

Minutes of the Committee and AGM meeting of 19 October 2019

1. Tourist tax

The draft of the proposed regulation was analysed by the Legal Service of the Council of State of the Canton of Valais and was found to comply with Cantonal and Federal legislation. The criteria, based on an average occupancy of 50 days per year and on a tax rate of CHF 2.50 per UPH (unit per household) gives a flat-rate amount of CHF 125 per UPH. Thus, a dwelling with 3 bedrooms and a living room with kitchen is considered by the Municipality to represent 3 ½ rooms, equivalent to 4 UPH, which yields a tourist tax of CHF 500.

The collection of the tourist tax paid by the R2s (term referring to Second Home Owners or Long-Term Tenants) will be carried out by the Municipality, which will transfer the amount collected, approximately CHF 510,000, to the new SA du tourisme (see point 2).

The General Assembly took note of the proposed Regulation. Criticism have been levelled at the functioning of the Tourist Office and doubts have been expressed as to the usefulness of investing more than CHF 400,000 in it, while admitting that the Tourist Office could be of interest to tourists briefly staying with the R2s inasmuch as its functioning were to improve. No interest was expressed in helping to find tenants. Either the R2s manage on their own, or they work with existing local private rental services.

Considering that the tourist tax must be used in the interest of tourists, the Municipality asks us to make proposals for the use of this tax. During the General Assembly, the following proposals were made, proposals that will be discussed at the next meeting between the R2 Committee and the representatives of the Municipality:

- a reduction in water, sewer and garbage taxes given that we occupy our homes, on average, only 50 days a year
- free cable-car passes for R2 “pedestrians” (non-skiers)
- a direct Vercozin-Grimetz bus shuttle
- a natural water basin at the “Creux du Lavioz”, using the water from the bisse. Since the water in the basin would be constantly renewed by the running water of the bisse, this water could then be reused for watering of fields and, since this water would not stagnate, there would be no need for chlorine-like chemicals.
- the resuscitation of Verco-Jazz, by assuming part of the organization (via volunteering or by offering beds to artists).
- It was not considered useful to vote on the tourist tax given that the amount proposed is at the bottom of the range of tourist taxes in Valais and that the consideration proposed by the Commune seems interesting to us (see point 2, SA du tourisme).

It should also be remembered that R2s pay almost CHF 700,000 in taxes, compared to just over CHF 7 million for permanent residents. The R2s therefore provide about 10% of the Municipality's tax revenue. As for water, garbage and sewer taxes of about CHF 800 per chalet and with about 600 chalets in Vercozin, out of the 800 second homes, the amount in utility fees paid is CHF 640,000, which must be added to the CHF 700,000.

2. Vercorin Tourisme SA

The Municipality has decided, based on the Valais law on tourism, to set up a tourism company with limited liability. This "SA" (Ltd) will carry out tasks "delegated by the Municipality of Chalais in accordance with its tourism policy" (art. 3 of the SA's statutes).

The share capital is set (in principle) at CHF 120,000, distributed and paid up as follows:

- CHF 25'000 by the Municipality
- CHF 25'000 by the Vercorin SA cable car
- CHF 15'000 by the BAT
- CHF 15'000 by the Swisspeak residence
- CHF 15'000 by the Development Company (to be confirmed)
- CHF 5'000 per Verco R2
- CHF 2'000 by the Veranda

The collection of the R2 tourist tax will be done by the Municipality, which will then pay the amount to the Vercorin Tourism Ltd. Co. The total budget of the Vercorin Tourism Ltd. Co. amounts to CHF 830'000.

The revenues of the Vercorin Tourism Ltd. Co. come from the following sources:

- CHF 510,000 comes from the tourist tax of the R2 (about 4,000 beds) and constitutes 60% of the income of the Vercorin Tourism Ltd. Co. The current amount of the tourist tax is CHF 105,000, but the control of the collection is totally random and unrepresentative.
- CHF 144,000 comes from professional landlords (about 500 beds).
- CHF 70,000 comes from the tourism promotion tax paid by tourism professionals.
- CHF 106,000 are paid by the Municipality in the form of grants.

The expenses of the Vercorin Tourism Ltd. Co. are distributed as follows:

- CHF 415,000 goes to the operation of the Tourist Office, whose current budget is approximately CHF 330,000. Everyone agrees that the services provided by the Tourist Office are unsatisfactory and that it is necessary to completely review its functioning, which goes hand in hand with an increase in its budget.
- CHF 70'000 go to promotion and marketing.
- CHF 150,000 will be devoted, in particular, to the operation of the shuttle bus (minibus connection in the village in winter), the Vercorin-Vissoie connection or a children's pass for the ski lifts.
- CHF 195,000 goes to investments such as the development of the "Espace Chardons", mountain bike trails, hiking trails, the Creux du Lavioz, mini-golf, a museum of tradition, etc.

As decided at our statutory General Assembly in February 2019, Verco R2 will buy 5 shares of the Vercorin Tourism Ltd. Co. and Jacques Perret will be our representative in this SA/Ltd Co.. Given that this SA will play an essential role in tourism policy, we would like to sit on the Board of Directors, where important decisions regarding the strategy of tourism will be taken.

It should be recalled that R2s are the basis on which tourism development can develop and that 60% of the revenues of the Vercorin Tourism Ltd. Co. are made up of R2s' tourist taxes. The R2s are therefore the main financiers and users of this Tourism Ltd. Co. ! Let us also remember that the R2s of the Val d'Anniviers also sit in their Tourism SA. The Committee

decides to send a letter to the Municipality recalling the above-mentioned facts, but also our somewhat bitter surprise that the Board of Directors of Télécabine Vercorin SA, after an initial opening, decided not to take up the matter concerning our proposal to be represented on their Board.

3. Development Company (SD in French)

Martine Favarger and Andreas Saurer will go to the next SD meeting to better understand the role that the SD plans to play in the Vercorin tourism project.

4. Persons who have not paid their contributions

People who have not paid after two reminders will be informed that they are considered to have resigned from Verco R2.

5. Meeting with Mr. Mathys d'Anniviers R2

This exchange was very valuable in providing useful information about the relationship between a Municipality and its R2s. Here is a non-exhaustive list of the information I have retained:

- Anniviers R2 took over from AsproLuc, which had been in existence for some thirty years.
- Out of the 4,000 R2s, they have about 600 members who pay a membership fee of 40 francs with revenues of more than CHF 20,000 per year.
- Anniviers R2 is a member of the "Valaisanne des R2 Association", a structure that allows for valuable exchanges across R2 associations in the entire canton of Valais.
- Basically, the R2s of the Val d'Anniviers are rather "mature" people who want "nothing to change" overall.
- As for the tourist tax, the first contacts with the Municipal Authorities were quite confrontational, as the R2s were considered as "rich and profiteers". Initially, the authorities wanted to increase the annual tourist tax to CHF 2'500 per room. This was followed by a fairly hectic period of recourse and other legal interventions. With the change of some of the Municipal Authorities, the situation has calmed down. Finally, the tourist tax that has been accepted is based on an average occupancy of 50 overnight stays per year and an amount per room of CHF 4 per overnight stay, which gives an annual amount of CHF 200 per room.
- The R2s benefit from various counter-services such as, for example, free ski lifts in summer (Anniviers-Liberté) and a shuttle service
- Part of the proceeds - around CHF 5'000 - are used by the Anniviers R2 Committee to support local social activities, such as the purchase of football equipment after the flood of the football field in Vissoie by the Navizence river or the support of an association in the Val d'Anniviers that operates in Africa.
- The R2 Anniviers have a representative on the Board of the Val d'Anniviers Tourism SA, which has existed for almost 2 years. The choice of the president of this SA was very important. It was necessary to have a person who knows tourism but is not involved in the tourist activities of the Val d'Anniviers. They finally chose a professor from the HES Tourism School of the Canton of Valais.
- The R2 tourist tax brings in CHF 2.5 million per year.
- The Anniviers Tourism Ltd. Co. receives CHF 1.4 million (54% of its budget) per year:
 - a third of the sum is used to finance services such as shuttles, the Anniviers-Liberté card (1 card/room and 16,000 cards distributed)
 - another third of the sum is used for marketing and advertising
 - the last third of the sum is used for the animation and reception

- The Municipality manages CHF 1.1 million. This amount is used, for example, for the swimming pool and the St Luc shuttle.

Vercorin, 21.10.2019

Andreas Saurer