

# 2019 AGM

## QUESTIONS TAKEN ON NOTICE

Following are questions taken on notice by the Chair at CPA Australia's 2019 AGM or submitted in advance via the AGM microsite.

**Why doesn't the statement of cash flows on page 90 of the Integrated Report add up – it is out \$5000?**

The amounts reflected in the cashflow are correct, however the total is out by \$5,000 due to a late change and managing version control with our printers. We are reassessing this process internally and with our printers to ensure this is avoided in the future. The online version of the Integrated Report has been updated accordingly.

**Corporate support is listed as 3.1 million – what does this constitute?**

Note 6e Professional Services – Corporate Support includes costs relating to External Audit, Payroll (ADP), Investment Management, Public Practice, Advocacy.

**The financials on page 21 denote the results as 'after re-allocation of head office costs.' How much in head office costs were incurred and reallocated to overseas divisions and branches?**

There are a number of costs that are 'incurred' by head office on behalf of the overall organisation such as finance, member administration, education, marketing, legal, governance and technology. These costs are allocated across all our operations based on revenue derived in each region.

**In the Integrated report on page 21, the financial results for Singapore and Malaysia have been aggregated as a total for ASEAN countries. Last year the respective financial results were split out for these divisions. By aggregating, we are disclosing less, not more. What was the revenue for Malaysia?**

Malaysia makes up 49 per cent of the overall ASEAN revenue.

**Regarding the Tax reconciliation, there is \$140,000 in tax in foreign jurisdiction in both 2017 and 2018 – how is the figure the same?**

The two amounts are coincidentally the same for 2017 and 2018, with the actual in 2017 being \$139,735 and the actual in 2018 being \$139,593. Rounding brings both figures to \$140,000.

**Can the Board consider other options for paying member fees including timing of fees and payments by instalment? It can feel quite steep when your employer doesn't pay the fees on your behalf.**

CPA Australia continually looks for opportunities to improve the member experience, including considering alternative arrangements for the payment of membership fees.

As part of the 2018 Member Engagement Survey, we asked whether members had a preference for the timing of membership renewal payments – almost half of respondents indicated they had no preference. As such, we have continued with the current timings.

Regarding the payment of membership fees in instalments – this has also been considered by senior management and the Board. Unfortunately, given our large membership base and the multiple currencies in which we accept payment, this would increase administration costs, and CPA Australia is focused on reducing administration costs of the organisation to deliver better value to members.

**Why are we still wasting member funds printing the INTHEBLACK magazine - not to mention to the environmental waste? In this technological age many members would get more value from the publication by reading it on phones or smart devices. At minimum shouldn't the subscription offer a choice of print or electronic?**

Members can unsubscribe from the magazine if their preference is for the online version of INTHEBLACK.

However, the research we have done with members shows that it is still preferred in printed format by most members.

In the 2018 Member Engagement Survey CPA Australia asked members their thoughts on INTHEBLACK and results highlighted 68 per cent of members preferred monthly content; 53 per cent via print and 47 per cent digital. Of those that preferred digital, 39 per cent engage with the INTHEBLACK newsletter and 27 per cent visit the website, 78 per cent were under 50 and 53 per cent were female. Based on member feedback, for the moment members will still have the option to receive the print version of the magazine.

**As a reputable professional accounting body with a global membership of more than 163,750 members. What's CPA Australia's plan for further action after criticising Labor's major tax proposals, including the \$3000 deduction cap, the plan to end cash refunds for excess franking credits and the proposal to limit negative gearing concessions to new properties from next year? How CPA Australia to defend accounting professions include their own CPA members for a better public interest? (sic)**

**As a potential/future CPA Public Practice owner, how will CPA Australia to work with every single CPA Practice owner to react against those political groups' plans?**

As a professional member organisation, our policy and advocacy agenda focuses on public policy development that encourages business and investment and raises living standards. In this regard, we are committed to working with all political parties to develop sound policy that is in the interests of our members and the public. We take a keen interest in policy legislative and administrative matters and liaise regularly with politicians (government and opposition) and governments, government agencies, regulators and standard setters to support policy development, design and implementation. We will continue this liaison as part of our ongoing activities.

**As the membership grows, economies of scale and with technology advances, one would anticipate the annual membership fee to decrease. However, this seems to grow as well. I do not see the logic for this and I am sure most of the members would not either. Can someone please explain?**

In line with our new Membership Engagement Strategies, we are putting member interests at the centre of everything we do, including setting membership fees.

The Board reviews membership fees every year and focuses on ensuring members receive value for the fees they pay.

In 2018, we undertook a comprehensive review of our fees and for the third consecutive year, membership fees have remained at the same level. Prior to that, membership fee increases were incremental and broadly in line with inflation. The cost of the public practice certificate also remained the same for the past two years.

Fees for ASA membership and CPA Program have also been reviewed and have been set at levels to remain competitive in key markets.

And we have introduced fixed local currency pricing in Hong Kong, Singapore, Malaysia and the UK for the first time, giving members in these locations price certainty.

The fees have been set in line with where we sit in the competitive market as well as taking into account our ongoing investment in systems and technology to improve services to members.

### **Change name to: Certified Public Accountants**

There is no intention to change the name of the organisation at this point in time. The organisation has been well established as CPA Australia for a number of years and there is goodwill and industry recognition associated with the name. To change the name has the potential to alienate or confuse both members and the wider industry, and would result in a significant cost to the organisation to update everything from stationery through to corporate branding.

**As CO2 is over 400, polar ice is melting irreversibly, we have high sea & air temperatures, drought and a dying barrier reef, what are we effectively doing about compliance by CPA's to curb & eliminate the release of millions of tonnes of carbon emissions i.e. the cause of the trouble we're in.**

CPA Australia has for a long time recognised that a coordinated international approach is required to combat the impacts of climate change. We have provided input into, and promoted uptake, of the Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD) Recommendations and worked closely with such groups as the Commonwealth Climate Law Initiative (CCLI) and the Climate Disclosure Standards Board (CDSB). In Australia, we have played an influential role with the Senate Economic References Committee 2017 inquiry *Carbon risk: a burning issue* and have engaged actively with associated developments including the 4<sup>th</sup> edition of the ASX Corporate Governance Principles and Recommendations which now give greater recognition to climate risk and proactive response from business.

CPA Australia believes that governments and policymakers need to develop environmental and economic policies that interact with each other and operate in tandem. We will continue to vigorously advocate for the integration of these policies as the most effective means of achieving transitioning consistent with international commitment under the Paris Agreement. To provide an impartial and informed contribution to these policy developments, CPA Australia has committed substantial investment in research examining sectoral impacts of emissions reduction pathways and the role of accounting in measuring the effect on classes of asset within broader terms of 'fair share' of reduction burden.

Accounting is embedded in economic and market systems that cannot be treated in isolation from the natural environment. It is on this basis that we will continue to promote developments around measurement and disclosure of ecosystem and biodiversity through such mechanisms as the Natural Capital Protocol and Integrated Reporting.

CPA Australia does not underestimate the transformational challenges but remains committed to promoting accounting's role in responding to what is perhaps the greatest challenge to our economies and society at large.

A more detailed outline of CPA Australia's policy position is available on our website in our [Business and the Environment Policy Bulletin](#).

**Is it possible for those CPA members who are on disability support to pay a much lower annual subscription membership fee. Say a nominal \$5?**

CPA Australia offers a reduced membership fee for fully qualified members who have experienced change in employment or earning capacity, such as unemployment, significantly reduced work hours (part-time) and parental leave.

Applications for a reduced rate are assessed on a case by case basis.

Members can apply for a reduction in membership fees online.

**What is the CPA body doing about the job prospects of older accountants?**

Our member research has shown that future career development is one of the most important issues for members. We acknowledge the need to provide support for members to remain in the job market, particularly in middle and late career. One of the key initiatives we are developing is called My Career Path Adviser. This is a resource that will provide members with real-time data on skills and career trends in the industry and will assist members to plan for the next phase of their career.

**Nothing is done for retired members - more need to be done.**

Eligible members are able to apply to transfer to the Retired Members List which entitles them to a significantly reduced membership fee, while maintaining access to the full range of membership privileges and services.

Retired members are also eligible for discounts on a range of events, products and activities, and in most cases, no longer need to meet CPD requirements. Detailed information is available on our [website](#).

CPA Australia operates an active third age network with communities in Victoria and New South Wales who work to advance, represent and engage the interests of third age members through discussion groups and events.

**Can the INTHEBLACK CPA Publications have a retired members section or articles?**

INTHEBLACK works closely with the CPA Australia third age network (the TAN) and has featured TAN research into Reverse mortgages and age discrimination.

Members are encouraged to suggest issues or topics they would like covered in INTHEBLACK for inclusion in the magazine.

### **What is the future of the CPA Program?**

The Board has given clear objectives to the organisation to understand emerging trends in the accounting profession, and to maintain the high standards and relevance of the CPA Program for a digital future.

In line with this, we are currently piloting a variety of initiatives to inform the future of the CPA Program. For example, we are investing in new digital learning tools such as 'Quitich', a mobile app to help candidates track their learning progress through study prompts and gamification. We are also providing a guided learning support package for candidates.

We are reviewing the delivery format of the CPA Program, including considering on-demand exam delivery and micro-credentialing to provide candidates more flexibility around when to study and when to sit their exams.

We will continue to engage and consult with members, academia, and industry to ensure the CPA Program provides future-ready insights and skills to members. We look forward to keeping members updated on this work.

### **Will there be an amalgamation of the two other professional bodies being Chartered Accountants Australia & New Zealand and Institute of Public Accountants?**

We are not in a position to comment on the intentions of other professional accounting bodies, but CPA Australia is not considering a merger.

### **More benefits for members please.**

Over the past 12 months, the Board and the senior management team have been working with Divisional Councils and Members to deliver more value to members. In August we released a new strategy that was based on extensive consultation with members and has members' interests at its core. The strategy consists of six strategic goals that are supported by a number of objectives and initiatives.

Since releasing the strategy, we have:

- Collated and curated our CPD offer so that members can access enough complimentary CPD through our website to meet all CPD requirements. This work is ongoing;
- Invested significantly in technology and systems to improve the enrolment experience for Associate (ASA) members who are studying the CPA Program;
- Formalised relationships with a number of international professional bodies – including a mutual recognition Agreement with the American Institute of Certified Practising Accountants;
- Increased our Policy and Advocacy work;
- Introduced a risk framework management tool to assist public practitioners in complying with APES325;
- Implemented a digital solution for the quality review program
- Launched a pilot mentoring program;

- Submitted an application with the Professional Standards Councils (PSC) for a new Professional Standards Scheme (PSS) to take effect in December 2019;
- Commenced a Member journey mapping project that will help identify ways to provide value at each stage of membership.

There is more work to do, and we are committed to enhancing the value and services we provide to members.

**Why does CPA Australia continue to avoid best practices by not detailing the income & expenditure of each division and or geographic region?**

Page 21 of the 2018 Integrated Report provides a regional financial performance view, which matches our members profile and how we review the organisation.

**Note the significant improvement in the annual report. Most of the gobbledeygook has gone. It has become understandable. Congratulations, well done! The board has listened and acted.**

The Integrated Report has changed substantially to improve transparency and provide more information to Members.

**How much did CPA Australia Advice lose during the year & in total how much has been provided as a provision for the total loss, I can't locate it in the financial.**

Page 82 of the Integrated Report discloses the total loss of CPA Advice in 2018 as \$3.2 million. At the end of 2018 the total impairment provision is \$15.1 million. This is detailed on Page 108.

**Why has the current Board failed to take legal proceedings against the directors of the previous Board for their negligence in approving a non-commercial contract of employment with Alex Malley?**

The Board President and Deputy President met with partners in a leading law firm and with Queens Counsel. The Board is of the view that there is no basis to take action against CPA Australia's past directors.

**When is a trimester offering going to be available?**

We are currently reviewing and considering a number of delivery options of the CPA Program to provide greater flexibility for members.

These include on-demand delivery of our exams, which would enable candidates to sit their exam at any time within a 12-month exam window, and micro-credentialing which could allow our candidates to be certified for some or all of their CPA Program studies, and to attain a certification that is timely, verifiable, portable and discoverable.

We have not made any decisions about moving the CPA Program to a trimester format.

### **Is 100% exam based assessment really the correct way to learn & assess in 2019?**

We continually reflect on our assessment methodology and processes, including considering alternative assessment models, to ensure we maintain the high standards of the CPA Program.

Any alternative assessment model needs to maintain and enhance the stature of the CPA designation, and be robust, rigorous, scalable and defensible, and we would undertake due process and consultation with members and stakeholders should any changes to the assessment model be proposed.

**Very concerned at the excessive level of remuneration paid to Executive Directors especially: J Hughes; Adam Awty; D Leung; N Diss, Directors: P Wilson, M Kelsall; C A Wong and others as 'CPA' is a not for profit member organisation and services to public practice members is at best average and often of limited value.**

When the new Board was appointed in October 2017, it commissioned the Godfrey Remuneration Group to conduct independent benchmarking for director and executive remuneration. The outcomes of this work were communicated to members in February 2018, and led to substantial reductions in Director and some Executive salaries. To ensure remuneration remains in line with the market, it is reviewed annually using market data developed by an external independent remuneration firm. The Board has set the market median as the remuneration benchmark mid-point for executive roles. In previous years, higher benchmark reference points were used to set executive pay levels.

### **The INTHEBLACK magazine is warm & fuzzy with limited technical value.**

Member research indicates the magazine and online version are trusted sources of information, however, members want to see a shift in focus away from generic business stories to a greater focus on more practical, relevant content related to accounting industry trends and knowledge, career management, and technical skills and training. This feedback has been adopted.

Our latest member research groups (March 2019) indicated that they had noticed a general change in INTHEBLACK in the last six months.

The shift away from celebrity stories and general interest topics to content addressing member needs has resulted in the online version of INTHEBLACK achieving strong year on year growth in terms of traffic, page views, content shares and third-party referrals. Practical, relevant content will continue to be the focus.

### **What initiatives are in place to lower the training costs for each member? Please look into less spending for ads & marketing and into substantial workshop training for members.**

In late 2018, CPA Australia undertook a holistic review of pricing across all training activities, including face to face and self-paced learning resources for members. From 1 January 2019, prices were simplified and reduced across most professional development activities ensuring members received equal value regardless of their location, industry/sector or capability level. In addition, 20 per cent discounts are offered on most professional development activities mid-year and at the end of the year.

Members can also access a wide range of complimentary CPD through the CPA Australia [website](#). There is enough complimentary CPD to enable members to meet all of their CPD requirements.



**Are there initiatives to lower the 120 hours CPD per triennium for each member? The training costs are so expensive. The CPD hours is not achievable?**

CPA Australia offers a wide array of complimentary CPD for members, across all delivery modes, to ensure members can achieve their required 120 hours per triennium free of any cost.

See a [summary](#) of all complimentary activities. Please note, activities are updated on this page regularly.

**I am listening to the webcast and am having problems with it stopping and buffering. Another member is having the same issues. It's very difficult to follow and ask questions. Can you please ask if others are having same issue?**

The Board is aware that some members experienced problems with accessing the webcast of the AGM. As mentioned in the Board's statement on 20 May 2019, the matter was raised with our webcast provider, Orient Capital. Orient Capital have advised that the webcast infrastructure for the CPA Australia AGM was sufficient for 10,000 concurrent viewers on their primary server, with a secondary server also running for anyone experiencing a weaker connection.

On the night, 36 members viewed the webcast of the AGM.

Orient Capital's investigation did not detect any outage or uniform reason that would have prevented people from accessing the webcast, however they have advised that a participant's location, internet browser, internet provider, and/or the device on which they are viewing the webcast can affect connectivity.

CPA Australia is committed to making the AGM accessible to as many members as possible. We have provided Orient Capital with a description of each issue reported to us, and we will work with them to try to ensure a better experience for members at next year's AGM.

**On the question of Ethics and APESB in constitution being covered. Three prior presidents (Wade Petty and Egan) and a prior CEO (Malley) had their life memberships cancelled recently and I was as wondering what was the basis for this? Was it a question of Ethics? Even with the APESB inferred in the constitution it did not seem to have impact nor the corps law. They had extended terms beyond normal limits. Members were not able to remove them over their period of tenure? How did the corps law help here?**

The Board issued a statement on 31 January 2019 informing members that the Life Memberships of the previous CEO, Alex Malley, and previous Directors, Penny Egan, Richard Petty and Graeme Wade have been removed, effective 31 December 2018, under Article 43(b) of the CPA Australia Constitution.

\*\*\* For those comments made by members that did not raise specific questions, and were simply statement of opinion or fact, we have not included those statements in this Q and A.