



# CPA AUSTRALIA LTD

## 2017 ANNUAL GENERAL MEETING

Held at 5.30pm on Thursday 27 April 2017  
The Ballroom, Conrad Centennial Singapore,  
Level 2, 2 Temasek Boulevard, Singapore

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### **CHAIRMAN'S ADDRESS**

It is with great pleasure and pride that I welcome you to our 2017 AGM in Singapore.

On rough count we have about 300 people with us tonight which is really wonderful, and it's about three times as many as I can ever remember having at an annual general meeting, so that's a great roll-up. Thank you so much for being here.

And of course we have members right across the globe who can watch our annual general meeting via a web stream tonight, and I welcome those also.

More than 37,000 members who work and live in Asia underscore CPA Australia's status as a truly global organisation.

We established our presence here in Singapore in 1954, 11 years before Singapore became an independent nation. And as Chaly Mah, Chairman of the Singapore Accountancy Commission and FCPA who's with us this evening knows, CPAs have been instrumental in building Singapore into the influential global financial and business hub that it is today.

It is also notable that we have recently celebrated our 60 year anniversary in both Hong Kong and Malaysia.

So I acknowledge the members we have here tonight -- from Singapore, from Malaysia, Indonesia, Vietnam, Hong Kong, China, and also some members who've come from Australia, which is fantastic.

I also acknowledge the vision of CPAs in the 1950s who secured our first mover advantage for us in this vital, vibrant, diverse and dynamic region, and their colleagues who have worked so hard over so many years to grow our presence in the Singapore market, and more broadly in the Asia Pacific.

We do have some very special people with us tonight at the meeting, two Singapore life members. I acknowledge Low Weng Keong and Loh Hoon Sun.

I would also want to speak about another member of very long standing. Peter Wong, a member from Malaysia, passed away in February this year at the age of 98. He'd been a proud CPA for 78 years.

Peter served in the Royal Australian Air Force in World War II and he was noted to say often that the air force taught him how to fly, but CPA Australia taught him everything else.

So we remember Peter tonight.

He had a distinguished career. He worked in Sydney, Malaysia and in Hong Kong, and the transportability of Peter's skills is emblematic of how accountants are not bound by borders.

It is hard to imagine a time when this has been more true or more important.

This brings me to our role in a rapidly changing world.

Change, as uncomfortable as it can often make us feel, is the new constant. Therefore, it is vital that we work to prepare CPAs to be the leaders of tomorrow.

Just as businesses are now competing with companies down the road at the same time as they're competing with firms on the other side of the world, professional accountants need to be strategic leaders with global relevance who can work anywhere in the world.

This is the reality of the globally interconnected world in which we live.

It is a world in which both business models and career models are increasingly subject to disruption.

These irreversible forces of change have been at play for a number of years.

Digital technologies, advances in software, algorithms and machine learning and the rise of cloud computing have enabled the replacement of a swathe of traditional work and work practices and driven increasing outsourcing of traditional accounting services.

This is not simply a story about productivity or efficiency. It's a story about the displacement of substantial elements of the work traditionally undertaken by accountants.

It is a story that is well understood in Singapore, through the work of the Committee on the Future Economy and its focus on deepening international connections, developing skills, continuous learning and embracing innovation.

For CPA Australia, and for accountants generally, we believe staying the traditional course is a recipe whose best possible outcome is stagnation – and likely far worse - unless we innovate, unless we reinvent ourselves, unless we revolutionise how we think of ourselves, and how the community thinks of us.

We have chosen to meet the challenge of the future head on. And we are well advanced on this journey.

With a revolution of our organisation, from sweeping governance changes agreed by our members in 2006 through to important and clearly articulated changes in strategic direction, we have created a professional body capable of rising to the challenge of keeping professional accountants, and CPAs, relevant in a rapidly changing world.

It is in this context that the Board has crafted a strategic posture centred on broadening our audience whilst pursuing the highest levels of service for our members.

The results of this work are set out in our annual report. In essence, we enjoy a very robust financial position, set against close comparator organisations we have an unrivalled footprint in the fastest growing region of the world, and we enjoy levels of engagement with future members and leaders that are the envy of many professional bodies.

We are a growing organisation in a competitive environment, and let me just underscore that for you.

Over the last three years, more than 35,000 members have joined CPA Australia. Nearly 6,000 members have joined from other bodies and almost 2,500 have joined from our closest competitors.

New member growth has been particularly strong in Asia, up more than 20 per cent in the last three years. And we are so proud that we have almost 8,000 members right here in Singapore.

Since 2009, the number of people choosing to join CPA Australia has been close to 50 per cent higher than the number joining in the previous eight years.

As a consequence of that, over the last decade we have experienced a more than 40 per cent increase in CPA Program enrolments.

The demographics of our membership have profoundly shifted.

Today, the average member is aged 35.

Members aged between 30 and 39 account for 33 per cent of our members, and 58 percent are female.

As a counterpoint, members in the 50 - 59 age bracket account for 14 per cent of members, and 67 per cent of those are male.

This demographic shift is gaining pace.

Women make up 56 per cent of new members in Australia, in China it's 61 per cent, and in Malaysia it's 63 per cent.

The value we provide, the benefits that derive from the CPA designation, is clearly reflected in a membership retention rate of almost 98.5 per cent which is at historically high levels.

So, why are we growing and expanding in this challenging professional environment?

Taken together, these many outcomes mean we are making real progress in reframing community perceptions of what it means to be a CPA, and keeping our designation relevant.

In other words, our strategy is about securing the future of the profession, and the primacy of our brand within the profession.

No sustained journey of change is possible without a solid financial foundation.

Prudent management means we are financially strong, having generated combined surpluses of \$58.5m over the last eight years, compared to \$32.2m delivered in the preceding 122 years.

In 2016, another strong operating performance meant a surplus before tax above budget.

This is a remarkable achievement in a period of rapid change and I would like to congratulate our management team for this outstanding achievement.

Our financial strength is what makes our current and future strategic investments possible.

Education is a good example of where we are investing to stay at the cutting-edge of contemporary teaching and learning approaches and technology.

Our world-class education offering, centred around the CPA Program, continues to evolve.

We delivered 55,000 CPA Program exams in more than 90 countries in 2016.

Computer-based testing covered 94 per cent of exams, compared to 75 per cent in 2015.

Interactive digital learning resources were delivered to all candidates enrolled in Ethics and Governance and Financial Reporting and are set to be introduced to all subjects across the program.

We also offered a broad range of continuing professional development options covering conferences and networking events, webinars and self-paced learning.

Congress was held in 13 cities in six countries over 38 days across a three-month period and it was attended by more than 9,300 delegates.

For all of us at CPA Australia, the provision of outstanding services for our members is understood to be core to our mission.

Members today have access to more services, which provide more value, than ever before. As an example, in 2016 we dealt with 170,000 phone inquiries, with the vast majority of calls - 80.6% - answered within 20 seconds, and an average call queue time of just 25 seconds.

We held more than 1,000 branch events, networking functions, information sessions, expos and member celebrations to engage with other members.

This included more than 770 events in Australia and 350 events in international markets.

With our network of divisional and branch councils and committees, more than 200 discussion groups across all of our markets and our Centres of Excellence, members had more opportunities than ever before to engage and contribute to the development of our policy positions.

We developed and rolled-out an intuitive and more secure membership application system.

We have made great strides in removing many of our paper-based forms and replacing them with digital versions.

We established CPA Australia Advice, a wholly-owned subsidiary of CPA Australia that provides an independent licensing solution for our members in public practice, and positions our members to reclaim the mantle of 'trusted adviser'.

As one of 175 IFAC accounting bodies in the world, covering almost three million accountants globally, the commercial environment in which we operate is fiercely competitive.

In this context, our ability to make our brand and designation relevant for existing members and potential new members has never been more important. And as we seek to attract more people to our designation and boost our profile and presence, achieving high levels of brand visibility has never been of greater significance.

Yet the levels of our investment in marketing, promotion and publications as a percentage of turnover remain consistent with our expenditure of more than a decade ago.

In 2016, our expenditure on marketing, promotion and publications was 16 per cent of turnover. In 2006, the same line item accounted for 17 per cent of turnover.

In other words, the quantum of revenue allocated to marketing is falling as a proportion of revenue, notwithstanding the greater levels of impact being achieved.

There are more than 100 different types of expenditure included in the marketing, promotion and publications category, everything from policy development work, through to library services and research grants.

This category includes traditional types of activities, like acquisition campaigns, and initiatives which move out of traditional areas of marketing.

CPA Australia's television program *In Conversation* and *The Naked CEO* book and website are important elements of our overall strategy, about reframing how people perceive us and about leadership for tomorrow.

They are products of the organisation that the chief executive is directed to perform to support the strategy. And while they are key parts of the strategy, these activities account for only six percent of total marketing, promotion and publications expenditure.

Similarly, our investments in the sponsorship of the Australian Open tennis and the National Basketball League align to our long-term strategy to broaden the audience.

In 2016, the Australian Open, the Grand Slam of the Asia-Pacific, delivered more than 676 million viewing hours across 200 countries as well as a record attendance of over 720,000 people.

Our sponsorship of the NBL, valued at \$756,000, was assessed and negotiated by management against its alignment to our strategic objectives, and delivered us pleasing levels of exposure in Australia, China and New Zealand to particular targeted demographics at a far greater level of efficiency than could be achieved through means such as traditional advertising.

The execution of our strategy is all about standing out in a highly competitive marketplace, giving us the clout for access to policy makers to influence key debates and make CPA Australia the global accountancy designation for strategic business leaders.

Our annual report incorporates a lot of information and makes clear our many achievements, and the annual report itself sets a benchmark for disclosure.

In 2013, 2014, 2015 and now 2016, we produced integrated reports using both the International Integrated Reporting Council's Integrated Reporting framework and the Global Reporting Initiative's G4 sustainability reporting guidelines.

Reporting under these guidelines and frameworks requires us to make significant disclosures on our business model, material issues, risks, performance and strategy.

We are the only accounting body in Australia that utilises both these frameworks.

In addition to the annual audit of our financial statements, we are the only accounting body in Australia to have our non-financial information subjected to assurance.

Our disclosures are more extensive than many of our peers.

With regards to remuneration disclosures, as you know we report in the same manner as other professional bodies have in their most recent annual reports, consistent with the relevant rules.

That said, there is a sense that still more disclosure is desirable. We see that and we hear that feedback from members and others and as part of our deliberations for preparing next year's annual report, we will be consulting widely and conducting a thorough review on an alternative, robust model for future disclosures of remuneration.

Our ability to be nimble, to adjust, to disrupt should not come as a surprise. It's in our heritage. It's what our founding members did 130 years ago, it's what we did in coming to Asia in 1954, and it's what we have to keep doing in order to stay relevant in a continually changing and increasingly competitive global commercial environment.

Before I conclude I do want to deliver a word of thanks to our executive team, Alex and the team, for the way they deliver on the Board's strategy.

We are fortunate indeed to have such a talented management team and gifted and dedicated staff in our offices across the world, all focused on making CPA Australia the best member services organisation in the world.

I also want to give a vote of thanks to my Board colleagues, to our members who make such a valued contribution at branch and divisional levels and those who give their time and energy in our many member representative forums.

And to our members here in Singapore and watching around the world, I acknowledge your commitment to CPA Australia and thank you for the way you embody our brand and our values.