

HOTHAM

Mount Hotham Resort Management Board

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28th September 2005

To All Stakeholders

At the Board's meeting of 16th September, Phil Davern, The Board's contracted Municipal Building Surveyor, briefed members on the Building (Interim) Regulations 2005 introduced on the 14th June 2005.

This legislation will require owners of ski lodges and other accommodation buildings to retro fit fire sprinkler systems by the 14th June 2008 or earlier if the building is sold.

Essentially, the regulation pertaining to retrofitting sprinklers applies to all "Shared Accommodation Buildings". This is a defined term in the legislation and means:

"a Class 3 building which is used for accommodation purposes having –

- (a) *a sole occupancy unit which is a room or suite of rooms which includes sleeping facilities capable of accommodating three or more persons but does not mean a sole occupancy unit which constitutes the whole of the Class 3 part of the building; or*
- (b) *sleeping facilities capable of accommodating thirteen or more persons,*

Including a boarding-house, chalet, guest house, hostel, lodging-house, backpacker accommodation and residential part of a hotel offering shared accommodation....."

Building owners have until the 14th June 2008 in which to install a residential fire sprinkler system in accordance with Australian Standard AS 2118.1 or AS 2118.4. if the building is sold prior to this date, the installation must occur within 6 months of settlement date.

The new regulation applies to all **Class 3** buildings that had a building permit issued **before** 1 July 2003.

A Class 3 building is essentially one which has shared or common facilities such as bathroom, laundry, kitchen, lounge, dining, etc. servicing a number of bedrooms that typically open onto public corridors. A Class 2 building by contrast, would generally be comprised of fully self contained dwellings with each apartment (dwelling) having their own sanitary and cooking facilities.

There are some exceptions to this general requirement namely if the building does not contain more than 2 storeys **and**, each sole occupancy unit (bedroom) has its own direct access to at least two exits **and** the maximum travel distance from the entry door to the room to an exit does not exceed 7.5m. If each room concerned has its own direct access to a road (by way of an external door on the ground floor and external balconies or verandahs on the first floor) then this scenario is also exempt.

The installation of **hard wired** smoke alarms must be completed by 14 June 2006 or within 30 days after settlement if the building is sold beforehand. The installation of **self contained** smoke alarms in bedrooms must be undertaken as of now, so effectively, all buildings should currently have at a minimum, self contained smoke alarms in all bedrooms, public corridors and common

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spaces with this system needing to be upgraded to a full hard wired AS 1670 system by 14 June 2006.

It is estimated that the above requirements will potentially apply to approximately 70 buildings. Some of these buildings will be eligible for the exemption, ie they will not exceed two storeys and, each bedroom will have access to at least two exits. It is therefore likely that at least 35 – 40 buildings will be affected by the legislation.

Building owners will have the following options for compliance:

1. Install the fire sprinkler system in accordance with the relevant Australian Standard and as required by the Regulations.
2. Seek a modification from the Building Appeals Board (BAB) to permit full or partial deletion of the requirement. Based on previous experience within the aged care industry, it is extremely unlikely the BAB would be prepared to grant any modifications although in exceptional circumstances, extensions of time in which to comply may be possible.
3. Apply for a building permit to change the use of a building from Class 3 to Class 2. This would essentially involve the provision of additional facilities to create self contained apartments throughout the building. There may also be additional construction requirements that apply to bring the building into compliance with a Class 2 use.

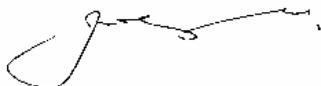
Proposal

This new interim regulation has enormous impact on the resort as a whole. This issue is of mutual concern to all parties and it is on this basis that the Board resolved:

1. That stakeholders are informed of the new interim regulations
2. That an audit be conducted during summer by Phil Davern on the buildings at Hotham to identify which buildings are caught by the regulations.
3. That following the audit the RMB convene a meeting of all affected lessees to review the audit findings, assess implementation and discuss appropriate response/action plan.

Following the audit of all buildings within the resort, I will contact those affected lessees to discuss the way forward.

Yours sincerely



Jim Atteridge
Chief Executive Officer