

Sustainability review

The Institute's annual report is compiled to communicate our achievements to members, demonstrate how and where we are making a difference and provide information on how our members' contributions are being used. This is the first year we have included sustainability information in our report.

We have been actively involved in many areas of sustainability – the leadership and lobbying initiatives in the area of carbon emissions trading and our work with the not-for-profit sector to encourage transparency in reporting are just two examples, but to date we have not reported on our own activities in this area.

We do however understand the importance of work practices that are sustainable from an environmental, social and governance perspective. With regards to the environment, a new environmental policy is under development and we are in the process of establishing a range of environmental indicators and targets to formalise the Institute's sustainability commitment in this area.

Since we are only at the beginning of this journey, we have not sought to have this information assured. However, best practice demands we report this information in as rigorous a way as possible. To this end, we have used the Global Reporting Initiative (GRI) G3 guidelines as a reference to frame its contents.



1980s

The rise and rise of regulation

The 1980s sees the increasing role of regulatory bodies including the newly formed NCSC (regulating the states' application of Commonwealth laws), the AAS, ASRB and the Australian Securities Commission. Capital gains and fringe benefits taxes are introduced and the *Corporations Act 1989* commences operation. The Institute rules CPE is a mandatory requirement for membership as well as a raft of standards including work addressing the so called 'bottom of the harbour' tax avoidance schemes.

Environment

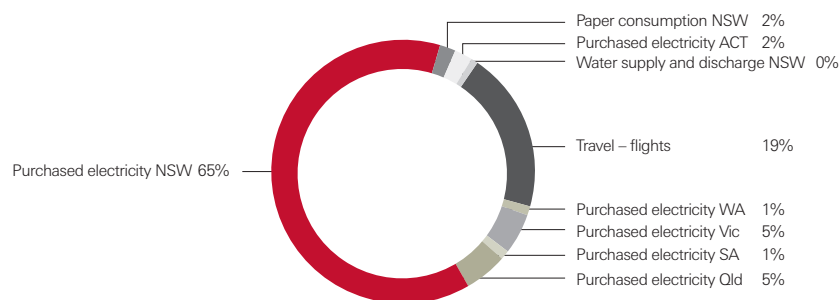
During the year we engaged an external consultancy to summarise the carbon emissions from our Sydney, Melbourne, Brisbane, Perth and Adelaide offices. These emissions were calculated based on employee flights and electricity consumption at all offices, together with paper and water consumption at the Sydney office.

	Source	Emission type
Scope 1*	N/A	N/A
Scope 2**	Electricity	Emissions from the burning of fossil fuels to generate electricity
Scope 3***	Transport	Emissions from air travel
	Water	Emissions derived from the supply and discharge of water (Sydney only)
	Paper	Emissions derived from the manufacture and transport of A4 office paper (Sydney only)

Total electricity consumed was 2,142 megawatts or CO₂e (carbon dioxide equivalent) of 2,287 tonnes. Total water was 9,360 kilolitres or CO₂e of 3.6 tonnes. Total flights were 4,265,986 kilometres or CO₂e of 544 tonnes. Total paper was 7,800 reams or CO₂e of 55 tonnes.

Overall, the total CO₂e emissions for the 2007/2008 financial year were estimated to be 2,889 tonnes.

Greenhouse Gas Proportions



The guiding premises for quantifying and reporting on carbon emissions were based on the 'Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard' published by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

* Scope 1 – Direct GHG emissions: these occur from sources owned or controlled by the company, such as emissions from boilers, furnaces, vehicles, or chemical production.

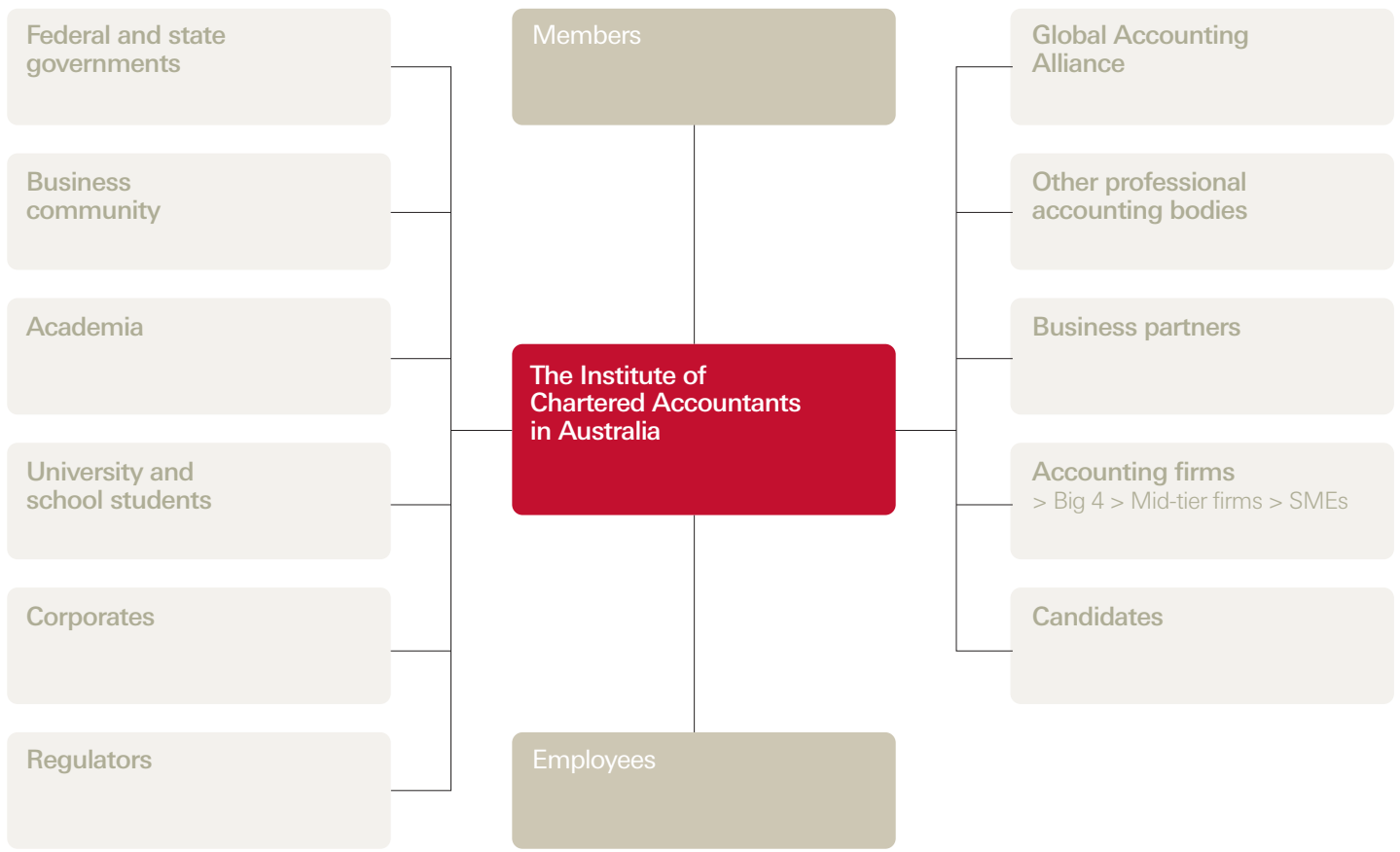
** Scope 2 – Indirect emissions: derived from the generation of purchased electricity consumed by the company.

*** Scope 3 – Other Indirect emissions: are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

Social

Stakeholder engagement

Stakeholder engagement is an important part of our sustainability agenda. To enhance and promote the role and reputation of Chartered Accountants we actively engage with a wide range of stakeholders.



Social (continued)

Stakeholder dialogue takes many forms. Some examples are:

Members

We provide members with timely access to information about the activities of the business, management and governance, as well as changes in legislation that may affect the profession. Key communication channels include 11 issues of *Charter* magazine; regular technical e-newsletters for tax, accounting and audit, financial planning and superannuation; fortnightly segmented *e-Bulletins*; monthly local e-newsletters; face-to-face visits from a dedicated member relations team; training and development seminars; conferences; and our website.

The annual general meeting is held in Sydney, New South Wales, with an open invitation for members to attend and question the president, deputy president and CEO. The external auditor is also required to attend and is available to answer members' questions regarding the conduct of the audit and preparation and content of the audit report.

The Chartered Accountants Advisory Group provides confidential free counselling for members experiencing difficult ethical or professional situations. This year it assisted more than 80 members across the country.

Membership distribution by branch	2008 %
ACT	2
NSW	36
NT	1
Overseas	14
Qld	12
SA	5
Tas	1
Vic	22
WA	8

Membership by business segment	2008 %
Practice	36
Commerce (including government and academia)	37
Overseas	14
Other	13

Young Chartered Accountants

Our Young Members Committees help young Chartered Accountants establish themselves in the accounting profession by enhancing professional skills and mentoring them. The committee aims through its programs to also help members network across the legal, engineering and finance professions, as well as with local politicians. During the year the Institute commissioned research to better understand factors affecting recruitment, performance, retention and attrition rates among young members.

Membership by age band	2008 %
40 and under	52
41–65	42
Over 65	6

Social (continued)

Women in accounting

A more balanced gender membership base is good news for the accounting industry. This is of particular importance and significance in the current skills shortage environment in which we operate.

To date the proportion of Chartered Accountants who are women stands at 32 per cent, while in 1998 it stood at only 19.7 per cent.

Membership by gender	2008 %
Female	32
Male	68

Government, industry bodies and regulators

We maintain strong relationships with leading industry bodies and stakeholder groups. We have a seat at the table of the:

- > Regulatory Discussion Group, dealing with matters affecting financial reporting and auditing
- > Australian Securities Exchange Corporate Governance Council
- > Australian Institute of Company Directors Financial Reporting Committee
- > Business Coalition for Tax Reform
- > All major ATO, the Inspector General of Taxation and Treasury taxation forums
- > Trans-Tasman Accounting Standards Advisory Group.

We contribute to public policy development by engaging actively with policy makers through written submissions, appearances before parliamentary committees, face-to-face meetings, involvement in media debates and in legislation and regulation development.

Direct engagement with political stakeholders is conducted and coordinated by a manager of government relations, based in Canberra. Institute executive management and technical experts are also involved, as necessary.

To offer guidance on the practical implications of regulation and legislation, we also meet regularly with stakeholders across government, Treasury, the Financial Reporting Council, the Australian Auditing Standards Board, the Australian Accounting Standards Board, the Australian Securities and Investments Commission, and the Australian Prudential Regulation Authority.

The Institute is also represented on the Chairs Committee, which comprises ASIC, CEOs of the Big 4, representatives of the G100 and professional accounting bodies. The Committee aims to achieve better liaison between the profession and ASIC, with the Institute representing the interests of members outside the Big 4.

Global engagement

The Institute connects with global research and advocacy through our role as founding member of the GAA. Through the Joint Accounting Body (JAB) we ensure Australia is well represented on the International Federation of Accountants Board and its key committees and boards. The JAB also ensures representation on the Confederation of Asian and Pacific Accountants and the ASEAN Federation of Accountants.

Investing in our community

The Institute's community investment activity is an integral part of our strategic objective to enhance the role of Chartered Accountants for the benefit of the business community and public interest.

The not-for-profit sector

We have long been active in helping not-for-profits (NFPs) improve their financial reporting. There are 700,000 NFP organisations in Australia that require guidance on the latest reporting standards.

Our first report in this area, *Not-for-profit sector reporting: a research project*, in 2006 reviewed NFP annual and financial reports. Our second report, *Enhancing not-for-profit annual and financial reporting*, published in February 2007, provided deeper practical guidance to help NFPs prepare and present annual and financial reports.

The report outlined how enhancements for annual and financial reporting detailed in the first NFP report may be implemented and provided an overview of legislation and resources and how to meet reporting obligations.

Transparency Awards

This year we extended our work in this area by partnering with PricewaterhouseCoopers to launch the inaugural Australian PwC Transparency Awards to recognise and encourage ongoing improvement in the quality and transparency of reporting in the not-for-profit (NFP) sector.

The winner of the inaugural award was the Juvenile Diabetes Research Foundation and runner up was the Australian Community Support Organisation.

Social (continued)

Everybody Counts

Everybody Counts is the way we partner with organisations on both a national and local level to give back to the community.

The program was launched in 2006, and Alzheimer’s Australia, Cancer Council, Camp Quality, Inspire Foundation and RSPCA were selected as our charity partners.

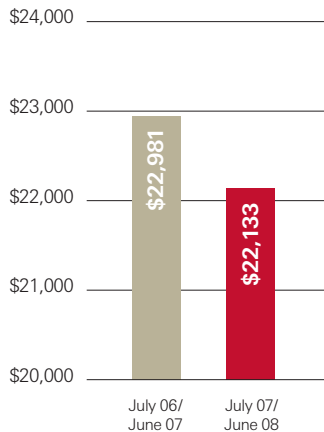
Staff participation in the program has grown from 19 per cent in 2006 to 31 per cent, with staff donations totalling \$45,114, as at June 2008.

The Australian Charities Fund benchmarked Everybody Counts this year. Participation by 31 per cent of staff (and an average monthly donation of \$35) placed the Institute ‘above average’ compared to similar sized organisations.

The program model has now evolved to cover three strands: workplace giving, volunteer opportunities and pro bono skills transfer at a national and local level.

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Community investment by cash



Community investment by time

2006 – 2007	Percentage of employees volunteering hours equals 62 per cent based on 250 employees nationally
2007 – 2008	Percentage of employees volunteering hours equals 54 per cent based on 280 employees nationally



1990s

Funding retirement

The Keating Government’s superannuation guarantee of 1992 sets in motion Australia’s key retirement income policy. The *Corporate Law Report Act* begins operation in 1993 introducing directors’ duties. The Ralph Report, a review of business taxation, is completed. The Financial Reporting Council (FRC) is set up to oversee the activities of the AASB. The *Professional Standards Act* of 1994 is passed in the New South Wales Parliament followed by a submission from the Institute to impose a limitation on liability. The Institute calls for Australia to adopt international accounting and auditing standards.

Social (continued)

Investing in our employees

Building an organisation that rewards performance, encourages commitment and where the overall focus is directed towards providing services to our members is fundamental to the Institute's current and future sustainability.

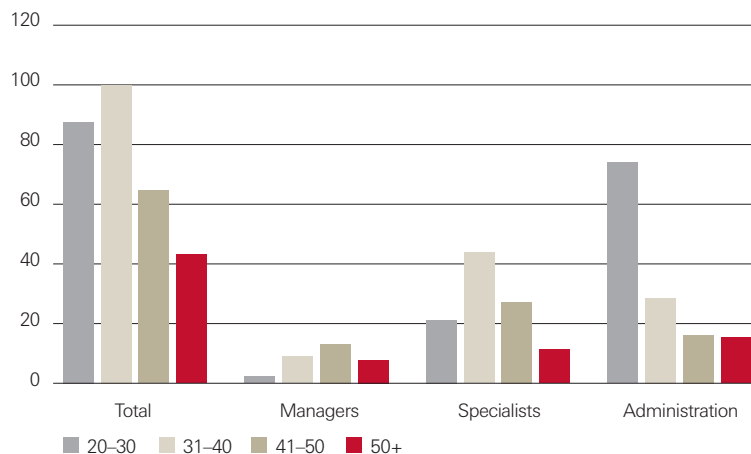
Developing our people

During the year we introduced several new development opportunities for staff, including project planning skills, personal leadership development, managing performance, and presentation skills, in addition to our existing course program of development. Through the range of courses available, we provided internal training for the equivalent of 600 staff.

Member to staff ratio

	2007/2008	2006/2007	2005/2006	2004/2005	2003/2004
Members and candidates to 1 full time employee	215	213	204	219	226

Employees by age and role



21st century

Internationalisation of reporting standards

Major changes to Australia's tax system in 2000 saw the introduction of a 10 per cent goods and services tax (GST) on the majority of goods. Following some high profile corporate failures in Australia and overseas, a reform to the *Corporations Act* known as CLERP 9 becomes law on 1 July 2004. The reforms aim at strengthening the financial reporting framework and enhancing disclosure. The Institute continues to work strongly to support CLERP 9 and other initiatives. More recently the Institute has been working with government on proposals intended to reduce the regulatory burden including company reporting obligations and corporate governance issues.

Organisational chart

The Institute of Chartered Accountants
Organisational Chart

