

Notice of Meeting and Explanatory Memorandum

In relation to the proposed creation of a new single Local Tourism Organisation (New LTO) which will provide tourism services in the geographic areas currently covered by the Geographe Bay Tourism Association (Inc.) and the Augusta Margaret River Tourism Association (Inc.).

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote. If you are in any doubt about what to do, you should contact:

Sharna Kearney - CEO, GBTA

Phone: 08 9754 9404

Email: sharnakearney@geographebay.com



HOW TO VOTE

Your Board unanimously recommends that you vote in favour of the resolutions required to implement a New LTO.

Including:

- A letter from your President
- Notice of Meeting

Meeting date	12 November 2014
Time:	5.30pm
Place:	Duckstein Brewery 3517 Caves Road, Wilyabrup

PURPOSE OF THIS EXPLANATORY MEMORANDUM

The purpose of this Explanatory Memorandum is to present all information necessary to allow Members to make an informed decision whether to support the Resolutions at the Meeting.

Annexure 3 to this Explanatory Memorandum is the Notice of Meeting for the Meeting.

You should read this Explanatory Memorandum including each of the Annexures in their entirety before making a decision on how to vote on the Resolutions to be considered at the Meeting.

The Meeting will be held at Duckstein Brewery on 12 November 2014 at **5.30pm**.

DEFINITIONS

Some words and expressions used in this Explanatory Memorandum have defined meanings. These words and expressions are capitalised and defined in the Glossary in Section 17.

FORWARD LOOKING STATEMENTS

This Explanatory Memorandum contains forward-looking statements which have been based on current expectations about future events and operating conditions. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such forward looking statements. Many of those risks and uncertainties are beyond the control of GBTA. GBTA cannot and does not give any assurance that the results, performance or achievements expressed or implied by any forward-looking statements contained in this Explanatory Memorandum will actually occur and Members are cautioned not to place undue reliance on these forward-looking statements.

INSPECTION OF AMENDMENTS TO CONSTITUTION

A copy of the proposed consolidated Constitution including the proposed amendments to be considered at the Meeting will be available for inspection by Members during normal business hours free of charge at 38 Peel Terrace, Busselton WA 6280 or online at www.geographebay.com/members. The proposed amendments are also set out in Annexure 2.

MEMBER ENQUIRIES

If Members have any questions or wish to obtain more information on any matter contained in this Explanatory Memorandum, you should contact GBTA's CEO Sharna Kearney between 8.30 am and 5.30 pm Monday to Friday on (08) 9754 9404 or email sharnakearney@geographebay.com.

DATE

This Explanatory Memorandum is dated 19 September 2014.

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1. Letter from the President

Dear Members

On behalf of the Board of the GBTA, it is with great pleasure I present to you the proposal to create a new Local Tourism Organisation (LTO) for the region. Your Board unanimously supports the proposal and recommends that you vote in favour of the resolutions to form The Margaret River Busselton Tourism Association at the forthcoming Special General Meeting.

Testament to the passion and dedication of our members, staff and Board over the past 54 years, the GBTA has grown from the Busselton Tourist Bureau into the dynamic, multi-faceted Association it is today. Central to the Board's decision-making was the need to ensure this growth trajectory continues, and that our strong commitment to members and visitors is enhanced.

The GBTA and AMRTA joining forces is no doubt a watershed moment, as we put behind us decades of competition to leverage 'The Margaret River Region' brand to grow the benefits that tourism brings to our community. This new, stronger LTO will be one of the largest in Australia, well positioned to flourish in an innovative era of destination marketing, and propel our region onto the world stage.

The detail contained in this Explanatory Memorandum represents months of work and careful consideration by your Board. Please take the time to read this information in full so you can make an informed decision. If you have any questions at all, please do not hesitate to contact me, my fellow Board members or our CEO.

I encourage you to vote in favour of the proposed resolutions on November 12th.



Clive Johnson
President

2. Key dates, location of meeting

Event	Details
Date of this Explanatory Memorandum	19 September 2014
Special General Meeting	Wednesday, 12 November 2014 5.30pm at Duckstein Brewery
Effective Date – date on which the New LTO commences operation	1 July 2015 (this date may change depending on the transition process)

2. What do you need to do next?



Step 1

Carefully read this Explanatory Memorandum including Notice of Meeting in full

You should read this Explanatory Memorandum including the Notice of Meeting in full. It contains important information to assist you in deciding how to vote.

It is important that you consider the information disclosed in light of the long term benefit to the Region (see definition of 'Region' in section 17) and all current and future members.

The 'Answers to key questions' in section 16 may help answer some of your questions.



Step 2

Vote on the Resolutions

YOUR VOTE IS EXTREMELY IMPORTANT

If you are a GBTA Member for the 2014/2015 Financial Year and have paid your membership fees by 19 September 2014 you are entitled to vote on the Resolutions at the Meeting. As this is a key decision, all members are requested to attend the Meeting (as far as practicable) to cast their vote. Please note that under the current GBTA constitution, proxy voting is not allowed.

4. Resolutions

The resolutions which will be put to a Special General Meeting of Members of both Associations are summarised below. Please refer to the Notice of Meeting in Annexure 3 for the full text of the resolutions to be put to GBTA Members.

Resolution 1 (ordinary resolution)

Subject to the members of AMRTA passing a resolution in similar terms, to endorse the proposal from the Boards of AMRTA and GBTA to create a New LTO to provide tourism services in the Region and manage AMRTA and GBTA in the manner outlined in this Explanatory Memorandum.

Resolution 2 (special resolution)

Subject to Resolution 1 being passed and taking effect and to the members of AMRTA resolving to amend the AMRTA constitution in a similar way, the constitution of GBTA be amended in the manner set out in Annexure 2 of this Explanatory Memorandum.

Conditionality:

- Resolution 1 will only become effective if both Associations pass a resolution to endorse the Proposal.
- Resolution 2 will only become effective if Resolution 1 is passed and becomes effective and both Associations pass a resolution to amend their constitutions in similar terms (so as to facilitate the Proposal).

Why two resolutions?

- Resolution 1 is an ordinary resolution, meaning at least 50% of the members of each Association must vote in favour.
- Resolution 2 is a special resolution, meaning it requires at least 75% of the members of each Association to vote in favour (refer to the Notice of Meeting for details on the voting process). Under the Act, a special resolution is required to amend the Constitution.

What does this mean?

By voting 'Yes' to **Resolution 1**, you fundamentally believe that the Region is best served by one LTO. You endorse the proposal of the Boards of GBTA and AMRTA to:

- establish the New LTO
- migrate GBTA and AMRTA staff to the New LTO
- have the New LTO provide tourism services in the Region and manage AMRTA and GBTA in the manner outlined in this Explanatory Memorandum.

By voting 'Yes' to **Resolution 2** you agree with the proposed changes to the existing Constitution being made so as to facilitate the operation of the New LTO.

By voting 'No' to **Resolution 2** you do not agree to the proposed changes being made to the existing Constitution at this time. If Resolution 1 was passed but Resolution 2 was not passed, then the Proposal could not be implemented in the manner outlined in this Explanatory Memorandum and the benefits of the Proposal (if the New LTO was created) may be substantially undermined.

5. The background for the Proposal

2014

January	●	AMRTA and GBTA engaged a business consultant to undertake an independent assessment of the current organisational arrangements with a view to considering a range of alternatives that support the delivery of a unified regional brand.
February	●	The Regional Marketing Group endorsed 'The Margaret River Region' brand name.
March	●	Establishment of a special Sub-committee comprised of three representatives from each Associations' Board and the CEOs.
June	●	The AMRTA and GBTA Boards approved the sub-committee to proceed with detailed design for a single LTO for the Region.
August	●	The Associations' Boards unanimously endorsed the Proposal to create a New LTO and to name the New LTO the "Margaret River Busselton Tourism Association".

5. The reasons for the Proposal

The Proposal was developed in response to members' dissatisfaction with the duplication of marketing, visitor servicing and membership initiatives across the two organisations. A large percentage of members belong to both AMRTA and GBTA; represented by two brands, two websites, two visitor guides, two maps, and by both organisations at the same trade and consumer shows.

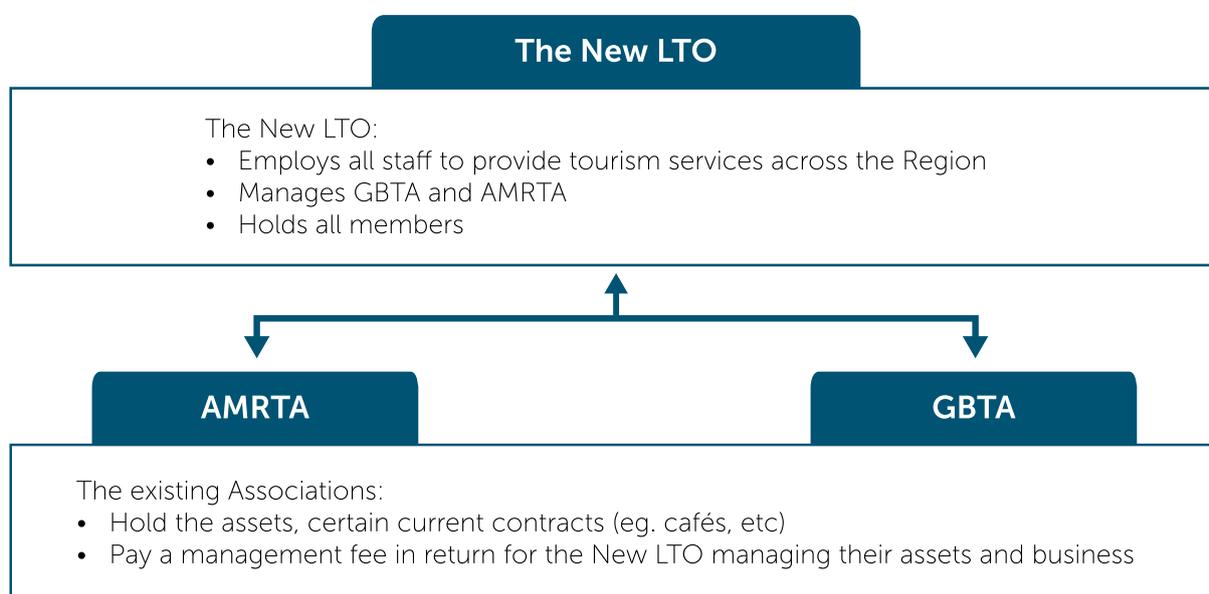
The lack of a cohesive marketing strategy has diluted the region's branding efforts and resulted in an inefficient use of resources. The Boards have acknowledged that it is unlikely that the full potential of the unified brand would be realised under the current organisational arrangements, or that visitation, length of stay and visitor spend would be maximised.

Falling revenue and increasing costs is a problem faced by not-for-profit organisations across Australia. While both organisations are financially viable now, as costs and capital requirements from assets grow, this may not be the case in future. In order to ensure long term sustainability a more efficient use of resources is required.

7. Structure of the Proposal

The proposed model is as follows:

- A New LTO would be established to provide tourism services in the Region and manage the business and assets of GBTA and AMRTA.
- All existing members of GBTA and AMRTA would be invited to become members of the New LTO, with effect from 1 July 2015 (the **Effective Date**).
- No assets would be transferred by GBTA or AMRTA to the New LTO.
- There would be three separate incorporated associations – GBTA, AMRTA and the New LTO.
- From the Meeting date, the same people would be the members of the boards of both Associations. Initially the Associations' Boards would comprise the people who will become the members of the New LTO Board (ie. 9 people, comprising 4 each from the existing boards of the Associations, plus an independent chairperson).
- From the Effective Date, the New LTO Board would become the board of GBTA and AMRTA and the members of the New LTO Board would be the only members of GBTA and AMRTA.
- The New LTO would manage the business and assets of GBTA and AMRTA and a management fee will be paid by GBTA and AMRTA to the New LTO under the terms of management agreements between each Association and the New LTO (ie. 2 management agreements).
- Current AMRTA and GBTA memberships would be valid until 30 June 2015, after which members would need to renew their membership with the New LTO for the 2015/16 financial year.
- GBTA and AMRTA would not be dissolved, but would continue to hold their assets and certain contracts.



The proposed model offers the following transition advantages:

- Avoids the need for third party approvals (eg. requirement for Minister of Lands approval) for the implementation of the Proposal
- Means that no duty is payable (as there are no transfers of assets)
- No need for consent from contractual/lease counterparties for each asset.

Why is this not a 'merger' of the two associations?

The wind up of both existing Associations and merger into a New LTO was considered in detail, however it was deemed by the Sub-committee not to be the optimum model to present to members, for the following reasons:

- Various third party consents would need to be obtained to assign contracts and transfer assets to the New LTO, which would take time and present an execution risk to the merger.
- Duties would likely be payable upon transfer of assets to the New LTO, estimated at approx. \$45,000 for GBTA assets and \$277,000 for AMRTA assets.
- A 'merger' does not provide some of the long term advantages described below.

Running three separate associations seems costly and inefficient?

There is a requirement for the preparation of individual financial accounts and annual audits for each of the associations, which has been deemed to be a minor incremental cost, and does not outweigh the benefits of the Proposal. GBTA and AMRTA would have the same board and management as the New LTO and would incur few other additional costs.

8. Benefits of the Proposal

The 'New LTO' model yields a range of benefits in the long term including:

- A **stronger LTO** with potential for growth and operational efficiencies:
 - Greater opportunities for grant funding and partnerships with TWA and other organisations
 - Financially strong, with more efficient use of resources and a solid asset base which will promote sustainability into the future (including improved ability to cope with increasing costs)
 - Improved flexibility and adaptability to respond to changes in the tourism market
- **Revenue growth:** possibility of increased grant income; increased cooperative/partner marketing; leveraging assets and destination marketing (note: these revenue synergies would provide further upside than what is currently shown in the financial projections)

- **Cost savings:** a conservative “base case” estimate with minimal staff impacts and efficiency savings through the removal of duplicated activities would yield an estimated saving of \$600,000 p.a., comprised of:
 - \$160,000 saving in operating efficiencies across marketing duplication, costs of retail goods sold, and other overhead synergies (IT, insurance, etc.)
 - \$440,000 saving in duplicated roles and other staff on-costs.

The Boards of the Associations have agreed in principle that the surplus generated by the New LTO (resulting from cost savings) will be channelled into increased destination marketing and improving member services.

- **Benefits for all members:**
 - better servicing and greater benefits to members
 - removal of member fee duplication (approximately 50% of GBTA members are also AMRTA members)

Member benefits are described in more detail below.

- **Improved destination marketing:** Improved potential for increased visitation into the Region (domestically and internationally) through:
 - A consolidated and larger destination marketing budget.
 - The development of cohesive brand strategy backed by market research.
 - The creation of a more compelling visitor offer that celebrates the Region’s diversity.
 - A suite of visitor collateral including one website, one map and one visitor guide.
 - More targeted marketing spend, including an increased emphasis on digital channels.
- **A better experience for visitors:**
 - Reduced confusion with the removal of ‘invisible’ boundaries
 - Increasing dispersal throughout the Region and consistent information provision from a network of visitor centres in Busselton, Dunsborough, Margaret River and Augusta
 - Improved visitor collateral (one map, one website, consistent messaging, etc.)
 - More knowledgeable staff through increased ‘famils’ (product familiarisations) and cross training
- **Financial risk mitigation:** allows specific activities and capital assets to be isolated from operational assets without compromising the primary objects, a structure not uncommon for incorporated associations.
- **Tax benefits:** tax effective – no requirement for payment of duties and allows the future flexibility for the New LTO to encompass a mix of profit, not-for-profit, and charitable (Deductible Gift Recipient) entities.

Depending on the transition process, the benefits described above may require several years from the Effective Date to be fully realised.

What are the benefits of the new LTO to Members?

Key Benefits to LTO Members	
Better servicing of Members	<ul style="list-style-type: none"> Increased resourcing of membership function will improve responsiveness and support to Members - dedicated 'account managers' and membership support role will enable increased technical assistance, training, and 'trouble shooting' support Increased capacity to work more closely with Members eg. Visitor Centre staff famils, understanding Members' issues Regular reporting to help you gauge how your business is performing (eg. website traffic, conversions) Increased education and training opportunities for Members and staff Streamlined Member communications will reduce confusion
Opportunity to open up new markets – domestic and international	<ul style="list-style-type: none"> As a result of increased scale, the ability to put in place a dedicated resource to open up new markets through better distribution systems including OTA (Online Travel Agents), ITO (Inbound Tour Operators), overseas and domestic wholesalers Assistance to Members to participate in those markets
Greater opportunities for partnerships and sponsorships	<ul style="list-style-type: none"> Greater potential to partner with other organisations to access funding for destination marketing and grants eg. TWA, ASW New LTO will be a stronger, more resourceful business with greater opportunities to influence/lobby
Improved digital strategy and responsiveness	<ul style="list-style-type: none"> Dedicated resource will enable improved responsiveness to issues through less reliance on outsourced provider eg. website, maintaining the regional App Ability to take a more proactive approach to digital media which is showing to be highly effective in travel decision making (social media) through dedicated resourcing as a result of scale
Increased visitor dispersal	<ul style="list-style-type: none"> Opportunity to improve training for staff to sell/promote Member product and to be able to sell product across the entire Region to increase length of stay and visitor spend Increased network and the opportunity to promote Member product through four Visitor Centres, collectively servicing more than 550,000 visitors annually. Busselton: 199,000 p.a.; Dunsborough: 87,000 p.a.; Margaret River: 229,000 p.a.; Augusta: 49,000 p.a.
Improved retail sales	<ul style="list-style-type: none"> Dedicated retail resources to improve retail strategy (sourcing and procurement) and provide training for VC staff to promote products Improved merchandising and stock management Ability to sell Member product through ten retail outlets at four VC's, four caves and two lighthouses
Increased product offering through development of packages and group bookings	<ul style="list-style-type: none"> Dedicated reservations resource will provide new opportunities for special interest groups through leveraging opportunities and bundling eg. whale watching packages, small groups, conferences, pre/post conference packages Ability to deliver volume bookings to Members
Increased profile/exposure	<ul style="list-style-type: none"> Enhanced PR/Media opportunities

The New LTO will service an estimated 900,000 visitors annually (550,000 through visitor centres and 350,000 through caves and lighthouses), with FY14 numbers shown right:

Organisation	Total Visitations/yr (FY14)
GBTA	372,847
AMRTA	506,755
Total	879,602

9. Risks of the Proposal

As with any restructure there are potential disadvantages and risks in relation to the Proposal. The Associations' Boards, having obtained legal and financial advice, do not believe there are risks to members of either Association, or any other legal/compliance risks that are sufficiently material that they should prevent the proposed New LTO from being established.

A comprehensive risk assessment has been undertaken for internal risks (eg. staff, legal, project management). Senior management of both Associations are working to a well-developed plan which will minimise, if not completely avoid, other potential risks from materialising. Listed below are the key risks of the transition process:

Risk Title	Risk Description	Likelihood	Impact	Mitigation Strategy
Transition Costs	Higher than anticipated transition costs	POSSIBLE	MINOR	<ul style="list-style-type: none"> Stronger financial position of New LTO. Ability for some costs to be deferred.
Liabilities	Unforeseen material liabilities eg. asbestos, Workers Compensation	UNLIKELY	MODERATE	<ul style="list-style-type: none"> Thorough investigations of material liabilities has been conducted. Stronger financial position of New LTO. The proposed structure allows liabilities to be isolated.
Solvency	Solvency concern for either Association leading up to the Effective Date	UNLIKELY	MAJOR	<ul style="list-style-type: none"> Provisions for loans via a Memorandum of Understanding have been established.
Workforce	Decrease in staff morale and regrettable staff turnover as a result of time to communicate/ implement change	POSSIBLE	MINOR	<ul style="list-style-type: none"> Regular updates and communication with staff.

10. Material differences between the New LTO Constitution and the current GBTA constitution

There are a number of differences between the provisions of GBTA's existing constitution, including regarding objects, membership provisions and the composition of the board, and the corresponding provisions of the New LTO Constitution. The material differences are summarised in the table below:

Difference	Existing GBTA constitution	New LTO Constitution	Rationale
Objects	Among other things, promoting the Shire of Busselton (and surrounding Shires in accordance with the geographic spread of members).	Among other things, promoting the Region (comprising both the Augusta-Margaret River region and the City of Busselton, as well as surrounding areas having regard to the geographic spread of members) as a tourist destination.	<ul style="list-style-type: none"> Covers the combined area which AMRTA and GBTA cover presently.
Board (during transition period)	N/A	The inaugural New LTO Board will be made up of 4 members from each of the existing Associations' Boards plus an independent Chairperson. The inaugural New LTO Board will operate for a transitional period which will expire by no later than the New LTO's 2017 AGM.	<ul style="list-style-type: none"> Equal representation from both current Boards on the new Board to ensure equality in representation. New, independent Chair to ensure appropriate governance.
Board (for the New LTO, after transition period)	3 GBTA board members are nominated by each of the City of Busselton, the Busselton Chamber of Commerce Inc., and the Dunsborough/ Yallingup Chamber of Commerce Inc., for one year terms. Other GBTA Board members (to be elected at each AGM) are, where possible, to be representatives of the accommodation, attraction/tour/gallery & hire, service & retail, and winery, restaurant and café sectors in specified proportions.	The inaugural New LTO Board will give way to a board consisting of at least 6 members elected by the New LTO's members and up to 3 members who are appointed by the board (based on their particular skill set). Appointed Board members can be members or non-members. Board members will be elected for a 2 year term and eligible for re-election. Appointed board members will be appointed for a term of not more than 2 years but are eligible for re-appointment.	<ul style="list-style-type: none"> More than 9 board members presents diminishing benefits of scale and difficulty in managing. Industry average is 6-8. Elected members provide representation of membership base. Appointed members bring the required skills and capabilities to allow the Board to make appropriate commercial and other decisions. Board members are selected on merit rather than representing a particular body or industry sector.

Difference	Existing GBTA constitution	New LTO Constitution	Rationale
Payment of board members	No provision for payment of GBTA Board members.	The New LTO Board may resolve to pay an honorarium or stipend to the Chairperson of the board. There is no provision for payments to other board members.	<ul style="list-style-type: none"> • Payment likely to attract higher calibre candidates for the independent Chairperson role. • Compensates the Chair for their time, skills and knowledge and is likely ensure greater board accountability.
Limit to board powers	N/A	The New LTO Board cannot enter into a lease of property or contract or contracts for the development of a project which in total will cost the New LTO an amount equal to more than 20% of its previous year's gross revenue, without the prior approval of members.	<ul style="list-style-type: none"> • This provides an important check by members on the powers of the New LTO Board and replicates a provision in AMRTA's constitution. A similar provision is proposed to be included in GBTA's Constitution, for consistency across all organisations.
Eligibility for membership	The only restriction on eligibility for membership is GBTA Board approval of the membership application.	Employees of the New LTO will not be eligible to become members. The same restriction applies in AMRTA's current constitution.	<ul style="list-style-type: none"> • Avoids potential conflict of interest if employees are members.
Life members	There is no provision for life membership.	The members of the New LTO may appoint a particular member as a life member in recognition of the member's outstanding contribution to the New LTO's objects. There is a similar provision in AMRTA's current constitution.	<ul style="list-style-type: none"> • On the basis of recognising exceptional contribution to promoting tourism in the Region over a long term.
Independent Local Tourism Organisation	Local government and Chambers of Commerce and Industry are entrenched in the GBTA Board	No external entity has any right to participate in the management of the New LTO. The New LTO is to act as an independent Local Tourism Organisation. This is similar to the current AMRTA constitution (where there is no provision for an external entity to appoint AMRTA Board members).	<ul style="list-style-type: none"> • In line with the philosophy that New LTO Board members are selected on merit, rather than on a representational basis. • Stakeholder consultation can occur through sub-committees and/or at the organisational level.
Quorum for AGM/SGM	15 financial Members	20 financial members	<ul style="list-style-type: none"> • Reflects a larger membership base.

Difference	Existing GBTA constitution	New LTO Constitution	Rationale
Requisitioning SGM	At least 6 financial Members may requisition a SGM.	At least 20 financial members may requisition a SGM.	<ul style="list-style-type: none"> Reflects a larger membership base.
Voting by proxy	Members must be present to vote (no proxies permitted).	Members may vote in person or by proxy. There is a similar provision in AMRTA's current constitution.	<ul style="list-style-type: none"> Attendance at general meetings has historically been low. This would allow members who cannot be physically present at an AGM/SMG to cast their vote.

A copy of the proposed New LTO Constitution may be obtained at www.geographebay.com/members or a hard copy can be requested from Sharna Kearney by phoning (08) 9754 9404 or sharnakearney@geographebay.com.

11. Proposed changes to the current GBTA constitution

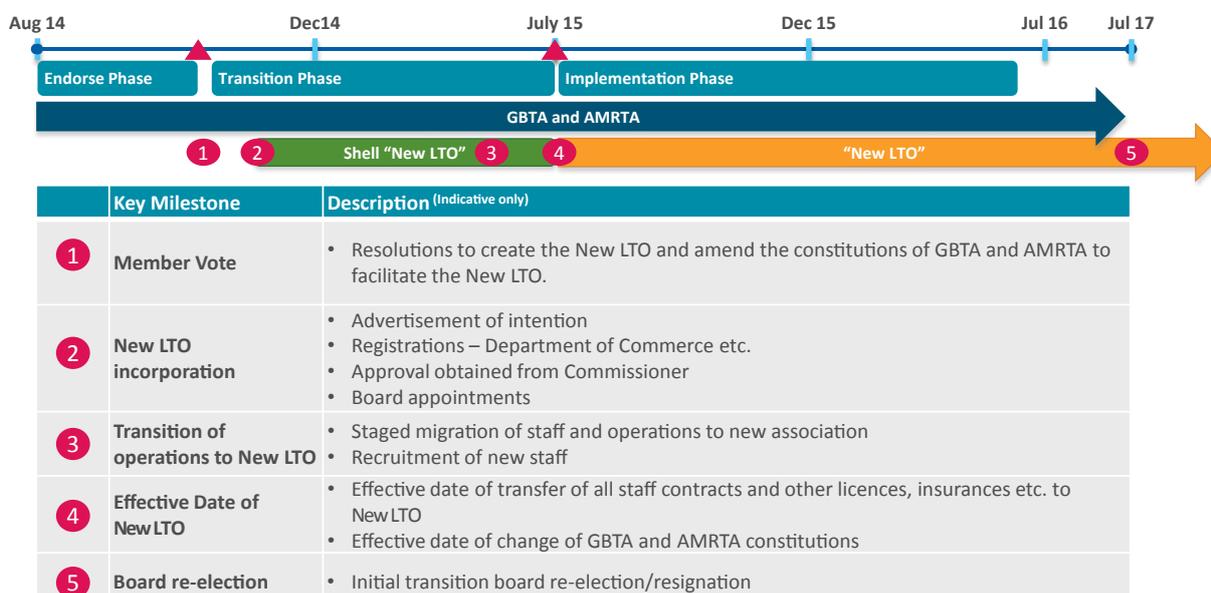
The more material amendments which are proposed to be made to the Constitution to facilitate the implementation of the Proposal are summarised below. Please refer to Annexure 2 for full details of the changes proposed. A full copy of the GBTA Constitution showing the proposed changes may be obtained at www.geographebay.com/members or a hard copy can be requested from Sharna Kearney on (08) 9754 9404 or sharnakearney@geographebay.com.

The more material amendments are:

- (a) from the Effective Date, the only persons eligible to become members of GBTA will be the members of the New LTO Board;
- (b) reduce the maximum number of GBTA Board members to 9;
- (c) GBTA's Chief Executive Officer will not be a member of the GBTA Board;
- (d) from the Meeting date, the GBTA Board will consist of 4 members from each of the existing boards of the Associations, plus an independent chairperson (total of 9 GBTA Board members);
- (e) from the Effective Date, the GBTA Board will consist of those persons who form the New LTO Board from time to time;
- (f) reduce the quorum requirement for Members' meetings from 15 to 5 Members;
- (g) remove the provisions for GBTA Board members to be nominated by the City of Busselton, the Busselton Chamber of Commerce Inc., and the Dunsborough/Yallingup Chamber of Commerce Inc.;
- (h) remove the requirement for there to be proportional representation in the GBTA Board for the accommodation/attraction, tour, gallery & hire/service & retail/winery, restaurant & café sectors;
- (i) remove the provision to the effect that the assets of GBTA belong to its members for the time being and no person who ceases to be a member shall have any claim to the assets (this provision is unnecessary and is legally incorrect in the reference to assets of GBTA belonging to its members);
- (j) add a provision that the GBTA Board cannot enter into a lease of property or contract or contracts for the development of a project which in total will cost GBTA an amount equal to more than 20% of its previous year's gross revenue, without the prior approval of Members (this provides an important check by Members on the powers of the Board and replicates a provision in AMRTA's existing constitution and in the New LTO Constitution); and
- (k) add a provision for voting by proxy.

12. The transition plan

The date at which the New LTO will assume the management of the existing Associations, termed the 'Effective Date', has been earmarked as 1st July 2015, with key milestones shown below:



13. Costs of transition to New LTO

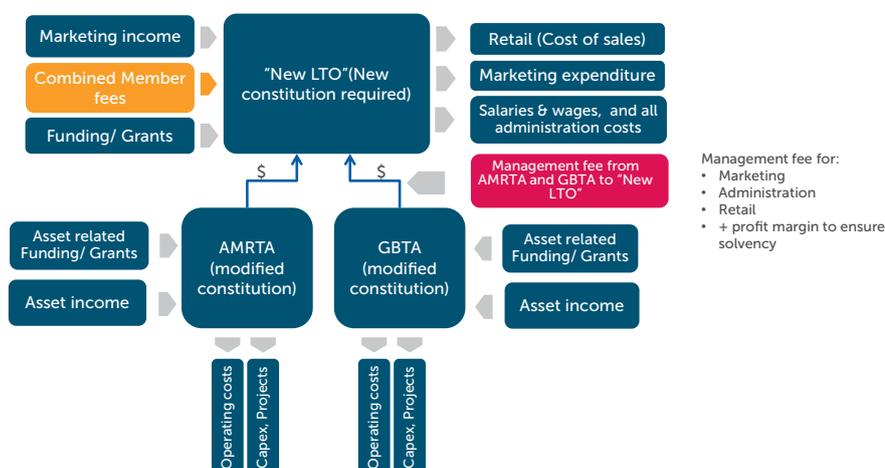
The total cost of the evaluation, design and transition to the proposed model is estimated to be \$400,000-\$450,000. This excludes costs incurred post the Effective Date (eg. systems integration and costs of developing a new brand).

The transition costs would offset some of the benefits in the first year and anticipated improvements may be slower in realising than expected, or require additional effort and/or cost to achieve. Using the proposed model means that both external and internal transition costs have been minimised (eg. in relation to external costs, the Proposal avoids asset and contract transfer costs including duties). However, there have been some direct external costs in developing the Proposal, including consultancy, legal and financial advice fees. In addition, the Proposal has required extensive input from the Board Members of the Associations, who are volunteers, and from senior staff.

14. The financial prospects of the New LTO

The financial strength to flow from the larger organisation is expected to yield a significant net cash surplus. The Boards of the Associations have agreed in principle that the surplus generated by the New LTO (resulting from cost savings) will be channelled into increased destination marketing and improved member servicing.

The draft business model and funds flow are shown in the diagram right:



Pro-forma New LTO Income Statement for year ending 30 June 2015 (based on FY15 Budget)¹

Pro-forma budget		FY2015
1. Marketing	Visitors centre Booking fees & commissions	\$701,336
	Marketing income	\$164,000
2. Membership fees		\$309,970
3. Retail sales (all outlets)		\$1,379,500
4. Assets	Caves	\$3,403,293
	Lighthouse	\$1,153,759
	Airport	\$482,930
	Other	\$59,710
5. Funding		\$273,000
6. Investment income (interest)		\$31,019
7. Other income		\$191,356
Total Income		\$8,149,873
EXPENSES		
8. Salaries and wages		\$3,919,389
9. Staff on-costs		\$658,111
10. Cost of Retail sales (cost of goods sold)		\$620,198
11. Destination Marketing		\$614,056
12. Other Marketing		\$76,379
13. Corporate/Administration Costs		\$1,324,780
Total Expenses		\$7,212,913
Net Surplus (EBTDA)		\$936,963

¹ Financial projections are based on current FY15 budgets and the Associations' assumptions of the revenues and expenses under a 'New LTO' scenario. No assurance is given as to the accuracy of financial projections.

Please refer to Annexure 1 for the Projected Financial Statements of the New LTO for the years ending 30th June 2015 and 30th June 2016, compiled by AMD Chartered Accountants based on the assumptions below. Please note the following:

- the year ending 30th June 2015 is a hypothetical view (“pro-forma”) based on current 2014/15 Budgets
- the year ending 30th June 2016 would be the first full financial year of the New LTO ²

Financial Assumptions

The following assumptions have been made in preparing the Projected Financial Statements of the New LTO.

Income

- The net effect of removal of member duplication and lowering membership prices is ~\$84,000
- All assets remain
- City of Busselton funding remains (both Visitor Servicing and MERG funding)
- Grants are excluded, as they are uncertain
- Interest on cash at bank is included as income
- Potential revenue ‘synergies’ assumed (described in section 8) are excluded

Expenses

All cost assumptions have been made by the CEOs and financial managers of both organisations, and are estimates of the costs to operate the New LTO on a like-for-like basis

- FTE cost savings of \$392,292
- Projects and exceptional items are excluded (eg. Regional branding costs)
- Non-cash items (eg. Depreciation) are excluded in calculating net surplus (EBTDA)
- Transition costs are not included in determining the future-state New LTO financials, however have been taken into account in determining cash flow solvency for the existing organisations in the lead up to the transition

² The year ending 30th June 2016 is shown in real dollars (ie. not adjusted for inflation).

15. Proposed changes to membership rights and costs

The new Proposed Membership Tiers for 2015/2016 under the New LTO are:

- **Regional Tourism Membership (GOLD PACKAGE) \$470 inc GST** Designed for tourism businesses and products that want to participate in destination marketing and visitor servicing activities. Includes representation on regional map.
- **Regional Tourism Membership (SILVER PACKAGE) \$370 inc GST** Designed for tourism businesses that want access to online and VC sales channels and associated technical support but do not want to be included in marketing activities and promotions. No map representation.
- **Retail or Service Membership \$270 inc GST** A membership package tailored to retail and service-based businesses situated within the regional towns that want to support tourism and see visitors as an important part of the market-mix of their business.
- **Non Regional Tourism Membership \$270 inc GST** Designed for tourism, hospitality or retail businesses outside the Margaret River Region.
- **Corporate Membership \$170 inc GST** A corporate membership is specific to businesses that want to support a healthy tourism industry, association activities and want to build networking relationships with members.
- **Additional Business \$170 inc GST (plus primary package)**

Membership Benefits

Benefits / Services included in each package	Regional Tourism Membership (Gold Package) \$470	Regional Tourism Membership (Silver Package) \$370	Non-Regional Membership \$270	Retail or Service Membership \$270	Corporate Membership \$170
Invitations to monthly networking functions	✓	✓	✓	✓	✓
Invitations to workshops & professional development opportunities	✓	✓	✓	✓	✓
Latest industry news & updates EDMs	✓	✓	✓	✓	✓
Free entry to association attractions (Caves & Lighthouses)	✓	✓	✓	✓	✓
Referral services (VICs/marketing)	✓	✓	✓	✓	✓
Inclusion for industry business directory	✓	✓	✓	✓	✓
Access to regional image or video gallery	✓	✓		✓	✓
Dedicated training, support & guidance to help grow your business	✓	✓	✓	✓	
Exclusive member rates for visitor guide, campaigns, promotional advertising	✓	✓	✓	✓	
Exclusive member rates on VIC in-store promotions	✓	✓	✓	✓	
Event promotion and listings	✓	✓	✓	✓	
Business page on destination website	✓	✓	✓	Optional – Select 2 of 3	
Access to real-time/request booking system with secure payment 24/7	✓	✓	✓		
DL size brochure racking (Busselton, Dunsborough, Margaret River, Augusta VICs)	✓		✓	Optional – Select 2 of 3	
Booking service with member commission rates	✓	✓	✓		
Industry representation on issues affecting tourism	✓	✓			
Invitation to participate in regular destination campaigns	✓				
Opportunity to promote new products, business news or offers in industry communications	✓			✓	✓
Participation in media, VIC, member or trade familiarisation programmes	✓				
Regional map inclusion	✓			Optional – Select 2 of 3 options	
Participation/representation in trade activities	✓				
VIC and online dining menu displays	✓				

16. FAQ's

1. Why has a decision been made to move to a single LTO?

The Sub-committee assessed various models against a number of filters. Based on the assessment, it was determined that one organisation would be the superior model to better support the primary purpose of both Associations, which is to grow tourism in the Region. Specific benefits include:

- Improved destination marketing and implementation of a unified regional brand
- Greater consistency and co-ordination of the visitor experience
- Improved servicing of members' needs across the Region
- More efficient use of people and resources
- Greater flexibility and adaptability to respond to changes in the tourism market
- Improved ability to finance capital works at major attractions.

2. Who made the decision?

The Sub-committee worked through a detailed investigation process, following which a unanimous decision was made to proceed with a recommendation to the Associations' Boards for a single, unified LTO. The findings and recommendation were presented to the Associations' Boards on 14th and 15th August and both of the Associations' Boards voted unanimously to proceed.

3. Is this a merger or a takeover?

No, the two Associations will come together to form a new entity - the New LTO. The existing Associations will remain for the purposes of holding their assets however will be managed by the New LTO.

4. What will be the name of the new organisation?

The Margaret River Busselton Tourism Association (Inc.). The proposed New LTO name creates a strong link with the brand name and recognises the importance of considerable historical investment in the Margaret River and Busselton brands.

5. Who will be the CEO?

The Associations' Boards decided that knowledge and management continuity is a priority and elected not to seek an external candidate. Following member endorsement of the Proposal, Pip Close will be appointed as CEO of the New LTO and Sharna Kearney will be appointed as Group Manager, Marketing of the New LTO. Sharna made a decision that she did not want to be considered for the CEO role as she believes Pip is the right person for the role, with the necessary experience and skills to take the Associations forward under a single LTO. Whilst Sharna has enjoyed the opportunity to work as CEO of GBTA, she is passionate about marketing and excited about playing a key part of increasing visitation to the Region and benefiting all members.

Pip and Sharna have worked very collaboratively throughout this process and the strong partnership they have developed, together with their complementary skills and experience, will be a significant benefit to the New LTO.

6. Will there be any changes to the Visitor Centres?

There will be no changes to the current Visitor Services Centres. The Busselton Visitor Centre will continue with its planned move to the new Railway House building on the Busselton Foreshore.

7. What will happen to the staff?

There will be no changes to existing staffing for either Association until after the Meeting. Following a 'yes' vote the Associations will be in a position to outline the new organisation structure. However the Associations don't anticipate that there would be any changes to staffing until mid-2015.

8. Will this result in the reduction of staff numbers?

This decision is about putting in place a structure that can better support destination marketing, the visitor experience and member servicing for the entire Region.

Under the New LTO there will be no changes to staff in front-line customer facing roles which includes Visitor Servicing, Attractions and Airport Operations.

At the supervisory and management level we expect that most people will have a continuing role in the New LTO. There is duplication in some roles, but there are also new roles and we expect that there may be very few redundancies.

9. Where will the Head Office be located?

There will be no official Head Office. The CEO will be based at the Margaret River Visitor Centre however staff will be located across the Region as they are currently. We intend to make practical use of the available office space in the Busselton Visitor Centre and Lake & Ngilgi Caves to ensure a good spread of staff across the Region.

10. How long will it take to implement the new structure if the members vote 'yes'?

The Associations will work on developing a detailed transition plan, including a timeline over the coming weeks and this would form part of our communications following the member vote. The Associations expect that the New LTO would commence operation on 1 July 2015, the 'Effective Date', however this is subject to change.

17. Glossary

In this Explanatory Memorandum (including the Notice of Meeting), the following expressions have the following meanings:

Act means the Associations Incorporation Act 1997 (WA).

AMRTA means the Augusta-Margaret River Tourism Association (Inc.).

AMRTA Board means the Board of Directors of AMRTA.

Associations means GBTA and AMRTA and Association means either of them.

Associations' Boards means the AMRTA Board and the GBTA Board.

Constitution means GBTA's constitution.

Effective Date means the date on which the New LTO commences operation, which is expected to be 1st July 2015.

Financial Member means a Member who has paid the Member's subscription for the 2014/2015 financial year.

GBTA means the Geographe Bay Tourism Association (Inc.).

GBTA Board means the Board of GBTA.

LTO means Local Tourism Organisation.

Meeting means the special general meeting of Members called in accordance with the Notice of Meeting.

Member means a member of GBTA.

New LTO means the new LTO proposed to be established by the Associations' Boards in accordance with the Proposal and to be named the Margaret River Busselton Tourism Association (Inc.).

New LTO Board means the board of the New LTO.

New LTO Constitution means the proposed constitution of the New LTO.

Notice of Meeting means the notice of meeting dated 19 September 2014 convening the Meeting, which is included in Annexure 3 of this Explanatory Memorandum.

Proposal means the proposal to create the New LTO to provide tourism services in the Region and manage the businesses and assets of AMRTA and GBTA in the manner outlined in this Explanatory Memorandum.

Region means the area within the boundaries of the City of Busselton and the Shire of Augusta Margaret River, and such other areas as are determined by the New LTO Board from time to time having regard to the geographic spread of financial members of the New LTO.

Resolutions means the resolutions to be considered and voted on at the Meeting, as set out in the Notice of Meeting.

Sub-committee means the sub-committee of the Associations' Boards established to review structural options for the Associations and recommend a "single LTO" model to the Associations' Boards.

VC or Visitors Centre means any of the Busselton Visitors Centre, the Dunsborough Visitors Centre, the Margaret River Visitors Centre and the August Visitors Centre and **Visitors Centres** means all of them.

18. Annexures

Local Tourism Organisation
Projected Financial Statements
For the Years Ending 30 June 2015 and 30 June 2016

AMD Chartered Accountants
Unit 1, 28-30 Wellington Street
Bunbury, Western Australia
Telephone: (08) 9780 7555
Facsimile: (08) 9721 8982
Email: amd@amdonline.com.au
Website: www.amdonline.com.au

Liability limited by a scheme approved under professional standards legislation

Local Tourism Organisation
Compilation Report

To the Directors,

We have compiled the accompanying general purpose financial statements of Local Tourism Organisation, which comprise the statement of financial position as at 30 June 2015 and 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes. These have been prepared in accordance with the financial reporting framework described in Note 1 to the financial statements.

The Responsibility of the Directors

The directors are solely responsible for the information contained in the general purpose financial statements and have determined that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the directors, we have compiled the accompanying general purpose financial statements in accordance with the financial reporting framework and APES 315: Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed. The general purpose financial statements were compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the general purpose financial statements.

AMD Chartered Accountants
PO Box 1306
BUNBURY, WA, 6231



PETER MANOLAS CPA M.TAX CTA
Partner

Dated this 11 day of September 2014

Local Tourism Organisation
Directors' Declaration
for the Years Ending 30 June 2015 and 30 June 2016

The Boards of AMRTA and GBTA declare that:

1. the financial statements and notes for the years ended 30 June 2015 and 30 June 2016:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS);
 - b. give a true and fair view of the projected financial position and performance of the proposed New LTO.
2. in the opinions of the board, there are reasonable grounds to believe that the proposed new LTO will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Boards of AMRTA and GBTA .

Chairman of the Board (AMRTA)

Chairman of the Board (GBTA)

Chief Executive Officer (AMRTA)

Chief Executive Officer (GBTA)

Dated this 16th day of September 2014

Local Tourism Organisation

Balance Sheet

July 2014 - June 2016

	Opening	Jul 14 - Jun 15	Jul 15 - Jun 16
Current Assets			
Bank Accounts			
Main Bank Account	1,581,727	2,330,457	3,272,105
Total Bank Accounts	1,581,727	2,330,457	3,272,105
Receivables			
General Trade Debtors	211,910	132,000	132,000
Total Receivables	211,910	132,000	132,000
Other Current Assets			
Borrowing Costs	2,073	2,073	2,073
Prepayment	76,103	76,103	76,103
Accrued Revenue	18,895	18,895	18,895
Stock on Hand	133,303	133,303	133,303
Total Other Current Assets	230,374	230,374	230,374
Total Current Assets	2,024,011	2,692,831	3,634,479
Non Current Assets			
Tangible Assets			
Fixed Assets	6,825,853	6,825,853	6,825,853
Accumulated Depreciation			
Fixed Assets	(4,054,612)	(4,054,612)	(4,054,612)
Total Accumulated Depreciation	(4,054,612)	(4,054,612)	(4,054,612)
Total Tangible Assets	2,771,241	2,771,241	2,771,241
Intangible Assets			
Intangible Assets	4,437,984	4,437,984	4,437,984
Accumulated Amortisation			
Intangible Assets	(717,095)	(717,095)	(717,095)
Total Accumulated Amortisation	(717,095)	(717,095)	(717,095)
Total Intangible Assets	3,720,889	3,720,889	3,720,889
Total Non Current Assets	6,492,130	6,492,130	6,492,130
TOTAL ASSETS	8,516,141	9,184,961	10,126,609
Current Liabilities			
Payables			
General Trade Creditors	368,542	170,969	172,369
Payroll Tax	15,265	14,298	14,298
Superannuation	76,818	31,029	31,029
PAYG Payable	52,105	49,551	49,551
Total Payables	512,730	265,847	267,247
GST			
GST Payable	116,677	110,962	114,247
GST Accrual	0	(15,543)	(15,543)
Total GST	116,677	95,419	98,705
Other Current Liabilities			
Fringe Benefits Tax	3,041	3,041	3,041
Accrued Expenses	68,029	68,029	68,029
Deferred Income	41,127	41,127	41,127
Leave Provisions	339,149	339,149	339,149
Finance Leases	71,057	71,057	71,057

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation

Balance Sheet

July 2014 - June 2016

	Opening	Jul 14 - Jun 15	Jul 15 - Jun 16
Total Other Current Liabilities	522,403	522,403	522,403
Total Current Liabilities	1,151,810	883,669	888,354
Non-Current Liabilities			
Loans Payable			
Cave Loan 201	76,577	76,577	76,577
Total Loans Payable	76,577	76,577	76,577
Other Non-Current Liabilities			
Finance Leases	109,779	109,779	109,779
Provision Long Service Leave	71,926	71,926	71,926
Total Other Non-Current Liabilities	181,705	181,705	181,705
Total Non-Current Liabilities	258,282	258,282	258,282
TOTAL LIABILITIES	1,410,092	1,141,951	1,146,636
NET ASSETS	7,106,049	8,043,010	8,979,973
Capital and Reserves			
Retained Earnings			
Retained Earnings	7,106,049	8,043,010	8,979,973
Total Retained Earnings	7,106,049	8,043,010	8,979,973
Total Capital and Reserves	7,106,049	8,043,010	8,979,973
TOTAL EQUITY	7,106,049	8,043,010	8,979,973

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation

Profit & Loss

July 2014 - June 2016

	Jul 14 - Jun 15	Jul 15 - Jun 16
Sales		
Admissions Lake	763,662	763,662
Admissions Jewel	812,718	812,718
Admissions Moondyne	25,099	25,099
Admissions Mammoth	929,859	929,859
Lighthouse Admissions	875,826	875,826
Acc & Travel Commissions	524,134	524,136
Cave House Rental	9,464	9,464
Cooperative Marketing (V G)	120,000	120,000
Lake Deck	30,060	30,060
Membership subscriptions	314,771	314,771
Regional Showcase- Folders	61,185	61,185
Retail Sales	1,379,500	1,379,500
Cave Admissions	736,431	736,431
Cave Adventure Tours	37,335	37,335
Lighthouse Admissions	194,115	194,115
Above and Below Pass	133,208	133,208
Member Services	127,000	127,000
Booking Commission	131,309	131,309
Total Sales	7,205,676	7,205,678
Overheads		
Advertising & Marketing	690,435	690,435
Cleaning	52,100	52,100
Electricity	86,621	86,621
Insurance - General	119,166	119,166
Workers Compensation	16,496	16,496
Narrowcasters Mammoth	52,537	52,537
Narrowcasters Lighthouse	84,570	84,570
Rates & Taxes	41,255	41,255
Rent	103,825	103,825
Retail Cost of Sales	620,198	620,198
Repairs & Maintenance	150,000	150,000
Telephone	72,993	72,993
Toilet - Public	14,333	14,333
Subcontractors	15,650	15,650
Payroll Tax	171,566	171,566
Superannuation	372,342	372,342
Wages	3,964,079	3,964,079
Total Overheads	6,628,166	6,628,166
Other Income		
Other Income		
Interest Revenue	26,519	26,519
Marketing Digital income	40,000	40,000
Lighthouse Cafe Lease	10,596	10,596
Sundry Income	73,568	73,568
Tearooms Lease	22,006	22,006
Jewel Cave Cafe	13,660	13,660
Wine Showroom	36,504	36,504
Airport Ground Handling	482,930	482,930
Shire Grants	150,000	150,000
Other Income	88,414	88,414

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation

Profit & Loss

July 2014 - June 2016

	Jul 14 - Jun 15	Jul 15 - Jun 16
Total Other Income	944,197	944,197
Total Other Income	944,197	944,197
Other Expense		
Other Expenses		
Audit	20,000	20,000
Bank Charges	84,327	84,327
Computer & printing Costs	6,646	6,646
Computer Support	42,739	42,739
Conference	12,500	12,500
Courier	2,980	2,980
Credit Card Charges	12,926	12,926
Events Other	11,500	11,500
Bookezy, Fees, Permits & Licences	92,729	92,729
Interest	4,183	4,183
Lease	1,574	1,574
Legal	9,989	9,989
HR Outsourcing	9,000	9,000
Postage	12,224	12,224
Professional Fees	15,125	15,125
Staff Amenities	11,380	11,380
Staff Training	26,250	26,250
Stationery	24,879	24,879
Subscriptions & Memberships	20,425	20,425
Vehicle expenses	80,000	80,000
Waste Disposal	13,312	13,312
Water	7,780	7,780
Fringe Benefits Tax	16,800	16,800
Other expenses	35,511	35,511
Uniforms	9,967	9,967
Total Other Expenses	584,746	584,746
Total Other Expense	584,746	584,746
Profit	936,961	936,963

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation

Cash Flow

July 2014 - June 2016

	Jul 14 - Jun 15	Jul 15 - Jun 16
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Cash Inflow

Sales

General Trade Debtors	211,910	0
Admissions Lake	840,028	840,028
Admissions Jewel	893,990	893,990
Admissions Moondyne	27,609	27,609
Admissions Mammoth	1,022,845	1,022,845
Lighthouse Admissions	963,409	963,409
Acc & Travel Commissions	576,547	576,550
Cave House Rental	10,410	10,410
Cooperative Marketing (V G)	132,000	132,000
Lake Deck	33,066	33,066
Membership subscriptions	182,771	314,771
Regional Showcase- Folders	67,304	67,304
Retail Sales	835,232	835,232
Cave Admissions	810,074	810,074
Cave Adventure Tours	41,069	41,069
Lighthouse Admissions	213,527	213,527
Above and Below Pass	146,529	146,529
Member Services	139,700	139,700
Booking Commission	144,440	144,440
Interest Revenue	26,519	26,519
Marketing Digital income	44,000	44,000
Lighthouse Cafe Lease	11,656	11,656
Sundry Income	80,925	80,925
Tearooms Lease	24,207	24,207
Jewel Cave Cafe	15,026	15,026
Wine Showroom	40,154	40,154
Airport Ground Handling	531,223	531,223
Shire Grants	150,000	150,000
Other Income	97,255	97,255

Total Sales 8,313,424 8,233,516

Total Cash Inflows 8,313,424 8,233,516

Cash Outflow

Costs

General Trade Creditor	368,542	0
Advertising & Marketing	696,188	759,479
Cleaning	52,534	57,310
Electricity	87,342	95,283
Insurance - General	120,159	131,083
Workers Compensation	16,633	18,146
Narrowcasters Mammoth	52,974	57,791
Narrowcasters Lighthouse	85,274	93,027
Rates & Taxes	41,599	45,381
Rent	104,689	114,208
Repairs & Maintenance	151,250	165,000
Telephone	73,601	80,292
Toilet - Public	14,452	15,766
Subcontractors	15,780	17,215
Payroll Tax	172,533	171,566
Superannuation	418,131	372,342
Audit	22,000	22,000
Bank Charges	84,327	84,327

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation

Cash Flow

July 2014 - June 2016

	Jul 14 - Jun 15	Jul 15 - Jun 16
Computer & printing Costs	6,701	7,311
Computer Support	43,095	47,013
Conference	12,604	13,750
Courier	3,004	3,278
Credit Card Charges	14,219	14,219
Events Other	11,595	12,650
Bookexy, Fees, Permits & Licences	93,501	102,002
Interest	4,183	4,183
Lease	1,731	1,731
Legal	10,072	10,988
HR Outsourcing	9,075	9,900
Postage	12,326	13,446
Professional Fees	15,250	16,638
Staff Amenities	11,474	12,518
Staff Training	26,468	28,875
Stationery	25,086	27,367
Subscriptions & Memberships	20,594	22,468
Vehicle expenses	88,000	88,000
Waste Disposal	13,422	14,643
Water	7,844	8,558
Fringe Benefits Tax	16,800	15,400
Other expenses	35,806	39,062
Uniforms	10,050	10,964
Total Costs	3,070,906	2,825,177
Wages		
Generally Reporting Wages	52,105	0
Separately Reporting Wages		
Net Wages		
Wages	2,973,059	2,973,059
Total Net Wages	2,973,059	2,973,059
PAYG		
Wages	941,469	991,020
Total PAYG	941,469	991,020
Total Separately Reporting Wages	3,914,528	3,964,079
Total Wages	3,966,633	3,964,079
GST Paid	527,154	502,612
Total Cash Outflows	7,564,694	7,291,868
Net Cash Inflow / (Outflow)	748,730	941,648
Opening Bank	1,581,727	2,330,457
Net Cash Movement	748,730	941,648
Closing Bank	2,330,457	3,272,105

The accompanying notes form part of these financial statements. These financial statements should be read in conjunction with the attached.

Local Tourism Organisation
Notes
for the Year Ending 30 June 2015 and 30 June 2016

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to indicate the projected financial position of the proposed New LTO. The Boards have determined that the New LTO is not a reporting entity.

The financial report complies with the accounting policies outlined below.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Sales revenue is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Grant revenue is recognised in the year received, or when funds have been committed by the funding provider, where it becomes certain.

Revenue from the membership is recognised on a straight-line basis over the period that the membership income relates to.

Revenue recognition relating to the provision of services, including ticket sales and entry fees, is recognised at the time services are provided.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(b) Non Current Assets

Plants and equipment are brought to account at cost.

The depreciable amount of plant and equipment are depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use

Capital expenditure incurred in respect to leaseholds property and buildings is capitalised within the balance sheet and amortised over the remaining term of the lease.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the first in first out basis..

Local Tourism Organisation
Notes
for the Years Ending 30 June 2015 and 30 June 2016

(d) Employee Entitlements

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount plus rebated on-costs.

Long Service Leave is brought to account as a liability in the balance sheet after an employee has completed five years of continuous employment.

(e) Income Tax

The association considers it is exempt from income tax under section 50-40 of the Income Tax Assessment Act 1997.

(f) Trade Creditors

Liabilities are recognised for amounts to be paid in the future for goods or services, whether or not invoices have been received. Trade account payables are normally settled within 30 days.

(g) Leases

Lease payments under operating leases where substantially all the risks and benefits remain with the lessor, are expensed in the period in which they are incurred.

Where a non-current asset is acquired by means of a finance lease, chattel mortgage or loan, the asset is capitalised at the purchase cost at the inception of the financial commitment and a liability recognised for the total lease payments at the inception of the lease. These assets are amortised over the period of the lease, chattel mortgage or loan. The payments are allocated between the principal component and the interest expense.

(h) Trade Debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at original invoice less an allowance for any uncollectable amounts.

An allowance for doubtful debts is made when there is objective evidence that the organisation will not be able to collect the debts. Bad debts are written off when identified

(i) Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value-in use, is compared to the assets carrying value.

Being a not-for-profit entity, the recoverable amount of an asset is the depreciated replacement cost of the asset when the asset's future economic benefits do not primarily depend on the assets ability to generate net cash inflows and where the association would, if deprived of the asset, replace its remaining future economic benefits.

Local Tourism Organisation
Notes
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(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and any deposits held at call with banks.

(k) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the GST included.

NOTE 2. SEGMENT INFORMATION

The association operated predominantly in one industry – Tourism, and in one geographical area – Western Australia.

NOTE 3. ECONOMIC DEPENDENCY

The ongoing operation of the Association is dependent upon the continued support by way of grants and contributions.

NOTE 4. RELATED PARTY DISCLOSURES

Certain members of the committee of management, or their related entities, entered into transactions with the Association under normal arms length commercial terms and conditions.

NOTE 5. REVENUE and OTHER INCOME

Grant revenue is recognised in the year received, or when funds have been committed by the funding provider, where it becomes certain. Interest revenue is recognised using the effective interest rate method. Revenue from the membership is recognised on a straight-line basis over the period that the membership income relates to. Revenue is measured at the fair value of the consideration received. All revenue is stated net of the amount of goods and services tax (GST).

NOTE 6. DEPRECIATION EXPENSE

For the purpose of the projected financial statements the depreciation expense has been excluded as it is a non-cash item.

NOTE 7. GRANT FUNDS

AMRTA grant funds have been budgeted for but it is uncertain if they will be received. Therefore, for the purpose of the projected financial statements \$303,000 has been excluded from revenue.

NOTE 8. TRANSITION COSTS

The transition costs association with the new Local Tourism Organisation have not been included in the projected financial statements.

Annexure 2

Constitutional Amendments

It is proposed that the Constitution be amended as substantially in accordance with the following:

- (a) by replacing all references to "President" with "Chairperson" and all references to "Vice-President" with "Vice-Chairperson", throughout the Constitution;
- (b) by deleting the word "Any" at the beginning of clause 3(a) and replacing it with "Subject to clause 3(e), any";
- (c) by inserting a new Sub-clause 3(e) as follows:

"(e) With effect on and from the date on which Margaret River Busselton Tourism Association (Inc.) assumes the management of the Association, the Board shall procure that the only members of the Association are the members of the board of the Margaret River Busselton Tourism Association (Inc.). For clarity, nothing in this rule affects the obligations of the Board under the Associations Incorporation Act."
- (d) by deleting the words ", one member nominated by each of the City of Busselton, the Busselton Chamber of Commerce and the Dunsborough/Yallingup Chamber of Commerce, together with up to an additional" in Sub-clause 4(a);
- (e) by deleting the words ", a Chief Executive Officer" in Sub-clause 4(a);
- (f) by inserting in Sub-clause 4(a) the following after the words "a Vice-Chairperson":

"(or 2 Vice-Chairpersons) and up to seven other"
- (g) by inserting in Sub-clause 4(a) the following after the words "six other members":

". The Board members shall be"
- (h) by deleting Sub-clause 4(b);
- (i) by deleting the word "thirteen" in Sub-clause 4(e) and replacing it with "nine";
- (j) by deleting Sub-clause 4(f);
- (k) by replacing the heading of clause 5 with "APPOINTMENT OF BOARD MEMBERS";
- (l) by deleting the existing Sub-clause 5(a) and replacing it with the following:

"Subject to clause 5(b), the Board shall comprise an equal number of representatives from the Association and from the board of directors of the Augusta-Margaret River Tourism Association (Inc.), plus an independent Chairperson (who, before his or her appointment, was not a member of the Board or a member of the board of directors of the Augusta-Margaret River Tourism Association (Inc.)) appointed by the Board."
- (m) by deleting the existing Sub-clause 5(b) and replacing it with the following:

"With effect on and from the date on which Margaret River Busselton Tourism Association (Inc.) assumes the management of the Association, the Board shall comprise the members of the board of the Margaret River Busselton Tourism Association (Inc.)."
- (n) by deleting Sub-clause 5(c);

- (o) by inserting in Sub-clause 5(d) the words “(or 2 Vice-Chairpersons)” before the words “at the first Board meeting”;
- (p) by deleting the words “The three Board members nominated one each by the City of Busselton, the Busselton Chamber of Commerce Inc. and the Dunsborough/Yallingup Chamber of Commerce Inc. shall be appointed for a term of one year until the next following Annual General Meeting. The remaining” in Sub-clause 5(f);
- (q) by inserting a new clause 6A after the existing clause 6 as follows:

“6A The Board is not empowered to enter into a lease of property or contract or contracts for the development of a project which in total will cost the Association an amount equal to more than 20% of its previous year’s gross revenue, without the prior approval of members of the Association.”
- (r) by inserting in Sub-clause 6(f) the following after the word “employee,” and before the word “agent”:

“contractor,”
- (s) by deleting the words “but in any event not less frequently than once each two months” in Sub-clause 7(a);
- (t) by deleting the words “unless the Board comprises thirteen members in which case six members shall constitute a quorum” in Sub-clause 7(b);
- (u) by adding to Sub-clause 7(e) the following:

“If there are two Vice-Chairpersons, then:

 - (i) a reference in this Constitution to “Vice-Chairperson” shall be read as a reference to the Vice-Chairpersons; and
 - (ii) in the Chairperson’s absence the Vice-Chairpersons will preside over meetings on a rotating basis, or as otherwise agreed between the Vice-Chairpersons.”
- (v) by deleting the words “in the month of August or September” in clause 9 and replacing them with “between 1 July and 31 October”;
- (w) by deleting the words “Notice of such meeting shall be given by advertisement at least once in a local newspaper, not less than” in Clause 9;
- (x) by inserting in Clause 9 the following after the words “by the Board.” and before the words “twenty one (21) days”:

“At least”
- (y) by deleting the words “before the date of the” in Clause 9;
- (z) by inserting in Clause 9 the following after the words “twenty one (21) days” and before the word “meeting”:

“written notice of such”
- (aa) by inserting in Clause 9, after the words “notice of such meeting”, the words “shall be given to members”;
- (bb) by deleting the word “six” in Clause 10 and replacing it with “four”;

- (cc) by deleting the words “advertisement at least once in a local newspaper not less than fourteen (14) days before the date of the meeting and also by” in Clause 10;
- (dd) by deleting the word “seven” in Clause 10 and replacing it with “fourteen (14)”;
- (ee) by deleting the word “fifteen” in Clause 11 and replacing it with “five”;
- (ff) by inserting in Sub-clause 12(a), after the words “each member present”, the words “in person or by proxy”:
- (gg) by deleting the words “officer of” in Sub-clause 12(c);
- (hh) by deleting the words “outcome and” in Sub-clause 12(c) and replacing them with “outcome, an”;
- (ii) by deleting the word “six” in Sub-clause 12(d) and replacing it with “four”;
- (jj) by deleting the existing Sub-clause 12(e) and replacing it with the following:
 - “(e) A member entitled to vote on any matter before a general meeting, who is unable to attend, may vote by giving a written proxy to another person who is able to attend and that person may cast a vote on behalf of the member.”
- (kk) by deleting Clause 18.

Annexure 3

Notice of Meeting

Notice is given by Geographe Bay Tourism Association (Inc.) (GBTA) that a special general meeting of Members will be held at:

Venue: Duckstein Brewery, 3517 Caves Road, Wilyabrup

Date: 12 November 2014

Time: 5.30pm

Capitalised words and phrases used in this Notice of Meeting have the meanings given in the Explanatory Memorandum.

Resolutions

The purpose of the Meeting is to allow Members to consider, and if thought fit, to pass, the following resolutions:

Resolution 1 - Resolution to endorse the Proposal

To consider, and if thought fit, to pass, the following resolution as an **ordinary resolution**: "Subject to the members of AMRTA passing a resolution in similar terms, to endorse the proposal from the Boards of GBTA and AMRTA to create the New LTO to provide tourism services in the Region and manage the businesses and assets of AMRTA and GBTA in the manner outlined in the Explanatory Memorandum accompanying the Notice of Meeting dated 19 September 2014 and approve all actions necessarily or conveniently taken by GBTA in connection with the implementation of that Proposal."

Resolution 2 - Resolution to amend Constitution

To consider, and if thought fit, to pass, the following resolution as a **special resolution**:

"Subject to Resolution 1 being passed and becoming effective and to the members of AMRTA resolving to amend the AMRTA constitution in a similar way (where applicable), the Constitution be amended in the manner set out in Annexure 2 of the Explanatory Memorandum accompanying the Notice of Meeting dated 19 September 2014."

Quorum

The quorum required at the Meeting is 15 Financial Members present in person.

Voting

Members who are entitled to vote at the Meeting may vote by attending the Meeting in person or, in the case of Members that are bodies corporate, by a corporate representative.

Under the Act, different voting thresholds apply to the Resolutions:

an ordinary resolution is a resolution that has been passed by at least a simple majority of votes cast by Members attending the Meeting in person and entitled to vote, and

a special resolution is a resolution that has been passed by at least 75% of votes cast by Members attending the Meeting in person and entitled to vote.

Given the high voting thresholds for the special resolution, it is important that Members cast a vote. If the Resolutions are passed, then they will bind all Members, whether or not they exercised their right to vote at the Meeting.

Voting entitlement

On a show of hands or a poll, each Financial Member has one vote.

Each of the Resolutions put to the vote at the Meeting must be decided on a show of hands unless a poll is demanded by any 6 Financial Members.

Voting entitlement time

Persons that are recorded as a Financial Member on the register of members as at 10.00 am on 19 September 2014 will be entitled to vote at the Meeting, provided they are not otherwise excluded from voting.

Voting in person by an individual

To vote in person, you are required to attend the Meeting or any adjournment of that meeting. Please arrive 15 minutes prior to the start of the Meeting to facilitate the registration process.

Voting by a company

In order to vote at the Meeting, a corporate Member may appoint an individual as its corporate representative to exercise its powers. All appointed corporate representatives should either lodge with GBTA before the Meeting, or bring to the Meeting, evidence of their appointment, including any signed authority.

Chairperson

The Meeting will be chaired by Clive Johnson, President of GBTA.