

NORTH OTAGO
CENTRAL OTAGO
SOUTH OTAGO
DUNEDIN

100%
OTAGO

O T A G O
CHAMBER OF COMMERCE
Business Vitality

ANNUAL REPORT 2010

THE OTAGO CHAMBER OF COMMERCE INCORPORATED DIRECTORY

Location	Ground Floor, Burns House 10 George Street, Dunedin	Website	www.otagochamber.co.nz
Postal	PO Box 5713, Dunedin 9058	IRD number	10-356-997
Phone	(03) 479 0181	Bankers	Westpac
Facsimile	(03) 477 0341	Auditor	WHK, Dunedin
Email	office@otagochamber.co.nz	Lawyers	Staley Cardoza

BOARD OF DIRECTORS

Elected

Ali Copeman	akB Conference Management
Peter McIntyre	Craigs Investment Partners
Shimrath Paul Conway Powell	Otago Museum Conway Powell Consulting Ltd
Bevan Rickerby Chris Staynes Mark Willis (President)	Otago Polytechnic George Street Wines DCB International Ltd

Appointed

Ian Little Nathan Adams Prof. Herbert Harris	Anaro Investments Ltd Gallaway Cook Allan Consultant
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COMMITTEES

Audit and Finance Chair

Peter McIntyre

Clutha Advisory Committee Chair

Karen Morgan

Central Otago Advisory Committee Chair

Hugh McIntyre

North Otago Branch Chair

Fraser McKenzie

International Trade and Manufacturers Committee Chair

Chris Staynes/Mark Willis

NZCCI Representative

John Christie
Bevan Rickerby

Life Members

David Humphrey, VRD, JP
Stephen Brocklebank

CHAMBER STAFF

Executive

Chief Executive Contracts Manager For Trades Manager Office Manager	John Christie Alistair Church Warren Chambers Fiona Gray
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Chamber Administration

Cara Bradley
Linda Brewster
Tony Kirk
Kelly Kleeber
Kevin Flaws

BIZ Resourcer

Paul Allen

Chamber Training

Tania Duff
Rae Farrell
Rachel Gamperle
Kim Cox
Lizzy McKenzie

For Trades

Bill Cubitt
Charlie Horn

Succession Planner

Warren Taylor

NOTICE OF MEETING

Of the one hundred and twenty third Annual General Meeting of the Otago Chamber of Commerce Incorporated.

Date Tuesday 19 October 2010
Time Noon
Venue The Otago Chamber of Commerce
Ground Floor
Burns House
10 George Street
Dunedin

GENERAL BUSINESS

Any general business must be notified to the Chief Executive by 5pm Wednesday 13 October 2010.

BUSINESS

1. Apologies
2. Confirmation of minutes of the 122nd Annual General Meeting
3. Matters arising
4. To receive and adopt the annual report and financial statements for the year ended 30 June 2010
5. To record the appointment of auditor
6. To consider any general business that may be legally brought before the meeting

Register your attendance at the 123rd Annual General Meeting no later than 5pm Wednesday 13 October 2010, phone 03 479 0181.



PRESIDENT AND CHIEF EXECUTIVE REPORT

While many businesses have faced significant economic challenges over the past year, there has been a strong demand for the Otago Chamber's range of business and professional services.

Over the past year the Chamber has cemented its position as the leading policy and advocacy organisation for business across Otago, and has led the way for the business community by encouraging excellence in the delivery of a range of business services.

2011 is the 150th anniversary of the Otago Chamber of Commerce and we look forward to celebrating this milestone of business achievement during the next year, along with continuing to provide you an expanding range of services.

The following achievements highlight how active we have been over the last year.

BUSINESS REPRESENTATION AND ACHIEVEMENTS

The Otago Chamber of Commerce has:

- Effectively represented the business community over the proposed plan change 'Harbourside', which has seen Dunedin City Council remove a significant proportion of the area to be rezoned and continued discussion over how the remaining area can accommodate mixed use, while protecting the interests of industry.
- Led and advocated for our local business community over the \$500 million build of electric trains for Auckland.
- John Christie, Conway Powell and Prof. Herbert Harris represented our local businesses affected by the Dunedin City parking strategy, resulting in significant improvements.
- Participated in the development of the Regional Land Transport Strategy, which sets out the work plan and funding for Otago.
- Saved local businesses \$900,000 by challenging Mercury Energy to honour agreements with local businesses, after they discovered they had misquoted local rates.
- Participated in the establishment of a Dunedin City Council working party to review and develop an Economic Development Strategy for Dunedin.
- Challenged the Dunedin City Council over the wide spread economic impact in the city, over road closures due to snow and ice, resulting in Council developing improved policies and communication.
- Supported the Otago and Southland lobby efforts to retain neurosurgery services in Dunedin.
- Worked and participated with the Dunedin City Council as a brand partner for Brand Dunedin.
- Represented Otago and Southland on the board and executive of the New Zealand Chamber of Commerce.
- Supported the development of a New Zealand Chamber of Commerce election manifesto for local government.
- Submitted nationally on the following issues:
 - Local Government Amendment Bill
 - The 'Foreshore and Seabed' Bill
 - India Free Trade Agreement
 - Financial Reporting Act
 - ACC
 - Pacific Islands FTA
 - Minimum wage review
 - Electricity market performance
 - Holiday Act
 - Emissions target
- Contributed to and participated in Otago Forward and the role it plays in regional economic development.
- Liaised with several government ministers, members of Parliament and departments of government to promote the interests of local businesses.
- Worked with the Dunedin City Council, Dunedin International Airport, Tourism Dunedin and the University of Otago, to promote international air services through Project Gateway.
- Participated in the DCC review of rates via its working party.
- Continued to liaise with airline representatives over services regionally and nationally.
- Established a retailers committee to represent this sector of our membership and community alongside our international trade and manufacturer sector groups.
- Continued to have strong prominence in the media as the voice of business.

- Represented Waitaki, Central Otago and Balclutha through the Advisory Boards.
- Advocated for Waitaki on issues including:
 - The debate of rating differentials
 - Tourism tax
 - Development contributions
 - The Oamaru Airport
 - Town signage
 - The Annual Plan process via submissions
 - The establishment of an events development officer on the Waitaki Development Board
 - The initiation of an Ambassadorial role concept with the Waitaki Development Board
 - The Campervan Park concept for the historic area of Oamaru
 - The upgrading of the Oamaru harbour
 - The support of an ultra-fast broadband network
- Submitted on the Clutha District Council 2010-2011 Draft Annual Plan, regarding:
 - Shortage of industrial land and retail land
 - The Balclutha main street development
 - Council performance indicators
 - Council support for business
- Submitted on the Central Otago District Council 2010-2011 Draft Annual Plan, regarding:
 - Industrial Land and Services
 - Economic Wellbeing
 - The proposed entrance way of the Industrial Estate
 - Promotional Levies
- Acted as an administrator for the Rail Trail Operations group.
- Undertaken quarterly business confidence surveys and reported results to members.
- Supported the application of funding for the project of engaging with the University of Otago Alumni, on behalf of Otago Forward.
- Managed the employment of 53 apprentices through the 4Trades Apprenticeship programme.
- Managed 78 modern apprentices for Otago Polytechnic in areas including plumbing & engineering trades.
- Launched the Xcellerate Diploma, offering a high level and practical training programme.
- Provided the Business Information Service for New Zealand Trade and Enterprise, assisting 4,083 business inquiries.
- Offered a range of computer training in MYOB, QuickBooks and Microsoft Office products.
- Continued to have success in our programmes assisting job seekers – CadetMax & Straight to Work – and matching them with employers.
- Developed a new short seminar series “Training @ Breakfast”, featuring new subject areas like social media.
- Provided business skills for the community-good / not-for-profit sector, which has shown solid attendance of 400 participants across Otago.
- Completed 9 years of delivering Enterprise Training.

GLOBAL BUSINESS ACHIEVEMENTS

The Otago Chamber of Commerce has:

- Introduced electronic capability, to undertake export documentation and certificates of origin under Free Trade Agreement opportunities.
- Participated in the 30th Anniversary celebrations of the Otago/Dunedin sister city relationship.
- Attended the World Expo in Shanghai alongside regional civic, cultural, education and business leaders.
- Consolidated the strength of our relationship with the re-signing of a memorandum of understanding with the Shanghai Chamber of Commerce.
- Attended the signing of the Malaysian / New Zealand FTA with government officials.
- Continued to provide export training and advice
- Released the second edition of the Trade Register, promoting Otago importers and exporters.
- Assisted local business through our international contacts with business inquiries.

BUSINESS SKILL DEVELOPMENT AND ACHIEVEMENTS

The Otago Chamber of Commerce has:

- Offered a comprehensive range of training workshops resulting in 3,923 participants attending 422 equivalent half day workshops.



BUSINESS NETWORKING ACHIEVEMENTS

The Otago Chamber of Commerce has:

- Held 57 business briefings, including BA5's and a number of events with high-profile speakers and organisations.
- Facilitated a briefing on the future prospects for Central Otago.
- Arranged and co-ordinated a briefing around the state of the economy for the Clutha Community.
- Organised annual golf tournaments in Dunedin and Alexandra with maximum attendees.
- Hosted a 'Local Government and Regulatory Reform' lunch with Rodney Hide.
- Hosted a Rugby World Cup lunch with Martin Sneddon.
- Hosted a 2010/2011 Budget lunch with the Hon. Bill English.
- Hosted a MFAT presentation with the High Commissioner to PNG.
- Hosted a presentation from the High Commissioner to India.
- Supported the HER Business events for women in business.
- Organised and co-hosted regional mayoral debates.
- Hosted a breakfast in Cromwell for the hospitality industry.
- Hosted regional membership lunches.

The Chamber remains in a sound financial position with a team of directors, staff, committees, sponsors and partners, who have all worked hard to achieve the results for the last year. We thank you all for your continued support and contributions.

We look forward to next year, as we remain to be your business voice.

Mark Willis
President



John Christie
Chief Executive



Audit Report

To the members of the Otago Chamber of Commerce Incorporated

We have audited the financial statements on pages 8 to 14. The financial statements provide information about the past financial performance and financial position of the Otago Chamber of Commerce Inc ("the Chamber") and Group as at 30 June 2010. This information is stated in accordance with the accounting policies set out on page 8 and 9.

Directors' Responsibilities

The Directors are responsible for the preparation of financial statements which fairly reflects the financial position of the Chamber and Group as at 30 June 2010 and the results of their operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Chamber's and Group's circumstances, consistently applied and adequately disclosed.

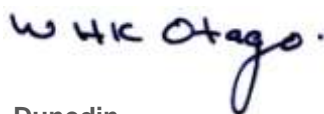
We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has provided other services to the Chamber in relation to taxation services. This matter has not impaired our independence as auditors of the Chamber and Group. The firm has no other relationship with, or interest in, the Chamber or its subsidiary.

Unqualified Opinion

In our opinion the financial statements on pages 8 to 14 fairly reflect the financial position of the Chamber and Group as at 30 June 2010 and the results of their operations for the year ended on that date.

Our audit was completed on 26 August 2010 and our unqualified opinion is expressed as at that date.

A handwritten signature in black ink that reads "WHK Otago".

Dunedin

THE OTAGO CHAMBER OF COMMERCE INCORPORATED

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2010

BASIS OF PREPARATION

The Otago Chamber of Commerce is a society registered under the *Incorporated Societies Act 1908*. The Chamber's mission is to actively promote and encourage business growth and opportunity in Otago. The Chamber is a reporting entity for the purposes of the *Financial Reporting Act 1993* and the financial statements comply with that Act.

The financial statements comprise statements of accounting policies; financial performance; movements in equity; financial position; as well as the notes to these statements contained on pages 12 to 14 of this annual report.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and on the basis of historical cost, except capital notes, bond investments, and preference shares which are revalued to market value at year end.

To ensure consistency with the current period, comparative figures have been restated where appropriate.

BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries are those entities controlled directly or indirectly by The Otago Chamber of Commerce. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of consolidation. The effects of intra-group transactions are eliminated in preparing the consolidated financial statements.

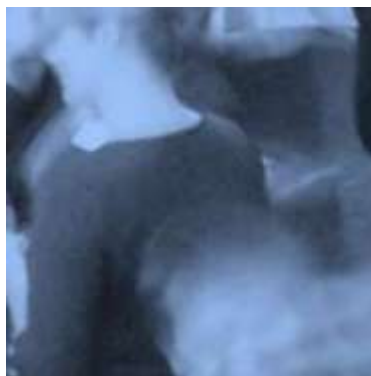
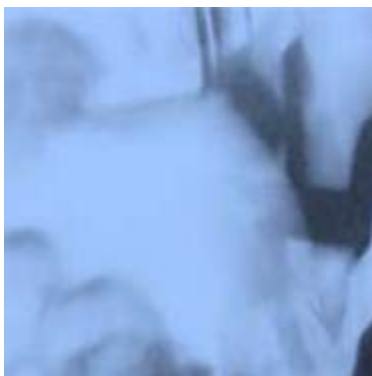
SPECIFIC ACCOUNTING POLICIES

- a Receivables are stated at their estimated realisable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.
- b Property, plant and equipment have been recorded at cost less accumulated depreciation.
- c Depreciation has been calculated using the maximum rates permitted by the *Income Tax Act 2007*.
- d The following diminishing value (DV) rates have been used: computer equipment 40% to 60% DV; office equipment 15% to 80% DV; furniture and fittings 12% to 33% DV.
- e Payments made under operating leases are recognised in the statement of financial performance on a basis representative of the pattern of benefits expected to be derived from the leased asset.
- f BIZ Otago Limited is a wholly owned subsidiary of The Otago Chamber of Commerce. Shares are stated at cost. Dividend income is recognised in the statement of financial performance when received.
- g All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables which are stated inclusive of GST.
- h The income tax expense recognised in the statement of financial performance is the estimated income tax payable in the current year, adjusted for any differences between estimated and actual income tax payable in prior years.
- i The Otago Chamber of Commerce qualifies for differential reporting because it has no public accountability and is considered small under the size criteria as defined by the *Framework for Differential Reporting*. All available differential reporting exemptions allowed under the *Framework for*

Differential Reporting have been adopted except that GST exclusive accounts have been prepared and *FRS19* applied.

j There have been no changes in accounting policies and all policies have been applied on bases consistent with those used in previous years.

k If the estimated recoverable amount of an asset is less than its carrying value, the asset is written down to its recoverable amount and the impairment loss is recognised in the statement of financial performance.



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	Consolidated	Chamber	Chamber
		2010	2009	2010	2009
	NOTE	\$	\$	\$	\$
Total operating revenue		1,657,691	1,630,667	1,646,891	1,630,844
Operating (loss)/surplus before income tax	1	28,331	(11,439)	28,331	(17,091)
Income tax		(18,735)	(11,768)	(18,735)	(11,900)
Net (loss)/surplus for the year		9,596	(23,207)	9,596	(28,991)

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

		Consolidated	Consolidated	Chamber	Chamber
		2010	2009	2010	2009
	NOTE	\$	\$	\$	\$
Net (loss)/surplus for the year		9,596	(23,207)	9,596	(28,991)
Total recognised revenues and expenses		9,596	(23,207)	9,596	(28,991)
Movement in equity for the period		9,596	(23,207)	9,596	(28,991)
Equity at the beginning of the year		614,676	637,883	614,676	643,667
Equity at the end of the year	2	624,272	614,676	624,272	614,676

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

		Consolidated	Consolidated	Chamber	Chamber
		2010	2009	2010	2009
	NOTE	\$	\$	\$	\$
Current assets					
Cash balances	3	124,167	70,745	121,061	66,919
Receivables	4	311,665	216,040	311,665	216,040
Investments	5	430,752	435,012	430,752	435,012
Inventories	6	897	1,852	897	1,852
Provision for income tax		4,024	32,421	4,034	32,300
Total current assets		871,505	756,070	868,409	752,123
Non-current assets					
Plant and equipment	7	35,213	44,555	35,213	44,555
Investment in subsidiary	8	0	0	2,546	3,947
Total non-current assets		35,213	44,555	37,759	48,502
Total assets		906,718	800,625	906,168	800,625
Current liabilities					
Payables	9	282,446	185,949	281,896	185,949
Total current liabilities		282,446	185,949	281,896	185,949
Total liabilities		282,446	185,949	281,896	185,949
Net assets		624,272	614,676	624,272	614,676
Equity		624,272	614,676	624,272	614,676

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Consolidated	Consolidated	Chamber	Chamber
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 1 INCLUDED IN THE OPERATING RESULTS FOR THE YEAR:

Audit fees paid to auditors	4,353	5,086	4,353	4,953
Other service fees paid to auditors	1,485	2,350	1,485	2,350
Depreciation of property, plant and equipment	12,504	9,962	12,504	9,962
Doubtful debts	19,209	3,058	19,209	3,058
Fringe benefit tax	10,376	12,906	10,376	12,906
Impairment in value of investment in BIZ Otago Ltd	0	0	1,401	6,053
Legal expenses	4,782	6,460	4,782	6,430
Loss(gain) on disposal of plant and equipment	0	6,429	0	6,429
NZCCI levy	3,150	3,150	3,150	3,150
Operating lease expense	155,371	133,505	155,371	133,505
Resignations	54,287	39,334	54,287	39,334
Use of money interest	(37)	1,034	(37)	1,034

NOTE 2 EQUITY

Amalgamation Reserve	7,906	7,906	7,974	7,974
Retained earnings	616,366	606,770	616,298	606,702
Total equity	624,272	614,676	624,272	614,676

Amalgamation

The Otago Chamber of Commerce amalgamated with the Central Otago Chamber of Commerce at 1 April 2005. The Central Otago Chamber of Commerce has been wound up with a final bank balance of \$7,973.68. This balance has been transferred to The Otago Chamber of Commerce and is held separately by way of a reserve in equity.

NOTE 3 CASH BALANCES

The Otago Chamber of Commerce has no overdraft facility.

NOTE 4 RECEIVABLES

Receivables	326,988	222,914	326,988	222,914
Provision for doubtful debts	(34,528)	(15,320)	(34,528)	(15,320)
Net receivables	292,460	207,594	292,460	207,594
Other receivables	8,471	6,994	8,471	6,994
Prepayments	10,734	1,452	10,734	1,452
Total receivables	311,665	216,040	311,665	216,040

Consolidated	Consolidated	Chamber	Chamber
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 5 INVESTMENTS

Westpac term deposits	73,000	88,595	73,000	88,595
SBS term deposits	30,000	30,000	30,000	30,000
ANZ subordinated bonds	31,287	29,100	31,287	29,100
ASB notes	32,326	32,274	32,326	32,274
BNZ senior bonds	52,061	50,975	52,061	50,975
CBA preference shares	23,250	21,000	23,250	21,000
Fonterra Co-op group bonds	42,507	40,352	42,507	40,352
Infratil bonds	23,736	22,085	23,736	22,085
Kiwibank subordinated bonds	25,607	25,483	25,607	25,483
Origin energy preference shares	18,500	16,000	18,500	16,000
Rabobank notes	52,365	53,560	52,365	53,560
Tauranga City Council bonds	26,113	25,588	26,113	25,588
Total investments	430,752	435,012	430,752	435,012

Investments above other than term deposits are recorded at market value.

NOTE 6 INVENTORIES

Inventories relate to kits on hand at balance date relating to the Kiwihost training programme and are stated at the lower of cost and net realisable value.

Inventories	897	1,852	897	1,852
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NOTE 7 PLANT AND EQUIPMENT

Computer equipment	23,909	23,909	23,909	23,909
Accumulated depreciation	(22,919)	(21,521)	(22,919)	(21,521)
Net book value – computer equipment	990	2,388	990	2,388
Office equipment	43,629	40,467	43,629	40,467
Accumulated depreciation	(31,731)	(25,925)	(31,731)	(25,925)
Net book value – office equipment	11,898	14,542	11,898	14,542
Furniture and fittings	57,494	57,493	57,494	57,493
Accumulated depreciation	(35,169)	(29,868)	(35,169)	(29,868)
Net book value – furniture and fittings	22,325	27,625	22,325	27,625
Total net book value	35,213	44,555	35,213	44,555

NOTE 8 OTHER INVESTMENTS

Share capital BIZ Otago Limited (100% interest of 10,000 ordinary shares)	0	0	2,546	3,947
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Consolidated	Consolidated	Chamber	Chamber
2010	2009	2010	2009
\$	\$	\$	\$

NOTE 9 PAYABLES

Payables	53,112	62,554	49,904	62,554
Employment accruals	74,996	61,709	74,996	61,709
Other payables	126,138	42,126	127,771	42,126
GST	28,200	19,560	29,225	19,560
Total payables	282,446	185,948	281,896	185,949

NOTE 10 NON-CANCELLABLE OPERATING LEASES

Current portion	150,383	119,830	150,383	119,830
Non-current portion	86,923	158,626	86,923	158,626
Total operating lease commitments	237,306	278,456	237,306	278,456

NOTE 11 DONATION

The Otago Chamber of Commerce received a donation of \$40,000 from the Otago Community Trust.

NOTE 12 CAPITAL COMMITMENTS AND CONTINGENCIES

The Otago Chamber of Commerce has no contracted future capital expenditure which has not been accounted for in the financial statements (2009:nil). The Otago Chamber of Commerce has guaranteed the banking arrangements of the For Trades Apprenticeship Training Trust to a limit of \$50,000. Other than this matter, the Chamber has no other contingent liabilities at 30 June 2010 (2009:nil).

NOTE 13 MAJOR TRANSACTIONS

The Otago Chamber of Commerce has no major contract commitments at 30 June 2010.

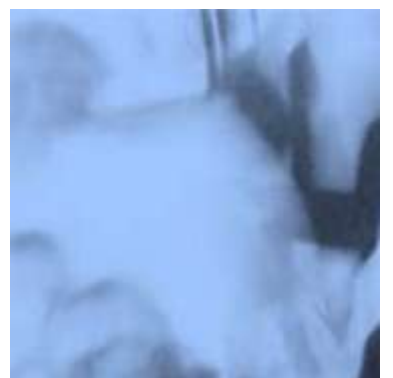
NOTE 14 SUBSEQUENT EVENTS

There are no subsequent events that have a material effect on the financial statements as shown.

NOTE 15 RELATED PARTY TRANSACTIONS

Director Chris Staynes and Chief Executive John Christie from the Otago Chamber of Commerce are trustees of the For Trades Apprenticeship Training Trust. The Otago Chamber of Commerce provides management services at arm's length, on normal commercial terms to the For Trades Apprenticeship Training Trust. At 30 June 2010, For Trades Apprenticeship Training Trust owed \$65,668.14 to the Otago Chamber of Commerce. The Otago Chamber of Commerce owed For Trades Apprenticeship Training Trust \$133.36.

Photos attributed to Paul Allen.





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