

Proposed merger: additional financial information

A comprehensive cost/benefit analysis shows that the one-off costs of undertaking the merger, estimated at a maximum of \$350,000, will be recouped within two years through organisational savings of over \$180,000 per annum. It is anticipated that some of these costs can be provided under pro-bono arrangements. A summary of the key items from the financial cost/benefit analysis is provided below:

One-off costs of merging

| Costs already incurred | \$ | Comment |
|--|----------------|--|
| Communications to members | 40,000 | Stationery, print and postage costs of letters and information provided to Birds Australia and BOCA members. |
| Staff time in planning of merger process | 50,000 | Planning during 2010/early 2011 and work to provide necessary information to members. |
| Costs of merging (only incurred in the event of the merger) | | |
| Staff time and associated costs of management of merger process | 70,000 | Includes staff resource, travel and costs associated with communications to members, including planned liaison/consultation with branches and regional groups. |
| Marketing and development of <i>BirdLife Australia</i> | 120,000 | Development of brand, publications, stationery, signage and materials, launch event and publicity. |
| Move to one National Office | 20,000 | Pending decision by <i>BirdLife Australia</i> transition Board on National Office location. |
| Contingency | | |
| Advice (legal, audit, information technology etc) | 10,000 | Contingency figure as these areas have been provided pro-bono to date. |
| Move to one National Office | 20,000 | Additional contingency pending decision by <i>BirdLife Australia</i> transition Board on National Office location. |
| Other | 20,000 | Unforeseen or additional costs contingency. |
| Total one-off* costs of merging | 350,000 | [*Merger-related costs additional to planned BA/BOCA annual budgets]. |

Annual ongoing costs and savings of merging

| Annual ongoing savings and costs | \$ | Comment |
|---|----------------|--|
| Investments | 10,000 | Saving by paying one investment administration charge. |
| Combining the two National Offices in Melbourne | 85,000 | Savings through operating out of one National Office. A similar amount is saved whether this is through savings on rental of a building or income from rental of a building. |
| Publications | 50,000 | Publication production savings including print and postage. |
| Staff salaries/on cost savings | 100,000 | Savings through staff redeployment with merger of work functions eg administration, magazine production etc. |
| Other savings | 70,000 | Savings on insurance, consultancy, utilities and audit and legal fees. |
| Membership | (45,000) | Decrease in subscriptions income due to membership overlap. |
| Staff salaries/oncost expenditure | (60,000) | Additional expenditure on group and branch liaison staff and associated costs. |
| Other expenditure | (30,000) | Additional expenditure on organisational training and travel, storage and services |
| Total annual savings of merging | 180,000 | |

Please note these figures are budget estimates as at March 2011 prior to finalisation of the 2010 financial statements.

Assets and liabilities

If the merger proceeds, the assets and liabilities of both organisations will be transferred to *BirdLife Australia*. The table below is based on the unaudited figures of both organisations as at 31 December 2010. The Boards do not expect these figures to be materially different to those to be signed off by the respective auditors and presented to members at the AGMs. It is not expected that the net asset position would change significantly prior to the establishment of the new organisation.

| Description | \$m | | | Comment |
|-----------------------------|------------|------------|------------|--|
| | BA | BOCA | TOTAL | |
| Property* | 0 | 1.2 | 1.2 | \$1.2 relates to BOCA's Springvale Road National Office (based on an independent valuation in 2010). |
| Investment portfolio | 2.9 | 1.3 | 4.2 | Bequest and surplus funds are invested for the long term in a managed fund. |
| Cash in bank | 3.0 | 0 | 3.0 | Funds are held in the bank and on term deposit to meet project expenditure and short term costs. |
| Other assets | 0.4 | 0.1 | 0.5 | Receivables, inventory and other assets |
| Project & other liabilities | (1.5) | (0.2) | (1.7) | Funds received for research, conservation and other projects are treated as a liability until the work has been completed. |
| Loans & other debt | Nil | Nil | Nil | Neither organisation has any outstanding loans or debts. |
| Total net assets | 4.8 | 2.4 | 7.2 | Combined total net assets which would be transferred to <i>BirdLife Australia</i> |

*Birds Australia's National Office in Melbourne and the BA Discovery Centre in Sydney are based in rental premises. The Birds Australia Observatory at Eyre and landholdings at Broome are leased. Clarksdale Bird Sanctuary (BOCA), Gluepot Reserve and the Broome Observatory building (Birds Australia) are important assets that are not shown on the above table because the specialist nature of these properties means that they are considered as of zero realisable value.