already expressed the view that the gate
31 entry ought to be the last option, even a seasonal gate
32 entry.
33
34 We think that a car parking fee and a lift ticket are
35 a good way of targeting, a more accurate way, who is using
36 the services than just a single gate entry surcharge. Also
37 we would like to see, and I think we are already getting
38 the impression this is happening, that car parking in
39 winter will be brought under tighter control for a variety
40 of environmental reasons, traffic control reasons, and that
41 leads us to a view that a car parking fee will be an
42 efficient way of collecting some of the revenue that is
43 needed, or that ought to be paid, by day visitors.
44
45 I do not wish to say any more about that, thank you.
46
47 MR BLONDEL: Again, just off my notes, it might be jumping

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1 around a little, but if there are ever suggestions of
2 metering for car parking as distinct from a surcharge at
3 the gate for park entry fee, it is just not on so far as we
4 are concerned. I would think absent smart cards, which we
5 don't seem to be able to adopt very well in New South Wales
6 in existing transport systems, might be the only solution
7 if we were to try to meter it when people actually arrived
8 in a car park because, as other reports deal with, you have
9 cycles, particularly the high water content we normally
10 have in Australian snow, the normal way of charging through
11 metering systems and dropping coins in, you would be lucky
12 to get the coin in because it would be frozen over. There
13 are probably a whole range of practical and logistical
14 issues and aesthetic reasons with metering and those sorts
15 of things, but perhaps that's not actually going to be
16 suggested.
17
18 Staying on car parking fees as well, in the discussion
19 paper the IPART Secretariat put forward a number of bullet
20 points, at pages 5 and 6, as to what might fall out of the
21 implementation of car parking fees. That includes parking
22 in designated areas only, strong penalties for illegal
23 parking, both further incentives to welcome visitors to
24 Kosciuszko: "Have a nice day skiing. Here's your fine",
25 that sort of thing, which, by the way, the Service
26 traditionally didn't do much of. It prefers to educate
27 people and give them warnings. There will be major policy
28 shifts in how these things are policed within the park as
29 well with that sort of regime.
30
31 The other bullet point I don't want to touch on in
32 detail, that is, that shuttle buses would operate. There's
33 an idea. Those who might want to escape the car parking
34 fee could park at Smiggins at Sawpit Creek. Anybody doing
35 the simple road kilometres and the chainage would know
36 after driving for six hours, for example, to go to
37 Jindabyne where the vast majority of snow visitors stay
38 before going to Perisher Range, the visitors would be
39 required to drive 12 kilometres to Sawpit Creek, get out of
40 their car, get the skis out, get the kids out and stay
41 there for half an hour waiting for the first bus to arrive.
42 At that altitude they're generally standing in the rain
43 because normally they're at Wilsons Valley, which is about
44 150 vertical metres higher, and then depending on the road
45 conditions and what the RTA may allow with us to have
46 chains on the pavement or not chewing up the asphaltic
47 surface or I visit to put chains on, run buses up and down

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1 from Sawpit Creek all summer to see how long it takes and
2 it takes a long time. The experience is abominable.
3
4 If you have to stop because you have to put chains on,
5 fitting chains to 52-seaters can take anywhere between
6 three-quarters of an hour to one hour and then you might
7 have to take them off to come back down and put them on
8 again to go back up again. Global estimates -
9 back-of-the-envelope stuff for us for years - on these
10 scenarios of shuttle buses have been that a fleet of 40 to
11 50 buses would be required for our visitation numbers and
12 what that translates into actual bodies - that is, people -
13 is well known. It would require 40 or 50 buses operating
14 and they must be on standby from the first day of the ski
15 season to the last because we never know when nature is
16 going to dial up the snow.
17
18 One year you might need the buses from the first day
19 of the ski season. It might be open earlier and it might
20 go right through to the end. The season might stop because
21 the snow has stopped, but you have to have this fixed fleet
22 ready to go from the first day to the last. There is a
23 very substantial cost involved for buses. They have to
24 have chains and ski racks on the outside and a whole range
25 of other things that the RTA requires because they are
26 wider than normally licensed buses because of the equipment
27 hanging off the sides of them.
28
29 When you talk about hiring buses for a period of time
30 you can't get them for love or money, because the operators
31 who have those fleets say, "How long do you want them for?"
32 "We might want them for eight or 10 weeks and by the way,
33 we want to put ski racks on the outside and we're going to
34 sit inside and kick the hell out of the sides of the bus
35 with our skis and the bottom of the bus is going to get
36 rusted out because of the salt on the road." They'll say,
37 "You can't have our buses. If you do that to them, you
38 might as well buy your own."
39
40 Then we have timing schedules. The ski tube is
41 regulated by way of its timetabling. No doubt there is a
42 public expectation of servicing a shuttle bus route from
43 Sawpit Creek, which is a 18-kilometre drive into Perisher,
44 and would require probably at least a minimum of a
45 half-hour turn around, but you can never guarantee that
46 with things like buses as distinct from trains because it
47 depends on the climatic conditions in any one period of

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1 time. It is completely unfeasible, in our view, and not
2 viable economically either. There is the wonderful notion
3 in a note here in the reports that hopefully the shuttle
4 bus would be free. There is a proverbial expression in the
5 snow industry for that: "Not a snowball's chance in hell."
6 That cost would have to be passed on.
7
8 We oppose gate entry surcharges also. From my
9 recollection of the papers, what has been foreshadowed in
10 IPART's position is that there would be a small surcharge.
11 Whatever that might be ultimately, my experience of small
12 surcharges is that they grow into larger ones. They rarely
13 go the other way. What compounds our concern about a
14 surcharge on park entry is that those park entry fees sit
15 outside the terms of reference of IPART and, therefore,
16 there is no control over what that surcharge would be in
17 terms of a compounding effect. That \$16 might go to \$28,
18 for some reason, to have parity with somewhere like Buller
19 and then the surcharge sits on top of that again. Without
20 having the two elements together, the actual impact of any
21 surcharge is significantly unknown and it is a significant
22 commercial uncertainty which goes to marketing and
23 visitation ultimately at the end of the day.
24
25 Could I perhaps try and answer some aspects that
26 Graeme has raised via SLOPES's comments: the ski tube as
27 distinct from whether or not you can charge parking fees at
28 the ski tube at Bullocks Flat. The answer is no, outside
29 of approval from National Parks in relation to security car
30 parking, which has never been done and is unlikely to be
31 done by us.
32
33 The problem with the ski tube and the costs that
34 SLOPES refer to is, of course, one that is already
35 regulated by the lease and that is the cost of a train
36 ticket on the ski tube outside of our normal commercial
37 pricing is tied at 75 per cent of the day ticket price for
38 an adult bus passenger set at any one point of time by the
39 National Parks and Wildlife Service. In addition to that,
40 there's a disincentive to use the ski tube outside of major
41 snow events when it is better to hop on the train rather
42 than negotiate an icy road.
43
44 The disincentive lies, in fact, under the train's
45 leasing and pricing regime. It is on a per head basis,
46 children and adults, but on the road it is on a per vehicle
47 basis. When you do the simple maths on that it is much

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1 cheaper on the basis of number of heads in a vehicle than
2 per head on the train. That is why a lot of people
3 actually choose the road rather than ski tube. It is an
4 element that the Tribunal, in our respectful submission,
5 needs to be aware of and may need to put together.
6
7 The other aspect, of course, that was raised was about
8 ski-lift tickets. The Secretariat has walked away from
9 that, but SLOPES has raised it as an issue, the fact that
10 ski-lift tickets are expensive in Perisher. The fact of
11 the matter is people forget that it's a mere 10 years since
12 the merger to form Perisher Blue. Whatever the price of
13 skiing was in Guthega, Blue Cow, Perisher or Smiggins prior
14 to the merger, you had four resorts where prices are
15 significantly greater than in any other resort in the
16 Southern Hemisphere. In fact, there is value for money
17 compared with Thredbo, Falls Creek, Hotham or Buller.
18
19 The other thing that people seem not to appreciate
20 with respect to the Australian ski industry is the cost of
21 operating ski resorts in Australia is significantly greater
22 than anywhere else in the Northern Hemisphere, be it
23 Europe, the Americas, Japan or anywhere else. Labour costs
24 are between four and five times the cost per hour for
25 ski-lift operators and everybody else and every aspect of
26 infrastructure, the principal ones being ski-lifts
27 themselves, snow-making equipment and grooming
28 machinery on the mountain. All that comes from overseas
29 and is either in US dollars, no matter what country it's
30 manufactured in, or in Euros. With the Australian peso, the
31 way it's running up and down at the moment, we're doing
32 very well on the exchange rates with this year's purchases,
33 but it is extremely expensive.
34
35 The detaching eight-seater chairlift on Front Valley,
36 which is the only one outside of Europe up to this point,
37 is the latest technology you can find in chairlift
38 operations. That is a \$7m project. The fact of the matter
39 is if I brought that exact same chairlift in Europe or the
40 North Americas it would have cost \$3.5m. There are those
41 differentials in operating costs and in labour and
42 everything else. Labour forms 52 per cent of our complete
43 overheads. That gets passed on. They are the other
44 economic realities.
45
46 My final point - my final gong on the three minutes -
47 is that with the imposition of surcharges there is already

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1 an unlevel playing field between Perisher Range resorts and
2 the Victorian resorts because of the way they are
3 structured statutorily that focus them as tourism
4 operations. There is an unlevel playing field between the
5 Perisher Range resorts and Thredbo as the primary operator
6 because of their head lease and the imposition of
7 surcharges will bring about an exacerbation of those
8 competitive tensions. It will worsen. We already have an
9 unlevel playing field. We don't want to see that worsen
10 and the consequence of that is any entity such as us which
11 is a commercial operator flows through to smaller
12 commercial operators, people represented by the Kosciuszko
13 Chamber of Commerce and not-for-profit organisations such
14 as SLOPES and the lodges. If you keep making us less
15 competitive and more expensive than going to the Thredbo
16 Range resorts because the Government doesn't see itself as
17 a beneficiary at all, then what will happen in the
18 Perisher Range resorts is that visitation will decline,
19 revenues will decline for us as a commercial operator, but
20 so too for club membership and lodges and all of those
21 things will simply spiral downwards. Thank you for the
22 extra indulgence.
23

24 MR DOBES: Are there any more comments?

25
26 MS SHORE: Having got these documents quite late, this is
27 not something the Chamber has actually discussed as a
28 chamber, but from previous meetings and discussions I would
29 say that the car parking fee would definitely not be
30 approved of. Visitor expectations when they come through
31 the park gate is that their park entry fee is paying for
32 their parking and any further charge would be bitterly
33 opposed by the visitor coming through the gate.
34

35 A levy on lift tickets I think would also seriously
36 disadvantage the commercial operations. It's very much a
37 lift ticket based especially upon competition with Thredbo.
38 A visitor would look at the price of a day ticket in
39 Thredbo, they'd look at the price of a day ticket in
40 Perisher and they'd often make their choice of where
41 they're going for the day based on that lift ticket price.
42 I think that is also not a area for generating revenue.
43

44 The park gate fee, of which very little is returned, is
45 outside the terms of reference, which is disappointing. In the
46 past, any increase in the park gate fee has been
47 opposed by the Chamber. Obviously, we would like a chance

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1 to discuss it with the Chamber, but if it were to come down
2 to it and given the fact that it isn't a governable factor,
3 we wouldn't like to see an increase in the park use fee,
4 but of the options presented I would imagine that that
5 would be the one selected by the commercial operators.
6 Thank you.

7
8 MR HENCHMAN: I just want to clarify something that is on
9 page 6 of the report. There is a paragraph there which is
10 talking about the exercise of providing for parking in
11 Smiggin Holes on Willow Road and it says that it can be a
12 good source of revenue. That exercise wasn't done for the
13 purposes of raising revenue. In fact, we only charge an
14 administrative fee basically to cover the cost of the
15 stickers for people to park on that road. That is an
16 operational issue just in terms of the way that part of the
17 resort can't be accessed by oversnow transport, so it was
18 done for quite a different purpose and so we haven't been
19 using it as a source of revenue. Perhaps we should.

20
21 In relation to these charges, our main concern is that
22 these charges should be targeted so that they only impact
23 on the people who are benefiting from the services, so
24 coming from that point of view the parking charge which is
25 actually applied to people who are parking in Perisher is
26 the most targeted form of charge. However, we have some
27 concerns about whether the parking fee is actually
28 practically possible to implement.

29
30 In relation to the gate entry surcharge, we also have
31 local implementation issues about how that would apply and
32 concerns about how it would actually fit in to our
33 Statewide park use fee system and just by way of example,
34 we have an annual entry permit. Currently, annual entry
35 permit holders don't need to stop at the gate. There are a
36 whole lot of issues around whether they would now be
37 required to stop at the gate and pay a surcharge only and a
38 number of other issues. We have those concerns.

39
40 MR RYAN: We very quickly drew the conclusion that there
41 seemed to be not much opportunity for day visitors to
42 contribute directly to the provision of the services that
43 are provided on the resort and I've already commented that
44 day visitors don't enjoy a high level of service on the
45 mountain anyway, but I keep relating that back to a couple
46 of different tabulations that I've seen. There is one in
47 the PRRISS Report and one in the Bill Unkles report. It is

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1 quite clear that Perisher Range is the dearest alpine
2 resort to operate on a dollars per bed basis. That
3 suggests to me that the site holders are subsidising the
4 day visitors.

5
6 We support the notion of a surcharge because that may
7 correct the imbalance in the contribution of day visitors,
8 particularly the brown-baggers who are the people who
9 aren't spending any money in the resort. The day trippers
10 who are spending money, who are buying lift tickets, who
11 are buying food, they are contributing to the economic
12 betterment of the place and the sustaining of the
13 infrastructure, but the people who rock up to the
14 Ski Centre and open up their picnic lunches and take up
15 tables that are there for paying guests, they're the people
16 who are having a real cheap weekend out: they're only
17 paying gate entry. Unfortunately, the terms of reference
18 in this review don't allow us to consider gate entry, but
19 gate entry presents as a huge distortion at the moment.

20
21 Equally so with the inefficiencies of the existing
22 village layout and the way we deliver services in the
23 village. When PRRISS says that you pay \$453 a bed at
24 Perisher Range compared to \$126 a bed at Buller, you've got
25 to ask yourself why and then how are we going to correct
26 this? I will just leave it at that at the moment. I think
27 the surcharge is a good way to go, but there has to be some
28 sort of correction back to the pricing system because you
29 can't continue to operate at the high end of the market
30 like this and provide ordinary services to day visitors.

31
32 MR DOBES: With respect to the next item, which is capital
33 charge on leases, I would just like to note that the
34 municipal services charge is currently recovering the
35 operating costs of municipal services not the capital cost.
36 Just as we want to recover costs from day trippers, we want
37 to recover costs from lodges and overnight stayers. We are
38 interested to hear from stakeholders on the possible impact
39 of a capital charge on lessees and if there's not a capital
40 charge, what alternatives might there be to recover the
41 capital costs of overnight stayers.

42
43 MR DAVIS: We obviously believe that there should be a
44 charge for the capital in terms of providing those services
45 along the beneficiary pays approach. That would mean if
46 the whole infrastructure is worth about \$150m or \$160m, of
47 which - I don't have the figures - it might be fifty-fifty

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1 between capex and operating expenditure, not only over the
2 next 30 years will the \$75m operating expenditure be
3 recovered, but also the \$75m capital expenditure.

4
5 Then the question comes down to how should that be
6 recovered and along which matrix? With respect to water
7 and sewerage charges, volumetric pricing takes care of
8 that. Some of the other areas, such as roads, are open for
9 discussion, or even the costs are up for discussion, but
10 you could base things like roads on other things. How do
11 lodges, commercial premises or the visiting public benefit
12 from having a improved network, whether it is covered or
13 cleared or so forth?

14
15 In our principles papers we outline some ideas as to
16 how we can recover those charges. What we're trying to
17 define is some way of spreading those capital expenditures
18 across the various beneficiaries of the infrastructure. It
19 gets a bit more tricky when we come down to things like
20 street furniture and lighting and amenities: the
21 day visitors centre, administration and so forth. Hence,
22 something like a flat charge because it is easy to
23 administer and is relatively transparent, a fixed charge on
24 gate entry, lift tickets or whatever isn't an appealing
25 approach.

26
27 From our point of view, the efficient thing to do is
28 recover the capital expenditure and for some of those more
29 difficult things, such as administration, amenities and
30 potentially waste disposal, what are we going to levy that
31 charge on? I am interested in hearing the stakeholders
32 views on that. That is CIE's submission.

33
34 MR ROBERTS: Treasury supports the Secretariat's proposal
35 to introduce a capital charge on lessees. We would note
36 that a capital works levy has previously been used to raise
37 capital to upgrade sewer infrastructure works. We set out
38 the same sort of principle. A point that was raised in the
39 issues paper was the issue of lease rental payments and
40 Treasury agrees with the Secretariat's and CIE's view that
41 it represents a return to the landowner; that is, a royalty
42 for the use of a scarce natural resource rather than
43 payment for use of infrastructure services at Perisher.
44 Thank you.

45
46 MR ANDERSON: What we have to realise here is that in the
47 last 10 years government has taken out of this valley some

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1 \$60m in terms of gate entries and rentals. This money has
2 not been taken out of Thredbo. It has not been taken out
3 of Victoria. In your report you said that the
4 infrastructure looks down, et cetera. \$60m would have gone
5 a long way towards fixing it. In other words, we have
6 been, frankly, bled dry compared to Thredbo which pays -
7 what is it - \$50,000 a year and Victoria where all the gate
8 fees, all the rentals stay there. No bloody wonder we're
9 behind.

10
11 In the capital charges there's talk of let's be
12 generous and we'll shut off at 2001 and then we'll charge
13 from there. I suggest very strongly that having peeled
14 \$60m off us if they're going to start charging now for
15 capital charges, that we start at zero date today. To pick
16 up on the back money which was put in - and, by the way, it
17 was not explained to us that this was a loan, that we were
18 going to have to pay it back, that the money was coming
19 from Treasury. I have been to every MSU meeting that's
20 been held. I wasn't told, "You're going to pay for this in
21 four years time" or "You're going to pay for this in five
22 years time." Frankly, if we're going to have a starting
23 date, we should start now.

24
25 One thing on capital charges - I was a little bit
26 stunned. There's talk of Perisher Blue building a new
27 village centre and the village centre being built on the
28 car park. One of the first things they're getting rid of
29 is the National Parks building. They're getting rid of the
30 National Parks building to put up new apartments and yet,
31 it is suggested that we pay for the new National Parks
32 building. Something there I think is a bit biased. I
33 think that should really be looked at. Whoever is causing
34 the building to be removed should have an implied
35 function towards paying for it.

36
37 The money is going to come from somewhere, I guess.
38 Blind Harry can see that. There is going to be \$150m
39 found. All I can say is let's at least start off with a
40 clean slate now. I think the money has been paid to
41 government. It's time some of it came back. If you're
42 going to keep us competitive you've got to realise that it
43 is not going to work that way.

44
45 Lastly, a point which has been missed in this cost
46 recovery question is that currently there is recovery in
47 lift tickets in a very small way, but because it is part of

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1 the economising method of charging MSU, Perisher Blue pay a
2 levy of 25 per cent, which is towards the fact that they're
3 doing other things. Just remember to take that all into
4 your calculations as to what's been happening there when
5 you're looking as to how things get redistributed,
6 otherwise it could all end up coming back to the lodges
7 again. Thank you.

8
9 MR PRINEAS: The Nature Conservation Council would
10 support the capital charge on lessees to recover and fund
11 capital infrastructure costs and agrees with the views
12 expressed earlier about the rent being reasonable recovery
13 to the landowner for the rent of the resource rather than a
14 capital charge for infrastructure, which should be an
15 additional item.

16
17 Some mention has been made of the gate entry fee. The
18 NCC would point out that the gate entry fee helps to fund -
19 it certainly doesn't meet the full cost - the management
20 costs of Kosciuszko National Park, which I think is the
21 largest national park in New South Wales. It is a park
22 that has many more facets to it than simply the
23 ski resorts. Indeed, I think the ski resorts are an
24 additional cost of management, a very, very large cost of
25 management for the Park Service which has to be taken
26 into account.

27
28 Mention has been made of the rent at Thredbo. It is
29 an unfortunate historical situation dating back to the days
30 when Kosciuszko National Park was managed by a trust. The
31 lease terms were determined on other than a commercial
32 basis and it has introduced a massive distortion in terms
33 of the various relative cost structures of Thredbo and
34 Perisher and it really needs to be addressed, but I haven't
35 got a suggestion about how that can be addressed and it is
36 probably outside this Inquiry's terms of reference.

37
38 In relation to backlog capital, the proposal I think
39 from the Secretariat or the suggestion is that it should be
40 dated back to 2001 and the justification for that appears
41 to be something to do with agreements and understandings
42 reached up to that point. If that is the case then we
43 would support that cut-off date, if it can't be justified
44 on close examination that there were prior legal or moral
45 obligations which prevent the charging of capex to an
46 earlier date. Those are our views. Thank you.

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1 MR BLONDEL: On the issue of the capital charges being
2 imposed on lessees, we have trouble accepting the
3 continuation of the policy that all rentals are a return to
4 government for the use of the land. The reason for it is
5 often - and it has been said, indeed, in the discussion
6 paper - because this is a return to government taxpayers
7 for the use of the land of a scarce natural resource. I
8 have trouble, personally, thinking about National Parks as
9 a scarce national resource when the New South Wales
10 Government has made some 14 new additions, which was
11 announced on Friday. It is now seven million hectares
12 across the State and is growing every year. Resorts, in
13 fact, are declining around this country and internationally
14 in terms of destination resorts, but National Parks are a
15 growing phenomena. They are a growing resource not a
16 diminishing resource.

17
18 A middle-ground proposal that might be considered by
19 IPART, with respect, Mr Chairman, is the adoption, in fact,
20 of the Victorian model of putting back in all of these
21 available funds. If you're going to be an economic
22 rationalist then make sure we get a big economic
23 rationalist pool to dig from and into. It has been
24 acknowledged by the Service - and it is picked up in the
25 consultancy report - that there is a considerable backlog
26 of work which is required to be funded, let alone future
27 works. The mid-ground might lie in a recognition of that,
28 to plough all of that money, lease rental payments at the
29 moment, back in to fixing what is a backlog at least, if
30 not some of the key critical future works, and that would
31 be for a sunset period. It might be for five-year price
32 paths, it might be for 10 years, it might be for something
33 else. We can have a debate about that.

34
35 After that backlog has been remedied and these key
36 critical aspects have been addressed, it can swing back and
37 that return can go back to the landlord. We think there's
38 considerable merit in the moral and the legal position of
39 lessees for the Tribunal to look at that and for government
40 to consider it as well.

41
42 Perhaps a couple of other brief observations or comments
43 from SLOPES and the Nature Conservation Council.
44 It is likely that Perisher Blue, if any village development
45 does proceed on the car park, would replace at its cost the
46 existing National Parks building. After all, it was
47 Perisher Blue that paid for that in the first place. The

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1 reports of the consultants was that it was somehow a site
2 office for the ski tube. Murray Publishers were required
3 to fund that, and sewerage, when leasing arrangements were
4 put in place for the parks back then. So we have paid for
5 it once, I suspect we will be happy to pay for it a second
6 time round.
7

8 The aspects raised by the Conservation Council,
9 although I think they are peripheral, cannot be left
10 floating, that park use fees don't pay for the management
11 of Kosciuszko National Park and correctly said it has many
12 other aspects other than resorts. Quite clearly the only
13 people who pay for anything towards Kosciuszko National
14 Park in its entirety, the 690,000 hectares, are resort
15 visitors, because that is the only place you have vehicle
16 entry stations. Some of those don't even open up except
17 when it is winter time when we start operating.
18

19 It is the classic view that has been expressed by the
20 users and visitors to Kosciuszko National Park that it is a
21 milking cow. The fact of the matter is, and Mr Anderson
22 from SLOPES touched on the quantum of fees, park use fees,
23 taken from the Perisher Range, is very substantial. In our
24 view this middle ground about plowing some of the actual
25 revenue that specifically and directly is derived from
26 resort activity, these capital programs can be funded
27 within a fairly short period of time and then you can turn
28 that tap back off if you want to. There is adequate money.
29

30 The fact of the matter is Kosciuszko National Park
31 fees and charges on a broad scale go back into consolidated
32 revenue and pay for this increasing natural resource
33 phenomena of National Parks and state recreation areas
34 across the state, the overwhelming majority of which has
35 no park fees use whatsoever.
36

37 Lastly, the point about the Kosciuszko and Thredbo
38 lease, and the NCC view that that needs to be addressed,
39 that it is an unfortunate historic document. I don't think
40 so. Perhaps you will recommend something along those lines
41 for Perisher Range resorts. It may help the unlevel
42 playing field.
43

44 I don't know on what basis Mr Prinaes from the NCC
45 says that it was not put on commercial terms. He certainly
46 was not around in the early 1960s when it was being
47 drafted, but it was drafted by Sir Garfield Barwick, and

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1 that probably says a lot about its water tank tightness,
2 but let's remember this, everyone looks at Thredbo now and
3 says that is truly an international ski resort. Who has
4 carried all the risk of that lease that was drafted and
5 negotiated supposedly on non-commercial terms in the early
6 1960s - the commercial operators who had a vision and
7 stayed faithful to that and developed that international
8 ski resort. Who does water, sewerage and roads, everything
9 here we are debating? Kosciuszko Thredbo Pty Ltd. It took
10 the risk and it is entitled commercially to the return.
11

12 The Crown's return, it has quite often been argued,
13 out of Thredbo with its fairly parsimonious returns to the
14 Crown compared to Perisher, is on a national value basis
15 greater than the many, many, many millions of dollars
16 ripped out of the Perisher Range resorts. And the
17 Government does not spend one cent there, it is all done by
18 the private operator, so the return it gets back out of
19 that lease is straight to the bottom line of the NPWS's
20 coffers. On the other hand these bags and bags of millions
21 of dollars coming out of Perisher all goes in
22 administration and all these other government fees and
23 charges, and what is left, nothing but a backlog of \$30m
24 and a forward look of \$160m. Thank you.
25

26 MS SHORE: I can't really add anything to the comments of
27 Ashley Blondel, who has covered it. We agree the
28 Government is a major user of the system. It uses the
29 resort to generate revenue. We believe the commercial
30 operators are entitled to a basic level of infrastructure,
31 which has never really been provided, and that some of that
32 very large amount of lease money should be returned to the
33 development. We realise there will probably have to be
34 some program of capital works, but other than that we
35 entirely agree with both SLOPES and with Perisher Blue that
36 it should not all be funded by the lessees.
37

38 MR HENCHMAN: Yes, park use fees and rental returns are
39 spent on core park management across the state, including
40 Kosciuszko. That is the situation at present. We agree
41 with CIE that those rents are for the use of a scarce
42 natural resource and those arrangements are clearly set out
43 in the leases where it clearly identifies that rent is
44 payable and other fees and charges are payable along the
45 lines of municipal services and other charges, so those
46 arrangements are very clear cut.
47

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1 As far as a capital charge is concerned, we have made
2 a capital charge in the past, both in relation to the
3 sewerage plant and contributions to road upgrading, so
4 obviously we support those. However, it is fair to say
5 that we recognise that there are different financial
6 arrangements in Thredbo and in the Victorian resorts and
7 that is a relevant consideration.
8
9 MR RYAN: I have no comments to make.
10
11 MR BLONDEL: Would you give me one indulgence? I
12 didn't get a three-minute warning, so I think I might have a
13 credit.
14
15 All I wanted to do was reinforce a SLOPES observation
16 about the advance payments deal, if I can put it that way,
17 between National Parks and Treasury, and where the line in
18 the sand needs to be drawn here, which sits in the
19 underlying documents. Belinda might reinforce this as
20 well. To our knowledge, never once has that arrangement
21 between Treasury and National Parks & Wildlife Service for
22 the repayment of these advances in capital been informed to
23 us as lessees. One thing that is repugnant in our society
24 in Australia is retrospectivity and fairness. The line in the
25 sand is that it is taken as a sunk cost, there should be every
26 dollar, every cent expended, notwithstanding arrangements
27 between Treasury and NPWS, to the date of any
28 implementation or acceptance by IPART from the New South
29 Wales Government. It should be regarded as a sunk cost.
30
31 THE CHAIRMAN: Any questions you want to raise?
32
33 MR DOBES: Too many to comment on, so we will move on.
34 You all had a chance to look at CIE's demand forecasts. In
35 forecasting future demand for infrastructure, we have to
36 have some idea of what the future customer demand might
37 be. You have seen the output that is there. There is a certain
38 range of forecasts. What we are interested in is making
39 sure that the range that we have, especially the two
40 preferred scenarios, B and C, are considered to be roughly
41 realistic, or with the greatest possibility, because those
42 two scenarios are consistent with the general
43 infrastructure program that we have in front of us, so if I
44 can start with CIE.
45
46 MR DAVIS: We really don't have much to say on this given
47 that we actually produced the numbers. They are based on a

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1 range of what we thought, not best case, but possible
2 scenarios, whether climate change, new development at
3 Perisher goes ahead, competition with non snow alternatives
4 and so forth, so a range of figures have been put forward
5 for growth and, as has been discussed, we have our favoured
6 growth figures there.
7

8 MR ROBERTS: Treasury has no comment.
9

10 MR ANDERSON: We can see a bit of a problem developing.
11 The problem will be that when you open up 1300 new beds,
12 of which 800 are in apartments, these 800 will affect us. We
13 have some 1600 club beds and you can't open up 800
14 competitive beds without it making our position difficult.
15 We suspect that what will happen is that there will be an
16 influx of people buying these apartments who would have
17 become our new members, therefore new members will be a
18 bit harder to find, so while this progress is going on it could
19 well be that we are going to run into difficult times and
20 that while these beds are being absorbed our forecast is
21 that things will be flat overall because we will be going
22 down a bit and new beds going up a bit, then the beds
23 finish, then maybe we get back to an even keel.
24

25 THE CHAIRMAN: Can I just ask you a question: I thought
26 part of the expectation with the new beds, if they go
27 ahead, is that it would make Perisher a somewhat more
28 attractive resort to a different type of customer?
29

30 MR ANDERSON: Our problem is that we have 1600 beds
31 available every night. We don't fill them in September,
32 they get marginally full in July. August we fill them. If
33 apartments come on the market, \$400,000, a group of five
34 fellows get together, buy one, those five people probably
35 would be our yuppies, if they are such, who are willing to
36 pay \$10,000 a year to join our clubs. Currently now it is
37 much easier to join a club than it was ten years ago. In
38 other words, because of the overseas competition,
39 particularly Canada, people like my daughter say, "I will
40 give up my sky lodge membership." And this is my kid, so
41 we think it is not going to work out greater for the clubs.
42

43 MR PRINEAS: On any of these scenarios, growth appears to
44 be low. We would not argue with that. We have concerns
45 about how robust the scenario is relating to climate
46 change. We saw little in the CIE report that justified
47 those expectations one way or the other. We thought it was

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1 a very cursory examination of that issue. That is all we
2 have to say.
3
4 MR BLONDEL: Where to start? In our submission following
5 the secretariat's invitation, scenarios B and C being
6 concentrated upon, we think they are the more likely out of
7 the four. But from Perisher Blue's position we think C at
8 this point in time is more likely than B, which is no
9 growth, and the consequential aspects that will flow from
10 that.

11
12 As a commercial entity we will only do things and
13 support things and pay for things that have an appropriate
14 financial return. That is what corporations are all about.
15 Having regard again to social and other environmental
16 issues, bottom line reporting, at the end of the day that
17 is the driver. If the costs of improving matters in the
18 area are such that there is any uncertainty about the
19 return, which I have touched on earlier about the
20 importance of capex and opex and forecasting a five-year
21 pathway, or that the return is too low on normal rates of
22 investment for owners and so on, then the improvements will
23 not be done.

24
25 One problem that arises from that which is of
26 importance I would have thought to all stakeholders here,
27 and to the Tribunal looking forward, is that what I would
28 describe here as the access controller and the overall
29 manager, being NPWS, because you don't get in to buy a cup
30 of coffee or have a bed unless you go through the entry
31 stations, and it is our marketing that brings them there in
32 winter, not that the NPWS values it as such, although they
33 have certain quite tangible values also obviously, but in the
34 case of the access controller manager being the government
35 and NPWS I thought they would be worried because
36 there will be diminishing visitation and diminishing
37 returns that will have a flow-on to commercial operators
38 and not for profit operators such as ski club lodges.

39
40 We made a point in our submission to the Tribunal that
41 the past decisions on village design and its layout, the
42 blown up effect of this far flung nature of this resort,
43 and therefore what now is required in terms of consumer
44 expectation, environmental expectation, licensing and
45 legislative requirements to name but a few - those
46 consequential impacts that we are looking at now in 2005
47 should not be the responsibility of lessees because the

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1 lessees were not responsible for the design of the layout
2 in the first place. That is solely the responsibility of
3 government and it is one of those aspects again where
4 government has to share some responsibility and bring it
5 back within some of the funding arrangements, that greater
6 pool of resources, at least for some period of time.
7

8 Some people may think at this table that they are
9 self-serving statements about B and C, but people sitting at
10 this table are aware of agreements generally we have with
11 the Government and about possible development and the
12 models have been pushed around and tested left right and
13 centre for their robustness and it would be fair to say
14 that these things are very hard line, and the unlevel
15 playing fields, lack of competition now between Perisher
16 Range resort and other resorts, and international resorts
17 along the lines SLOPES has referred to, will only be
18 compounded by some of the suggestions and
19 recommendations for surcharges and fees.

20
21 It is not a ticket-box game. We exist by way that we
22 are in the leisure industry. The ski industry, we are a
23 ski lifting company. That is all we want to do. We want to
24 become a mountain resort, but we compete. Our business
25 is an international business. Mr Anderson has given ad
26 nauseam examples of his daughter who says that it is
27 cheaper in Canada. When we think about skiing, number one,
28 you don't have to ski, because that disposable income means
29 you can do a whole range of other leisure activities. If
30 you choose to ski, you don't have to ski in our resort,
31 Perisher Range resort, you can go to Thredbo, Victoria, New
32 Zealand, Japan, Europe, or you can choose not to go skiing
33 at all and go to a tropical island. That is the market in
34 which we operate.

35
36 MS SHORE: My only observation on these forecasts is that
37 in A, B and C these forecasts would be severely impacted by
38 the effect of large cost increases that would then force
39 increases in the tariffs that are charged to the visiting
40 public. They would select other options and not
41 necessarily ski.

42
43 MR HENCHMAN: National Parks doesn't really have any
44 comment. These figures look reasonable.

45
46 MR RYAN: We don't have any comment.
47

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1 MR DOBES: Would you prefer to have the discussion on any
2 particular topic now?

3
4 THE CHAIRMAN: We will deal with the whole lot now for
5 10 minutes or so.

6
7 MR DOBES: My impression from this is the same as the
8 impression we had from the submissions, which is that
9 full-cost recovery is not favoured by any of the
10 stakeholders in particular, with one or two exceptions, but
11 the thing is it is within our terms of reference so we now
12 have to start making choices about which forms of fees are
13 the most acceptable or have the least impact on the
14 commercial prospects of Perisher.

15
16 I am not sure that we've got any closer today in
17 resolving that particular issue, but other people may have
18 other observations.

19
20 MR BLONDEL: Could I have the luxury of responding first
21 so that other people might tag on to my comments?

22
23 THE CHAIRMAN: Yes.

24
25 MR BLONDEL: Thank you. We have understood obviously
26 and have recognised and appreciated the terms of
27 reference. Notwithstanding that, we've made the comments,
28 obviously, that have gone before about government
29 beneficiaries and larger pools of funds and sources.

30
31 Having said that and hearing the Secretariat's
32 summation then, that's a fair summation, it has to be
33 acknowledged, but the caution we place on it by way of final
34 submission is the very point that we just concluded on
35 demand management and that is notwithstanding the terms
36 of reference, commercial operators and I suspect the other
37 commercial and not-for-profit organisations will simply
38 look at it and say, "This is no longer for us. We cannot
39 afford this. We won't invest." The fees and charges might
40 be there, but then if there are less guest nights and
41 visitor nights overall there will be less water used.

42
43 The Conservation Council said there will be greater
44 environmental flows because there's less going down the
45 toilet and into the sewerage treatment plant, but at the
46 same time nobody will be getting the extra revenue to fix
47 these things. So that is the great conundrum in the

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1 exercise of these artificial terms of reference that have
2 been given to a Tribunal that we respect and appreciate.

3
4 The final point, which also elicited some other
5 responses from colleagues and participants around the
6 table, is some underlying material that we want to get out
7 here on the table and one is more critical than the other.
8 Despite or I suppose in corroboration of rumours and
9 conjecture over many years, it was interesting to read of
10 the sleeper of \$3m in this forward capital program for the
11 funding of the Perisher Range resorts exclusively, it would
12 appear, of the National Parks and Wildlife Service
13 headquarters in Jindabyne.

14
15 It is outrageous if that's the case. That building
16 was decided to be relocated out of Sawpit Creek to
17 Jindabyne for the Service's corporate reason of being not
18 on one road as distinct from another, for benefits that it
19 worked out were Snowy River Shire Council's, for hidden
20 costs that have never been again explained to any lessee,
21 that somehow Perisher as distinct from Thredbo or
22 Charlottes Pass or Selwyn or anywhere else is going to pay
23 \$3m for that headquarters. That is an outrageous
24 proposition.

25
26 Lastly, we ask that this perhaps might be a follow-up,
27 unless it can be readily explained. As I've read the
28 various consultants' reports I've had trouble understanding
29 what the actual cost is over the 30-year program. For
30 example, in the CIE pricing principles report there is a
31 reference in the background to the 30-year program of
32 services, the ISS program being \$160m, and there's a table
33 elsewhere in that which shows that rounded out to \$168m.

34
35 In the Earthtech report at page 8 I read it as \$90m.
36 In the attachment, the one-page spreadsheet that comes with
37 the papers which has both total capex and opex and
38 recurrent costs, the total for the National Parks and
39 Wildlife Service here is shown as \$144.6m and for
40 Earthtech's revisiting it as a combined exercise it is
41 shown as \$154.5m. Which is right? Are we looking at \$90m,
42 \$168m, \$144m or \$155m?

43
44 MR DOBES: CIE drafted this report from an earlier set of
45 figures. It has been refined earlier and refined further.
46 This has been developing for a number of months now.

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1 MR BLONDEL: Thanks for the clarification. Unless I'm
2 reading these things incorrectly, what is being looked at
3 in the 30-year program varies from between \$90m and \$168m.
4 Not good enough.

5
6 MR DOBES: Could I make a couple more comments in
7 response to some of the comments around the table earlier
8 on revenue options? One thing that attracted us to the car
9 parking charge as opposed to the gate entry surcharge is it is
10 a voluntary option. We have the option that people don't
11 have to park at the top. Ashley pointed out the practical
12 problems associated with parking down the bottom which
13 had to do with the shuttle bus. That is something we have
14 to look at.

15
16 The main thing we're looking at here are policy
17 options and their possible impacts. We're not going to
18 ignore the practical problems that people brought up around
19 the table and we'll be looking at other possible practical
20 solutions, because in theory a voluntary charge is still
21 better than a compulsory charge. That is one observation I
22 would like to make. Beyond that, as I said, we're just
23 moving forward in very small bounds today.

24
25 THE CHAIRMAN: Is there anything else?

26
27 MR COX: Not from me.

28
29 MR RYAN: I will look into some of the variances in the
30 figures and try and reconcile from our side of the fence
31 what those variances are that you're talking about. I know
32 in the development of the report at different times our
33 numbers jumped around a little bit because we are
34 discounting back to 2001 dollars to compare with the PRRISS
35 report and I know that at one stage we were talking about
36 moneys yet to be expended from 2005 onwards rather than
37 including expenses up to 2005. Some of those numbers when
38 you're talking about the variance in them can be explained.
39 Perhaps we need to look more closely at the words in our
40 reports to explain exactly what the source of each of those
41 numbers are.

42
43 There is just one thing that keeps striking at my
44 heart, Graeme, and that is your earlier comment and the
45 NCC's comment about cost doesn't matter and then in your
46 later comments you were talking about the cost of solid
47 waste. At the time, to put it in context, you were saying

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1 that you were happy to pay more for those services because
2 you saw it as part of quantifying this pristine site in a
3 snow-bound village and so on.

4
5 Whilst I appreciated that, I was sort of reminded
6 again later on in your summing up statements towards the
7 end when you started to talk about the commercial reality
8 of trying to sell 1600 beds, and it just struck me that the
9 two comments, as important as they are, didn't reconcile in
10 my mind.

11
12 I think going back to the original terms of reference,
13 the least-cost term, that's what we were looking for when
14 we were analysing the infrastructure services at Perisher
15 and I can't help thinking that that connects very solidly
16 to the viability arguments that Ashley and the Chamber of
17 Commerce have touched on. Sooner or later you've got to
18 pursue your least-cost services.

19
20 MR ANDERSON: Could I have half an hour to explain that,
21 Mr Chairman? I don't think so. I don't think I'll
22 comment. They are obviously cost matters. It depends what
23 you're buying.

24
25 THE CHAIRMAN: I think we might move to wind it up
26 now. I would like to thank you all for your participation
27 today. In a sense a number of things we heard were fairly
28 predictable, but to be fair that was because we'd read your
29 submissions. It was useful to hear them orally as well as
30 to read them and the forcefulness of the presentations was
31 appreciated on our side.

32
33 The issues I think are fairly clear. The solutions
34 are less clear. The issues at least are fairly clear. I
35 have just a couple of comments in that regard. I think
36 that there has been an unfortunate lack of transparency in
37 the financial arrangements governing Perisher over quite a
38 long period. It has been very difficult for us to
39 establish costs and sources of revenue and that is
40 something that I'd hope we could amend at least over time
41 in the future and get a better set of financial
42 arrangements where people could see rather better where
43 their money was going. I don't want to pretend there has
44 been no progress made in that regard and clearly in terms
45 of volumetric charging of water and sewerage that's a huge
46 step forward, but I would like to think that we could build
47 on that.

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1
2 The second observation I would make is that we do take
3 aboard the comments we heard from many people here
4 today about the need for Perisher to be competitive with
5 other resorts or even other forms of leisure activity. We're
6 also conscious that obviously if the price skyrockets it
7 must have an impact on the demand for the resort and we
8 can't ignore that.

9
10 I have just one observation in relation to
11 competitiveness. Thredbo wasn't here today so it wasn't
12 able to defend itself, but I would guess - and I'm not a
13 skier, I'm just a bushwalker. I go up there with a brown
14 paper bag in the back of a rucksack, but on the other hand
15 I tend to drink the water out of the streams, so it doesn't
16 cost you anything to supply it to me either - my impression
17 would be that the ownership of Thredbo has changed
18 numerous times since that original agreement.

19
20 MR HENCHMAN: It has changed once.

21
22 THE CHAIRMAN: Once? Okay. I would imagine that the
23 new owner probably paid a price to take over that lease
24 that reflected its present commercial value and the
25 previous lessee has probably departed with quite a bit. The
26 new owner has to get a return on the price that that
27 company paid for the lease which isn't necessarily the
28 present low price being paid.

29
30 Where do we go from here? We have a bit of work to do
31 obviously. At the same time we are intending to present
32 interim findings to the Treasurer by April and that does
33 mean that a lot of the questions we discussed about future
34 capital plans and so on will not be resolved by then and
35 the comment I made before morning tea will have to apply,
36 that we will have to work out what is the best estimate we
37 can make of a reasonable capital expenditure and base our
38 recommended charges accordingly.

39
40 Following the presentation of our interim findings to
41 the Treasurer in April, I am to present our final
42 recommendations by June and it will then be up to the
43 Government to decide on how far they choose to implement
44 our recommendations. We don't envisage further
45 round tables, but we do expect that we would want to
46 consult, as appropriate, on key issues bilaterally as we go
47 forward. Once again, thank you all for your attendance.

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2 AT 1.08PM THE ROUND TABLE DISCUSSION
CONCLUDED.

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