

# 2021 AGM

QUESTIONS SUBMITTED TO THE AGM

Following are questions submitted by members to CPA Australia's AGM, either in advance via the AGM microsite or via text during the meeting. Please refer to the recording of the AGM for responses to questions that were addressed during the meeting – the applicable time notation is provided.

Responses to questions that were not addressed on the night or those that were received after the close of questions are included below.

## Questions received in advance – not addressed during the meeting

**Member: Ka-Chun WONG**

**In order to promote good ethics and philanthropic behaviours within the organization and among all staff or members, will CPA Australia set up an ethics & charity committee or office for ethical, moral and philanthropic behaviours throughout the organization and to the greater society?**

All CPA Australia members are required to comply with APES 110 which sets out the fundamental principles of ethics for members, reflecting the profession's recognition of its public interest responsibility. These principles establish the standard of behaviour expected of a member, which are: integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, CPA Australia has set up an Ethics and Professional Standards Centre of Excellence to act in an advisory capacity. Details of the Centre of Excellence, including its members and its role and purpose are available on the [Centre of Excellence – Ethics and professional standards](#) page of the website.

**Member: Sailesh Mishra**

**Would CPA Australia at any time be willing to open a free digital library for books, periodicals and management journals & CPA proprietary materials for members like the public library domain - Overdrive? This will help members be up to date with the latest Accounting & management best practices.**

CPA Australia does operate a library to provide members with access to resources to assist them in their day-to-day work and educational and professional development. Through the online library on our website, CPA Australia members have complimentary access to a wide range of e-books, journals, newspapers, magazines and other resources that are tailored for finance, accounting and business topics. Visit the [CPA Australia library](#) page on the website or contact the library via email at: [cpalibrary@cpaaustralia.com.au](mailto:cpalibrary@cpaaustralia.com.au)

After being closed due to COVID-19, the physical Melbourne library location will reopen on Wednesdays from 26 May for members to visit in person. Members residing in Australia will also be able to reserve hard copy items online to borrow from the CPA Library with our complimentary postal service.

## Questions submitted in advance – addressed at the meeting

**Member: Ka-Chun WONG - refer to AGM recording at 40:13**

**Will CPA Australia follow the probable requirement of other Australia's listed companies to rotate the external auditor every ten years?**

**Member: Alexander Taylor - refer to AGM recording – 40:37**

**Why did CPA Australia apply for JobKeeper when it has an enormous amount of financial resources to draw upon? Will it consider paying back these funds given the surplus?**

**Member: Bernadette Smyth - refer to AGM recording at 43:10**

**Looking at the financial statements, note 4 shows that revenue fell 7% between 2019 and 2020 yet CPA qualified for JobKeeper somehow - would be good to know on what basis? I find this quite interesting too given that employee costs increased as FTEs grew, though there was a hiring freeze in place for most of the year, and a restructure of the business resulted in widespread redundancies. So the movement in employee costs almost seems inconsistent with receiving JKP to keep people employed.**

**Member: Bernadette Smyth - refer to AGM recording at 46:40**

**I'm keen to know how the \$20.1m increase in property, plant and equipment contributes positively to the member experience and member engagement scores. I find this expenditure to be at odds with the vision, purpose and goals outlined on page 10 of the integrated report. As a member based in Newcastle NSW, large scale refurbishments to the Melbourne office provide no value to me, no matter how I look at it.**

**Member: Gary Jenkins - refer to AGM recording at 48:39**

**Given disclosure was such a high profile deficiency at CPA how did something so fundamental as a business transaction with a related party of a director (Robyn Erskine) fail to be disclosed by the director and fail to be identified by CPA? What steps have now been introduced to identify such transactions?**

**Member: Guangxiang He - refer to AGM recording at 1:11:59**

**Dear Sir or Madam, my questions are: how is CPA Australia making sure to provide a good quality of continuing professional development courses online? As a member, my first choice is to get my professional development through CPA Australia. Sometimes, I find less confident to enrol in some of online courses with CPA Australia; for example, the taxation courses you offered online doesn't seem comprehensive compared to NTAA. To be fair, I had a look at NTAA's introduction of their courses, they seem very practical focused. However, on CPA's website, I see less about practical focused knowledge in taxation area. As a member, I value CPA can provide me with a good quality of training courses to help me increase my relevant knowledge that I can use for my job. I want to make sure CPA can**

investment more time and efforts towards online professional training for members.

**Member: Milvert Yi Song Ling - refer to AGM recording at 1:14:42**

My question refers to page 66 of the CPA Australia Integrated Report 2020: 'Attract and develop the next generation of CPAs', which may also relate to CPA Australia's strategies and future direction. From my observation, it appears that the selection criteria for many graduate programs/entry level jobs include 'qualified to commence the CA program' or similar.

Are there any new plans which are being considered by CPA to attract more fresh graduates/final year university student, including applicants for the mentioned graduate programs/entry level jobs?

**Member: Mariana Moreira - refer to AGM recording at 1:15:48**

My name is Mariana Moreira, and I am a CPA ASA. Please see my suggestions to CPA listed below.

1) Exams to be offered during the whole year, instead of twice per year. The date is chosen by students, for example, as per CIMA qualification. I strongly believe that offering flexible dates for the CPA exam will make the students lives less stressful and more productive. As most of us are juggling with full-time work, family commitments and CPA studies.

2) My second suggestions is to keep the student guide for a year instead of changing every semester. This will save the trees because less paper will be needed to print the material, reducing costs both for CPA and students that failed the paper and need to re-sit. Students are able to study and review their notes based on the book their study previously.

Thank you for your time and consideration on this matter.

**Member: Francisco Alfaro - refer to AGM recording at 1:17:48**

In line with current market trends, CA has recently changed the structure the CA program, including a mandatory risk and technology subject, and an elective data analytics subject.

Is CPA currently assessing the inclusion of similar technology and analytics subjects in its curriculum?

## Questions submitted by text – not addressed during the meeting

**Member: David Abrahams**

**Can the financial controller kindly clarify why the notes to the accounts are so small that it is difficult to read and why there are many abbreviated terms in the notes to the accounts, but no real clarification as to what those terms mean? Thank you for response.**

The notes to the financial statements from pages 100–130 of the 2020 Integrated Report are in the same font size as the general text of the report, with the exception of the footnotes to the tables which are in a smaller font size for design and layout purposes. The online version on CPA Australia's website has a zoom facility allowing readers to increase the font size. A description of abbreviated terms or acronyms are set out on page 143 of the report.

**Member: David Abrahams**

**Can the CEO kindly clarify what is the direction of the financial investments of CPA Australia and long-term strategy to grow such investments? Thank you kindly for your response**

The Investment Policy approved by the Board enables CPA Australia to utilise its assets in a manner that supports the long-term financial sustainability of the organisation. The financial assets of the organisation are invested in one of three investment pools (i.e. a short-term pool, a medium-term pool or a long-term pool), each with different objectives, depending on the purpose of the funds and the strategic priorities of the organisation. The Investment Policy is reviewed by the Finance and Investment Committee on an annual basis.

**Member: David Abrahams**

**Can you please advise what impact did accounting for leases had on the preparation of the financial reports? Thank you for your response.**

CPA Australia applied AASB 16 *Leases* from 1 January 2019 using the modified retrospective approach. Under this method, the cumulative effect of initial application was recognised as an adjustment to the opening balance of retained earnings at 1 January 2019 and comparatives were not restated. The full impact of the adoption of AASB 16 was outlined in Note 3 of the financial statements in the 2019 Integrated Report.

**Member: David Abrahams**

**Can you please advise how the operation of the China operation has had on the bottom line of CPA Australia revenue and what is the outlook of this overseas operation, given the major difficulties being placed by Chinese government? Thank you for your response.**

The table on page 12 of the Integrated Report outlines the revenue and costs directly and indirectly related to each location in which CPA Australia operates. The result for China (including Hong Kong) in 2020 was a deficit of \$1.017m, which was primarily due to lower

CPA Program and professional development revenue as a result of COVID-19. CPA Australia has deep and long-standing ties with China, operating three offices in mainland China and an office in Hong Kong. Our membership has grown to 13550 members in Hong Kong and nearly 6500 in mainland China. As a global organisation, we continue to invest in all locations where our members are located to ensure member service levels are appropriately delivered and accessible, regardless of geographic borders.

**Member: David Abrahams**

**Can you kindly advise what was the percentage increase of the CEO's remuneration during the 2020 year?**

The remuneration for the CEO and all key management personnel is fully disclosed each year in CPA Australia's Integrated Report and is available for all members to view. In the 2020 Integrated Report this information is available on pages 120-121. It shows that the CEO's remuneration decreased by 16% from 2019 to 2020.

**Member: David Abrahams**

**Can you kindly advise what amount of CPA funds were paid to committee members, presidents during the last financial year? Thank you for your response**

Directors are not paid any additional fees in respect of their participation on Board Committees. Directors are remunerated in accordance with the provisions of the Constitution and the annual remuneration for 2020 is set out in Note 20 of the Integrated Report. Non-director Nomination Committee members are entitled to receive a maximum amount of \$450 per hour, capped at a total of \$50k per annum. The total amount paid to four non-director committee members in 2020 was \$104k. Members of Divisional Councils and Committees (including Divisional Council Presidents) are appointed on a pro-bono basis.

**Member: David Abrahams**

**Can the CEO kindly advise how he has progressed with his CPA program and what problems did he find with the program?**

The CEO's participation in the CPA Program is a personal matter for the CEO and not a proper matter for the AGM.

**Member: David Abrahams**

**Can the auditor kindly clarify for the members, what systems were used to undertake the audit of CPA Australia? Was there an increased reliance upon computer audit programs to undertake the audit sampling? Thank you for your kind response.**

Our auditors, KPMG, have advised that the following IT programs were utilised as part of performing the audit of CPA Australia's financial report for the year ended 31 December 2020:

- KPMG's proprietary global audit software for documenting audit procedures performed and sharing information with CPA Australia in a secure environment;

- Bespoke data analytic routines tailored to CPA Australia; and
- Various commercially available programs such as the Microsoft Office suite of programs.

While there was an increase in the use of programs such as Microsoft Teams for communication purposes given the remote working environment, the underlying programs and routines used in the audit were consistent with prior years.

**Member: David Abrahams**

**Can you kindly advise how increase in staff remuneration was determined and did all Board members agree to the increase? Thank you for your kind response.**

Remuneration of the CEO and direct reports of the CEO is determined by the Board using the market median as the policy reference point. Salary increases for all other staff are determined by the CEO in consultation with business unit leaders and approved by the Board.

**Member: David Abrahams**

**Can you kindly clarify in the difficult environment which we now live in why the CPA program is still a benefit to the members or ASA members?**

The CPA Program provides members with a thorough grounding in the knowledge and skills required in accounting, leadership, strategy and business to help them attain their career goals. The CPA program combines education with practical experience and draws on content that is both current and relevant for organisations operating in today's business environment. The CPA designation is recognised and respected internationally and denotes a finance professional of the highest calibre and training. In the current environment, with accountants playing an increasingly important role in the economic recovery effort, the value of the CPA designation is enhanced.

**Member: David Abrahams**

**Can you kindly advise why a more detailed financial reports are not provided to members of CPA Australia? Thank you for your kind response.**

Over the past three years, we have increased disclosures in our financial statements including an extended Statement of Profit or Loss with supporting notes on specific expense lines, additional disclosures in respect of tax as well as disclosures on remuneration for directors and key management personnel. Our level of disclosure exceeds that of similar organisations reporting under Australian Accounting Standards.

**Member: David Abrahams**

**Given that CPA Australia has been able to maintain a surplus in the financial reports. Can the board kindly clarify whether the members' fees will be increased next year or maintained as the same level. Thank you for your response.**

CPA Australia reviews its membership fees annually. In 2021, for the fifth consecutive year, CPA Australia membership fees remained at the same level, while the cost of the Public Practice Certificate has remained at the same level for four years. The Board



remains focused on ensuring members receive value and this will be a significant factor when it considers membership fees later in the year.

**Member: David Abrahams**

**Can you clarify why CPA was eligible for the Jobkeeper?**

Like many organisations in Australia, CPA Australia was impacted and still is being impacted by COVID-19. Under the frame work established by the Australian Federal Government, CPA Australia was eligible for JobKeeper between 30 March 2020 to 27 September 2020. The support enabled us to retain jobs and continue to provide essential services to members including to support members through the pandemic and into the future. Details of the support received is provided on pages 12 and 93 of the report.

**Member: David Abrahams**

**Can you kindly clarify how much of the members funds were donated to other organisations during previous financial year? Thank you for your response.**

CPA Australia donated AUD\$100,000 to bushfire recovery efforts in 2020. Our Greater China Divisional Council also decided that they would like to make a contribution, and through personal donations from the Council and committee members a further AUD\$30,000 was donated. This is outlined on page 26 of the Integrated Report.

**Member: David Abrahams**

**Can you kindly clarify whether any fringe benefits were provided to staff and management team during the last financial year, if there was, can they advise how much did this cost the organisation? Thank you for your kind response.**

Fringe benefits tax, which primarily relates to meal entertainment and car parking, is included in the employee benefits expense line and was \$195k in 2020. This is disclosed in Note 6A on page 105 of the Integrated Report.

**Member: David Abrahams**

**Can you clarify how many members actually attended the current AGM meeting? Was there a quorum to vote on the financial accounts? Thank you for kind response?**

This year's AGM was a hybrid event with members attending in person as well as 158 people watching the meeting online. There was a quorum as announced by President and Chairman Merran Kelsall at the start of the AGM. There is no requirement in the Corporations Act nor the Constitution for Members to vote on, approve or adopt the reports. Members as a whole had a reasonable opportunity at the AGM to ask questions and make comments on the reports.



**Member: David Abrahams**

**Can the CEO kindly advise what investments in provision of internet services to members has been made and the dollar amount spent and what future projected costs are expected to be invested in this area? Thank you for your kind response.**

CPA Australia is not an internet service provider and doesn't invest in providing internet services to members. If the question relates to the new website, we are investing significantly in the website to deliver a personalised experience for members. We want to improve the website content, layout, user experience and accessibility, and deliver a website that is relevant to members through all stages of their career journey. This is an important investment that will help build CPA Australia's reputation and brand. Costs associated with the new website are disclosed in Note 6E (professional services expense) under strategic investment on page 105 of the Integrated Report.

**Member: David Abrahams**

**Can the CEO kindly advise the members what new or expected services are to be provided to those members in public practice? Thank you for your response?**

CPA Australia introduced a number of important initiatives in 2020 for members working in public practice, including:

- Updating the public practice model to a more flexible, personalised model;
- Launching additional My Firm. My Future. practical guides, webinars and e-learning modules to assist members in building sustainable businesses;
- Running a community campaign across major television and radio networks in Australia to create awareness about the value and service professional accountants can provide;
- Delivering an intuitive and easy to use Professional Indemnity Insurance portal, allowing members to provide their insurance and claims data more efficiently;
- Releasing the Value of Advice research report; and
- Redesigning the Quality Review Program to be relaunched as the CPA Best Practice Program with a key focus on member support.

In 2021 we will be:

- Launching the CPA Best Practice Program along with learning tools and resources aligned to CPA Best Practice Program outcomes;
- Introducing a new peer consultation service, a two-hour virtual consultation offering for new public practitioners, setting them and their business up for success;
- Developing a self-assessment diagnostic tool that allows members to assess their business needs and connect them to tailored tools and resources;
- Implementing a new technical queries escalation model to ensure we respond to queries from members within an agreed timeframe; and
- Launching further My Firm. My Future. webinars and e-learning modules.

**Member: David Abrahams**

**Can the CEO kindly clarify what is happening with the development of quality assurance program in the COVID-19 environment and what improvements are being offered via the CPA online services to those in public practice? Thank you for your kind response.**

In 2020 we reviewed our quality review program to be relaunched in 2021 as the CPA Best Practice Program. The program has been designed with a member support model at its core, ensuring that it is fit for purpose, protects the public interest, and provides value to members by focusing on continual improvement. The new CPA Best Practice Program is based on best practice insights from the international accounting environment and extensive member and reviewer feedback. The program will:

- Educate members on their professional and ethical obligations
- Assess their business and compliance needs so they can build a sustainable practice
- Connect them to our tools and resources to help them make ongoing business improvements
- Increase collaboration between members and assessors

With respect to online services, the new website features a dedicated public practice dashboard that will focus on delivering personalised services and resources to members working in public practice as well as additional content, tools and products relevant to members, including the My Firm. My Future. suite of resources and the Professional Indemnity Insurance portal.

**Member: David Abrahams**

**Can you kindly update the members of CPA as to what is happening with the internal audit risk assurance of CPA Australia? Was this to be outsourced to an external firm? Thank you for kind response.**

As detailed on page 30 of the Integrated Report, internal audit services are provided by RSM. A yearly internal audit plan is approved by the Audit, Risk and Compliance Committee and the internal auditor reports to the committee five times per year. Internal audit has access to the Audit , Risk and Compliance Committee at any time.

**Member: David Abrahams**

**Can the CEO kindly advise when more technical accounting articles will appear in either the CPA INTHEBLACK magazine or online news updates? Will Dale Pinto be submitting any articles or any other Uni professors? Is CPA just relying upon technical updates from external organisations like the AASB or IASB? Thank you for your kind response?**

INTHEBLACK's mission is to deliver content for a global audience, addressing member needs for career guidance alongside deeper dives into trends and knowledge relevant to accountants, business professionals and aspiring leaders. It includes a monthly technical policy column alongside interviews with university professors and other educators. For example, the [February 2021 cover story on Prof Raymond Gordon CPA](#).

The accounting journal Australian Accounting Review (AAR) is published four times a year by CPA Australia. Its mission is to serve the needs of anyone engaged in

professional, government, academic, or policymaking areas of accounting. The journal includes articles on audit and assurance, financial reporting, management accounting, taxation and more. Other channels for technical content include Tax News, which addresses many of the technical needs of our tax practitioners, while INPRACTICE delivers both technical content created by our specialists and external updates.

**Member: Tony Alizzi**

**The Integrated Report references an account-based marketing approach by focusing CPA's resources on accounts that employ a large number of members. Does this mean if I work for a smaller firm CPA resources will be de-focused on serving me? It seems my fees will be subsidizing the cost of dedicated CPA account managers facing off at the large firms.**

There are multiple teams at CPA Australia whose work is focused on supporting members. The account based approach mentioned in the Integrated Report refers to our Relationship Managers who are primarily focussed on working with employers to attract new members to the profession. Relationship Managers work with organisations of varying size. All members are supported by our divisional and contact centre staff and we have increased our investment in this area to further support members through a new operating system and CPA Member Connect. We have also increased resourcing in our Public Practice team to support members in practice and through the release of tools and resources to help them, including My Firm. My Future, the Value of Advice report, a new public practice pathway and the CPA Best Practice Program.

## Questions received after the close of questions

**Member: Tony Alizzi**

**Unlike CA ANZ and IPA, the CPA program is not accredited with the government's Australian Tertiary Education Quality and Standards Agency (TEQSA). Can the Board explain why it has referenced the CPA Program as post graduate level in the Integrated Report? CA ANZ and IPA are prolific in promoting TEQSA accreditation of their programs.**

The CPA Program is aligned with the requirements of the Australian Qualifications Framework (AQF) for post-graduate level study. The AQF is a recognised, federal government framework used by all Australian education providers and is similarly used by the Tertiary Education Quality and Standards Agency (TEQSA) as a benchmark framework for ensuring consistency across institutions awarding recognised Australian qualifications. As CPA Australia does not award an Australian qualification, it is not required to be regulated by TEQSA, whose prime responsibility is ensuring consistent teaching and learning quality and standards from qualification awarding bodies. TEQSA regulation is not, in itself, a necessary hallmark of quality or standards.

All CPA Program subjects are recognised as being at AQF level 8 and above, which is the equivalent level required of post-graduate study at the Masters subject or degree. The validation of the level of understanding required by the CPA Program is provided by internal and external experts, including subject matter specialists that also sit on the TEQSA review panel of experts.

Further endorsement for the standards and quality of the CPA Program is provided by the fact that CPA Program subjects are embedded within the Masters programs of many universities, including the largest tertiary provider of accounting graduates in Australia, Macquarie University, demonstrating that the content and assessment required for subjects in the CPA Program meet the requisite standards of subjects at AQF level 8.

TEQSA regulation in itself is not a benchmark of standards and is not sought by organisations as such, but rather is used by organisations outside the public university sector seeking formal recognition for their award(s). For CPA Australia to also seek TEQSA accreditation, above and beyond its rigorous management and validation of standards, would involve additional regulation and cost for CPA Australia while not providing any supplementary support for the CPA Program as equivalent to AQF aligned post-graduate courses.

## Questions received by text and addressed during the meeting

**Member: Pasqualina Marie Gilmour - refer to AGM recording at 52:33**

**What was the actual income received from the Virtual CPA Congress which was held in November 2020? Please provide details of what the costs were to hold this event and whether there was any surplus. If there was a surplus, what will these funds be spent on?**

**Member: Lynette Pinder - refer to AGM recording at 54:10**

**On page 105 of the Annual Report under 'Professional services expense' Publications increased to 1,460 from 934, however my understanding was that we ceased the hard copy production of In the Black, so I would have expected these costs to decrease. Is there some other cost component in this line?**

**Member: David Abrahams - refer to AGM recording at 56:15**

**Can the auditor clarify how they undertook the audit during the period of COVID-19?**

**Member: David Abrahams - refer to AGM recording at 57:57**

**Can you kindly clarify why the accounts submitted to the members are consolidated and what is the advantage of these consolidated accounts for the members of a not for profit?**

**Member: David Abrahams - refer to AGM recording at 59:04**

**Can the financial controller kindly clarify how many sub accounts are there for each item in the profit and loss statement?**

**Member: Nancy Huynh - refer to AGM recording at 1:01:24**

Why did employee numbers increase to 525 FTE in 2020 from 488 in 2019?

**Member: Tony Alizzi - refer to AGM recording at 1:03:18**

Staffing increased by 8% from 488 full time equivalents to 525. Employee costs increased by 12.7% year-on-year despite executives foregoing bonuses. Can you explain why staffing numbers and staff costs increased so dramatically when many CPA's services and offerings were curtailed, suspended or moved to virtual format during 2020?

**Member: Tony Alizzi - refer to AGM recording at 1:05:31**

Are there plans to cut back International operations? All divisions outside Australia were loss making prior to the pandemic in 2019, and these losses widened during 2020 especially in China. How much longer do you expect Australian members to continue subsidizing loss making overseas geographies?

**Member: Pasqualina Marie Gilmour - refer to AGM recording at 1:07:51**

Further to my previous question, shouldn't there have been cost savings given that it was a virtual presentation. Over \$1 million seems quite high given that there weren't any hire facilities or catering costs....is this information "commercial-in-confidence" or are we as members, entitled to know where "the money is going"?

**Member: Nancy Huynh - refer to AGM recording at 1:09:48**

Are the new employees permanent, and can these increased expenses be sustained?

**Member: Karen Pitt - refer to AGM recording at 1:20:39**

When will it be possible for members to vote electronically in real-time rather than voting through a proxy?

**Member: Lakmin Wickramasuriya - refer to AGM recording at 1:21:55**

Could you please send an email chain to all members when recruiting for discussion groups and committees such as the young professionals committee etc, in order for all members to be aware?

**Member: Christopher Wood - refer to AGM recording at 1:23:00**

You mentioned that losses will be made for the next few years. Do we have sufficient reserves? Does the Board have a reserves policy in order to retain sufficient funds?

**Member: Lynette Pinder - refer to AGM recording at 1:25:05**

How many people are attending the AGM tonight in person and how many are online and how does this compare to last year?

**Member: Hwee Ping Koh - refer to AGM recording at 1:25:53**

**CEO mentioned that some ASAs have deferred their CPA modules / exams as they are not comfortable sitting online exams. I understand the ASAs' concerns and I hope that CPA Australia will allow them to extend their maximum time allowed to complete the CPA program on a case by case basis until whenever face to face written exams can be held. Thanks in advance.**

**Member: Simon Buckland - refer to AGM recording at 1:27:42**

**In the strategy highlights, could you please explain further the attraction part of the attract and retain future members?**