



CPA AUSTRALIA LTD

2016 ANNUAL GENERAL MEETING

Held at 5.30pm on Thursday 28 April 2016 at CPA Australia Offices,
Level 20, 28 Freshwater Place, Southbank, Victoria

ADDRESS BY GRAEME WADE FCPA, PRESIDENT AND CHAIRMAN

In so many ways, 2015 was a year of stunning achievements for CPA Australia, our 129th year.

We should think about that – 129 years. There aren't too many organisations that can boast of such a rich tapestry.

It is the cumulative effect of our history and heritage – our many years of teamwork, fraternity, intellect and energy – that has allowed us to deliver our undeniable achievements.

We have grown to have more than 155,000 members across 118 countries.

We support our members with a global network of 22 offices across ten countries.

There are some organisations that claim to be 'global by network' – we are 'global by footprint'.

Commitment to members

No matter how big we get, we know our successes are built on each individual member, and our ability to intrigue potential new members towards our brand and designation.

Members are at the heart of what we do.

We know that the size and influence of CPA Australia directly benefits our members by increasing their relevance and profile in the global market.

To that end, in 2015 we continued to achieve solid member growth in key markets.

Around one quarter of our members now reside outside Australia, with more than 37,000 working and residing in Asia.

In 2015 we celebrated 50 years in the Northern Territory and the tenth anniversary of the opening of the London office supporting members in the UK and Europe.

Attending the 50-year celebrations in Darwin I recall spending time with members such as David England – the inaugural branch president – and of course Ted Milliken.

At 97, Ted is CPA Australia's 5th longest serving member who this September will celebrate 80 years of membership – now that's an achievement!

These sorts of interactions are a reminder of why we do what we do.

This year, 2016, is our 130th year. We're also celebrating 60 years in Malaysia and Hong Kong, on top of our 60 year celebrations in Singapore in 2014.

In a recent visit to Kuala Lumpur in Malaysia, Peter Wong was there. Peter is 97 years old and has been a member for 77 years, which makes him our longest serving member in Asia.

Peter told the assembled crowd that while the Royal Australian Air Force had taught him how to fly, CPA Australia taught him everything else.

During 2015 we marked 100 years of female membership. In 1915 in Perth, Mary Addison Hamilton became the first woman to become a member of a recognised accounting body – not just in Australia, but the entire British Empire.

Today, 47 per cent of our membership is female and women make up around 60 per cent of new members.

The CPA Australia family matters. We lost life member and 1983 President Ron Cotton in 2015, and unfortunately earlier this year we lost two more life members – 2004 President Ken Levy and 1969 President Laurie Crockett.

Our hearts and support also went out to police accountant Curtis Cheng. Curtis was a 26-year member of CPA Australia. He was fatally shot outside police headquarters in Sydney.

It was a terrible tragedy. But – as appropriate – we were there for the family.

And from that adversity came the incredibly positive news in 2015 of welcoming Curtis' son, Alpha Cheng, into the CPA Australia fraternity.

Our business and service metrics

In 2015 we continued to invest in ensuring the outstanding provision of services, based around three pillars:

- Fostering strong and engaging relationships
- Providing high quality advice, information, responses and solutions
- Providing service in a timely and responsive manner

Our investments mean we measure phone queue times in seconds, we continually work to shorten turnaround times and streamline processes.

We want every interaction with a member to build the level of loyalty, trust and respect between us.

Specifically, we have delivered a new Learning Management System to allow greater efficiency, security and ease of use.

The new LMS provides a more stable online environment for candidates. It is also allowing us to develop more digital content as we continue to evolve the CPA Program.

We delivered 59,000 CPA program exams across 89 countries using more than 400 venues in 2015.

In just over two years we moved 75 per cent of our examinations to a computer-based environment. This allows us to develop more innovative exam questions and provides greater efficiency in delivery.

We envisage that nearly 100 per cent of exams will be delivered via computer based testing in 2017. However, we anticipate there will always be a need for a small number of paper based exams to provide a service to members with special needs and those in remote locations.

Our dedicated team of member service advisers made 46,000 outbound calls to assist members in 2015, and handled 180,000 phone inquiries. That's about 700 per day or 90 an hour.

Call queue times have been reduced and are now down to a staggering 21 seconds.

It should be noted that our extensive social media footprint, covering Twitter, Facebook and LinkedIn now allows for real-time engagement with 300,000 people.

As part of our commitment to service, with every email we send, any member or stakeholder is actively encouraged to provide feedback on any aspect of our business at any time. This practice has been in place since 2009.

Few entities that I'm aware of work like this – we do, because for us service is personal.

I can confirm that the totality of that feedback – from around the world – is overwhelmingly positive about the direction in which the organisation is heading.

I can also confirm that the number of views to the contrary are immaterial by any measure.

These strategic and sustained investments and our passion and capacity to serve members has resulted in a member retention rate above 98 per cent.

These rates are the envy of other professional bodies and member associations.

Access to Knowledge

Integral to the professionalism that comes with the CPA designation is our shared commitment to life-long learning.

Our options for continuous professional development are many and varied.

Congress – our flagship event – was held in 13 locations in eight countries in 2015. It ran over 40 days across a three-month period and was attended by 8,200 delegates.

To support members in specific industry sectors we delivered targeted conferences including: health and aged care, retail, mining and energy, not-for-profits, management accounting and public practice.

We also ran networking events, workshops, self-paced learning options and provided access to library services and high quality publications.

Our corporate website had 5.5 million visits and we launched a Chinese language landing page in recognition of our increasing presence in China.

Our news and information site, INTHEBLACK.COM, had 640,000 visits.

The Public Interest

Acting in the public interest is both an obligation for professional accountants and enshrined as the key element of the corporate plan for CPA Australia.

Our rich history – from the Colombo Plan in the 1950s to the introduction of the CPA Program some 30 years ago – now includes the launch of CPA Australia Advice.

It is yet another example of CPA Australia as a first-mover on a critical issue in the public interest, and for the profession.

The Board's unanimous decision to establish CPA Australia Advice is a game-changing initiative and a milestone achievement for 2015 – and beyond.

CPA Australia Advice will provide our members in public practice with a new independent pathway into this sector, by authorising them to provide financial planning advice to their clients within their own public practice.

It allows the accounting profession – and CPA Australia specifically – to reclaim the mantle of 'trusted adviser'.

It is also a tangible example of our commitment to the public interest – a major contribution to rebuilding the community's trust and confidence in seeking the highest quality financial advice.

CPA Australia Advice is a wholly owned subsidiary of CPA Australia. It will operate on a transparent, fee-for-service basis and will be underpinned by the same culture and professional standards that are the cornerstones of CPA Australia; independence, transparency, integrity, compliance and continuous learning.

The Australian Securities and Investments Commission has granted us our Australian Financial Services Licence and our Australian Credit Licence.

We remain on track to commence operations from 1 July this year.

Last year was also notable for the way in which we decisively stood up for the integrity of our designation in the face of what we considered to be unwarranted, unacceptable and unjustified attacks from a competitor.

With all 'cease and desist' requests exhausted, we ultimately sought redress in the High Court of New Zealand.

The Court found that CPA Australia "made out elements of actionable defamation" and that our competitor breached provisions of New Zealand's Fair Trading Act.

The Court judged that our rejection of the settlement offer "was reasonable".

So not only were these attacks on our collective integrity and reputation unwarranted, unacceptable and unjustified – in respect of the Fair Trading Act, the High Court of New Zealand found they were also unlawful.

Standing up to defend the integrity of the CPA designation, and of the profession more generally, is non-negotiable.

Broadening the audience

So many household names, global brands and 'too-big-to-fail' organisations have found themselves in decline because they rested on their laurels.

Content to continue doing what they've always done, they often find themselves becoming irrelevant and withering on the vine.

This is something that the CPA Australia Board – over a number of years – has taken action to avoid.

When the Board commenced the recruitment process for a new CEO, it was clear we had challenges around profile, market recognition and brand relevance – both at home and abroad.

Introspection was not the way forward.

It is easy to weave words into your marketing but it's a different ball game altogether to EARN prominence in a very busy, crowded and ultra-competitive marketplace.

This is the difference between talking to yourselves, and getting the rest of the world interested in your brand.

The Board determined that lifting the public profile of CPA Australia and earning more media coverage was a priority.

To do this, it wanted a CEO who would become the face of the organisation. That CEO was Alex Malley.

As a result, the Board charged Alex and his management team with personalising the brand and broadening the audience.

It's about securing our relevance in a highly competitive marketplace, presenting us as the global accounting body of choice and communicating the value of CPAs to business and the community.

We are ensuring people know what CPAs do and who CPA Australia is.

Execution of this Board strategy is a requirement for the management team. The objective is to develop leadership positioning for the brand to benefit members – and future members.

As I say, broadening the audience is not a new objective – it has been a focus for the Board for many years.

Our 2010 annual report highlighted our new “leadership and influence agenda”.

It talked about our ambition to become “an organisation whose views are sought by government and by leading media outlets”.

In our 2011 annual report, we talked about pioneering “innovative ways to educate and engage with younger members via social media” and “taking the CPA Australia brand to a broader audience”.

The 2012 annual report highlighted the corporate plan with its focus on “deliberately broadening our audience”.

We reported on how we “grew our social media channels” and introduced a new initiative, The Naked CEO to engage with the student and young professional market.

Again, in 2013 and 2014, the annual reports placed ‘broadening the audience’ front and centre.

The level of exposure, impact and relevance we achieved for our brand and designation in 2015 is unprecedented.

We have been virtually everywhere and we’ve made people from all quarters sit up and take note....

- 56 opinion articles published in leading newspapers across priority growth markets
- Regular radio, TV and print coverage of our thought leadership – across multiple news networks, titles and channels
- We made the running in Australia on the taxation debate – delivering a definitive research publication on options for reforming the tax system.
- We were thought leaders on innovation, economic transition, competitiveness and leadership.
- A network television leadership series with an audience of more than 2 million people
- A LinkedIn Influencer with more than 173,000 followers and 2.6 million views
- Around 130,000 followers on Twitter
- We continued our sponsorship of the Australian Open taking our brand to 369 million viewers throughout the Asia Pacific with 42 million in China
- We partnered with the Australian Women’s Weekly ‘Women in Business’ grants – supporting the most enterprising businesswomen in Australia today
- The CEO was invited to deliver multiple keynote addresses, including at the ASIC Forum dinner in Sydney, attended by Australia’s key leaders from business, government and the community.

This exposure has given us a platform for access to policy makers on a level we’ve never before achieved.

We now have unprecedented one-on-one access to ministers and key opposition MPs. We are influencing the debate, we are at the heart of the development of policies that are in the interests of the public and the profession.

From IFAC and the International Integrated Reporting Council to Prince Charles’ Accounting for Sustainability, we have a seat and a voice at the main table.

It's no accident that our CEO has once again been named in The Accountant magazine's Power 50 List of the most influential people in the profession globally.

Our successes are not going un-noticed. In fact, we have seen our competitors and observers ask how we've managed what we've managed. Some have even attempted imitating us, as best they can.

Few, if any, would dispute that we're more visible than we have ever been. Yet, there's a presumption by some, that this undeniably enhanced exposure for the brand, is somehow linked to a material increase in spending. This is not accurate. Here are the facts.

In 2015, our expenditure on marketing, promotion and publications was 18 per cent of turnover.

This line item includes, but is not limited to, a broad range of investments, including:

- Acquisition campaigns and related activities
- INTHEBLACK magazine and member communication channels
- Policy development and advocacy
- Outbound sponsorship, including the Australian Open
- The Bottom Line
- TheNakedCEO
- And much more

In 2009, our expenditure on marketing, promotion and publications was 17 per cent of turnover.

In 2006 – 10 years ago – our expenditure on marketing, promotion and publications was 17 per cent of turnover.

So, although our channels are broader and we get our messages out in a more integrated way, our investment as a percentage of turnover remains consistent with a decade ago.

There are differences of course.

In 2006, we had an average staffing complement of 426 and 112,000 members.

Ten years later, we've added four more staffed offices – in Guangzhou, Jakarta, Ho Chi Minh City and Hanoi – to create a truly global footprint of representation.

Membership has increased 38 per cent to over 155,000, while average staffing levels have increased by just 6.8 percent to a 455.

Whichever way you look at it, the facts show that we are delivering unprecedented exposure, supporting more members and across a larger global footprint and all as economically as in 2006.

We're working smarter to maximize the 'bang' we get for each 'buck'.

In delivering on these Board mandates, we enjoy the services of a CEO who has special media talents. Alex is an accomplished media performer.

He deftly and expertly represents our brand on everything from the 7.30 Report to radio 5MU Murray Bridge – and every shape and form of media outlet in between.

More than this – he's passionate about the challenge we've set him. And I know that the Board has asked him to go far beyond the call of duty in a selfish bid to extract every last ounce of his boundless energy with media engagements.

I would like to put it on record tonight how grateful we are for his commitment.

I would also ask that he forgive us for our shameless desire to exploit his talents in ensuring we are heard and recognised in all our markets and continue to make a meaningful contribution to the public interest.

Securing future talent

Working hand-in-glove with broadening the audience are our strategies for securing the next generation of talent.

It is a key pillar of the corporate plan and is embedded in everything we do across the business – from Melbourne to Jakarta.

The reason? We not only want members to stay members, but we want potential members to become members.

We also want people who can't become members to be interested in, and intrigued by us so they spread the word more widely.

Our objective is to be the trusted mentor and teacher so we can attract today's best and brightest to our profession and our designation.

This is the NakedCEO project; an award-winning website, a bestselling book, social media, campus visits and student ambassadors on campuses across the globe.

Over the last year I've had the privilege of speaking to students and young professionals around the world. I can say that their passion for CPA Australia – because of their trust in the Naked CEO and the staff of CPA Australia – is remarkable.

It's also Career Expos – and we held 14 of them around the world, including new events in Ho Chi Minh City, Hanoi, Jakarta and Wellington.

It's also the global network of more than 225,000 students and young professionals which helps them connect with internship and graduate employment opportunities and provides career and leadership support.

Further, in 2015 we have secured an additional 70 Recognised Employer Partners, taking our global network of partners to more than 400.

This is what we mean when we say we have an integrated approach; from campus to career, in person or in the virtual world, available 24/7.

The NakedCEO.com is at the heart of our engagement with the next generation of leaders. Our unique and well-established mentoring site has now grown to more than 4.4 million visits.

More than 1500 students and young professionals have asked Alex questions and Alex has personally video responded to each and everyone one of them.

These responses have led to nearly 100,000 views and 250,000 video plays, each time reflecting the CPA designation and brand relevance with the next generation.

In 2015, we expanded the reach of the website with the commissioned book, *The Naked CEO – The Truth You Need to Build a Big Life*.

It's about taking the web content – and the brand – into the studies, and coffee tables of family homes – around the world.

That's why we have seen the publisher promoting and selling the book – from the Co Op Bookshop in Grattan St, Parkville to Barnes and Noble on 5th Avenue New York.

The book is the number one best-selling business book in Australia, with distribution in 38 countries, translated into Thai with Chinese and Vietnamese coming shortly.

It has also been acquired by university faculties which have incorporated the book into their respective learning programs.

While the reach of the book has been amazing, it has not been surprising. It has enabled us to connect with the next generation in a genuine way as a trusted mentor.

And with so many international students, many of them from priority markets for CPA Australia, studying in Australia, New Zealand, the UK and the US, the book and the associated website provides us a direct avenue to connect with large populations of students and future members no matter where they are in the world.

The connections we are generating are tangible.

On his regular campus visits around the world, the Naked CEO regularly fills lecture theatres and I've seen students queuing for five hours and more just for the chance to get a book signed, a quick word of wisdom – and maybe a selfie.

And you only need to check out Twitter to see how often and how proudly those selfies are shared with the world.

As we broaden the audience and secure the next generation of talent, we know that not everyone will become a member, and that's okay.

Our ambition is that everyone – at a minimum – has a connection with CPA Australia, and CPAs.

They may not personally sign up for the program, but their level of awareness and trust in our brand may one day mean they hire a CPA, or refer someone to a CPA, or seek out a CPA themselves for trusted advice.

This is how we secure our future relevance.

For the avoidance of any doubt, the book was written by the CEO in his own time. All intellectual property is owned by CPA Australia and all royalties earned go back to the business and the Naked CEO project to continually enhance our capabilities to engage with young leaders and our future members.

The CEO has not and will not earn any remuneration from the book.

Executing the strategy

Not only have we continually communicated the strategy via the annual reports, but the CEO has directly addressed these issues around why we do what we do with members across the globe.

He spoke at five Congresses; in Melbourne, Sydney, Brisbane, Perth and Canberra.

He spoke at the Public Practice conferences in Victoria and NSW.

He addressed multiple career expos and employer events throughout the year.

Formal member feedback at each and every one of these events was extraordinarily positive.

Longevity of the strategy

The long term sustainability of our strategy is paramount. As a Board we are well aware that there must be continuity for our business.

Even though we have personalised the brand, the core values and characteristics of the business and the designation are retained in all that we do and will be sustained into the future.

I can confirm that key management personnel in the executive team have deliberately been exposed to all manner of activities and functions across all markets, business units and key external stakeholders.

We are in a position today where the loss of any key staff member would be less impactful on the businesses operations than in the past.

We have never been better prepared, with our ambitious, 'can-do' culture and brand characteristics enshrined in the executive team and our staff more broadly.

Values

Speaking of culture, during the year we took the opportunity to reassess the values of our business.

We have identified five statements which embody what CPA Australia stands for... and who our people are:

- people are at the heart of what we do
- service is personal
- we are bold and curious
- we are passionate about success, and
- we always act with integrity

These statements are an appropriate articulation of our core values. They align with the values at the heart of the CPA designation and reflect the culture of our organisation.

Corporate Social Responsibility

There's another element of our work in 2015 which I'd like to highlight, and that's our capacity to give back to the community – our corporate social responsibility.

In particular, we were proud to support an important education initiative in Cambodia.

Working with international aid organisation, the Credit Union Foundation Australia, we launched an innovative financial literacy app for children aged 7 to 12 in a village in Central Cambodia.

The app teaches children about saving and spending and the importance of setting financial goals.

We also continued our support of the Indigenous Accountants Australia project which aims to address under-representation of Aboriginal and Torres Strait Islander people in the accounting profession.

We work with students, staff and universities, graduates, employers and communities. And this year we saw the 31st indigenous accountant achieve a professional accounting designation.

A key community activity in 2015 was our involvement with Daniher's Drive. Working with sporting legend Neale Daniher, who's been afflicted with Motor Neurone Disease, we helped raise awareness and funds for research to find a cure for MND. This will be continued in 2016.

The CPA Australia logo was proudly displayed on all cars involved in the event and on the shirts of every participant and there were two dedicated CPA Australia cars driven by members and staff.

Conclusion

As a global business, with more than 155,000 members around the world, the Board expects excellence for our members and innovation in achieving our KPI objectives.

It's definitely been a big year. The results we have seen in 2015 are exactly what the Board has – and will continue – to drive for.

- Australian Open tennis audience reach of 369 million people

- Television leadership series audience of more than 2 million people
- More than 4.4 million visits to the NakedCEO.com
- Number One best-selling business book in Australia, with distribution in 38 countries.
- Retention levels in excess of 98%
- Strong member growth
- Strong financial performance
- Engaging in real time with 300,000 people on social media
- Sought-after commentator on key policy areas in Australia and across the globe.

It is almost easy to take a surplus for granted. And when stretch targets fall like nine pins and compliance and systems run like clockwork – it's important to remember none of these outcomes is an accident.

At the heart of delivering unprecedented results is professional execution of the consistently articulated corporate plan.

The Board could not be more proud of the way in which the executive team has executed the strategy we've set for them.

The results they are achieving and the platform they are laying for future growth is a credit to them and to our dedicated and tireless staff.

Our staff, across the world, are galvanised to achieving the goal of making CPA Australia the best member service organisation in the world.

Our staff are our brand ambassadors who are out in the community each and every day, working with, and reminding the community of who we are and why the CPA designation demands to be heard and recognised.

I thank members of our Divisional and Branch Councils, Advisory Committees, Centres of Excellence, member representative forums, discussion groups and task forces for their efforts and contribution.

I would also like to take this opportunity to thank my Board colleagues for their ongoing focus, support and leadership in ensuring a strong and vibrant CPA Australia.

Finally, to our members... thank you for your feedback and support – and thank you for your commitment to upholding the principles and high standards of the CPA designation.

I've been taken aback by the constant stream of positive messages to me personally and the organisation generally with heartfelt gratitude for having in some way made their lives better.

Thank you.