

# Strategy

In 2020, the organisation focused on key initiatives that support the strategy put in place in 2018, and on initiatives that would support our members through COVID-19 including:

- Launching the COVID-19 hub (page 27)
- Community campaign to support public practitioners (page 36)
- Releasing the Value of Advice report (page 38)
- Launching our first micro-credential in digital finance (page 44)
- CPA Member Connect platform (page 56)
- Shifting CPA Congress to a virtual event (page 62)
- Moving INTHEBLACK to a fully digital production (page 62)
- Moving CPA Program exams online in Semester 1 and to a hybrid model in Semester 2 (page 67).

A dedicated strategy progress page is available on our website and features up-to-date progress reports on the various activities and initiatives being undertaken across the business to realise our strategic objectives and goals. The most significant developments under the strategy are communicated to members via an update from the President after Board meetings and by the CEO in his communications to members.

Due to the disruptions caused by COVID-19, the Board extended the strategy timeline from the end of 2021 to the end of 2022.

CPA Australia’s published strategy covers short to medium-term objectives. Long-term strategy is set and discussed by the Board and management at regular meetings.

The impact of our strategic initiatives across the short, medium and long-term is shown on pages 20 and 21.

**Figure 3: CPA Australia strategy**



# Performance against strategy

CPA Australia has developed a set of external targets (below) to measure performance against each of the strategic goals, as well as a group target that measures financial performance. Additionally, there are further internal metrics that are also used to measure performance that feed into how our people are remunerated (page 58). Some of these internal metrics are used throughout this report to further illustrate performance against strategy.

Many of our key performance indicators (KPIs) come from our annual member engagement survey. This is a 20-minute online survey conducted by Forethought to track performance and determine current drivers of satisfaction, value and trust in CPA Australia. With a 10.7 per cent response rate (of those members who have opted in to receive research), n = 10,208 members responded to the survey. In 2019, we had a response rate of 5.7 per cent (n = 8507). Scores shown for metrics from member engagement research are out of a maximum of 10.

The KPIs put in place to measure progress have brought about better business alignment and focus on the strategy. This focus has seen strong performance across the KPIs with achievement of the majority of targets and a number of metrics from member engagement research improving beyond original 2020 targets.

We did not meet our target for ASAs advancing to CPA status as a result of initial uncertainty around exams in Semester 1 due to COVID-19 (refer page 67). With respect to financial performance, the organisation delivered a surplus of \$6.3m compared to a 2020 target of (\$12.1m) +/- \$3m. We have reflected this as under-performance as COVID-19 had a significant impact on the organisation's financial performance, further information can be found on pages 12 to 13.

Where 2020 results have out-performed 2020 targets, the targets for 2021 and 2022 have been changed to reflect this.

**Table 1: Key performance indicators**

Goal	Measures	2017 Actual	2018 Actual	2019 Actual	2020 Target	2020 Actual	2021 Target	2022 Target	Related material issues*
Protect, promote and enhance the integrity of the designation	Member retention – fully qualified	98.1%	97.5%	98.1%	98.1%	98.3% ✓	98.3%	98.3%	M1 M3 M5 M6 M7 M10 M13 M14
	Member satisfaction**	5.52	6.23	6.63	6.86	6.89 ✓	7.08	7.27	M1 M3 M4 M6 M7 M11 M13
Lead the future of the accounting profession	Thought leadership**	5.71	6.29	6.69	6.89	7.00 ✓	7.20	7.38	M2 M7 M9 M12
Provide members with personalised and engaging experiences	Member satisfaction with contact**	5.79	6.28	6.59	6.76	6.77 ✓	7.00	7.14	M1
Provide relevant learning and development content, resources and tools	Value for money CPD**	N/A	N/A	5.34	5.75	5.77 ✓	6.25	6.41	M4 M13
Attract and develop the next generation of CPAs	Number of ASAs advancing to CPA status annually	5693	5901	5653	5250	4588 ✗	5250	4600 to 5000	M2 M5 M8 M13
Impact policy globally and be active in community advocacy	Policy and advocacy member rating**	5.31	6.03	6.46	6.66	6.80 ✓	7.00	7.18	M2 M6 M7 M9
Group: financial performance	Sustainable annual financial performance (budget before tax, FX, mark-to-market)	\$11.9m	\$5.5m	\$4.4m	(\$12.1m) +/- \$3m	\$6.3m#	(\$15.4m) +/- \$3m	(\$10.6m) +/- \$3m	M6 M10

\* Key for material issues shown is on pages 22 to 23.

\*\* Indicates metrics that are drawn from our annual member engagement survey. Where a metric is N/A this is because of a change in measurement method.

# Multiple factors such as delaying spend on some initiatives and government support received as part of the response to COVID-19 impacted our financial performance. As such we have not rated this item.

# Financial performance

**Table 2: Financial performance**

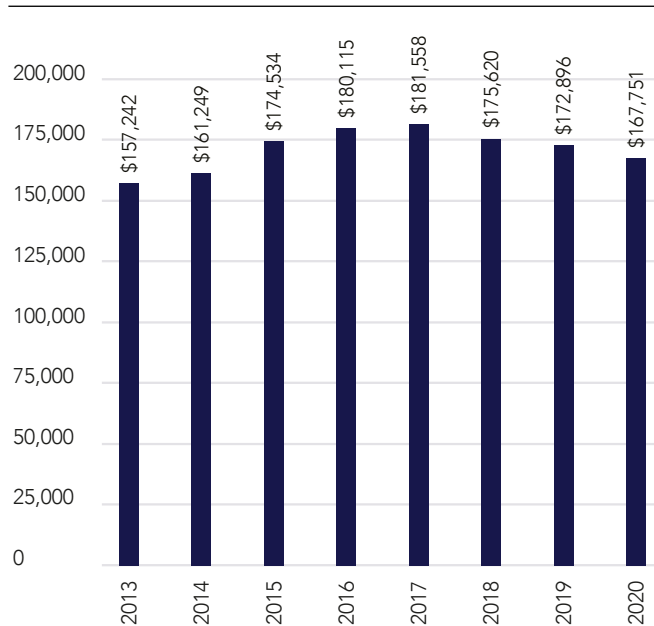
\$'000s	2020 total revenue	2020 total expenses	2020 surplus/deficit before tax	2019 surplus/deficit before tax
Australia	118,847	111,627	7,220	4,927
New Zealand	2,948	3,069	(121)	46
Europe	868	1,587	(719)	(907)
ASEAN Group*	18,630	19,329	(699)	(827)
Greater China (including Hong Kong SAR)	21,670	22,687	(1,017)	(333)
Other overseas	4,788	3,105	1,683	1,513
<b>All locations</b>	<b>167,751</b>	<b>161,404</b>	<b>6,347</b>	<b>4,419</b>

\*ASEAN Group comprises Singapore, Malaysia, Vietnam and Indonesia.

Overhead costs such as corporate services, marketing and product development incurred in Australia have been reallocated to regions outside of Australia based on the percentage of the Group's revenue derived in each location.

In 2020, our operating surplus before tax was \$6.3m (2019: \$4.4m). The surplus for 2020 was delivered during a year that was significantly impacted by COVID-19, while continuing to invest in technology and resources that enabled us to advance key strategic objectives and supporting our members with access to free and low-cost online professional development, and the option to sit online CPA Program exams. The surpluses achieved over the past 11 years provide an opportunity to further invest in member services and strategic initiatives.

**Figure 4: Total revenue (\$'000s)**

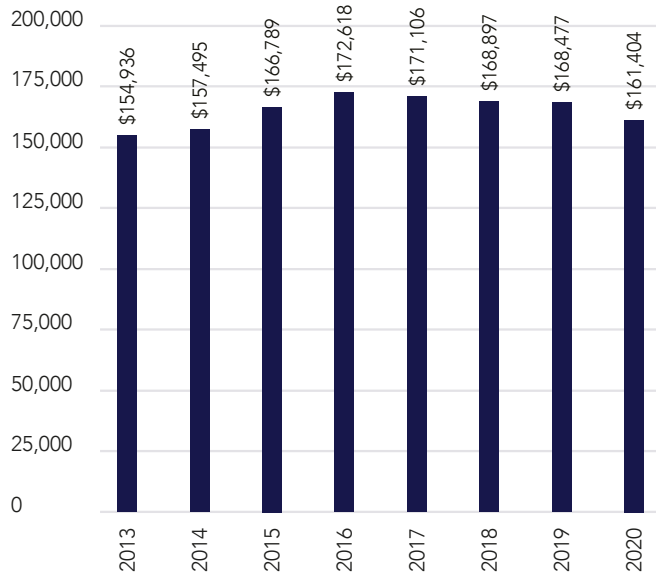


Overall revenue decreased by \$5.1m or three per cent over the 2020 financial year to \$167.8m. This was primarily due to lower professional development sales as a substantial number of face-to-face events were cancelled during the year as a result of COVID-19. We also offered our self-paced online learning products at reduced prices or for free to our members during the pandemic.

CPA Australia also received assistance issued by governments globally in response to COVID-19, including JobKeeper (Australia), Job Support Scheme (Singapore), Employment Support Scheme (Hong Kong) and Wage Subsidy Scheme (New Zealand). Full details of support received can be found on page 104 of the financial report.

Consistent with the government objectives of JobKeeper, financial support received allowed CPA Australia to maintain our relationship with our people and deliver ongoing support to members during 2020. This was through the retention of existing roles and employment of new roles for initiatives to support members into the future.

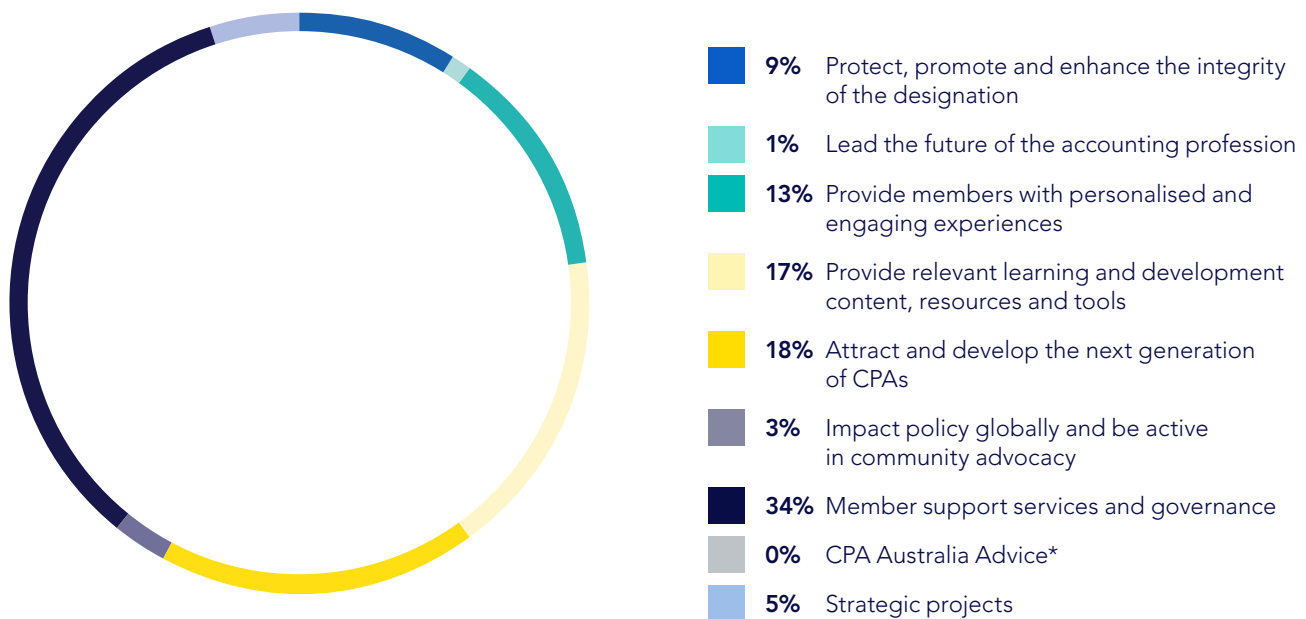
**Figure 5: Total expenditure excluding tax (\$'000s)**



Expenditure before tax was \$7.1m lower than 2019 at \$161.4m. The decrease is primarily attributable to lower event delivery expenses following the cancellation of face-to-face events during 2020, lower CPA Program costs and lower travel and catering expenses as a result of COVID-19 restrictions in place during most of 2020. Advertising and promotion expenses also decreased due to cost saving initiatives introduced. Printing and communication expenses decreased following the transition of our monthly magazine INTHEBLACK to a digital-only format in August.

The decrease is partially offset by higher employee benefits expenses as a result of higher FTEs during 2020 and redundancy costs associated with a business restructure. Professional services and hardware and software licence costs were also higher due to investment in the new website and member management and finance system, the CPA Member Connect platform and the cloud-based operating system in our contact centre which allows us to enhance services provided to members. Product development costs were also higher due to the investment in the digital finance micro-credential course.

**Figure 6: Expenditure by strategic goals**



\* Spend on CPA Australia Advice in 2020 was \$36,997 or 0.02 per cent, as such it is shown as zero.