

2022 AGM

Questions not addressed at
the Meeting

These are responses to questions submitted by CPA Australia members at the Annual General Meeting (AGM), which were not addressed during the meeting. The questions were submitted via the AGM microsite, either in advance or during the meeting, or were taken on notice during the meeting.

This list does not include questions submitted in advance regarding an individual member's personal circumstances or about how to vote at the AGM. In those cases, we responded directly to the member ahead of the AGM.

For answers to questions that were addressed during the course of the meeting, please refer to the AGM recording, available here.

Questions received in advance – not addressed during the meeting

Member: Abochi

What is your plan in expanding the mutual recognition agreement with other well-known professional associations in the world? (E.g. we need to take exam to become a CIMA but a CIMA can easily become a CPAA without taking any exam. Do you think we could improve the condition for our mutual recognition agreement?) Thanks

CPA Australia has mutual recognition agreements and membership pathway arrangements in place with more than 25 professional accounting bodies in 20 countries and regions around the world, including Africa, the Americas, Asia, Oceania and Europe. These agreements enable CPA Australia members to gain credentials with international professional bodies and provide members of other professional bodies with a pathway to CPA Australia membership. In making these agreements, we seek to set terms that are mutually beneficial to members of both organisations. All pathway agreements are subject to review based on changes in syllabus, membership and practical experience requirements. We remain committed to improving our pathways and create more opportunities for members.

Member: Joanne Lee

Planning to immigrate to Australia in few years (got the spouse visa already). May we know what kind of support Australia CPA could offer to help the new immigrants (of CPA Australia) to get along with Australia community and job market? Thanks!!

The CPA designation is widely recognised and respected by employers throughout the accounting and finance profession, as well as across the broader community, and denotes a finance professional of the highest training and expertise.

CPA Australia offers a free Migrant Skills Assessment Program for migrants relocating to Australia. This is part of the Australian Government's Migrant Skills Incentives program, which aims to maximise the contribution of Australia's onshore migrant workforce.

Members also have access to a range of benefits and networking opportunities through their local divisions. This includes member events and discussion groups based on your industry sector or geographic area. Our education offering features a mentoring program and includes an extensive range of continuing professional development options that ensure members maintain relevant and up-to-date skills.

We also have a Recognised Employer Program featuring organisations that provide support and professional development opportunities to employees.

Member: Alex Horner

When a CPA member resides outside of Australia, in a jurisdiction where the membership CPA Australia does not establish any actual advantage due to its limited recognition, could these members pay a discounted annual membership fee? E.g. the discount could consist of a membership fee in the local organisation (member of IFAC) which the CPA Australia member pays in addition to the membership of CPA Australia.

The Board considers pricing for all classes of membership each year with consideration to the overall value proposition of membership, including for international members. We believe our membership fees are comparable to other professional bodies based on the services we offer. The Board is focussed on ensuring members receive value, wherever they live and work, and this is a priority of our member engagement strategies. During the renewal period, members have the opportunity to apply for reduced fees if their working circumstances have changed or their ability to earn an income is significantly impacted.

Questions taken on notice during the meeting

Member: Tony Alizzi – with reference to the KPMG Australia professional misconduct.

This cheating scandal had been going on for at least five years. KPMG audited the books of CPA Australia in both 2019 and 2020. In respect of the CPA audits for 2019 and 2020, how many cheating KPMG staff worked on these audits?

Due to privacy reasons, KPMG Australia is not able to advise us if any of the audit team that worked on CPA Australia's audit in 2019 and 2020 were involved in the professional misconduct issue that was reported last year. As previously advised, KPMG Australia confirmed that no one involved in the misconduct worked on CPA Australia's 2021 audit and that no members involved in the misconduct will participate in any future audit of CPA Australia's financial reports.

Member: David Abrahams

What is the long strategy to build an investment stream besides the current strategy of increasing CPA Australia members?

CPA Australia is focused on providing services for members while also attracting new members into the organisation to support the profession. Where it makes sense to do so, the organisation does sell products such as Virtual Congress to non-members with that revenue re-invested to support members.

Questions deferred to General Business during the meeting

Member: Utsil Tokra

How are we planning to enrol as many students as the main funds that we get is from the students and members, so how are the plans? I'm sure there must be some strategy.

While CPA Australia's membership has continued to grow – now more than 170,000 members in over 100 countries – membership is not growing as fast as we would like.

COVID-19 has impacted the already declining number of students choosing to study an accounting degree. We are very conscious of how the profession is changing and the new organisational strategy will look at ways to attract the next generation of accountants. We will be taking an all-round approach, focussing on the future of the profession across our advocacy work and education offering. This includes some initiatives that have already been implemented and some that we are developing, including:

- Providing additional support for candidates studying the CPA Program to attain full membership:
- Expanding membership pathways
- Strengthening relationships with employers and tertiary institutions
- Expanding our social media presence
- Focus on the future of work and the future of the profession

Member: Tony Alizzi:

I just have one more question in relation to page 38 (of the 2021 Integrated Report). CPA's greenhouse gas emissions of almost 15,000 tonnes of carbon, mostly through Scope II emissions. CPA Australia is the only designation which offers paper-based tests for the thousands of students attending centre-based examinations. CA and IPA moved away from paper-based testing a while ago and are well advanced on CPA on this basis. CPA is the only designation where students sit a test where trees are cut down. Given that CPA, and as Mr Hunter pointed out, has at this stage no sustainability targets, no ESG strategy, and no identifiable path to net zero at this point, what would you say to young prospective members who are evaluating the various designations based on sustainability and licence to operate?

With respect to paper-based exams, CPA Australia currently delivers 0.5% of its exams in paper-based format – this is approximately 120-180 exams per semester depending on enrolment numbers, location and the needs of candidates. The majority of these are through our partner, the tax Academy of Singapore, who deliver the Singapore Tax exam in paper-based testing format.

Excluding Singapore Taxation, paper based exams are used only in particular circumstances that require a paper based modality. This includes reasonable accommodation requests for candidates where required (e.g. candidates with vision impairment), in locations where there is no current test centre or locations unable to be accessed via online proctored exams due to internet infrastructure concerns.

On the broader topic of sustainability, CPA Australia is active in community advocacy. We continue to engage with governments and regulators to call for policies that promote sustainable economic growth, and that have positive business and social outcomes. This includes a sharper focus on environmental, social and governance issues, including climate change.

We believe that climate change is an economic risk as well as an environmental risk and accountants are well placed to contribute. That is why we are involved in the Accounting Bodies Network and the Prince of Wales' Accounting for Sustainability project (A4S).

A4S brings together the global accounting community to be part of the response to climate change.

In 2021 CPA Australia joined 13 other major global accounting bodies to sign a statement committing to net zero emissions. We were also part of the global consultation leading up to the announcement at the COP 26 climate conference of the new International Sustainability Standards Board (ISSB).

We published an 'ESG reporting white paper' and the 'Climate change and financial reporting guide'.

Plus, as referenced in the question, in the 2021 Integrated Report we disclosed our greenhouse gas emissions. This is the beginning of our path to net zero.

In 2022, we will begin to develop our ESG strategy that will bring together the work we are already doing as well as new initiatives, including:

- actions to reduce greenhouse emissions in our organisation and the start of a roadmap to net zero
- Education and initiatives for employees
- Resources to support members to reduce emissions in their own and their clients' businesses.

Member: Karen Pitt

I've got a couple of questions about diversity. Yes, the 50-50 is pretty impressive until you break it down by age group. What activities is CPA doing to looking at retaining more senior female members, because once you get over 50, and particularly in the 60 and 70 groups, it's looking pretty grim.

The gender gap between male and female members has been gradually closing over a number of years. In 2021, we had an even 50 per cent split in male and female members. As highlighted in the question, the demographic of members aged 50 and above is currently heavily skewed towards males (67 per cent male v 33 per cent female). This is largely a legacy outcome based on accounting being a male dominated profession in the past. In 2008, for example, CPA Australia's membership was 52 per cent male and 48 per cent female. As a higher proportion of women have continued to enter the profession we have seen the gender gap close.

Retaining a diverse membership and organisation is important to CPA Australia. We have a 50-50 gender split on the board and 60-40 split in favour of women on the executive management team. We have also recently changed the qualification guidelines for FCPA status, removing potential limitations that may have previously disadvantaged women from applying for FCPA status.

Questions received by text – not addressed during the meeting

The following questions were submitted by member **David Abrahams**.

Can you please advise why it took so long for the management team to respond to the prior year AGM questions and then post those answers? Did the management team have to seek legal advice to clarify any such answers?

We welcome the right of members to ask questions of the Board and we aim to respond to all of them in a timely manner. Questions asked at the 2021 AGM that were not answered on the night were addressed within 28 days, with responses posted on our website after giving appropriate consideration to all questions raised and within the time required under the Corporations Act.

Would the CPA Board welcome an annual forensic audit of the CPA Australia accounts instead of the current audit? If not, why not?

CPA Australia's reports are audited by a registered company auditor in line with our statutory obligations. There have been no issues identified or concerns raised resultant from either our annual external audit or our independent internal audit program that would necessitate the conduct of a forensic audit.

Can CPA Australia Board advise why the profit and loss, the balance sheet, the cash flow statement and the notes to the accounts are fair for the needs of the members of CPA Australia?

CPA Australia's financial reports are prepared in line with the requirements of the Corporations Act and appropriate accounting standards. Further to this the accounts of CPA Australia present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information for users. Where appropriate, we provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Can you please advise how much was paid to subcontractors during the last financial year?

CPA Australia utilises in-house resources where possible and also engages expertise from external providers as appropriate to ensure that we deliver the highest levels of services and support to members. The costs associated with external consultants are in note 6e of the Integrated Report.

Why don't the state presidents provide a financial report relating to the state operations?

CPA Australia is a global organisation and provides financial reports for the entity as a whole. The respective divisions are not separate entities and do not provide separate financial reports.

Who are the tax advisers for CPA Australia and who lodge the tax returns for CPA Australia? Is it KPMG?

CPA Australia engages a suitably qualified organisation to provide holistic tax advice and associated services, including the lodgment of tax returns. As KPMG is currently engaged to provide CPA Australia with independent audit services it would not be appropriate for KPMG to also be engaged for the provision of operational tax services.

CPA Australia advised that its "level of disclosure exceeds that of similar organisations reporting under Australia Accounting Standards." Can you please advise what are the names of the similar organisations for CPA Australia bases it accounts disclosure exceeds? Should not the disclosure of CPA Australia be based upon what the members of CPA Australia want and not upon the level of disclosure of other similar organisations?

The Board is committed to increased transparency. Building on previous years, the Integrated Report features an increased level of disclosure and transparency and provides members with an insight into the material aspects of CPA Australia's operations and the ways we create value now and into the future. This includes an extended Statement of Profit or Loss with supporting notes on expenses, additional disclosures on taxation, remuneration for directors and key management personnel and detailed information on our member demographics, KPIs and targets, as well as our performance on our annual Member satisfaction survey. This level of disclosure is in response to member expectations and is benchmarked against membership organisations of a similar size and business sector.

Is it correct that CPA Australia Advice Pty Ltd was deregistered in October 2021? Did CPA Australia Advice Pty Ltd incur losses and if it did can you please the amount of the loss?

CPA Australia Advice was deregistered with ASIC on 31 October 2021 in line with the 2018 decision by the Board of CPA Australia. In 2021 CPA Australia Advice incurred costs of \$14,000 including Director fees of \$7,500 and other costs related to winding down of the company. This is disclosed on page 95 of the Integrated Report.

Can you please advise whether overseas branches provide a financial report to their members? Does for example CPA Malaysia or Hong Kong or New Zealand provide separate financial reports to their state members?

CPA Australia is a global organisation and provides financial reports for the entity as a whole. The respective divisions are not separate entities and do not provide separate financial reports to members based in that division.

Can you please advise the members of the cost associated with holding the CPA Australia AGM inclusive of travel and accommodation costs for board members and management team?

The costs associated with holding the 2022 AGM will be included in 2022 Integrated Report under note 6(e) within the reported line "AGM". Additionally travel costs associated with the AGM are reported along with other travel costs within note 6(g).

Who are the users of the CPA Australian integrated reports and how is CPA Australia trying to provide a financial report which non-accountants can follow and understand?

The principal audience for CPA Australia's Integrated Report is our members but the report also provides important information for other key stakeholders of the organisation and the profession. Integrated reporting is all about communicating a holistic picture of how a business creates value over time. It includes information on our use of financial and non-financial capitals such as human, manufactured, natural, intellectual and social and relationship capital. This broader perspective means it can be understood by accountants and non-accountants alike.

Our 2021 Annual Report is our ninth report prepared utilising the Value Reporting Foundations' <IR> Framework. It has received limited assurance in accordance with the <IR> Framework by KPMG. Integrated reporting is an important tool for all businesses to communicate a broader picture of their strategy and performance. That's why we are not only talking about it, we're among those practicing it.

What is being done to support discussion groups as the information on the CPA Australia website appears to be outdated?

CPA Australia operates around 180 discussion groups across the various Divisions. They are based around industry sectors, specific fields of accounting, or geographic and age group networks. Discussion Groups are supported by local Divisions and managed independently. They are listed on the website along with contacts for each group. While we endeavor to keep the website up to date, there may be occasions where there is a delay in updating information. Please contact your local office for any queries on discussion groups in your area of interest.

CPA Australia has offered activities to those members that operate near or close to the central offices like Melbourne, but what does CPA do for members that are not in the city area or near the city area?

CPA Australia operates activities and events in all areas where members live and work. Depending on the member's location, we have a series of regional branch networks that run local face to face events and regional discussion groups. Please contact your local office to find out more.

One of the by-products of the COVID-19 pandemic was the way people adapted to new ways of working, including the transition to an online environment. When it was not possible to come together in face-to-face gatherings, CPA Australia continued to engage with members online. This transition has enabled members to tune into a wide variety of webinars, workshops and online conferences no matter where they are being held, including the hybrid AGM. Member events are more accessible than ever before. In 2021 we held more than 2110 events, including more than 1300 virtual events that attracted more than 180,000 registrations. Virtual Congress alone drew a record 12,000 registrations.

Can you please advise the number of members that attend the AGM? Can you also advise the number of members that attended the AGM by the internet?

As reported in the Board update of 19 May, around 80 people attended the AGM in person and 240 people watched the AGM online. There was a quorum present as announced by President and Chairman Merran Kelsall at the start of the AGM.

Are the state presidents and state committees of any real use, given major discussions relating to the operation of CPA Australia is made by the board and the management team? Also, would there be any cost saving if a lot of the committees were consolidated to represent all the states?

CPA Australia operates 13 Divisional Councils, including eight State and Territory based councils in Australia and five international Divisions in Europe, Greater China, Malaysia, New Zealand and Singapore.

Divisional Councils are integral to CPA Australia and with the Council of Presidents form an important link between members, the CPA Australia Board and the organisation. The Council of Presidents comprises the Presidents of each of the Divisional Councils and draws on the views of members to advise the Board on strategic issues and opportunities.

CPA Australia's various councils and committees are made up of members who represent fellow members from their local area or industry sector. They offer feedback and guidance to management on issues impacting members and the profession. They also contribute to their own development by increasing their professional knowledge and networks. The committees are generally based on industry sector or specific accounting disciplines, including Board committees and Centres of Excellence. As such, they are already consolidated to represent members across the various divisions. There are local divisional committees that represent the interests of

members in geographic locations. These are convened locally and made up of members who volunteer their time and expertise. As an organisation, CPA Australia benefits enormously from our network of councils and committees.

Can you please explain why it appears that the same individuals appear year after year on state divisional councils? What is CPA Australia doing to encourage new representatives?

Members are elected to Divisional Councils for fixed a term of three years and are entitled to nominate for a further three-year term. This provides continuity but also ensures an ongoing succession of council representatives. We encourage members to nominate in a variety of ways. A notice calling for nominations is included in CPA Update, INTHEBLACK and via a tile on the home page of the CPA Australia website. In addition, the respective divisions will notify local members via divisional newsletters, social media posts, Council meetings and discussion groups. Candidates are also encouraged to use their own channels to engage members. Each year we have strong interest from members with the number of candidates exceeding the number of positions available. This is why we need to hold an elections in some divisions. In 2021, 86 members nominated for 65 vacancies across the 13 Divisional Councils.

If so few members are involved in the strategy meeting and strategy review, then how can the CPA Board be assured that what strategy they are putting forward to members is the right one? Why do so few members get involved?

There has been a significant contribution from members to help co-design CPA Australia's next strategy. In addition to input from the Council of Presidents and Divisional Councils, we have conducted deep-dive workshops with groups of members from different industry sectors, as well as 15 interactive workshops with members from across the various Divisions. Overall, more than 1100 members and employees provided input on CPA Australia's priorities for the next few years. These are engaged members who were willing to share their views and help shape the future of the organisation, and we are very appreciative of their contribution. The board is very confident that the input from these engaged members combined with the industry knowledge and experience of CPA Australia's specialists will deliver a strategy that reflects the needs of members, protects the reputation of the CPA designation and places CPA Australia at the forefront of the accounting profession.