

Probity Audit conducted by KPMG

Summary of objective and scope

As part of an ongoing internal audit to identify improvement opportunities at Mt Hotham KPMG was requested by Mr Geoff Provis, Chairman of Mt Hotham Alpine Resort Management Board ('MHARMB' or the 'Resort'), to undertake a probity audit on the anonymous allegations made against Mr Jim Atteridge (MHARMB's Chief Executive Officer – CEO) regarding the Rodondo Road development project.

The objective of the probity audit was to independently investigate an allegation that the Mt Hotham Alpine Resort Management Board's Chief Executive Officer (CEO) may have a conflict of interest arising from a personal interest in a separate project with a connection to Colonade Homes, the developer involved in the Rodondo Road development project. The audit was to also consider whether the action taken by the CEO and the Board in dealing with this matter was both appropriate and timely.

Linking to Government requirements

The probity audit was scheduled for May 2005, following discussions between the Department of Sustainability and Environment and the Chairman of the Mt Hotham Alpine Resort Management Board. It is Government policy that any possible conflict of interest issues relating to officers and members of Boards, perceived or real, be investigated and reviewed by an independent body. This process is considered to be in the best interest of the public.

Key findings and recommendations

KPMG wrote: "Nothing has come to our attention during the course of this project that indicated any wrong doing by either Jim Atteridge or the Board during the Rodondo Road development project. Steps were taken to address the potential perception of a conflict of interest existing."

Chronology of Events regarding Rodondo Road

Date	Issue	Page
2002		
20.12.02	<p>Board Meeting Item 9.3 Rodondo Development & 5.2 Future Capital Works, Rodondo Road</p> <p>The CEO advised that a NSW consortium had purchased the Rodondo Site with the aim of building 10 apartments. An engineering overview of the project including the proposed new road accessing the Rodondo site and the other Davenport lease site along the GAR between Marouka and Langi Taan was presented.</p> <p>Resolution:</p> <ol style="list-style-type: none"> 1. The CEO continue negotiations with Rodondo developers to finalise the proposal. 2. That the Board approve the development of an at grade road to the south of the GAR between Marouka and Langi Taan. Rough in construction in October 2003 (snowfall and Rodondo Capital Ingoings allowing). Capital Ingoings to be paid in advance of October 2003 with this money being used for the rough construction of this access road. 	
2003		
22.1.03	Copy of Transfer of Lease for Rodondo Alpine Ski Club Cooperative Limited. Signed off by the Acting CEO	
8.04.03	The Developer advised of Board decision of 20 th December 2002 and the initial design for the road has been completed.	
17.4.03	Rodondo Road Design Completed, all affected clubs notified with standard letter Clubs notified: Ettamogah, Marouka, Taki, Trapdoor, Hangman's Drop, Langi Taan, Tanderra, Higgi	
9.5.03	DSE Advice re Construction of new road Davenport Great Alpine Road Frontage CDP & necessary requirements	
8.6.03	Meeting with Rodondo Road Affected Lessees 7 th and 8 th June 2003 Presentation papers and file notes from meetings	
9.6.03	<p>Board Meeting Item 5.1 Report on Rodondo Road Affected Lessees Meeting Saturday 7th June 2003 (copies of presentation and file notes presented to the Board)</p> <p>Resolution:</p> <p>That the Board reaffirm the previous in principle decision to facilitate the proposed Rodondo Road with the revised plan and that a copy of the planning permit application when submitted, forwarded to affected stakeholders for information</p>	

Date	Issue	Page
25.08.03	Letter from DSE advising receipt of application for planning permit and the requirements to continue to next stage	
2004		
6.2.04	Board Meeting Item 5.2 Declaration of Conflict of Interest CEO advised that he had agreed to form a company with other parties to purchase a house at Rossland, British Columbia. One of the partners has interest in Rodondo Lodge (subsequently transpires that interest is not as owner but by association only). Resolved: Noted	
6.2.04	Board Meeting Item HSA presentation Various issues including Rodondo Road	
02.04	February 2004 – September 2004 Technical components of Planning Permit application being actioned by Technical Services RMB	
14.06.04	Board Meeting Item 5.6 Victoria's Native Vegetation Framework CEO advised that the Rodondo Road planning permit application will be used as the model Resolved: Noted	
20.08.04	Board Meeting Item 5.2 Rodondo Road The CEO informed the Board that the planning permit for Rodondo Road had been submitted to DSE and that the permit should be approved and available next week. Resolved: Noted	
26.08.04	Ltr from DSE advising that Minister for Planning has granted planning permit and drawing attention to application for review provisions (objectors within 21 days) and (applicants within two months)	
2005		
25.2.05	Board Meeting Item 9.1 VCAT Decision – Appeal on Rodondo Road Davenport, Resolved: 1 That the Board noted the VCAT decision of 25 January 2005 with no conditions imposed and that VCAT clearly upheld the Planning Scheme including its strategic statement and CDP. 2 That the five lodges concerned are advised of the VCAT decision 3 That the proposed road is scheduled for construction for the 2005 – 06 summer works program subject to receipt of capital ingoings from either Higgi or Rodondo development	
7.03.05	Ltrs to 5 lodges concerned re VCAT decision HSA, Rodondo, Ettamogah, Higgi, Langi Taan, Tanderra	

