

**+ CPA  
Australia  
Sustainability  
Report 2010**

## **CONTENTS**

<b>President's message</b>	<b>2</b>	<b>CEO's message</b>	<b>4</b>	<b>About this report</b>	<b>6</b>
<b>About CPA Australia</b>	<b>11</b>	<b>Sustainability performance</b>	<b>15</b>		
<b>Education and careers</b>	<b>20</b>	<b>Member resources</b>	<b>23</b>		
<b>Leadership and influence</b>	<b>28</b>	<b>Partnerships and community</b>	<b>37</b>		
<b>Our people</b>	<b>41</b>	<b>Corporate governance</b>	<b>52</b>	<b>Financial report</b>	<b>59</b>
<b>Financial performance</b>	<b>60</b>	<b>GRI Index</b>	<b>64</b>		

**CPA Australia is the global professional  
accountancy designation for strategic  
business leaders.**

**CPA AUSTRALIA  
SUSTAINABILITY REPORT  
2010**



## PRESIDENT'S MESSAGE



*“The CPA Australia Board is committed to reporting on a range of performance measures, not just financial.”*

LOW WENG KEONG, FCPA  
President and Chairman of  
the Board of CPA Australia

The term sustainability means different things to different people. For some, it's all about environmental sustainability and the reduction in consumption of finite resources. For others, it's about providing real value to the lives of employees and the people who make up the communities an organisation serves. Others believe it's merely about being profitable over the long-term.

Sustainability is all of these things and so much more, as you'll see in this report. The Board of CPA Australia is proud that the performance of our organisation stacks up.

In 2011, CPA Australia will celebrate its 125th anniversary. Organisations don't last this long unless they are doing some things right. In our case, we can point to a long, dedicated history of serving the public interest, helping economies improve their standards of living, meeting the needs of our members and the organisations they serve, providing opportunities to our people, and having respect for the resources that go to the production of our services.

The CPA Australia Board is committed to reporting on a range of performance measures, not just financial.

Monitoring and reporting on our annual sustainability performance ensures that we make the best decisions for our organisation with consideration to economic, social and environmental factors. It also gives our stakeholders confidence in the way we operate and is an important part of our relationships with our members.

By choosing to transparently report on non-financial measures, we're signifying that these measures are important to us, to the communities we serve, to our members and to the future of our organisation.

Accountants, as strategic business leaders, owe it to future generations to pursue better ways to report.

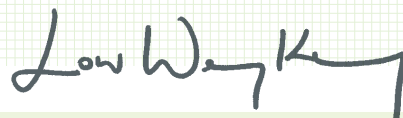
With this in mind we recognise that integrated reporting – that is, the integrated representation of a company's performance in terms of both financial and non-financial results – is going to be one of the best tools to integrate sustainability into organisations.

I look forward to CPA Australia working toward integrated reporting outcomes in the not too distant future.

We also recognise that it's our members, a worldwide network of business leaders and professionals, who can bring their considerable influence upon sustainable actions and processes. By taking an active role in implementing such practices and sharing this knowledge with our members, they, in turn, influence the organisations they work with, and collectively we will have a significant impact.

Through education, advocacy and knowledge exchange, CPA Australia demonstrates our commitment to creating and supporting sustainable business and the changes and impacts this will bring our profession.

To continue in the future and well past the 21st century, the challenge will be making sure we continue to be sustainable and do what's required to ensure we continue to add value for at least the next 125 years.



LOW WENG KEONG, FCPA  
President and Chairman of  
the Board of CPA Australia

## CEO'S MESSAGE

*"We understand that to continue our success as the global accountancy designation for strategic business leaders, a thorough understanding of sustainability issues and how they affect us must be maintained."*



ALEX MALLEY, FCPA  
CEO of CPA Australia

There are many ways in which sustainability is relevant to CPA Australia, not least of all because a business leader cannot be successful or strategic, now or in the future, without knowledge and understanding of sustainability. Climate change, carbon pricing, ethical conduct and sustainable economic growth are a few of the reasons why.

Sustainability is about respect for the world's resources and therefore making better resource allocation decisions is a priority of CPA Australia. We understand that to continue our success as the global accountancy designation for strategic business leaders, a thorough understanding of sustainability issues and how they affect us must be maintained.

So far we've been concentrating on working within the accounting profession, the organisation and the community

to build sustainability capacity. Having reached the end of our initial three-year sustainability journey through the implementation of our Corporate Social Responsibility (CSR) plan, the test of our commitment will be to ensure that all our sustainability measures and operations become part of 'business as usual' as we seek to embed these within our organisational strategies.

We have already started to provide employee training on the Global Reporting Index (GRI) principles and next year we will introduce relevant sustainability key performance indicators into our staff development and review process.

CPA Australia's sustainability performance scorecard on page 16 will give you a good sense of our achievements and challenges in 2010 and our future goals.

One initiative I am particularly proud of is that our CPA Program's structure and syllabus now incorporates sustainability to ensure future CPAs are informed and able to adapt to this ever emerging area and its impacts on our profession.

Despite some very positive achievements, we are first to admit that there is still much to do in terms of sustainability and the next focus for us is to take on the challenge of developing internal and external integrated reports. This has certainly been something we've advocated strongly for within the profession, and I look forward to CPA Australia embarking on this journey prior to 2013.

The nature of our profession is also changing and CPA Australia needs to continue to be at the forefront of these changes. We are part of an increasingly global and competitive arena. Our mobile membership reflects the fact that workplaces are changing significantly and there is a greater potential for members to cross sectors and borders. We understand the need to provide relevance to our members and stakeholders, meet their knowledge requirements and engage with them using the most up-to-date technologies.

To that end, this year we've ensured that our members are able to access knowledge on how sustainability matters directly influence

present and future economic climates; we have held conferences; implemented an environmental, social and governance (ESG) portal; and embedded sustainability education into many of our programs. On page 16 you will see that we delivered more than 20 sustainability focused face-to-face professional development events throughout the year, attracting approximately 3,000 registrations.

In addition, some significant events we attended this year included the Global Reporting Initiative's Conference on Sustainability and Transparency in Amsterdam, the UN Global Compact meeting in New York, the CSR-Asia conference in Hong Kong and the World Congress of Accountants in Kuala Lumpur. We were proud to be a gold sponsor of both conferences convened in Asia.

In 2011 we will continue to provide a suite of information that supports, encourages and informs our members, employees and the broader community about respecting the sustainability of resources. We will also share with our members, and the wider profession, the knowledge of sustainability we acquire through research and active event participation.

The journey continues.



ALEX MALLEY, FCPA  
CEO of CPA Australia



ABOUT  
THIS  
REPORT

- + This is CPA Australia's third sustainability report. This report seeks to provide our stakeholders with a balanced account of our economic, social and environmental performance for 2010.



We report on an annual basis and this report covers our performance from 1 January to 31 December 2010. This report covers the activities of CPA Australia Ltd and our controlled entities and is inclusive of all our employees' office locations in Australia, Asia-Pacific and Europe. There are no identified material exclusions from this report. There have been no significant changes from previous reporting periods in scope, boundary or measurement methods.

The structure of this report follows that of our 2010 annual report. The two reports are designed to complement each other and we recommend reading each in reference to the other. Our previous sustainability report was published in 2009.

We have used the Global Reporting Initiative's (GRI) G3 Guidelines 2006 to guide the preparation of this report to an Application Level C+.

The GRI is the world's most widely used sustainability reporting framework and by applying its criteria CPA Australia is observing global best practice.



The 'C' indicates that we have met the GRI criteria for reporting on a minimum of 10 performance indicators, including at least one economic, social and environmental indicator. The 'plus' (+) signifies that parts of the report have been subject to independent external assurance. Our GRI self-declaration of 'C+' has been independently assured by Deloitte Touche Tohmatsu, and their independent limited assurance statement is included on page 57.

Independent, external assurance is important to our stakeholders and to CPA Australia. We believe it drives effective business process outcomes. It helps build trust around sustainability reporting and develop the crucial transparency and accountability that our profession is known for.

Some of our stakeholders would like to see us move from limited assurance up to reasonable assurance, however on a cost-benefit analysis, reasonable assurance is not feasible at this stage.

In addition, the GRI has undertaken an Application Level Check on the report and this statement is included on page 56. For more information about the GRI, the guidelines and application levels, please visit [www.globalreporting.org](http://www.globalreporting.org)

### **Defining our report content**

Drawing on the GRI's four principles for defining report content, the content of this report has been shaped by several processes undertaken throughout the year. We aim to ensure we identify and report on what's most important to our stakeholders.

### Independent stakeholder research and feedback

Being a global member-based organisation, we have a wide range of stakeholders. The challenge for CPA Australia is meeting all of their different information needs. We address this challenge by asking our stakeholders what's most important to them and focussing on these areas.

Our basis for selection of our stakeholders rests on formal structures (i.e. the Board), our members, suppliers, and others we seek to engage. We categorise our stakeholders into three groups identified as 'employees', 'members' and 'influencers'.

EMPLOYEES	MEMBERS	INFLUENCERS
Employees	Members and prospective members	Employers and recruitment firms
	Board of Directors	Regulators, governments and their agencies
	Councils	Media
	Committees and disciplinary panels	Sponsorship partners
		Professional industry bodies
		Academic institutions and research partners
		Partner community groups
		Suppliers

This report was prepared for these key stakeholders.

An independent third party was commissioned to research stakeholder feedback on CPA Australia's 2009 report. As part of this research, 40 internal and external stakeholders provided their views and perceptions of the 2009 report. The table to the right is a summary of the issues most important to these stakeholders and where the related information can be found in this report.

CATEGORY	MOST MATERIAL ISSUES	STAKEHOLDER GROUP	WHERE TO FIND IT
CORPORATE GOVERNANCE	Integrate sustainability into governance	Members	Pgs 2 & 4
	Challenges	Employees	Pg 16
	Benchmarked against other organisations	Influencers	Pg 19
	Board structure	Influencers	Pg 53
	Risk management	Influencers	Pg 54
OUR PEOPLE	Diversity	Influencers	Pg 43
	Gender issues	Employees and members	Pg 44
LEADERSHIP AND ADVOCACY	Public policy positions	Members	Pg 30
	Industry leadership	Influencers and employees	Pg 29
PARTNERSHIPS AND COMMUNITY	Community impacts and partnerships	Members, influencers and employees	Pg 38
ENVIRONMENT	Environmental leadership	Members	Pg 31
	Environmental activities	Members	Pg 32
	Frameworks and policies	Employees	Pg 32
	Waste	Members, influencers and employees	Pg 33
	Green procurement	Influencers	Pg 35
	International breakdown of performance	Employees	Pg 34
	Water	Members	not reported
ECONOMIC	Financial implications of climate change	Members and influencers	Pgs 31 & 35
	Costs and expenditures	Employees	Pg 61

### Introduction of a half year sustainability report (internal)

In order to monitor our sustainability performance and progress on a more frequent basis, in 2010 CPA Australia produced our first internal half year sustainability report. The report was reviewed by CPA Australia management and Board. Based on this review we began our risk assessment and internal peer review processes.

### Risk assessment

Using information from the half year report, a risk assessment (developed by CPA Australia's internal audit team) was conducted on each GRI indicator. The results of this assessment concluded that our performance in relation to public policy and advocacy, staff turnover and gender diversity are the most material issues to CPA Australia in terms of risk.

### Peer review (internal)

A peer review was also undertaken to ensure we can support our current and future sustainability objectives. The outcomes of the review determined that our previously reported indicators were still material to CPA Australia, however we also identified a number of additional indicators as potentially material.

We have not reported on any new performance indicators in 2010 as we have prioritised balance, data improvement and our responsiveness to our stakeholders' concerns and interests.

However, we intend to undertake a thorough internal materiality review in 2011 to investigate their inclusion in the future.

### Understanding our greatest impacts and opportunities

We believe our greatest sustainability impacts and opportunities are achieved through our members, we have sought to include information about our performance, challenges and goals in these areas.

### We welcome your feedback

We know that through genuine dialogue we will achieve the best outcomes during our sustainability journey. Our stakeholders will be the best judge of this and we aim to reveal their views in our 2011 independent stakeholder review.

We value your feedback on this report and any enquiries about our CSR policies or practices. For more information, contact CPA Australia CEO Alex Malley on [ceo@cpaaustralia.com.au](mailto:ceo@cpaaustralia.com.au)

**Sustainability vision:  
To draw upon CPA  
Australia's core  
strengths to become  
a leading advocate of  
sustainability.**



ABOUT  
CPA  
AUSTRALIA

- + CPA Australia is one of the world's largest professional accounting bodies with operations across Australia, the Asia-Pacific and Europe.

We are a not-for-profit organisation providing members with a wide range of services designed to enhance their professional knowledge, support their career development and help them be an asset to their employers around the world. On 31 December 2010, we had more than 132,000 members working in 111 countries.

Our core services to members are certification, knowledge and advocacy. We work individually and with local and international bodies to represent the views and concerns of the accounting profession to governments, regulators, industry, academia and the general public.

We have a strong international presence in terms of our representation on international bodies and influence in the profession globally. Strategy, leadership and international business are what sets us apart from our competitors and provides our members with a competitive advantage in the global marketplace.

#### Achieving our vision through our 2009-11 Corporate Plan

One of the main means of pursuing our sustainability vision is to provide members with ready access to career enhancing knowledge. CPA Australia's 2009-11 Corporate Plan was approved by the Board of Directors in July 2008. It provides a path for implementation of our vision for CPA Australia.

#### OUR VISION

CPA Australia is the global professional accountancy designation for strategic business leaders.

#### OUR MARKET

Our brand and our members are global – we have operations in chosen markets throughout the world.

#### OUR GOAL

To maximise market share of people who want a career built on professional accounting skills.

To read more about our 2010 performance, see the 'Performance' section in our 2010 annual report.

## OUR GOAL

# Maximise the share of people who want a career built on professional accounting skills.

### Build the CPA Australia brand and market for growth.

Position the designation as the premier global brand for strategy, leadership and international business.

Partner with employers and recruiters to increase demand for CPAs.

Implement integrated marketing and communication strategies to drive growth in all markets.

### Provide a CPA Program and entry pathways that are globally competitive.

Enhance the CPA Program's global relevance and align with our brand positioning.

Provide more ways for people to become CPAs whatever their educational background.

### Provide members with ready access to knowledge that enhances their careers.

Position the designation as the premier global brand for strategy, leadership and international business.

Partner with employers and recruiters to increase demand for CPAs.

Implement integrated marketing and communication strategies to drive growth in all markets.

### Develop organisation capability.

Create a change ready culture, with focus on execution and performance supported by strong leadership.

Improve cost efficiencies and margin management, and build commercial rigour into everything we do.

Recruit and retain people with desired skills, whose values are aligned with the business.

Align and adapt structures, systems and processes to support goals and strategies.

### We will

Align all we do to enhance the value of the brand.

Drive strategies and operations with global application.

Provide high-quality products and services, executed with excellence.

### Significant changes

In 2010, CPA Australia implemented a new structure to enable us to respond to current and future challenges posed by a rapidly changing external environment. Next year we will focus on building internal capabilities in six portfolio areas:

- Strategy
- Member Engagement
- Brand and Marketing Communications
- Business Development
- Member Knowledge
- Corporate Services

More information about our organisational structure can be found in the 'Our People' section of this report.



### 2010 Awards

#### Meeting and Events Australia (MEA), National Award for Corporate Social Responsibility

CPA Australia received this award for the 2008 CPA Congress. Although the attainment of the award falls out of the current reporting period, we did not receive notification until 2010.

The 2008 CPA Congress contributed to our sustainability objectives by supporting our three areas of focus – Profession, Organisation and Community. Our continued efforts to reduce the environmental impacts associated with CPA Congress were communicated through the Congress website, delegate confirmation letters and electronic direct marketing to members and non-members.

#### W3 Awards / International Academy of the Visual Arts Gold Award for Best Professional Services website

CPA Australia's new website, launched in February 2010, won this award that honours creative excellence on the web. Our web development agency won the award based on the usability and professional service the new website provides users. The W3 Awards are sanctioned and judged by the International Academy of the Visual Arts, an invitation-only body consisting of top-tier professionals from acclaimed media, interactive, advertising and marketing firms.





SUSTAINABILITY  
PERFORMANCE

+

Throughout our history we have anticipated and embraced change to better serve the needs of our members and their employers, as well as the broader community.

**2011 will mark the 125th anniversary of our origins. We have established ourselves as a pre-eminent global professional accountancy body, the seventh largest in the world. Almost a quarter of our membership currently lives and works outside Australia.**

**Strong organisational performance has enabled this growth. Following is a summary of our sustainability challenges and achievements for 2010, along with our goals for the next reporting period.**

## 2010 Sustainability Performance Scorecard

	ACHIEVEMENTS	CHALLENGES	2011 GOALS
EDUCATION AND CAREERS	<p>Launched new structure and syllabus of the CPA Program, incorporating updated subject matter on sustainability, non-financial reporting and governance.</p> <p>Increased accessibility to undertake the CPA Program, attracting more people into the accounting profession.</p> <p>Delivered more than 20 sustainability focused face-to-face professional development events throughout the year, attracting approximately 3,000 registrations.</p> <p>Participated and supported Business Higher Education Round Table (BHERT) – establishing sustainability skill sets required for the profession.</p>	<p>Increasing competition for higher education students throughout the region, placing pressure on the higher education sector in Australia.</p> <p>The need to provide additional support and leadership to some international CPA Program participants who are being introduced to CSR/ sustainability for the first time.</p> <p>Further developing undergraduate degrees to prepare the profession for sustainability.</p>	<p>Establish higher education policy support.</p> <p>Continue working with BHERT to build sustainability capacity across profession.</p> <p>Review all feedback from the first intake of the revised CPA Program.</p> <p>Embed sustainability into key technical products i.e. financial modelling, life cycle analysis.</p>
MEMBER RESOURCES	<p>Launched our environmental, social and governance (ESG) Centre of Excellence.</p> <p>Community+ online discussion forum launched with dedicated sustainability discussion group.</p>	<p>Attracting greater member participation in sustainability online discussions and forums.</p> <p>Engaging across disciplines to ensure accounting principles influence current approaches.</p>	<p>Increase ESG webinars and online presence on sustainability issues.</p> <p>Double Community+ participants in order to increase discourse and provide a greater exchange of sustainability information.</p>

	ACHIEVEMENTS	CHALLENGES	2011 GOALS
LEADERSHIP AND INFLUENCE	<p>Established online communities and knowledge portals to encourage discussion and thought leadership, which achieved 10,000 hits.</p> <p>Continued funding of GRI Focal Point Australia.</p> <p>Commissioned and published several research papers on sustainability.</p> <p>Delivered key addresses at global conferences, forums on sustainability – including GRI – and the World Congress of Accountants.</p>	<p>Incorporating member interests into public policy positions.</p> <p>Improving methodology of environmental data capture, beginning with our CO<sub>2</sub>e.</p>	<p>Embed sustainability in performance measures across the organisation.</p> <p>Continue to participate in international forums on integrated reporting.</p> <p>Provide the profession with continued leadership on integrated reporting.</p> <p>Continue to be a key advocate for measures to improve take-up of integrated reporting through the Business Reporting Leadership Forum in Australia.</p> <p>Create a carbon footprint management plan.</p>
PARTNERSHIPS AND COMMUNITY	<p>In conjunction with the Australian Government, operated the International Partnership Program for a third successive year, a capacity building education program for future leaders of the accounting profession in developing and transition economies throughout the Asia-Pacific.</p> <p>Provided over 600 disadvantaged Australians with training in financial literacy through Mission Australia partnership.</p> <p>Contributed to the International Integrated Reporting Committee thought leadership on sustainability.</p>	<p>Selecting strategic partner(s).</p> <p>Working with donor bodies to source and secure recurrent funding.</p> <p>Ensuring the Australian and regional voice is represented in significant international developments and forums.</p> <p>Ensuring our innovative business-related research achieves practical outcomes in emerging areas, such as capital investment appraisal.</p>	<p>Continue to improve financial literacy in the community.</p> <p>Review current financial literacy programs.</p> <p>Enhance international relationships to continue to drive thought leadership and member experience in relation to sustainability.</p> <p>CONTINUED</p>

ACHIEVEMENTS

CHALLENGES

2011 GOALS

PARTNERSHIPS  
AND  
COMMUNITY

Participated in HRH's Accounting for Sustainability Project.

Provided technical and educational resources and advice to professional accounting bodies in Fiji, Papua New Guinea, Vietnam, Mongolia, Samoa and the Solomon Islands.

OUR PEOPLE

Implemented new organisational structure to further align organisation to strategy.

Over 100 staff participated in volunteering activities.

New office premises in Adelaide and Sydney selected using energy consumption and environmental performance as key selection criteria.

Reduced incidence of sick leave among employees.

12% of staff secured an internal promotion.

12 employees trained on GRI reporting.

Understanding causal factors for higher turnover rates among employees in 2010.

Ensuring greater diversity (including gender diversity) in senior executive roles to better reflect member demographics.

Ensuring our leaders are appropriately skilled to implement the performance review and development (PRD) process.

Implement the CPA Australia wellbeing program for employees.

Refine recruitment processes to ensure diverse shortlists.

Conduct systems review for managing contractors.

Global OHS/workplace inspections.

Investigate the use of online performance review development (PRD) tools.

Move to new premises in Singapore, Western Australia and New Zealand.

Support employees in their transition to retirement.

	ACHIEVEMENTS	CHALLENGES	2011 GOALS
<b>CORPORATE GOVERNANCE</b>	<p>Achieved 25% female gender target for Board diversity.</p> <p>Effectively inducted new members of the Board of Directors, ensuring they had appropriate knowledge to discharge their obligations.</p>	<p>Maintaining current strong oversight of key strategic and operational risks as scale, scope and global footprint of operations grow.</p>	<p>Roll-out of <i>Fraud and Corruption Policy</i>.</p> <p>Prepare to embed sustainability into 2012 Corporate Plan.</p>
<b>FINANCIAL PERFORMANCE</b>	<p>Solid financial performance, with an \$11.8m surplus before tax.</p> <p>Continued to drive action and efficiencies while increasing member value and member services.</p> <p>Increased member-facing employees by 11%.</p> <p>Independent Beaton research has found that we have exceeded industry benchmarks for member engagement, performance and value.</p> <p>Introduced new investment policy to ensure that members' funds are sustainable for the future through active management.</p>	<p>Anticipating the financial impacts on our services from external factors, including the high Australian dollar.</p> <p>Balancing the delivery of member value with the challenges of running a commercial global business.</p>	<p>Prepare systems/ strategies for integrated reporting.</p> <p>Continued investment in our IT, systems and process review aimed to position our members first.</p> <p>Explore printing arrangements for INTHEBLACK magazine to reduce impact of logistics.</p> <p>Implement enhanced software for monitoring of energy and waste.</p> <p>Look to invest in online learning technologies in order to move away from printing.</p> <p>Investigate an internal sustainability award program for suppliers.</p>



EDUCATION  
AND CAREERS

+ Educating our members about sustainability and the role of the accounting profession in a sustainable future helps the business leaders of today inspire change for tomorrow.

**We are committed to ensuring our members have the resources and knowledge to be at the forefront of innovations in sustainability to influence the organisations they work in and enhance their careers.**

### **Sustainability core to renewed CPA Program**

In 2009, after extensive engagement with business, academia and members, the CPA Program was revised to ensure that CPAs develop the capabilities required for career advantage in today's competitive business environment. Sustainability is now a core part of the renewed CPA Program with all segments incorporating opportunities for discussion about sustainability and a focus on sustainability concepts such as climate change, carbon pricing, ethical conduct, integrated reporting and sustainable economic growth. For example, the 'Contemporary Business Issues' segment introduces candidates to water accounting and managing supply chains in food and peak oil, and a dedicated 'Ethics and Governance' segment has a complete module on CSR.

2010 saw the first delivery of the new revised syllabus which equips candidates with a solid understanding of contemporary sustainability issues and the global role they play in the accounting profession.



### **Expanding entry pathways to the accounting profession**

In 2010, entry eligibility criteria for the CPA Program was expanded to enable professionals from different backgrounds to enter the profession by undertaking foundation level exams.

The broadening of entry pathways into the CPA Program provides more people with an internationally recognised degree or postgraduate qualification the opportunity to become a CPA. This is expected to help address future accounting skills shortages, and provide a broader pipeline of talent into the accounting profession.

The same rigorous assessments ensure that all candidates meet the standards expected of the profession.

### **Meeting members' needs through ongoing education**

Our members are diverse and have different career, education and knowledge needs that extend well beyond core accounting skills. We help our members unlock their potential by providing access to high-quality education in a variety of forms.

We delivered more than 20 sustainability focused face to face professional development events, attracting approximately 3000 registrations.

Members also accessed the latest academic research on sustainability commissioned by CPA Australia (see Leadership and Influence – Facilitating sustainability through knowledge) and exchanged understandings in online forums (see Knowledge Services – Sharing knowledge virtually).

### Assisting members to achieve their career goals

To further assist members with their career goals, in 2009 we implemented a career guidance system available on the CPA website (<http://careerguidancesystem.cpaaustralia.com.au/>).

The system provides quality resources and support to help identify the competencies needed to advance in business. Members have access to an online self-assessment tool based on a business-based framework covering four core knowledge areas – technical, business, leadership and personal effectiveness.

In 2010 the career guidance system was reviewed to allow members to self-assess their sustainability skill sets and learn how they can improve their capabilities.

By its first birthday, 400 knowledge items had been mapped and over 17,000 visits had been made to the site. For more information on the career guidance system, see the 'Education and Careers' section of the 2010 annual report.



### INVESTMENT IN EDUCATION NEEDED TO TACKLE FUTURE SKILLS SHORTAGES

Greater investment in higher education is critical for Australia to meet the economic and skills challenges that lie ahead. CPA Australia continues to be a strong advocate for strategic investment in higher education. An increased investment in education will not only help the sector be internationally competitive as an export, but will also help tackle looming skills shortages in Australia that have potential for long-term negative economic impacts. It also creates new avenues for developing sustainability coursework to be embedded into higher education programs.

We have been involved in the work that the Business/Higher Education Round Table (B-HERT) is doing regarding the integration of sustainability training into the accounting profession. This work is being funded by the Australian Government through the Department of the Environment, Water, Heritage and the Arts (DEWHA) as part of a project called 'Sustainability in the Key Professions: Skills for the New Economy'. ([http://www.aries.mq.edu.au/projects/accountancy/Sustainability\\_in\\_Accounting.pdf](http://www.aries.mq.edu.au/projects/accountancy/Sustainability_in_Accounting.pdf))

We intend to establish higher education policy support internally in 2011.





MEMBER  
RESOURCES

- + By providing quality information and the ability to share knowledge we aim to educate our members and the community on the sustainability issues that impact organisations.

CPA Australia  
members contributing  
to sustainability  
thought leadership

**Michael Sewell, FCPA**

Director, Market Gap Investments

**I run an investment advisory company**

called 'Market Gap Investments'. We help companies grow by looking at their financial, operational and sustainability impacts, and help them make improvements in their operational performance, environmental impact and their bottom line.

I believe sustainability is important and the profession will play a critical role in integrated reporting in the future. The role of accountants is changing. The accounting profession has been good at adapting and incorporating new measures designed to help business understand and improve their performance. I've been a CPA for over 20 years and when I think back to when I first started accounting there were only about six or so accounting standards. Now there are more than 180.

It's important that the profession continues to be actively involved in driving the future of integrated reporting. Accountants are strategic resource managers and are used to working with robust standards, frameworks, independence and quality control requirements. So naturally, we can drive the next conversation in terms of how we can get more efficient at this, how we can make better use of what we have got, what metrics we will use to measure, and then strategically manage what we find out.

I'm actively involved in CPA Australia's online forum, Community+. In 2010 we also established the CPA Australia Environmental, social and governance Centre of Excellence (ESG CoE) to provide a member forum for leadership on sustainability matters.

The role of the ESG CoE is to advise the CPA Australia Board and management and contribute to ideas, discussion and thought leadership on the environment and sustainability. We meet twice a year and I'm the Chairman so I liaise with ESG CoE members, CPA Australia staff, management and the CPA Australia Board to develop topics for member feedback.

In particular we are looking at things such as professional accounting and its input to the Global Reporting Initiative (GRI) framework, and issues such as the practical application of the framework and how it can be incorporated into financial reports in the future.

We are still establishing routines, but we will be using channels like Community+ to get the message out about sustainability issues. Our aim is to increase member knowledge and enhance thought leadership on the subject of sustainability and non-financial reporting.

The measure of success for the ESG CoE will be when members start using the ESG CoE representatives as a means to provide feedback that can influence our advocacy. It's early days yet and we hope that the forum will grow in the future.

For more information about Community+, see the 'Member Resources' section of the 2010 annual report.



MICHAEL SEWELL, FCPA

### Sharing knowledge virtually

Advances in technology have enabled us to offer our members improved access to information and knowledge through new initiatives such as online knowledge portals, online interviews with strategic business leaders and Community+, CPA Australia's online community. Members now have access to an increasing number of new media and traditional ways to communicate and share their knowledge.

In 2010 we launched our environmental, social and governance (ESG) knowledge portal on the CPA Australia website, which attracted 10,000 visits in 2010 ([cpaaustralia.com.au/esg](http://cpaaustralia.com.au/esg)). Along with existing portals, the ESG portal provides our members with engaging, user-friendly ways to access and exchange knowledge. The portal focuses on providing members with information and resources built around advocacy, thought leadership, leading business and skilling.

For the first time, our 2010 CPA Congress offered finance, accounting and business professionals an opportunity to participate from anywhere in the world through the CPA Virtual Congress, an online interactive experience. The CPA Congress is our flagship event for members who are, or aspiring to be, strategic business leaders. The Congress theme for 2010 was 'Navigate the New', reflecting the changes that have arisen from the last two years' market volatility.

The 2010 CPA Congress was held in 12 locations, including each Australian state and territory, as well as London, Hong Kong, Kuala Lumpur and Singapore. The Virtual Congress attracted more than 750 members.

To read more about the 2010 CPA Congress, see the 'Education and careers' section of the 2010 annual report.

**LEADERSHIP  
AND INFLUENCE**

PG 28

**ANNUAL  
SUSTAINABILITY  
PERFORMANCE  
SCORECARD**

PG 16

**PARTNERSHIPS  
AND COMMUNITY**

PG 37

**ENVIRONMENTAL  
LEADERSHIP**

PG 32

**GENDER AND  
DIVERSITY**

PG 43

# **Inspiring and leading in a sustainable world.**

**CPA Australia is a worldwide network of business leaders and professionals able to bring considerable influence upon sustainable actions and processes.**

**A CPA designation opens the way to inspired thinking about the potential of sustainability in building dynamic and resourceful business models today and tomorrow.**



LEADERSHIP  
AND  
INFLUENCE

+ As an international professional accounting body, we can make a positive impact on business and the profession through advocacy and thought leadership.

**We contribute to public policy discussions on a range of topics in Australia and internationally. Sustainability continues to be a major focus of our leadership and advocacy activities.**

### Leadership for sustainability

We demonstrate leadership by building strong relationships and working with those who are influencing the principles of sustainability. CPA Australia CEO, Alex Malley, attended and presented at the GRI's international conference held in Amsterdam in May 2010. We continue to fund the GRI Focal Point Australia and we contributed to the Accounting Bodies' Network (ABN) Accounting for Sustainability (<http://www.accountingforsustainability.org/output/Page178.asp>) annual work program, which facilitates around 20 international accounting bodies to sign up to principles and report on half-yearly and yearly progress.

CPA Australia is also acknowledged as one of the key contributors to a report produced in March 2010 by the Australian Research Institute in Education for Sustainability (ARIES). The report, Sustainability in key professions: Accounting was commissioned by Australia's Department of the Environment, Water, Heritage and the Arts as part of their program 'Living Sustainability'.

At the Business Higher Education Round Table (BHERT) in 2010, we called on the Australian Government to provide ongoing support for initiatives critical to improving the skills of professionals and embedding sustainability in business and society more widely.

In 2009, we became a signatory to the United Nations Global Compact (UNGC). The UNGC is a voluntary CSR policy initiative and framework to guide the responsible business conduct of companies.

The framework, launched in July 2000, is a leadership platform which incorporates 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

In June 2010, our CEO also participated in the UNGC Leaders Summit held in New York by contributing to a roundtable discussion during the summit focused on how best to incorporate non-financial accounting for sustainability within professional education and training.

Signatories to the UNGC must submit an annual public disclosure to stakeholders on progress made against the UNGC Principles Communication on Progress (CoP) within the first two years of signing to demonstrate their commitment to the UNGC and its principles. CPA Australia is committed to the intent of the principles and we intend to include our first CoP in our 2011 sustainability report.

Throughout 2010, CPA Australia has been a highly active member of the Accounting Bodies Network (ABN) of HRH's Accounting for Sustainability (A4S) project. We perform at a high standard in relation to the ABN's five principles.

CPA Australia participated in a series of industry roundtables leading to the establishment of the Business Leaders Reporting Forum (BLRF). The BLRF is a significant and high profile alliance through which CPA Australia will both collectively and separately advance Australia's position in relation to integrated reporting and in terms of its uptake among Australian business.

In December 2010, CPA Australia formalised an agreement with the University of Melbourne, the International Federation of Accountants (IFAC) and A4S as part of collaborative arrangements to undertake research into the influence and impact of sustainability issues on capital investment decisions.

For more information about the UNGC, please visit: [www.globalcompact.org](http://www.globalcompact.org)

### Influencing sustainable economic growth

We have formal positions on a broad range of legislative, economic and social matters affecting our members, the broader financial, accounting and business advisory professions and the community. We communicate our positions mainly through submissions to governments, their agencies and parliaments.

In our public policy positions we collect the views of CPA Australia members and the accounting profession and work within the public interest.

The topics that we focused our public policy activity on in 2010 were:

- ✦ External reporting – including International Financial Reporting Standards (IFRS) for SMEs
- ✦ Auditing – Clarity standards
- ✦ Integrated reporting
- ✦ Professional and ethical standards for the profession
- ✦ Australia's Future Tax System Review (Henry Tax Review)
- ✦ Review into Australia's superannuation system (Cooper Review)
- ✦ Financial planning, including the future of financial advice

- ✦ Malaysian tax reform agenda
- ✦ Election year issues – Australia
- ✦ Tax agents' code implementation
- ✦ Other tax issues, including private company loans and unpaid entitlements

Our involvement in public policy development throughout 2010 has yielded mixed results for CPA Australia. Examples include:

### Favourable

- ✦ The proposed amendments to the research and development tax regime were not made law. We have a number of concerns on the proposed amendments, therefore we view the failure of the Australian Federal Parliament to vote on this legislation as positive.
- ✦ CPA Australia's recommendation that Australia adopt a code of conduct for small business lending was wholly adopted in the final report of the Senate Economics References Committee inquiry titled 'Access of Small Business to Finance'.
- ✦ The modification of the Australian Tax Office's draft ruling and practice statement on the taxation treatment of undeducted present entitlements distributed by trusts to private company beneficiaries. The final position represents a workable compromise.

### Ongoing

- ✦ The temporary exemption for financial planners from the *Tax Agents Services Act 2009* is still ongoing. Financial planners will still be able to give limited taxation advice without being regulated by the Tax Practitioners' Board, however we are continuing discussions with the government and the Tax Practitioners' Board to improve regulation.



\*The Australian Accounting Standards Board has not yet adopted the International Financial Reporting Standard for Small and Medium-sized Entities (SMEs). This is not an optimal outcome for SMEs or users of financial statements.

### Unfavourable

\*The amendment to the *Corporations Act 2001* to require the use of accounting standards in the calculation of net assets solvency test creates additional compliance obligations for small proprietary companies when they pay dividends.

To view further information on our public policy positions view our Leadership+Influence page on the CPA Australia website: [cpaaustralia.com.au/leadership\\_influence](http://cpaaustralia.com.au/leadership_influence)

### Climate change policy poses risk to business leaders

While climate change continues to have only a minor direct impact on CPA Australia, it is relevant to us as an international professional accounting body because of the impact the regulatory responses to climate change will have on our members (as strategic business leaders) and organisations they work in. Any policy developments will also influence the support materials we provide our members.

In 2010, the Australian Federal Government delayed the introduction of the Carbon Pollution Reduction Scheme (CPRS), which was to see the implementation of a price on carbon. However, in February 2011 the Australian Prime Minister announced that the Government would develop a policy to place a fixed price on carbon, in effect a carbon tax.

Our position is that a price on carbon is key to any carbon emission reduction policy.

However, such a price, in the absence of a global carbon market, would be largely ineffective in reducing overall global emissions. Despite this policy outcome, some CPA Australia members are already incorporating a future price on carbon into initiatives such as project appraisals.

The changes in policy intentions means continued uncertainty among the Australian business community. The 2011 announcement coincided with a reduced demand for our sustainability products. Contrary to the results of the previous year, low enrolments for the 2010 Sustainability Conference resulted in cancellation. At the height of the CPRS debate in 2009, we conducted two conferences on Business Imperatives for Climate Change. Such political uncertainty makes it difficult to invest in product development for sustainability and without a clear policy from government on climate change we expect this trend to continue.

All of our environmental, social and governance submissions can be accessed on our ESG portal on the website: [cpaaustralia.com.au/esg\\_submissions](http://cpaaustralia.com.au/esg_submissions)

In addition, our public policy work is also available on our website [cpaaustralia.com.au/leadership\\_policy](http://cpaaustralia.com.au/leadership_policy)

## Facilitating sustainability through knowledge

As an international accounting body, our greatest impact on climate change and sustainability continues to be through our responses to public policy and by actively providing and facilitating knowledge. Throughout the year we have published several pieces of academic research on sustainability with the aim of improving understanding of the accounting profession's key role in incorporating sustainability into decision making beyond the organisational level.

The research papers and members resources we published included:

- ✦ Corporate non-financial reporting processes.
- ✦ Corporate water reporting.
- ✦ Sustainability reporting assurance: market trends and information content.
- ✦ The role of accountants and accounting in improving sustainability management and reporting.
- ✦ Applying sustainability reporting to decision making: product focus and life cycle assessment.

## Integrated reporting the future for business

Current and future developments related to integrated reporting constitute one of the most relevant sustainability and public policy issues for CPA Australia and for the wider profession.

Integrated reporting refers to the integrated representation of a company's performance in terms of both financial and non-financial results. Integrated reporting will provide greater context for performance data, clarify how sustainability fits into operations or a business and may help embed sustainability into company decision making.

We believe integrated reporting will be a crucial driver for improving transparency and increasing market confidence.

This will improve methods of disclosure and ultimately drive improved business and community outcomes. We further advocate that the Australian Government must play a role to facilitate Australia's involvement in global forums such as the International Integrated Reporting Committee.

## Leadership in action

### Measuring our carbon footprint – reducing our impacts on climate change

We have measured our carbon footprint annually since 2006 and unfortunately our carbon footprint has increased since this time last year to 25,751.43 tCO<sub>2</sub>e. Our CO<sub>2</sub>e per member in 2010 was 190kg. This represents a 30kg reduction since 2007, however a 10kg per member increase since 2009.

Our target reduction is to cap our carbon footprint to our 2006 emissions 16,549 tonnes CO<sub>2</sub>e. This is a reduction of 36 per cent. Our greatest short to mid-term challenges are to reaffirm a meaningful target, improve methodology of assurance and data capture, and to create a carbon footprint management plan. We aim to develop the plan in 2011 and we will continue to report on our progress annually.

Those areas of increased emissions in 2010 are our electricity use, our expenses (composed of printing, advertising, catering, event and education costs) and our flight activity.

We recognise that due to the nature of our business, we are not a major contributor of greenhouse gas (GHG) emissions. Nonetheless, our carbon reduction strategy focuses on our indirect emissions (scope 2 and 3<sup>1</sup>) from business travel, energy use and expenses.<sup>2</sup>

This year we implemented our Environmental Management System (EMS) developed in

2009, adopted by our Carbon Footprint Action Group. The EMS is a structured environmental management framework to help more effectively plan and coordinate actions to reduce the environmental impacts of our business activities – our procurement and facilities team have used this to great advantage this year.

### Sources of CPA Australia's Carbon dioxide or equivalent emissions (tCO<sub>2</sub>e/year)

SCOPE	EMISSION SOURCE	EMISSIONS (tCO <sub>2</sub> E/YEAR)			
		2007	2008	2009	2010
SCOPE 1	-	-	-	-	-
TOTAL		-	-	-	-
SCOPE 2	Electricity	2,007.75	2,239.99	2,170.23	2,583.98
TOTAL		2,007.75	2,239.99	2,170.23	2,583.98
SCOPE 3	Staff Travel	321.31	360.22	409	429.29
	Assets	1488.47	1470.35	4404.97	4269.20
	Expenses	13,574.00	13,636.31	14,706.74	15,109.14
	Flights	6513.59	4084.90	1915.23	3313.69
	Waste	611.75	73.13	39.00	46.13
TOTAL		22,509.12	19,624.91	21,475.40	23,167.45
TOTAL PER MEMBER KGS CO <sub>2</sub> E		210	180	180	190
TOTAL		<b>24,516.87</b>	<b>21,864.90</b>	<b>23,645.17</b>	<b>25,751.43</b>

1 As outlined in the Greenhouse Gas Protocol Initiative 'Corporate Accounting and Reporting Standard', scope 2 relates to indirect GHG emissions from consumption of purchased electricity, heat or steam. Scope 3 emissions are other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity and other electricity-related activities not covered in scope 2.

2 CO<sub>2</sub> emissions are calculated using the Carbon Reduction Institute's 2009 emissions factor. Scope 2 electricity emissions – N.O of units (kWh) consumed x emissions factor (kgCO<sub>2</sub>e/kWh).

CPA AUSTRALIA TOTAL ELECTRICITY USAGE 2006-10  
KILOWATT HOURS (KWH) BY COUNTRY<sup>3</sup>

COUNTRY	2006	2007	2008	2009	2010
AUSTRALIA	1,609,934	1,523,580	1,662,394	1,534,005	1,816,989
SINGAPORE	74,371	65,590	64,265	67,342	70,819
CHINA	76,674	78,403	107,441	95,618	109,366
MALAYSIA	63,048	48,614	60,316	47,581	51,975
OTHER <sup>3</sup>	57,382	57,382	60,465	67,731	63,044
<b>TOTAL</b>	<b>1,881,409</b>	<b>1,773,569</b>	<b>1,954,881</b>	<b>1,812,277</b>	<b>2,112,193</b>

<sup>3</sup> Other includes the UK and New Zealand.

**Reducing our footprint through lower energy consumption**

The nature of our business as a professional services organisation means that our energy consumption is limited to electricity usage and we have no scope 1 emissions. Measuring our electricity usage helps us demonstrate to stakeholders our commitment to reducing our energy and carbon footprint. The above table summarises the total electricity usage in Australia and internationally. Electricity is measured through our monthly electricity billing cycle.

During the reporting period, we generated a total of 2,583.98 tonnes of scope 2 GHG emissions.

Unfortunately, this year's electricity usage increased from last year. We anticipated this due to increased floor space at our Head Office to 7,000 square metres (up from 5,000 square metres at our previous tenancy). We will, however, strive to reduce our overall footprint by reducing our electricity consumption and demand in the future.

While our long term target is to be supplied with 100 per cent green power, we have been taking steps to reduce our demand

for power through investing in reporting and visibility tools of tenancy, office equipment (computers, copiers) and building machinery (e.g. air-conditioning, data room/ servers). As technologies improve, such as cloud computing and power saving devices, this will also allow us to use demand management levers and also select smarter energy saving devices.

Our Head Office move to Freshwater Place in Melbourne during 2009 drove a series of energy reduction initiatives (see Responsible procurement activities for 2010). Twenty eight Freshwater Place has a 4 Star Green Star certified rating (Office Design v2). The biggest challenge remains to reduce the consumption of the onsite data room as this consumes the highest amount of energy. A program to reduce the number of servers has commenced with the aim of reducing devices from 120 servers to 25 in 2011.

Additional energy reduction initiatives include efficient lighting in our Adelaide, Brisbane and Freshwater Place offices, which use movement sensor lighting. These reductions, however, were offset by increases at other operations.

We collect electricity consumption data only on a quarterly basis in a manual, non-automated process. We identified some errors with the tenancy energy management reporting tool at the Freshwater Place offices, which have now been resolved. We are aiming for better reporting capability of our energy usage in 2011 and will continue to report on our progress.

All our electricity is purchased from the grid. For Australia, this is a mix of black coal (41 per cent), brown coal (18 per cent), natural gas (27 per cent) and renewables (15 per cent). For Asia, the mix is black coal (44 per cent), oil (6 per cent), natural gas (44 per cent) and nuclear/renewables (7 per cent). For other offices, the mix is black coal (21 per cent), coal gases (1 per cent), oil (1 per cent), natural gas (35 per cent) and nuclear/renewables (42 per cent)<sup>4</sup>.

Our longer term strategy is to be supplied with 100 per cent green power. In 2010 we increased our purchase of green power to 20 per cent and, as part of an electricity tender, purchased 246MWh of green power for a period of 24 months (30 October 2009 to 29 October 2011). Through this we effectively avoided 219 tonnes of CO<sub>2</sub> in 2010.

In the reporting period we amended our travel policy for employee air travel. Previously any flights over four hours were placed in business class, which has a larger environmental footprint than economy class travel. In 2010, this was changed to flights over 10 hours and impacted 291 flights. As the global financial crisis abated we saw increased flight activity globally, with more events, and greater travelling requirements for the CEO and President.

Flights are expected to slightly increase in 2011 as we widen our global travel management system to include the travel of our international offices.

The financial risks for CPA Australia related to climate change were reviewed in 2009 by our internal auditor. The audit report, which was presented to our Executive Management Group, found that these risks are relatively minor because of the nature of our activities as a service provider and professional accounting body. The review found no material, direct, physical or regulatory risks to CPA Australia. Due to our emissions profile we are not required to report under the *National Greenhouse and Energy Reporting Act 2007*.

#### Responsible procurement practices aim to influence suppliers

At CPA Australia, we are committed to productive and sustainable relationships with our suppliers. Through these partnerships we hope to positively influence our suppliers to consider their own sustainability practices embedded within their product/service. We currently have a key performance indicator (KPI) for sustainability to drive performance and behaviour with our suppliers.

With regards solely to our Australian printing requirements, our print management provider has developed a verified means of reporting on CO<sub>2</sub> emissions for print jobs and recommends smarter ways to print in every quote with better environmental impacts.

<sup>4</sup> Electricity Information (2010 with 2009 data), International Energy Agency pages 80–95; and Water Account Australia 2004–2005, Dennis Trewin, Australian Bureau of Statistics, 28 Nov 2006. Chapter 6, page 95 [http://www.water.gov.au/publications/ABS\\_Water\\_Account\\_2004-05\\_Chpt6.pdf](http://www.water.gov.au/publications/ABS_Water_Account_2004-05_Chpt6.pdf) <[http://www.water.gov.au/publications/ABS\\_Water\\_Account\\_2004-05\\_Chpt6.pdf](http://www.water.gov.au/publications/ABS_Water_Account_2004-05_Chpt6.pdf)>


All printed collateral produced by our provider is manufactured at Forest Stewardship Council Chain of Custody Certified sites, and our flagship magazine, INTHEBLACK, is produced using paper and production means certified by the Programme for the Endorsement of Forest Certification (PEFC) scheme.

All paper used is from sustainably sourced pulp, with a focus on selecting papers that have world recognised environmental certifications.



#### Responsible procurement activities for 2010:

- ✦ Twenty per cent of our Australian energy use is from renewable energy sources.
- ✦ New Sydney office (opened in December) fitted with sensor lighting.
- ✦ New South Australian office (opened in January) obtained a 50 per cent reduction in energy costs compared with 2009.
- ✦ Became a member of the City Switch Network, a national partnership between business and local government for tenancy energy efficiency.
- ✦ Sourced multifunction devices with a better carbon footprint impact and visibility on environmental analytics and intend to reduce from four per floor to two in Melbourne Head Office during 2011.
- ✦ Evaluated replacement of IT server and hardware using criteria for sustainability and energy efficiency.
- ✦ Enabled non-financial reporting in accounting system for some suppliers with electricity including kilowatt hours and travel reporting, including flight miles and CO<sub>2</sub>.



PARTNERSHIPS  
AND  
COMMUNITY

- + Through knowledge and active engagement with our members and our communities, we can effectively respond to their needs and contribute to positive change.

### Imparting sustainable change via our members

Through certification, access to knowledge and advocacy we can make a lasting difference to the accounting profession and to the wider community in which we operate. Our approach with members means providing them with an outstanding member experience. By doing this effectively our members gain a variety of skills that they can apply to their own organisations, like the processes of financial and non-financial reporting. When organisations run effectively, the markets in which they operate have better efficiencies. That is how we aim to leverage our influence to impart positive impacts on society.

For more information on our membership profile, see the 'Members' section of the 2010 annual report.

### CPA Australia supporting financial literacy

We have developed strategic partnerships in education and financial literacy to assist our members, employees and the community with better financial management. We are members of the Australian Securities and Investment Commission's (ASIC) Financial Literacy Community of Practice, a forum aiming to encourage rich discussion and the sharing of information between stakeholders in the financial literacy area.

We have also sought to have a positive social impact through supporting a financial literacy program for disadvantaged young people run by Mission Australia, and by raising awareness of the activities of Room

to Read, the President's international charity.

Improving financial literacy in the community is close to our hearts, and for some individuals it is a matter of one step at a time, starting off with learning to read. That is why we have chosen to support these particular charities.

In February, we held an invitation-only special event for Room to Read, when members and guests from the business community were able to hear founder John Wood speak passionately about his mission to help educate young children in the developing world. The Melbourne chapter of Room to Read made useful contacts and raised \$36,000 during the evening.

### MoneyMinded partnership with Mission Australia

Our three-year partnership with Mission Australia to deliver MoneyMinded, a program devised by ANZ Bank, demonstrates our commitment to improving financial literacy. Now in its final year, MoneyMinded is a financial literacy program designed to help disadvantaged youth across Australia better manage their money.

In 2010, 637 disadvantaged Australians received training in financial literacy through our Mission Australia partnership.

CPA Australia employees also have access to an independent online financial literacy program, 'Money for Life'. The program aims to help our employees gain financial knowledge and assistance to better manage their financial affairs throughout their working life.



## Improving financial literacy

**Dennis** (not his real name)  
Mission Australia,  
MoneyMinded program

**After completing high school Dennis** started working a number of different part-time jobs and was able to move out of home for the first time. Shortly after he moved out of home, his family moved out of the area. Dennis managed to support himself until his drug use started to have an impact on his work and he eventually lost his sources of income.

Without employment and without support from his family, Dennis found himself homeless, and as his substance abuse increased he found that he was struggling with mental health issues, supporting his drug habit through theft and doing favours for friends.

Dennis's lifestyle and lack of stable accommodation meant that he started to collect, and not be able to pay, train fines and court fines that over time found their way to the state debt recovery office.

Through contact with a residential rehabilitation program for young people Dennis participated in the Youth Financial Literacy Program. He worked on a personal budget and set up goals for himself, one of which was to save enough money to again have his own place.

Through his participation in the program Dennis spoke about his unpaid fines and the fact that he felt that paying them off felt like an impossible task.

With the support of the facilitator, Dennis discovered that he had over \$6,000 in unpaid fines. With coordination from his case manager, Dennis was able to successfully apply for a Work Development Order through the State Debt Recovery Office. This has allowed him to make 'payments' on his debt through community service, and actively participating in training and education. In the three months he has been part of the program Dennis has managed to pay over \$3,000 of his debt and has applied for the rest of his debt to be quashed in light of his significant efforts to pay everything off.

Toward the end of the program, Dennis was successful in gaining a place in a supported accommodation service. He has been working hard to stick to his new budget and has been saving for his goal of again having his own place. Dennis is enrolled in TAFE for 2011 and is looking to gain employment in the building and construction industry.

### Engaging members

Throughout this report you will find examples of how we engage with our various stakeholders. As a member-based organisation, a significant stakeholder group is our members.

We engage with our members through a comprehensive structure of committees, discussion groups and online committees, all providing avenues for strategic direction, opportunities and feedback. Through these avenues of connectivity we build knowledge sharing among members, which helps to create a vibrant and engaged community.



## OUR PEOPLE

+ At CPA Australia we strive to develop our people and their capabilities so they can serve the diverse needs of CPA Australia's stakeholders while building the necessary skills, experience and networks to achieve their own personal and professional goals.

**To ensure that CPA Australia serves the public interest, provides excellent member service, actively manages our consumption of resources and interacts positively with our communities, we need to attract and retain employees with personal values aligned to those objectives, provide them with challenging, interesting work, ensure they receive effective coaching and mentoring, and provide them with a safe, productive and engaging physical environment.**

### **Workforce planning**

CPA Australia conducts workforce planning and analysis such as succession planning to reduce risk and ensure the right people are placed into roles that are critical to the success of the organisation.

In 2009 CPA Australia's Executive Management Group (EMG) completed a workforce analysis which identified critical roles and potential successors for these roles. Succession plans were developed using this information which also identified internal candidates and where external recruitment would be required.

Internal placement of critical roles is reported to the Board. Due to the pace of organisational change, workforce plans including succession plans will be reviewed again in 2011.

### **Investment in recruitment process leads to better outcomes**

CPA Australia employs a rigorous selection process to ensure that we attract, employ and retain the right people for the right roles and mitigate organisational risks.

All recruitment is based on a merit selection process. All positions are first advertised internally, granting preference to internal employees prior to seeking external candidates.

Recruitment selection panels have both male and female representation to ensure there is no explicit or implicit bias in the selection process.

Successful candidates for roles typically (and, in the case of senior roles, always) undertake at least two formal interviews with at least two separate interviewers.

Reference checks are always performed on preferred candidates and focus not only on functional competence but also on behaviours, personal effectiveness skills and cultural fit.

In 2010, CPA Australia rationalised the number of recruitment suppliers in order to ensure greater understanding by those suppliers of CPA Australia's direction, objectives and desired culture and to achieve greater alignment between our workplace needs and the candidates presented for roles.

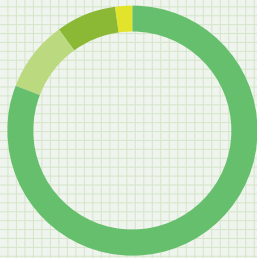
### **Our employee profile**

We are committed to providing career paths for our employees with a preference to hire permanent employees so they can develop and progress internally. We employ on an ongoing basis, with the majority of staff (85 per cent) being employed on a permanent basis.

At 31 December 2010, the average number of full-time equivalent (FTE) employees was 436, compared with 464 at 31 December 2009. This change was a result of an active management of headcount to enable greater efficiencies and also redundancies from the new structure.

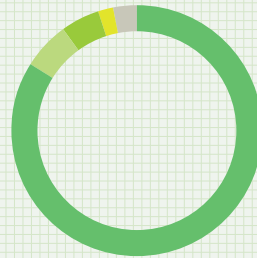
Although the year ended with lower FTE employees, the number of people employed in our Member Advisory & Information Service (MAIS) to directly serve our members increased by 11 per cent.

As the year ended with fewer employees, managing and adapting to new workloads for existing employees is a challenge for CPA Australia.



WORKFORCE BY  
EMPLOYMENT TYPE  
(GLOBAL)

81%	Full time
9%	Part time
8%	Casual
2%	Maternity leave



WORKFORCE  
BY REGION

84%	Australia
6%	China
5%	Malaysia
2%	Singapore
3%	Other

To address this issue we are focusing on the recruitment of new employees to fill budgeted positions, induction, and the attraction and retention of new employees at CPA Australia.

Responding flexibly to our employees' personal needs is vital to attracting and retaining the right people. One of our main challenges is managing the flexible working arrangements outlined in CPA Australia's Staff Policy, while meeting the requirements of the business.

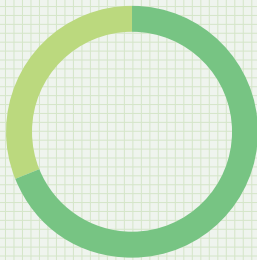
In the reporting period, the majority (81 per cent) of our employees worked full-time, with nine per cent working part-time, and two per cent on maternity leave. Eight per cent of employees were casual.

The charts above provide a summary of our employee profile by employment type and region.

Our internal data management systems do not enable us to monitor external contractors or agency temporary employees. The Human Resources team are currently looking at implementing a policy and system process to capture this information for reporting purposes in 2011.

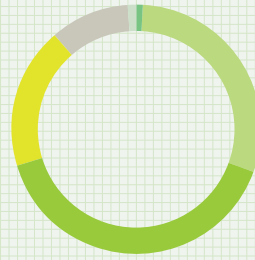
#### Workplace diversity

Our global presence gives us a diverse workforce, with a wide range of nationalities, age groups, backgrounds and skills that bring broad perspectives and enrich the workplace.



WORKFORCE  
BY GENDER

69% Female  
31% Male



WORKFORCE  
BY AGE

1% Below 20  
29% 20-29  
39% 30-39  
18% 40-49  
10% 50-59  
4% 60+

As an equal opportunity employer, gender diversity is important to CPA Australia, and 69 per cent of our workforce worldwide is female. The gender diversity of our workforce has remained steady since 2009.

While there were a number of women appointed to key leadership roles during 2010, the gender diversity at our executive level remains unrepresentative of the broader organisation and of our membership demographics. Providing our senior leaders with positive role models and mentors is a challenge that CPA Australia will be looking to address during 2011.

#### CPA Australia Board diversity

Female representation on the CPA Australia Board in 2010 met the 25 per cent ongoing target set by the Board in 2009 (25 percent being 3 out of 12 board members). No Board members fell into the age brackets of 30-39 or below 29. Five members are aged 40-49,

five members are in the age category of 50-60, and two members are over 60.

#### Equality and the gender pay gap a key priority for CPA Australia

At different salary grade levels, the average salaries for women compared to men vary from 0.83:1 to 0.98:1, as set out in the chart (right).

Although the results compare favourably to the average gender pay gap of 18 per cent (0.82 ratio) recently published by the Australian Federal Agency Equal Opportunity for Women in the Workplace, we acknowledge that we must work to ensure that there is no gender bias in our remuneration framework.

To that end in 2011, we are analysing the salaries of men and women who perform the same roles within each CPA Australia remuneration level to determine where, if any, gender bias exists.

AVERAGE GROSS SALARIES	SALARY RATIO END 10	SALARY RATIO END 09	SALARY RATIO END 08
FEMALE TO MALE SALARY RATIO			
Administrator and Support Staff (1&2)	0.98	0.95	0.98
Supervisor, Base Level Professional and Technical Specialist (3&4)	0.88	0.88	0.87
Professional Specialist, Manager (5)	0.93	0.92	0.94
Executive (6&7)	0.83	0.92	0.9

### Local hiring practices

Given CPA Australia derives material financial benefit from communities outside Australia, we have a commitment to building the capacity and professionalism of the workforces of those communities and, in particular, developing and transition economies throughout the Asia-Pacific. In markets outside Australia, CPA Australia's practice is to, wherever possible, hire local staff and provide them with significant induction, training, mentoring and ongoing support. In 2010, 92 per cent of employees were recruited from local communities in China, Vietnam, Malaysia, Hong Kong, Singapore and New Zealand.

### Providing opportunities, challenges and flexibility the key to retaining employees

#### New organisational structure positions for the future

To tackle a changing operating and competitive environment, CPA Australia implemented a new organisational structure in 2010. The new structure is more aligned to the activities that underpin our 2009-11 Corporate Plan and will ensure that member engagement continues to be a key focus.

The new structure will also strengthen relationships with stakeholders such as

employers, recruiting agencies, academics and students, while bringing together the strategy and policy drivers of the organisation under one banner.

The new structure saw the creation of a new portfolio 'Business Development' and the merging of External Affairs, Organisational Development, Human Resources, Policy & Research and Analytics into a combined 'Strategy' portfolio. Existing portfolios such as Member Engagement, Brand & Marketing Communications, Member Knowledge and Corporate Services remain in the structure to ensure member service continues to be central to CPA Australia's operations.

The new structure presented 12 per cent of employees with internal promotions and moves, providing them with opportunities to develop.

#### Our workplace values

Our workplace values are to promote and encourage respect, empowerment, accountability, co-operation and honesty within the organisation.

We are dedicated to providing our employees with opportunities to realise their individual potential, while also achieving our business goals.

### Flexible working arrangements

CPA Australia aims to provide a supportive and flexible working environment for our employees. Our staff policy applies to all CPA Australia full-time and part-time employees. We comply with all workplace legislation and ensure all relevant legislation is implemented in line with our internal policies. At times we go beyond legislative requirements, for example, we implemented more flexible policies than required by the *Fair Work Act 2009*.

During 2010, we welcomed back five employees from parental leave, with four people returning on flexible terms. We have nine per cent of our staff working on a less than full-time equivalent basis.

### Understanding employee turnover

In 2010 employee turnover was 38 per cent, compared with 21 per cent in 2009 and 26 per cent in 2008.

Among total employee turnover for 2010, 80 per cent were voluntary departures, nine per cent involuntary departures (mainly arising from implementation of our new structure), one per cent retirement and 10 per cent were a result of fixed term contracts ending.

67 per cent of the total number of employees who departed in 2010 were women. This turnover is commensurate with our overall employee profile with 69 per cent of our workforce being female.

The lower staff turnover in 2009 reflected the overall job market that year, which saw fewer movements than usual due to the impact of the global financial crisis.

In 2010 implementation of a new organisational structure caused internal movement within the organisation, resulting in employees turning to the external jobs market.

In addition, more people in the market explored external opportunities in 2010 as job availability increased.

We conduct exit interviews to better understand our employees' reasons for leaving and found two main factors that impacted on the increase in turnover for 2010:

- + Lower turnover at senior management levels and above<sup>5</sup>, with a flat organisational structure, limiting career progression in some areas of the business; and
- + The nature of work and typical staff demographic in some areas of the business, such as events management and call centre, which commonly experience higher rates of turnover.

In 2011 management will continue to monitor if there are any business risks or adverse impacts as a result of employee turnover.

### Training and educating our people

#### Corporate induction training valuable for new staff

Corporate induction is an important process for introducing new staff to an organisation in a friendly and welcoming environment.

We offer comprehensive corporate induction training in our corporate policies and the use of technical systems to all new Australian employees. During 2010, 95 per cent of our new workforce attended corporate induction.

<sup>5</sup> Senior management at CPA Australia refers to all general managers, executive general managers and above.



## Employee turnover

DEPARTURES		2008	2009	2010
Overall / total		26%	21%	38%
Gender	Female	Not reported	67%	67%
	Male	Not reported	33%	33%
Region	Australia	Not reported	88%	89%
	Other	Not reported	12%	11%
Age (years)	Below 20	Not reported	0%	0%
	20-29	Not reported	41%	35%
	30-39	Not reported	33%	35%
	40-49	Not reported	19%	20%
	50+	Not reported	7%	10%

### Learning and development opportunities for employees

Our approach to employee training and personal development is outlined in our Learning & Development Policy. Under the policy, every employee should undertake a minimum of 20 hours skill development per year, either offered internally or externally sourced, and we provide funding support to staff for external training. Managers are also offered internal and external leadership development programs.

The policy provides for allocation of two per cent of employees' annual salaries to external personal development and training. In 2010, there was a greater focus on providing internal training and therefore our external training and development budget was \$520,000 compared with \$858,000 in 2009. In 2010, 24 employees attended externally offered training.

In 2010, 15 per cent of employees underwent internal training in people leadership as part of our Leading People & Performance program.

In addition, 119 employees took part in formal structured training at CPA Congress, CPA Australia's flagship conferences held throughout Australia and in Singapore, Malaysia, Hong Kong and New Zealand.

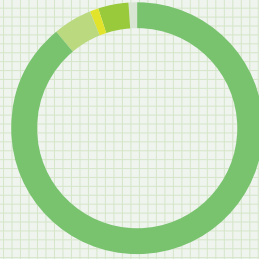
### Education assistance

Postgraduate study is supported in line with role requirements. CPA Australia employees can undertake the CPA Program as a part of their training and development. In the reporting period, 16 employees participated in the program. In addition, 23 employees received education assistance in the form of reimbursement of higher education course costs and materials, and time off to study and sit for exams.



DEPARTURES  
BY GENDER

67% Female  
33% Male



DEPARTURES  
BY REGION

89% Australia  
5% China  
1% Malaysia  
4% Singapore  
1% Other



DEPARTURES  
BY AGE

0% Below 20  
35% 20-29  
35% 30-39  
20% 40-49  
10% 50+



DEPARTURES BY  
SERVICE YEARS

23% Below 1 year  
39% 1-3  
19% 3-5  
14% 5-10  
5% 10+ years

### Secondment and project opportunities

We provide opportunities for our staff to be seconded to roles for a fixed term. In 2010, 32 employees of our workforce were seconded into roles and eight employees were allocated higher duties for undertaking additional responsibilities while roles were being filled. Our aim is to encourage more secondments between units so that employees can share knowledge, learn from each other and gain a sense of team cooperation.

### Customer service training and product knowledge training

In order to ensure that our people are best able to meet the needs of our members and prospective members, during 2011 we will increase our focus on customer service training and product knowledge training, with the aim of having every staff member attend training in both categories.

### Performance reviews higher than industry standard but fall short of our benchmark

Employee performance is continually reviewed on a quarterly basis through both formal and informal performance reviews. Formal reviews are conducted in June and November/December and informal reviews in April and October.

Our workplace values are incorporated into the staff performance review and development process to ensure they are actively discussed, implemented and measured on an ongoing basis. In 2010, 92 per cent of employees completed and recorded their performance review and development (PRD), though our target is 100 per cent compliance. Most cases of non-compliance were due to employees being on extended leave, not formally recording their PRD or not completing it.

Although this presents an area of improvement for CPA Australia, the result is higher than the industry standard and signifies a significant commitment to our employees' PRD. Performance review training for leaders was offered in 2010 to address issues of better quality employee feedback, coaching and career discussions. The use of an online performance review process is being investigated for 2011 to allow for better tracking of quarterly and mid-year targets.

### Health and safety incidents remain low

We are committed to ensuring the health, safety and welfare of our employees, members and others affected by our operations. The CPA Australia Occupational Health and Safety (OHS) policy outlines the OHS procedures for all employees and independent contractors included on our payroll. The policy is in line with Australian legislative requirements, which are also used as the benchmark for all global operations. We apply the International Labour Organization's (ILO) Code of Practice on Recording and Notification of Occupational Accidents and Diseases. Where national law follows the ILO recommendations, our practice adheres with the law. In situations where national laws do not comply with the ILO, Australian legislation applies.

	2009	2010
Injury (not defined)	7	9
Injury (journey/vehicle)	0	1
Injury (equipment/damage)	0	0
Near miss/no injury	0	1
Occupational illness/disease	0	0
Non-occupational illness/disease	0	2
<b>Total incidents</b>	<b>7</b>	<b>13</b>

In line with the policy, we have an OHS Committee based in our head office and also representatives at each office location. The OHS Committee met twice in 2010 to provide a joint forum for consultation between management and employees, and review of accidents and unsafe workplace practices. In 2011 the OHS Committee will increase the scope of these meetings to every six weeks.

In 2010 there were 13 OHS incidents including nine injuries, one near miss, two illnesses and one journey/vehicle incident. There were no equipment/damage incidents reported.

The average number of working days lost as a result of sick leave per person is 5.36 days, relative six days in 2009. There were no occupational diseases or work-related fatalities.

Our systems don't currently allow for the capture of lost days from injuries or calculation of injury, occupational disease rates or lost day rates. We will endeavour to improve our data capture in 2011.

In 2011 we will conduct workplace inspections at all operations to ensure that all offices are consistent with legal requirements with regard to electrical and office equipment, obstructions, fire safety and storage and ergonomic issues.

### **Employee volunteering**

CPA Australia offers all employees the opportunity to take up to two days volunteer leave each year to encourage participation in the community.

The volunteering program aims to benefit the community in which we live and work,

and help our people to develop a shared sense of value. In 2010, the percentage of employees taking volunteer leave reduced to 34 per cent (from 40 per cent in 2009).

Employee turnover and organisational structure changes have contributed to this decrease. Programs to promote staff volunteering leave will be undertaken in 2011, including an internal communications campaign and a management focus on leading by example.

### **Looking after our people in retirement and redundancy**

Prior to any redundancy, CPA Australia employees are given the opportunity to seek redeployment internally.

When redundancies occur, CPA Australia ensures all affected employees are provided with an outplacement services package through external providers to assist them in managing this transition. Job placement services are made available through up-skilling and advice during the outplacement process. Counselling is also available during outplacement.

In 2010, 3.44 per cent of employees left the organisation taking involuntary redundancy packages as a result of organisational changes and the new structure.

Redundancy payments with terms relating to notice periods are given in compliance with the relevant legislative requirements within the jurisdictions in which we operate.

In 2011 we also plan to implement a counselling service for employees who are considering retirement in the near future. Two staff members retired in the 2010 reporting period.

## Growing careers

### **Renaë Gasmier**

Renaë Gasmier, Procurement & Facilities Manager, CPA Australia

**As part of my development, CPA Australia** supported me through the Committee for Melbourne's intensive leadership program, the Future Focus Group.

As part of the program, for the past two years I've been working on a Growing Up project to develop a blueprint to green roof Melbourne.

It's been a great opportunity for me to develop my leadership capability but at the same time work on a project to help the environment. Working in procurement and services, I'm also very interested in how the work I do day-to-day can contribute to a more sustainable future.

Green roofs are a good way of adapting to climate change, improving energy efficiency, reducing temperatures in the CBD and providing green relief to the urban, built environment.

As part of our project we installed a fully funded green roof on a CBD building by running a successful design competition for both professional architects and students.

We raised over \$350,000 in sponsorship to fund the running of the competition and construction of the roof, and we also secured \$200,000 of in-kind assistance.

Our completed garden was featured as part of the Open Melbourne exhibition and has provided inspiration to other building owners to create green roofs.

We have also partnered with the University of Melbourne to successfully secure an Australian Research Council Linkage Grant of over \$3 million for future green roof research to ensure the ongoing update of green roofs, and are in discussions with the Victorian State Government to ensure green roofs are given greater prominence.

The Future Focus Group and the 'Growing Up' project was a great experience, and as part of it I was able to create a shared vision, manage differing personalities and overcome hurdles while maintaining momentum for two years. To be networked to leaders throughout Melbourne and create a tangible and lasting effect on the city was inspiring.



CORPORATE  
GOVERNANCE

- + CPA Australia is committed to establishing and maintaining an organisational culture that will ensure effective fraud and corruption prevention and is an integral part of our day-to-day operations in all countries where CPA Australia operates.

### CPA Australia Board of Directors

Our Board of Directors is the governing body of CPA Australia. It comprises 12 non-executive directors including the Chair. The Chair of the Board is a non-executive director and is not the CEO. The Board independently and objectively assesses CPA Australia's decisions and oversees management performance and activities. The CEO has the right to attend the Board and Board Committee meetings, but is not a director and is not entitled to vote.

The Board has overall control and management of the company, but may also delegate a range of powers, duties and responsibilities to divisions, committees and management in accordance with the *Corporations Act 2001* and the Constitution of CPA Australia Ltd [cpaaustralia.com.au/constitution](http://cpaaustralia.com.au/constitution)

The Board reviews and approves a formal statement of these delegations at least once a year. Each Board meeting agenda focuses on our strategic direction, including strategic risk, member strategy, organisational governance and key operational items. The CPA Australia Board Charter and meeting dates are available on our website: [cpaaustralia.com.au/directors](http://cpaaustralia.com.au/directors)

The CPA Australia Representative Council, derived from our wider membership, makes recommendations to assist the Board with its decision making. The Council also appoints the Board of Directors, in accordance with our Constitution.

Overall responsibility for the performance of the organisation, including sustainability, rests with the Board of Directors. In 2010 we prepared our first half year sustainability report to the Audit and Risk Committee and Board. The Audit and Risk Committee have a detailed oversight of reporting (financial and non-financial), delegations and internal controls.

More information about CPA Australia's corporate governance, including our councillors and committees, can be found in the 'Corporate Governance' section of the 2010 annual report.

### Risk management framework asserts zero tolerance for fraud and corruption

CPA Australia has a zero tolerance to any forms of fraud and corruption. We strive to prevent all forms of international corruption as outlined in the Australian Criminal Code Bill, *Bribery of Foreign Public Officials Act 1999*, or the equivalent laws of any country where we operate.

Management has interpreted the GRI guidelines on corruption as referring to abuse of power, legal and moral wrongdoing, and employees' dealings with external stakeholders for the purpose of gaining an advantage for the organisation and/or the individual.

### Managing risk effectively

Our risk management framework provides a system of internal controls to minimise risk of fraud and corruption, which includes:

- ✦ CPA Australia Code of Conduct
- ✦ Regular internal audits
- ✦ Web-based compliance training
- ✦ Annual internal controls questionnaire for executive managers, as part of the annual financial statements

Risk management and anti-corruption practices are governed by the CPA Australia Code of Conduct, which prohibits conflicts of interest, gifts and gratuities, and requires all employees and volunteers to ensure that their behaviour is in compliance with all laws and regulations relevant to the legal jurisdictions in which we operate.

The Code of Conduct applies to all directors, employees and volunteers, and all employees are encouraged to report any breaches of the Code. Commencing in 2011, all employees will be assessed on their adherence to the Code of Conduct as a part of their PRD.

All CPA Australia personnel have a responsibility to report improper conduct, as defined by the Code, in accordance with CPA Australia Whistleblower Policy, which is reviewed by the Board of Directors biennially. This policy covers the procedures for disclosing improper conduct and states CPA Australia's commitment to listening to, investigating and treating in confidence a disclosure made on reasonable grounds and in good faith in accordance with this policy.

In addition, to support CPA Australia's adoption of the GRI reporting guidelines, management developed a Fraud and Corruption Policy which was adopted by the Board in December 2010.

The adoption of this policy by the Board is part of CPA Australia's continuing commitment to ethical standards and behaviours. The policy reflects international regulations and covers how issues of fraud will be addressed, managed and reported.

CPA Australia has an ad hoc Fraud Control Group, which is formed where necessary. The Fraud Control Group oversees the management of investigations in relation to reports of suspected fraud and corruption. The Fraud Control Group reports to the CEO and consists of the Company Secretary, the Internal Audit Manager and the Human Resources Manager.



The Company Secretary is responsible for the implementation of the policy and oversees the implementation of any recommendations received from Fraud Risk Assessments, as and when they are undertaken.

Organisational assessment of risks of fraud and corruption are conducted biennially as part of the strategic and operational risk assessment, and annually as part of the continuous internal audit program. All of our business units were formally assessed in 2008 for risks of corruption and are subject to internal audit review on a progressive basis.

In March 2009, the strategic and operational risk assessment was conducted to evaluate the risk of fraud at an organisational level. The results were provided to the Audit and Risk Committee which safeguards the integrity of CPA Australia's financial and sustainability reporting. The next assessment will be conducted during 2011. Following our most recent assessment, and the annual representation from the management team, no incidents of corruption or fraud were detected which would jeopardise the interests of CPA Australia and our stakeholders.

### **Training and reporting maintains strong compliance**

At CPA Australia, we have a strong compliance approach to the way we do business. We comply with all statutory reporting requirements and we regularly review our performance against our legal requirements.

Compliance training is compulsory for all new employees (in 2010 92 per cent of new staff complied) and the Code of Conduct is an integral part of their induction. Compliance training is an annual web-based program that covers the following Australian legislation topics:

- ✦ OHS
- ✦ Trade practices
- ✦ Equal opportunity
- ✦ Privacy

CPA Australia members must comply with APES 110 *Code of Ethics for Professional Accountants*. A series of professional and ethical standards for members of the professional accounting bodies in Australia by the Accounting Profession and Ethical Standards Board (APES).



## Statement GRI Application Level Check

GRI hereby states that **CPA Australia** has presented its report "CPA Australia 2010 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level C+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

22 March 2011, Amsterdam

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint background watermark of the GRI logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because CPA Australia has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 9 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

## Independent limited assurance report to the Directors of CPA Australia Ltd on the 2010 Sustainability Report

### What we looked at: scope of our engagement

We have been engaged by CPA Australia Ltd ('CPA Australia') to conduct a limited assurance engagement over CPA Australia's self-declaration (the 'GRI self-declaration') in respect of the content of its 2010 Sustainability Report (the 'Report') prepared in accordance with the requirements of the Global Reporting Initiative ('GRI') sustainability reporting guidelines at application level 'C+'.

### What standards we used: basis of our work and level of assurance

We carried out our procedures to provide limited assurance in accordance with Australian Standards on Assurance Engagements ASAE 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the Australian Auditing and Assurance Standards Board.

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ('GRI Guidelines') issued by the GRI and related information, publicly available at GRI's global website at [www.globalreporting.org](http://www.globalreporting.org), in particular the requirements to achieve GRI application level 'C+' in the 'GRI Application Level' publication.

Our engagement provides limited assurance as defined in ASAE 3000. A limited assurance engagement is substantially less in scope than a reasonable assurance "audit" conducted in accordance with ASAE 3000 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance "audit". Accordingly, we do not express an audit opinion providing reasonable assurance.

### What we did: key assurance procedures

Considering the risk of material error, we planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusion. Key procedures included:

- Interviewing the process owners responsible for the preparation of the GRI self-declaration and the Report
- Performing an evaluation of the implementation of key controls used by management in the preparation of the GRI self-declaration and the Report
- Analysing and inspecting on a sample basis, the key systems, processes and procedures relating to the collation, validation, presentation and approval process of the information included in the Report, which the GRI self-declaration covers
- A comparison of the content of the Report against the criteria for a GRI self-declaration at 'C+' level in accordance with the GRI Application Level publication.

# Deloitte.

## CPA Australia's responsibilities

The Directors of CPA Australia are responsible for the preparation of the GRI self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines. There are currently no prescribed requirements relating to the preparation, publication and assurance of sustainability reports.

## Deloitte's responsibilities

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the self-declaration contained on page 7 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Sustainability Reporting Guidelines at application level 'C+'.

This report is made solely to CPA Australia in accordance with our engagement letter dated 9 November 2010. We disclaim any assumption of responsibility for any reliance on this report to any person other than CPA Australia or for any purpose other than that for which it was prepared.

In conducting our engagement, we have complied with the independence requirements of APES 110 Code of Ethics for Professional Accountants, issued by the Accounting Professional and Ethical Standards Board.

## What we found: our limited assurance conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI self-declaration contained on page 7 of the Report has not been prepared, in all material respects, in accordance with the requirements of the GRI Guidelines at application level 'C+'.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



BJ Pollock  
Partner  
Melbourne, 1 April 2011



FINANCIAL  
REPORT

- + We recognise that there is a balance between meeting the immediate needs of our members and ensuring the future economic sustainability of the organisation.

## Financial Performance

### The year in review

In 2010 we invested in, and improved member service capability, we continued to provide greater member value through enhancing existing products as well as delivering some new and innovative ones as well. All of this was achieved while continuing to look internally to improve our operational effectiveness. This resulted in an increase in member facing staff while lowering average staff numbers across the business.

We have also put in place more cost effective supplier agreements. These improvements in operational effectiveness coupled with continued strength in top line revenue resulted in the organisation delivering a strong surplus for 2010.

### Revenue

Overall revenue increased by \$5.3m or 3.9 per cent during 2010. Continued growth in membership, higher take up of the training & development offer, and higher investment and sponsorship revenue underpinned the result.

The organisation ended the year with over 132,000 members. The increase in member numbers resulted in an increase in revenue of \$2.5m or 4 per cent.

Revenue from CPA Australia's training and development offer was \$1.2m or 6 per cent higher than 2009. Stronger sales relating to our expanded Congress offer and higher take up of our onsite training offer was a key driver behind the result.

Other areas of revenue were inline with the levels achieved in 2009, with the exception of investment revenue with has ended 2010 \$0.5m higher than last year following better market performance and changes to the overall investment policy.

### Expenditure

Following a strong focus on the organisations cost base and overall allocation of resources to deliver members service and value, expenditure before tax was \$1.5m or 1.1 per cent lower than 2009. There were several factors influencing this result namely a focus on the operational areas of the business resulting in a \$3.7m reduction in Corporate Services costs.

This was delivered through enhanced supplier agreements, a review of our internal policies and procedures and lower external resource utilisation (such as consultants and advisers). In addition occupancy costs were also lower in 2010, due to one off requirement to pay rent on two buildings in Melbourne in 2009 during our transition to the new premises.

The expenditures savings in Corporate Services enabled us to invest in Membership and Member Value and Brand Ethics and the Profession. In particular with an 11 per cent increase in front line enquiry staff, the new website, increased online knowledge offer and the new advertising campaign to support the promotion of the new CPA Program and the CPA brand. Higher direct costs associated with the Training and Development area were a direct result of higher sales in this area.

### **Balance sheet**

CPA Australia's balance sheet continued to strengthen during 2010 as a result of the strong operating surplus with net assets increasing \$11.5m with total assets increasing by \$10.7m with the majority of the increase being in cash and cash equivalents and other financial assets. Liabilities have decreased by \$0.9m when compared to 2009 which is due to a lower trade and other payables balance partially offset by higher fees received in advance.

### **The year ahead**

In 2011 CPA Australia is forecasting a continued surplus before tax, foreign exchange translation, which will drive an increase in the net asset position by year end. It is expected that revenue will continue to increase and we will remain focused on our cost base allowing us to invest further in member value and the provision of first class member service.

## Financial Performance continued

### OVERVIEW OF ECONOMIC VALUE GENERATED FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 \$000s
<b>Direct economic value generated</b>	
Membership Fees	58,250
Education & Training Revenue	70,071
Other	12,488
<b>Total Direct economic value generated</b>	<b>140,809</b>
<b>Economic value distributed</b>	
Employee Wages and Benefits	46,477
Operating Costs	82,446
Payments to providers of capital	-
Payments to government	-
Community investments	80
<b>Total Economic value distributed</b>	<b>129,003</b>
<b>Surplus before Tax</b>	<b>11,806</b>

### CPA AUSTRALIA - REVENUE & COSTS BY GEOGRAPHIC REGION FOR THE YEAR ENDED 31 DECEMBER 2010

\$000s	TOTAL AUSTRALIA	NEW ZEALAND	EUROPE	MALAYSIA	SINGAPORE
Total Revenue	112,313	617	1,221	7,069	5,370
Total Costs	114,734	911	711	2,613	2,759
Surplus before Tax	(2,421)	(294)	510	4,456	2,611

Overhead costs such as Corporate Services, Marketing and Product Development are not allocated to regions outside of Australia.



STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2010

	2010 \$000s
Total Current Assets	37,466
Total Non-Current Assets	58,553
<b>Total Assets</b>	<b>96,019</b>
Total Current Liabilities	40,019
Total Non-Current Liabilities	6,825
<b>Total Liabilities</b>	<b>46,844</b>
<b>Net Assets</b>	<b>49,175</b>
<b>Total Members' Funds</b>	<b>49,175</b>

HONG KONG	CHINA	VIETNAM	OTHER OVERSEAS	TOTAL OVERSEAS	TOTAL CPA AUSTRALIA
10,186	1,819	258	1,956	28,496	140,809
4,736	1,663	584	292	14,269	129,003
5,450	156	(326)	1,664	14,227	11,806

## GRI index

The Global Reporting Initiative (GRI) is a non-profit, network-based organisation located in Amsterdam and founded in 1997. The GRI G3 Sustainability Reporting Guidelines are an internationally recognised, voluntary sustainability reporting framework.

External assurance applied to this report by an independent third party is signified by the + sign included in the GRI Application Level C+. In the index below, the + sign indicates where we have fully reported against an indicator to the requirements of the GRI.

For more information about the GRI, visit: [www.globalreporting.org](http://www.globalreporting.org)

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
<b>STANDARD DISCLOSURES: STRATEGY AND ANALYSIS</b>				
1.1	Statement from the CEO.		+	CEO's message. Pgs 4 & 5
1.2	Description of key impacts, risks and opportunities.		+	CEO's message. President's message. Pgs 2–4
<b>STANDARD DISCLOSURES: ORGANISATIONAL PROFILE</b>				
2.1	Name of organisation.	CPA Australia	+	About CPA Australia. Pg 11
2.2	Primary brands, products, and/or services.		+	About CPA Australia. Pg 11
2.3	Operational structure of organisation.		+	About CPA Australia. Pg 11
2.4	Location of organisation's headquarters.	Level 20, 28 Freshwater Place Southbank VIC 3006.	+	About CPA Australia. Pg 11  Office locations. Back cover
2.5	Number of countries where the organisation operates.		+	Office locations. Back cover
2.6	Nature of ownership and legal form.	CPA Australia is a company limited by guarantee	+	About this report Pg 8
2.7	Markets served.		+	About CPA Australia. Pg 11
2.8	Scale of the reporting organisation.		+	Financial Report. Pgs 60–63 Our People. Pg 42
2.9	Significant changes during the reporting period.		+	About this report Pg 10
2.10	Awards.		+	About CPA Australia. Pg 14
<b>STANDARD DISCLOSURES: REPORT PARAMETERS</b>				

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
3.1	Reporting period.		+	About this report. Pg 6
3.2	Date of most recent previous report.		+	About this report. Pg 7
3.3	Reporting cycle.		+	About this report. Pg 6
3.4	Contact point for the report.		+	About this report. Pg 10
3.5	Process for defining report content.		+	About this report. Pgs 7–10 Our People. Pg 41
3.6	Boundary of the report.		+	About this report. Pg 6
3.7	Limitations on the scope/boundary.		+	About this report. Pg 6
3.8	Reporting on joint ventures and other entities.		+	About this report. Pg 6
3.10	Explanation of re-statements.	There are no restatements to be made from last year's report.	+	
3.11	Significant changes from previous reporting periods.		+	About this report. Pg 10
3.12	Table of standard disclosures.		+	GRI Index. Pgs 64–69
3.13	External assurance.		+	Assurance Statement. Pg 57–58
STANDARD DISCLOSURES: GOVERNANCE, COMMITMENTS AND ENGAGEMENT				

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
4.1	Governance structure.		+	CPA Australia Board of Directors. Pg 53
4.2	Chair of the highest governance body.		+	CPA Australia Board of Directors. Pg 53
4.3	Independent and/or non-executive board members.		+	CPA Australia Board of Directors. Pg 53
4.4	Mechanisms to provide recommendations to the board.		+	CPA Australia Board of Directors. Pg 53
4.8	Procedures for overseeing, identifying and managing risks and opportunities.		+	Our People. Pg 54
4.12	Externally developed charters, principles or initiatives.		+	Leadership and influence. Pg 29
4.13	Memberships in associations.		+	Leadership and influence. Pgs 29–30
4.14	List of stakeholder groups.		+	About this report. Pg 8
4.15	Basis for identification and selection of stakeholders.		+	About this report. Pg 8
4.16	Approaches to stakeholder engagement.		+	About this report. Pg 11
4.17	Key stakeholder topics and concerns.		+	About this report. Pg 9
<b>ECONOMIC</b>				
<b>EC DMA</b>	Disclosures on management approach.		Partial	Financial performance. Pg 59
EC1	Direct economic value generated and distributed.		+	Financial report. Pgs 60–63
EC2	Financial implications and other risks of climate change.		+	Leadership and Influence. Pg 35
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations.		Partial	Our People. Pg 44

**ENVIRONMENTAL**

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
<b>EN DMA</b>	Disclosures on management approach.		Partial	Leadership and Influence. Pg 32 CEO Message. Pg 4
EN4	Indirect energy consumption by primary energy source.		+	Leadership and Influence. Pgs 34 & 35
EN16	Total direct and indirect greenhouse gas emissions.		+	Leadership and Influence. Pg 33
EN17	Other relevant indirect greenhouse gas emissions.		+	Leadership and Influence. Pg 33
<b>LABOUR PRACTICES</b>				
<b>LA DMA</b>	Disclosures on management approach.		Partial	Our people. Pg 41  Investment in recruitment process leads to better outcomes.  Recognising the importance of workplace diversity.  Training and educating our people.  Health and safety incidents remain low.
LA1	Total workforce by employment type, employment contract and region.		Partial	Our People. Pgs 42–44
LA2	Total number and rater of employee turnover by age group, gender and region.		+	Our People. Pgs 46 & 47
<b>LABOUR PRACTICES CONTINUED</b>				

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Information on lost days from injuries, calculation of injury, occupational disease rate or lost day rates is not currently able to be captured by systems and processes.	Partial	Our People. Pg 49
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		+	Our People. Pg 50
LA12	Percentage of employees receiving regular performance and career development reviews.		+	Our People. Pg 49
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Information on minority groups is not included as it is only provided by staff voluntarily.	Partial	Recognising the importance of workplace diversity. Pgs 43–45
LA14	Ratio of basic salary of men to women by employee category.		+	Our People. Pgs 44 & 45

SOCIETY

GRI INDICATOR	GRI DESCRIPTION	COMMENTS	FULL REPORTING	SECTION AND PAGE NUMBER
SO DMA	Disclosures on management approach.			Leadership and Influence. Pg 28 Corporate governance. Pg 53
S02	Percentage and total number of business units analysed for risks related to corruption.		Partial	Risk management assets zero tolerance for fraud and corruption. Pg 53
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures.		+	Training and reporting maintains strong compliance. Pg 55
S04	Actions taken in response to incidents of corruption.		+	Risk management assets zero tolerance for fraud and corruption. Pg 55
S05	Public policy positions and participation in public policy development and lobbying.		+	Leadership and influence. Pg 28

## OFFICE LOCATIONS (STAFFED)

### AUSTRALIA

#### Head Office (and registered office)

Level 20, 28 Freshwater Place  
Southbank VIC 3006  
GPO Box 2820  
Melbourne 3001  
P: +61 3 9606 9606  
E: vic@cpaaustralia.com.au  
Freecall: 1300 73 73 73  
(Australia only)

#### Australian Capital Territory

Level 8, CPA Australia Building  
161 London Circuit  
Canberra ACT 2601  
GPO Box 3260  
Canberra ACT 2601  
P: +61 2 6267 8585  
E: act@cpaaustralia.com.au

#### New South Wales

Level 3, 111 Harrington Street  
Sydney NSW 2000  
Locked Bag 23  
Grosvenor Place NSW 1220  
P: +61 2 9375 6200  
E: nsw@cpaaustralia.com.au

#### Northern Territory

Level 3, 62 Cavenagh Street  
Darwin NT 0800  
GPO Box 1633  
Darwin NT 0801  
P: +61 8 8981 2116  
nt@cpaaustralia.com.au

#### Queensland

AMP Place  
Level 29, 10 Eagle Street  
Brisbane QLD 4001  
GPO Box 1161  
Brisbane QLD 4001  
P: +61 7 3100 0100  
E: qld@cpaaustralia.com.au

#### South Australia

Level 10, 420 King William Street  
Adelaide SA 5000  
GPO Box 2574  
Adelaide 5001  
P: +61 8 7420 3100  
E: sa@cpaaustralia.com.au

### Tasmania

Level 2, 54 Victoria Street  
Hobart TAS 7000  
GPO Box 906  
Hobart TAS 7001  
P: +61 3 6281 8701  
E: tas@cpaaustralia.com.au

### Western Australia

Level 1, Australia Place  
15–17 William Street  
Perth WA 6000  
PO Box 7378  
Cloisters Square  
Perth WA 6850  
P: +61 8 9481 5944  
E: wa.general@cpaaustralia.com.au

### EUROPE

#### UNITED KINGDOM

Australia Centre  
The Strand  
London WC2B 4LG  
United Kingdom  
P: +44 20 7240 8266  
E: europe@cpaaustralia.com.au

### ASIA

#### CHINA

**Beijing**  
Units 307–308B, level 3  
Office Tower C2, Oriental Plaza  
No.1 East Change An Avenue  
Dong Cheng District  
Beijing 100738 PR China  
P: +86 10 8518 5575  
E: beijing@cpaaustralia.com.au

#### Hong Kong

20/F Tai Yau Building  
181 Johnston Road  
Wanchai Hong Kong  
P: +852 2891 3312  
E: hk@cpaaustralia.com.au

#### Shanghai

Suite 1407, 14/F, CITIC Square  
1168 Nanjing West Road  
Shanghai 200041  
PR China  
P: +86 21 3218 1860  
E: shanghai@cpaaustralia.com.au

### MALAYSIA

Suite 10.01, level 10  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
P: +60 3 2267 3388  
E: my@cpaaustralia.com.au

### SINGAPORE

51 Cuppage Road  
#10–06 StarHub Centre  
Singapore 229469  
P: +65 6836 1233  
E: sg@cpaaustralia.com.au

### VIETNAM

#### Hanoi

Suite 432, 4th Floor  
Press Club Building  
59A Ly Thai To Street  
Hanoi Vietnam  
P: +84 4 3934 7413  
or +84 4 3936 0431  
E: hanoi@cpaaustralia.com.au

#### Ho Chi Minh City

Unit 717–3, 7th Floor  
Melinh Point Tower  
2 Ngo Duc Ke Street  
District 1 Ho Chi Minh City  
Vietnam  
P: +84 8 3 520 2824  
E: hochiminh@cpaaustralia.com.au

### OCEANIA

#### NEW ZEALAND

Level 1, 39 Market Place  
The Viaduct  
Auckland City, New Zealand  
PO Box 105–893  
Auckland, New Zealand, 1011  
P: +64 9 913 7450  
E: nz@cpaaustralia.com.au