

# Gunuma – Discussion Paper on Number of Members

## Purpose

The purpose of this discussion paper is the elicit discussion on the optimum number of family memberships applicable for Gunuma.

The options presented in the paper do not represent the views of the Committee and have been provided to demonstrate some of the options available to achieve the core objectives of Gumuna.

## Core Objectives

For the purposes of this paper the core objectives for Gunuma are to:

1. Remain financially viable and comply with our obligations under the NSW Association Act
2. Provide affordable accommodation for its members during the ski season
3. Enable members a reasonable opportunity to obtain accommodation during their preferred times during the ski season
4. Provide amenity expected by members

Note that, objective 1, is a requirement and the other objectives are secondary. Further, objectives 2, 3 and 4 and competing ie to improve objective 3 requires a reduction in members which will impact objective 1 unless fees are increased impacting objective 2.

## Financial Viability

Previous Committees have adopted the following as guidelines for setting fees:

- Membership fees – cover fixed costs
- Accommodation fees – cover variable costs including maintenance costs
- New memberships – contribution to capital works

Gunuma is currently financially viable and at this time it is expected to remain financially viable into the future within the current membership numbers and fee structures assuming that they increase in line with cost increases. However the following need to be recognised:

- Over the last decade the fixed costs, in particular lease and insurance, have increased significantly and are not fully covered by membership fees
- Gumuna is 50 year's old and requires increasing maintenance ie the fire detection system is old technology and will not be maintainable in the near future
- Changes to the building code has required modifications to the building (sprinklers) and it is likely that there will be ongoing changes to the code requiring regular capital works
- COVID has impacted Gunuma's ability to deliver objective 2 (accommodation) and as a result the Committee has not increased membership or accommodation fees in line with cost increases
- COVID impacted revenue resulting in capital works (bathroom upgrade) and non-essential maintenance being deferred

The table below summarises the revenue for 2015 to 2019 noting that 2020 and 2021 were impacted by COVID and are not applicable.

Year	Subscriptions	Accommodation	New Members
2019	\$80k	\$151k	\$0k
2018	\$82k	\$123k	\$30k
2017	\$82k	\$133k	\$10k
2016	\$73k	\$122k	\$10k

2015	\$72k	\$154k	\$0
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Gunuma currently has over \$500k in fixed deposit and other accounts. Although this appears to be a significant amount, it should be considered in the following context, all resulting significant loss of revenue or increase in expenditure:

- Potential for a poor ski season and significantly reduced revenue from accommodation fees
- Essential fire life safety capital works such as replacement of the fire detection system
- Essential major maintenance such as replacement of the fridge, fixing water leaks
- Essential ongoing maintenance such as painting
- Highly desirable capital works such as finalising the bathroom upgrade and repairs to the sauna
- Highly desirable major maintenance such as carpet replacement

### Affordable Accommodation

All members would have their own definition of affordable accommodation. Further, it is a competing objective and impacted by membership fees (number of members). In the context of this paper, affordable accommodation includes membership fees.

The current subscription fees are \$400 and the table below details the accommodation rates.

Season	Member			Accompanied Guest			Un-accompanied Guest			Car Parking
	Adult Adult Child	Child 5-17	Child <5	Adult Adult Child	Child 5-17	Child <5	Adult Adult Child	Child 5-17	Child <5	
Low	17	9	6	34	18	11	51	27	18	0
Shoulder	29	17	6	57	34	11	87	51	18	30
High	40	23	11	80	46	23	120	69	33	30

As stated above the subscription and accommodation fees have remained static for the last four years and the 2023 Committee will be required determine the fees for next year.

### Opportunity to obtain accommodation during their preferred times during the ski season

The number of members has remained reasonable static over the last few years and includes:

- 225 winter members
- 2 life members
- 13 Summer members

There is a waitlist of 20 of which 15 are daughters / sons of members and have priority. The waitlist has fluctuated and is the longest since 2015.

A Gunuma member can also include a co-member and children under 25, all of whom have high season preferred booking rights. The membership records do not provide accurate numbers of children under 25, however for the purposes of this paper it is assumed that each member includes a co-member and 1.5 children under 25 giving a total of 788 effective members with high season preferred booking rights. The 788 effective members does not include guests, as they do not have preferred booking rights during the high season.

The duration of high season varies slightly depending on the school holidays, however is generally 10 weeks, which gives 2,800 bed nights resulting in the available bed nights per person of 3.6. Note

that the 2,800 bed nights is the maximum as Gunuma is never 100% full. Alternatively, if each effective member wanted to stay 7 days, Gunuma could accommodate 400 out of the 788.

A reasonable assumption is that the average occupancy over the 10 weeks is 90% giving 2,520 bed nights resulting in the available bed nights per person of 3.2.

Not all effective members ski every year and not all want to stay for 7 days. However, with the current 225 members plus co-members and children under 25, Gunuma provides limited opportunity for all to obtain their preferred accommodation during the high season. This is compounded by members wanting to stay with their "ski buddies" resulting in groups wanting to book at the same time.

### **Provide amenity expected by members**

The amenity expected by members includes:

- Compliance with our lease, which includes capital works to satisfy the ever increasing fire life safety standards under the Australia Building Code
- Essential systems that work ie fridge, hot water, ovens, etc
- Reasonable quality fixtures and fittings ie chairs, carpets, blankets, etc
- General maintenance ie painting

The cost of the above has increased at a faster rate than inflation and has been impacted by a reduction in the number of members that attend work parties.

### **Summary**

As stated above, the options discussed below do not represent the views of the Committee and are provided to elicit discussion on the number of members that provide the best outcome in achieving the competing objectives.

#### No change

Continue with 225 members, which include co-members and children under 25.

Impact:

- Fee structure, with increases for inflation, would remain relatively unchanged
- Risk of not being able to book yourself and friends (also members) for the preferred period with the group would remain relatively unchanged
- Amenity would remain unchanged

#### Increase the number of members

Increase the number of members to say 240.

Impact:

- Fee structure, with increases for inflation, could reduce and / or the surplus could be used to upgrade Gunuma
- Risk of not being able to book yourself and friends (also members) for the preferred period would increase
- Amenity could increase with additional funds for capital works

There is a potential unintended consequence that the risk of not being able to book yourself and friends (also members) for the preferred period would result in members resigning.

#### Reduce the number of members

Gunuma's lease requires a minimum of 200 members. The current number could be reduced progressively as current members resign and new members created at say the rate of 2 resignations for each new member.

Impact:

- Fee structure, with increases for inflation, would need to increase to cover the eventual loss of 25 subscriptions which is \$9k at the current rate
- Risk of not being able to book yourself and friends (also members) for the preferred period with the group would improve
- Time a prospective member spends on the waiting list to become a member would increase

#### Improve occupancy during high season

Gunuma is not 100% full during high season with vacant beds due to:

- Single occupancy of rooms
- No rules regarding commencement day and duration ie members may book 2 to 4 days during high season which often sterilises the room for 7 days
- Cancellation policy resulting in members that are not entitled to a refund not advising the GAO and the room remaining empty

Options to improve occupancy include:

- First booking round for 7 days only ie in Saturday and out Saturday
- Tighten booking rules in relation to co-member rights ie member and co-member to occupy the same room
- Greater rigour by the GAO on combing people in single rooms
- Provide an incentive to cancel

The above would improve the finances with an increase in fees, however it would impact objective 3.

#### Change the membership structure

There are unlimited options and the following is just one example.

A membership comprises an individual only with say a family of 4 having 4 individual memberships, which could work as follows:

- Different subscription rates for adults and children
- Family members that are not members are classified as guests noting that all members of a family may want to ski

Society has changed significantly since Gunuma was built and the definition of a family is complex. In addition there is inequality in the value of a membership, which may include member plus co-member plus multiple children under 25 versus a member plus co-member only.

#### **Conclusion**

As previously stated this is a discussion paper to illicit discussion amongst members. The Committees view is that the first priority is to maximise the occupancy during the ski season and the facilitate this the booking rules, booking system and cancellation policies should be review.