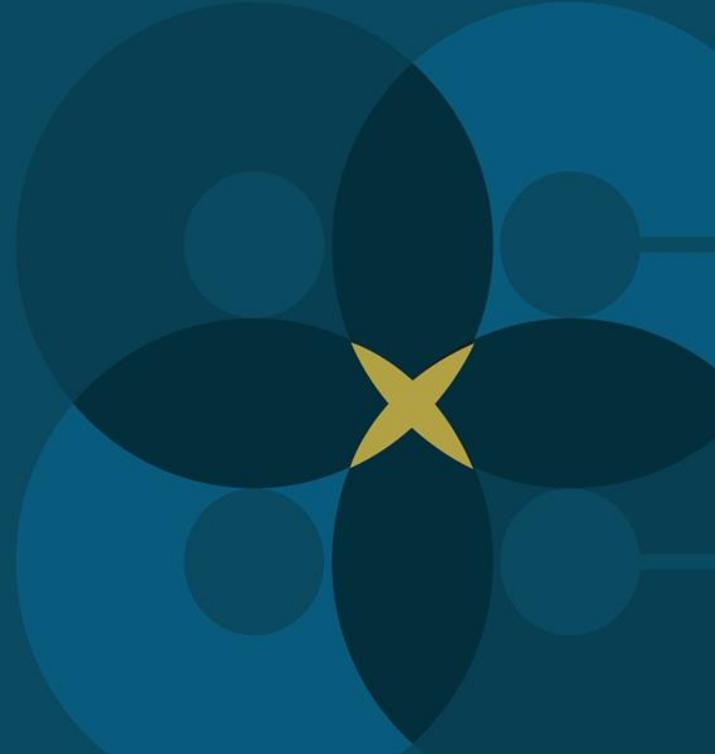


OTAGO CHAMBER OF COMMERCE &
OTAGO SOUTHLAND EMPLOYERS ASSOCIATION

Proposal to Create...

**Business
South**

One Southern Business Collective and Voice



MERGER PROPOSAL

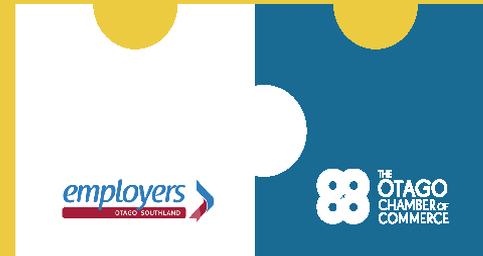
- ✓ In 2020 the operating environment for Otago and Southland businesses has been more rapidly changing and challenging than ever before – and this dynamic business landscape is likely to continue to evolve for some time.
- ✓ The Boards of the Otago Chamber of Commerce Incorporated and the Otago Southland Employers Association have agreed a proposed merger of both entities into a single entity will deliver an improved value proposition to members of both organisations.
- ✓ A merger will allow a structure and future development of a singular entity incorporated as '*Business South*'.
- ✓ The Boards of both entities unanimously support and recommend the proposed merger that is being put to you by way of member vote at the upcoming Special General Meeting.



YOUR VOTE COUNTS

The Board encourages members to vote and attend the upcoming
Special General Meeting

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MERGER PARTNERS

Key offering and focus

The OCC was incorporated in 1861.

- ✓ **We deliver local advocacy, education and training, networking, 4 Trades, export documentation services and manage the Regional Business Partner Network in the region.**
- ✓ **We also lead the southern regional hub of the four chambers that make up the New Zealand Chamber of Commerce (NZCC). Within Otago and Southland, the NZCC network also includes the Southland Chamber of Commerce, Queenstown Chamber of Commerce and Wanaka Chamber of Commerce. (This is not proposed to change).**

The OSEA was founded in 1890.

- ✓ **It provides employer advisory services, training programmes, legal, employment relations and health & safety advice and national-reaching advocacy through its membership of Business New Zealand (BusinessNZ).**





OSEA is one of four founding members of BusinessNZ, along with EMA Northern, Business Central and Canterbury Employers Chamber of Commerce.

BusinessNZ provides access to experts and advocates who interface with politicians, political parties and Government Officials and is the national voice for business and employers when policies and regulations affecting businesses are formulated .

It also operates the brand and activities of:

- **Export NZ**
- **Manufacturing NZ**
- **Sustainable Business Council**
- **Business Energy NZ**
- **Buy NZ Made**

If the proposal proceeds OCCl members will have access to this wider range of services.



KEY DATA

- ✓ Both organisations results for the year ended 30 June 2020 are currently being finalised by partner accounting and audit firms.
- ✓ Member numbers at 30 June 2020 are : OCCI 960 and OSEA 1027
- ✓ Key financial metrics:

Year ended June 2019	OCCI	OSEA
Assets	\$854,188	\$1,897,894
Liabilities	\$229,861	\$458,403
Equity	\$624,327	\$1,439,491
Revenue	\$1,436,861	\$1,806,972
Net Surplus After Tax	\$58,529	\$175,441



RATIONALE FOR MERGER

The Directors of both organisations agree that a larger singular organisation will:

- ✓ **Provide improved representation and advocacy for business at a local and national level with a strong regional mandate.**
- ✓ **Enable improved and wider delivery of services**
- ✓ **Deliver greater efficiencies in business operations**
- ✓ **Allow greater ability to adapt to the changing business environment and needs of members**
- ✓ **Reduce duplication and confusion about what each organisation represent and deliver**
- ✓ **Provide a far stronger and effective singular organisation which is modern, relevant, sustainable and fit for purpose in the future**
- ✓ **Strengthen and protect our business communities future more effectively**
- ✓ **One Business and One Voice representing Southern Businesses**



MERGER BENEFITS

- **Reduces confusion on the market – one entity and voice**
- **Leverages off strengths and capabilities of each organisation to deliver efficiencies**
- **Improves ability to offer/deliver new products and services and collaborations in the future**
- **Improves the ability to attract a wider and new membership base from being able to be more relevant**
- **Delivers a stronger balance sheet to invest in the future**
- **Allows for investment and leverage of technology to improve member access and experience**
- **Will enable an improved delivery of training offerings and events, as both offer complimentary skills**
- **Scale can promote future growth opportunities and leverage current strengths**
- **Improved and consistent member engagement on local and national issues**
- **The opportunity to be part of Business NZ expands the opportunity for advocacy and connection to decision makers in**

Wellington and partake in some of the sub groups that Business NZ operate in such as Sustainable Business and Buy

NZ Made



RISKS ASSOCIATED WITH THE MERGER

- **There will be a loss of some revenue as approximately 25% of members are common to both organisations and going forward they would pay only one fee.**
- **There is potential for loss of members that do not see value in being part of the new organisation.**
- **The new organisation has to have Chamber accreditation approved through the New Zealand Chamber of Commerce Incorporated.**
- **Additional transitional costs are higher than anticipated, particularly if the transition to one entity takes longer or is more difficult than planned**



IF THE PROPOSAL IS NOT APPROVED

If members do not approve the proposal, it will not proceed.

The Chamber will continue to face:

- A small and declining membership
- Lack of scale
- Profitability challenges – increasing costs and decreasing revenues
- An inability to meet and deliver to greater members expectations, new products and service delivery, technology and innovation
- Confusion in the market with two small business advocacy groups lacking cut through and the ability to influence on behalf of business in the region

Like many member organisations, the Chamber faces a challenge to remain relevant in their business model to rapidly changing expectations. Whilst the Chamber has always adapted over its history, there is an opportunity cost if the merger does not occur, in that it will not deliver anything like the value for money and service proposition that can be achieved with the combined firepower of the Chamber and the OSEA assets. We don't want to miss out on the benefits of becoming a single entity working to one goal and being a unified voice on all advocacy matters, providing comprehensive business advice and support, with a much larger member base to achieve impact and influence locally and nationally on business matters in the South.



Commonly Asked Questions

What about membership fees?

- ✓ There are no changes to member charges planned for the merged entity until at least 30 June 2021.
- ✓ Where members belong to both organisations and previously paid two annual membership fees, they will only be charged one fee. It will be the responsibility of the transitional board to determine the fair and appropriate membership fee schedule to be levied from 2021. Any new members that will join after merger will do so at the joint membership offering.

What will the new unified organisation be called?

- ✓ The name of the merged entity is to be registered as Business South. This is not set in stone and further trading names can be used or this changed in the future if the members and or the Board consider that there is something that better represents the entity.
- ✓ Feedback on this name has been received and we acknowledge this.
- ✓ The constitution of the new entity retains the names "Otago Chamber of Commerce" and "Otago Southland Employers' Association" so both the OCC and OSEA names may be used as appropriate, depending on the situation. These are strong well established brands in their own right, and this merger is about creating a combined new entity that retains the legacy brands, creates a new one and ensures that as a consequence everything is on a stronger footing with a future focused relevance.



Commonly Asked Questions

How will this impact the other Chambers in the Otago/Southland region and NZCCI?

As the regional hub for the Chambers of Commerce, Business South (Otago Chamber of Commerce) would continue to support the interests of the Southland, Queenstown and Wanaka Chambers of Commerce as they have to date.

The merged entity plans to continue delivering export documentation services including “certificates of origin” and FTA services to all businesses in the wider region in partnership with the Southland Chamber of Commerce as is current practice.

We have a positive, collaborative working relationship with all other Chambers around the region as we jointly strive to further the interests of members across the Otago/Southland region and we do not see our collaboration or support of these entities changing.

NZCCI will need to accredit membership to the organisation going forward each year, as it does presently. We have been in contact with NZCCI on this process.



Commonly Asked Questions

What happens to Contracts that the Chamber presently operates?

The Chamber operates several contracts to support businesses in the regions and with education services. These will either be novated if the contract allows or continued to be delivered under the brand. The same staff and team that members and businesses have dealt with in the delivery of these services will still be the face of the business

The Q and A document provided in this information pack provides these and other questions that maybe useful in your consideration of this proposal .

If you have further questions please email:

reception@otagochamber.co.nz



Summary

- **The proposal for a merger for members in the business community is positive and exciting, with the creation of a stronger business entity to promote business in the South to benefit all members, enabling it to be relevant and sustainable and invest in an exciting future relevant in both a physical and digital world, with a strong parochial voice to a national and global audience.**
- **The merger will see an entity better placed to invest in new technologies, ways of doing business and meet member needs and requirements into the future in an ever changing world.**
- **The proposed merger of the Otago Chamber of Commerce (OCCI) and Otago Southland Employers Association (OSEA) will provide a relevant, scaled and sustainable business and the Board recommend you vote **'YES'** to the proposal.**
- **The Board wants to stress that the merger proposal is in no way a reflection on the performance of either the OSEA or OCC. It is a response, in a rapidly changing and increasingly challenging business environment, aimed at ensuring the long term sustainability of the services currently provided by two organisations and enabling them to be enhanced. We are very proud of the current team and seek to ensure that their strengths are retained and put to use in the future to a wider membership audience as part of a proposed organisation, fit for purpose to deliver for member's business growth aspirations and ambitions.**



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