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 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.

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

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.
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.
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.

<table>
<thead>
<tr>
<th>Membership distribution by branch</th>
<th>2008</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>NSW</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>NT</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Qld</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>SA</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Tas</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Vic</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>WA</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Membership by business segment</th>
<th>2008</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Commerce (including government and academia)</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Membership by age band</th>
<th>2008</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 and under</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>41–65</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Over 65</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Membership by gender</th>
<th>2008 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>32</td>
</tr>
<tr>
<td>Male</td>
<td>68</td>
</tr>
</tbody>
</table>

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.

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

1990s

Funding retirement

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

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Members and candidates to 1 full time employee</td>
<td>215</td>
<td>213</td>
<td>204</td>
<td>219</td>
<td>226</td>
</tr>
</tbody>
</table>

### Employees by age and role

![Bar chart showing 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

Chief Executive Officer
Graham Meyer

Board Secretariat
Led by Wendy Zammit

Deputy Chief Executive Officer
Elaine McFadzean

Human Resources
Led by Marie Maky

Standards & Public Affairs
Led by Bill Palmer

Brand & Communication
Led by Rebecca Stewart

Corporate Strategy
Led by Barbara Bell

Regional Offices

Business Services
Led by Anne McCotter

New South Wales
Led by Lisette Cochineas

Training & Development
Led by Sharon Kells

Australian Capital Territory
Led by Renee Le Grande

Chartered Accountants Program
and Admissions
Led by Sheena Frenkel

Queensland
Led by Simon Grant

Customer Service
Led by Michelle Bevan

Victoria
Led by Michael Nazzari

Support Services
Led by Pat Reddy

South Australia
Led by Mark Jones

Membership Marketing
Led by Julian Boram

Western Australia
Led by Con Abbott