About the Institute

The Institute of Chartered Accountants in Australia (the Institute) is the professional body representing Chartered Accountants in Australia. Our reach extends to more than 66,000 of today’s and tomorrow’s business leaders, representing more than 54,000 Chartered Accountants and 12,000 of Australia’s best accounting graduates currently enrolled in our world-class Chartered Accountants postgraduate program.

Our members work in diverse roles across commerce and industry, academia, government and public practice throughout Australia and in 109 countries around the world.

We aim to lead the profession by delivering visionary leadership projects, setting the benchmark for the highest ethical, professional and educational standards, and enhancing and promoting the Chartered Accountants brand. We also represent the interests of members to government, industry, academia and the general public by actively engaging our membership and local and international bodies on public policy, government legislation and regulatory issues.

The Institute can leverage advantages for its members as a founding member of the Global Accounting Alliance (GAA), an international accounting coalition formed by the world’s premier accounting bodies. With a membership of more than 800,000, the GAA promotes quality professional services, shares information, and collaborates on international accounting issues.

Established in 1928, the Institute is constituted by Royal Charter. For further information about the Institute, visit charteredaccountants.com.au
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When an organisation makes dazzling declarations about its reporting – even claiming to be ‘the first in the world’ at something – how justified are those colourful claims?

Well, we just might have the answer.

At the Institute, we’ve developed a framework of reporting that is black and white. It goes above and beyond traditional financial reporting – and beyond sustainability reporting – to present a complete picture of an organisation’s performance.

It is called Broad Based Business Reporting.

It doesn’t treat sustainability as an add-on; as something that sits separately from the core activities of a business. Instead, it integrates social, environmental and governance issues alongside everything else that matters. It provides a better explanation of corporate strategy and value drivers; of key performance indicators and the progress made towards these.

This is good news for everyone. Investors get the complete picture about a business in one place without significantly increasing the burden on the business that reports it. Businesses gain a competitive advantage because their superior reporting is a key differentiator for winning capital at the right cost. And, most importantly, the community benefits too, because the business is transparent and accountable for its sustainability performance.

For many years we’ve been vocal about the need to integrate all the drivers of business performance within one framework … So our 2010 annual report, which you are reading right now, follows the principles of Broad Based Business Reporting.

Broad Based Business Reporting is something we firmly believe in. For many years we’ve been vocal about the need to integrate all the drivers of business performance within one framework. We’ve provided practical tools and guidance so that businesses can introduce Broad Based Business
‘Transparency’ is the new black. ‘Sustainability’ is the new corporate buzzword. Suddenly everyone claims to be doing it but, when there are so many grey areas, how can you be really sure?

black and white

Reporting. And we’ve also provided in-depth industry analysis and case studies from here and overseas.

Wherever we can, we’re spreading the word and encouraging best practice. This year, we participated in the Prince of Wales’ Accounting for Sustainability Forum in London, pressing the case for integrated reporting. And we made sustainability a leading topic in our marquee Business Forum events across Australia. This included a passionate discussion in Sydney featuring Tim Costello (World Vision), Elaine Henry (The Smith Family), Professor Peter Shergold (Centre for Social Impact) and Chris Cuffe (Social Ventures Australia Fund). We want to see a common approach to integrated reporting that is adopted globally, and this will be our focus in 2010–2011.

Not-for-profit sector reporting

Not-for-profit organisations stake their reputation on a mandate of trust and accountability. So, just like the corporate sector, they need to be open and transparent in their performance reporting.

That’s why the Institute has taken the Broad Based Business Reporting model and applied it to the not-for-profit sector too.

In recent years, we have published commentary and practical guidance, tailored to this sector, to help preparers of financial and non-financial reports.

It’s important that we recognise excellence in this field, and hold it up as an example for others to follow. For this reason, we remain committed sponsors of the Australian PwC Transparency Awards, which recognise quality annual and financial reporting in the charitable sector. The class of 2009 was particularly strong; a real sign that our message is getting through.

As a member-based organisation, we share many commonalities with not-for-profits. So our 2010 annual report, which you are reading right now, follows the principles of Broad Based Business Reporting too.

Our fresh approach is profoundly and positively impacting organisations, the accounting profession and the wider community. It provides the benchmark for business reporting and removes the grey areas. So when you read a Broad Based Business Report, you can be sure you know exactly what you’re getting.
We have a clear vision to maintain the Institute’s influence at home, while expanding our influence overseas.

President’s message

Michael Spinks FCA
2010 President
A quality brand for today – and tomorrow

From the banks of the Yarra to the banks of the Yangtze, Australian Chartered Accountants have been leading the way this year. In major cities and across the globe, we’ve been delivering quality services, quality leadership and quality results.

Amid all the alarm bells of recession and the murmurs of recovery, Chartered Accountants provided the voice of reason. Our employers and clients listened to us because we’re seasoned business professionals – we’ve seen the ups and downs before.

This year our professional body, the Institute, also relied on the expertise of Chartered Accountants. All of the Board members have ‘FCA’ beside their names, as do several of the management team and staff. We have a clear vision to maintain the Institute’s influence at home, while expanding our influence overseas.

Domestically, our Institute remains relevant to its members by providing leadership, advocacy, guidance and resources for today – and having a big say in what will happen to our profession tomorrow.

This year our thought leadership work sparked debate about the most pressing challenges facing Australia in the next 20 years. We also encouraged open and honest debate on possible strategies, issues and challenges for Australia’s future accounting education, graduates and academia.

And our voice was heard loud and clear by government during the Henry review of taxation, the Ripoll inquiry into financial products and services, and the Cooper review of superannuation; not to mention the Federal Budget. We also participated in the debate on the pages of every major newspaper in Australia, and had our say on radio and television too.

Having canvassed members and analysed the public interest implications, our representatives determined the appropriate policy settings to achieve greater business certainty and less red tape. Once final policy decisions were made by government, the Institute provided operational support for members through events, podcasts, newsletters, guides and our increasingly popular online training.

As our Institute continued to influence policy makers, it was also reinforcing the reputation of the Chartered Accountants brand. We have become trusted advisors to the government, regulators and standards setters because they associate our brand with quality and leadership. And this year our advocacy role was further reinforced through the inaugural Chartered Accountants Leadership in Government Awards.

However, Chartered Accountants don’t just work domestically – we work globally too. That’s why the Institute is throwing so much energy into enhancing the influence and reputation of the Chartered Accountants brand overseas.

The strategic significance of this cannot be underestimated. I think we are seeing the beginnings of a paradigm shift: from a domestic brand into a global brand. It won’t happen overnight but I believe it has to happen.

More and more Chartered Accountants see their career and business opportunities overseas, and we need to be there for them. And even if you don’t aspire to work overseas, being part of a brand built on quality – that is recognised globally – can only be a good thing for all Chartered Accountants and their career prospects.

Take Asia, for example, where a growing number of major corporates are building a presence. The Institute has begun raising the profile of the Chartered Accountants brand in developed Asian economies, through leadership and influencing activities. Meanwhile, the developing Asian economies are crying out for quality intellectual capital; for quality accountants. The Institute is playing a part in raising standards via training to equip accountants with new skills and guidance. And we are collaborating with organisations who share our values and aspirations in Asia, such as the New Zealand Institute of Chartered Accountants.

Our continuing presence in Asia is all about influence; positioning Chartered Accountants as providers of quality services and advice. This year, we took significant strides in this direction; but there’s a long way to go. One day, if we can achieve a global designation, it won’t matter where your employers or clients are: the Chartered Accountants brand will be just as relevant on the banks of the Yangtze as it is on the banks of the Yarra.

Thank you

It’s been my pleasure this year to work alongside a talented and dedicated team of professionals. I’ve been impressed with the calibre of Chartered Accountants serving on our councils, committees and Board. Time and again, they have given their energy and commitment to help further the interests of the wider profession. We owe them a debt of gratitude.

I’d also like to extend my thanks to the Institute’s CEO Graham Meyer. Backed by an exceptional management team and enthusiastic staff, he’s directing a cultural transition. Increasingly, the Institute is led not by rules and regulations – but by principles. Talented people are being recognised and innovation is being rewarded.

At the same time, Graham has built a solid financial foundation. This will allow us to invest in some significant areas which will provide major benefits for members in the years to come. For more details, see overleaf.
Building for the future

If you imagine the Institute as a single bricks-and-mortar structure, it would probably have scaffolding around it today. You would see busy groups of people working outside, wearing reflective orange safety vests and hard hats.

This year the Institute has been building for the future. We’ve built up significant financial reserves, we’ve built a stronger workforce, and we’ve built a firm strategic plan. This gives us a robust foundation for the significant investments we must make in our IT systems and our Chartered Accountants Program.

Building quality services

The single biggest investment we are making is in our computer and IT systems. This will allow us to deliver a customised and flexible service for Chartered Accountants. By transforming our old IT infrastructure, we will be able to react quickly to change and support members in a timely manner. The improvements will affect just about every service we provide to members, from our website and technical guidance, to the annual subscription process and the way we communicate.

Building for the next generation

During the economic downturn, Australia’s accounting skills shortage showed some signs of easing, but it hasn’t gone away. This is a long-term issue that requires a long-term solution. Fortunately, our solution has been under construction for some time already.

A few years ago, we researched how young people make decisions about their career choices. Then we began engaging with students during a number of key stages in their education, both directly (e.g. through careers events at schools, colleges and universities) and indirectly (e.g. through advertising and promotional initiatives).

This strategy is now paying dividends, with more and more young people joining our ranks (the number of members we have aged 21–30 has increased by more than 1,000 since 30 June 2008).

But our construction work is far from finished. Our last major overhaul of the Chartered Accountants Program was 10 years ago, and a lot has changed since then. So we’ve taken a fresh look, and spoken to members, facilitators, examiners, employers and candidates. We also examined overseas programs, to see if we could learn a thing or two there.

Our review told us that the content of what we teach is world class. It also indicated that enhancements can be made to the way we teach that content. Young people still value face-to-face learning, but that approach can be combined with other delivery methods, such as vodcasts, podcasts, discussion forums and blogs. We’re also looking at how we present topics, information and assessments, to see if we can improve that too.

So in 2012 we will launch a new-look Program. This will require investing some of the cash reserves we secured in 2009 and 2010.

Building a workforce

The ongoing skills shortage is one of the reasons we re-aligned our marketing personnel this year. We recruited a senior and experienced sales & marketing manager, who introduced a new structure to improve engagement with candidates and members, and strengthen our brand and reputation with key audiences, such as students and employers.

As the only body in Australia to offer a postgraduate accounting qualification, we also need to ensure we are influential in the education sector. To this end, we recruited Professor James Guthrie to the new position of Head of Academic Relations. He’s already making inroads within academia and has given us a voice on policy decisions and issues that affect the Chartered Accountants of tomorrow.

Our influence has also grown in other areas, thanks to other new appointments. Liz Westover joined us as Head of Superannuation; Geraldine Magarey now handles the sustainability agenda, as well as promoting the interests of members in regional and rural areas; and we worked alongside leading economist, Saul Eslake, to raise our profile on the wider economic stage. And all these people are backed up by one of the best public policy advocates Canberra has to offer, Grahame Morris.

These new arrivals were timely. Many challenges await us, including the debates around international standards and the legislative changes from government reviews of tax, education, superannuation and financial planning.

Building together

I’d like to extend my sincere thanks to our staff for an immense performance this year. Their efforts helped us get to a point where we now have no borrowings on our head office in Sydney. They also helped us build the necessary cash reserves for next year’s investment. Spending that money will create a tougher operating environment for us, but we shall enter that in a strong position.

In closing, I would also like to thank our Board members, who have backed me all the way this year. Working together with a shared vision, we have made outstanding progress on our long-term strategy. This strong foundation means that we can all be optimistic about the building program ahead.

Everybody Counts

Following successful pilots with two firms, we are now contacting small-to-medium practices across the country inviting them to join Everybody Counts, an initiative that partners accounting firms and the Institute with other organisations to give back to the community. This enables staff to give money, time and skills to support causes that have mass appeal, such as Alzheimer’s Australia, National Breast Cancer Foundation, Redkite, Inspire Foundation, The Smith Family, Sane Australia and the RSPCA.

Find out more here: charteredaccountants.com.au/everybodycounts
We’ve built up significant financial reserves, we’ve built a stronger workforce, and we’ve built a firm strategic plan. This gives us a strong foundation for major improvements for members.
Core purpose: Through its leadership, the Institute enhances and promotes the reputation and role of Chartered Accountants, both individually and collectively, and ensures the highest professional quality of its current and future members, for the benefit of the business community and the public interest.

The Institute of Chartered Accountants in Australia will be:
> A visionary organisation with respected thought leadership and key strategic relationships
> Setting the benchmark for the highest ethical and educational standards
> Providing a Chartered Accountants brand which is the passport for lifelong career success
> Representing and leading members nationally and influencing regionally and globally.
Building our strategic plan: When our members talk, we listen.
To develop our 2010–2012 strategic plan we had discussions with committees of Chartered Accountants across Australia. The outcomes of the sessions were provided to the Board as input to its strategic planning retreat in October. Following that, a strategic thinking session took place at each Board meeting during the year, focusing on one of the six strategic issues in our plan. To review the strategic plan in detail, visit charteredaccountants.com.au/strategicplan

Direction

strategic plan for 2010–2012

Our strategic issues

> Relevance to members and stakeholders
> Ensuring the Institute is fit for the future
> Leadership and competitive positioning of the Institute
> Growth to ensure a sustainable future for the Institute and Chartered Accountants
> Global positioning
> People and culture.

Values
our principles and stakeholders

Who we work with

Members
Candidates
Employees
Global Accounting Alliance
Business partners
Accounting firms
  > Big 4
  > Mid-tier firms
  > Small and medium practices
Federal and state governments
Business community
Academia
University and school students
Corporates
Regulators
Other professional accounting bodies
In this section we get to the heart of the matter. We’ll look at each of our strategic issues in turn, spelling out our objectives and targets before explaining whether or not we achieved these.

Measuring up
the year in review

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- **Efficiency** to ensure the Institute is fit for the future 18
- **Leadership** and competitive positioning 20
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- **People** and culture 30
Relevance
to members and stakeholders

Objectives
- A differentiated segmentation strategy which delivers value to members throughout their life cycle
- Effective and valued interaction with members
- Ongoing development and revision of products and services to ensure value to members
- Mutually beneficial partnerships with leading industry bodies and stakeholder groups.

Comments
The member satisfaction rating is based on research conducted in May each year by Beaton Research & Consulting (an independent organisation). The 2010 member satisfaction rating has not changed beyond the +/-4% variance that is statistically significant. In order to improve member satisfaction, the Institute continues to undertake a range of activities, as described on pages 15–16.

Member engagement is a new measure in 2010 which refers to how connected our members feel towards the Institute. It is derived from the Annual Business and Professions Study, conducted in November each year by Beaton Research & Consulting. Our score of 6.74 saw us ranked fourteenth out of the 18 associations benchmarked. We have major projects underway to address this, rolling into the next financial year. The median score for member engagement for all organisations was 6.98 out of 10. For more details on the Beaton research, see page 20.

Member attrition has stayed at around 1% for many years, which means 99% of members are retaining their membership annually. That’s a positive trend but we are striving to keep every single member satisfied and engaged; supporting members throughout their career. So improving member engagement will be a key focus for 2010–2011.

Measurement

<table>
<thead>
<tr>
<th>Member satisfaction</th>
<th>2010 performance</th>
<th>72%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 target</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>2009 performance</td>
<td>69%</td>
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</table>

Beaton Research & Consulting, May 2010

<table>
<thead>
<tr>
<th>Member engagement (score out of 10)</th>
<th>2010 performance</th>
<th>6.74</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 target – none set</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009 performance – not measured</td>
<td></td>
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</table>

Beaton Research & Consulting, November 2009

<table>
<thead>
<tr>
<th>Membership attrition</th>
<th>2010 performance</th>
<th>1%</th>
</tr>
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<tbody>
<tr>
<td>2010 target</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>2009 performance</td>
<td>1.1%</td>
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<table>
<thead>
<tr>
<th>Membership distribution by branch</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>2%</td>
</tr>
<tr>
<td>NSW</td>
<td>36%</td>
</tr>
<tr>
<td>NT</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Overseas</td>
<td>13%</td>
</tr>
<tr>
<td>Qld</td>
<td>12%</td>
</tr>
<tr>
<td>SA</td>
<td>5%</td>
</tr>
<tr>
<td>Tas</td>
<td>1%</td>
</tr>
<tr>
<td>Vic</td>
<td>23%</td>
</tr>
<tr>
<td>WA</td>
<td>8%</td>
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<table>
<thead>
<tr>
<th>Membership distribution by business segment</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice</td>
<td>38%</td>
</tr>
<tr>
<td>Commerce (including government and academia)</td>
<td>35%</td>
</tr>
<tr>
<td>Overseas</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Membership by age band</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 and under</td>
<td>51%</td>
</tr>
<tr>
<td>41 – 65</td>
<td>43%</td>
</tr>
<tr>
<td>Over 65</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Membership by gender</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>34%</td>
</tr>
<tr>
<td>Male</td>
<td>66%</td>
</tr>
</tbody>
</table>
We interact with members through events, conferences, the web, print and broadcast media, enewsletters, manuals, toolkits, guides, Charter magazine and training sessions. In 2010 we experimented with a variety of new media activities including blogs, podcasts, Twitter and LinkedIn aimed at current and potential members. This has helped us understand what works best for our audiences at a time when we are planning the relaunch of our website (see page 19).

Training and development
During 2010, we delivered some 850 workshops, forums, debates and other events on technical and professional issues. We also celebrated the 21st anniversary of our annual Business Forums, attracting more than 4,200 accounting and business professionals across all major capital cities. Attendance figures were up on the previous year, and feedback from attendees was overwhelmingly positive.

Meanwhile, we continue to lead the profession in delivering audit training across Australia. For example, this year we expanded our Audit Conferences to Brisbane and Perth, with encouraging results.

The Institute is committed to providing a comprehensive range of training for members and a range of ways to access it. A combination of face-to-face, ‘in house’ and online delivery methods allow members to choose the delivery channel that suits them best.

In September 2009 our e-learning platform was relaunched as ‘Live One’ with a search engine marketing campaign. It continues to be the fastest growing channel for delivering training to our members; and we have expanded many areas including tax, accounting, audit, superannuation and professional development. One of the secrets of our success was, quite simply, talking to members. In focus sessions they told us how to improve our service, and then we responded to that.

At your service
We also listened to members when they told us what tools, checklists and other resources would help them in their everyday work. We delivered guides for the audit and administration of self-managed superannuation funds, not to mention the Chartered Accountants Tool Box and Practice Structures Guide. A new online tool, SMSF Trustee Education Program, was also developed in partnership with the other professional accounting bodies.

But we didn’t stop there. We also won plaudits from members for the following new initiatives:

- Partnered with Deloitte to launch the Chartered Accountants Leadership Academy: giving members access to global leadership research and training
- Revamped and relaunched Find a CA: our public database of accountants’ contact details
- Piloted a mediation service in Sydney; helping members resolve professional disputes (we also help members facing ethical and professional issues across Australia, through our Chartered Accountants Advisory Groups)
- Developed two trust funds: One will provide support for members and others who suffer financial hardship due to serious difficulties, such as sickness or disability (we have donated $75,000 to kick start this fund). The other will be a scholarship fund for people who are marginalised or disadvantaged (we have donated $150,000 to this). These will be launched in 2011
- Established a Regional Australia Advisory Committee. This group of Chartered Accountants advises the Institute’s Board and executive management team, to ensure we are delivering policies and thought leadership activities of relevance to regional and rural Australia.

Now we’re in business
Of course, not all Chartered Accountants are alike. We understand that different members have different needs; not least our members who work ‘in house’ for a single employer (commonly described as ‘working in business’). This year we worked alongside our member advisory panels to develop tailored guidance for members in business. This included best practice advice on areas such as year-end planning, investor relations, developing a travel and expense policy and the use of relative targets in performance measurement. We also began a new Business Briefings series, providing insight for CFOs and their teams. The first two papers dealt with carbon trading and emerging technology.

Staying up to date
We provide a comprehensive range of updates and insights to help Chartered Accountants stay abreast of the latest issues affecting them in their work. We deliver these via different channels to meet different needs and tastes:

- A team of experts produce a series of regular technical enewsletters on topics such as audit, reporting, tax and superannuation
Skilled business writers sniff out the latest leadership, lobbying and technical news for six eBulletin newsletters. Each one is tailored to the needs of members of different member groups (including a popular new Regional Australia eBulletin, which was launched this year).

> **Charter**, our monthly magazine, now reaches an audited readership of more than 51,000.

> The *Without Fear or Favour* podcast series provides an in-depth discussion of a single issue affecting accountants.

> Our fortnightly news podcast covers the latest accounting headlines in less time than it takes to drink a cup of coffee.

This year we have also embraced new ways to connect with our audiences; including our first foray into social media. Channels such as Twitter, myspace, blogs, SlideShare and LinkedIn provide a convenient and easy way for members to network, share ideas and make their voices heard. Watch this space in 2010–2011 for more exciting developments.

**Partnering with academics**

This year we appointed our first ever Head of Academic Relations, Professor James Guthrie, to spearhead Institute activities in the academic world. Our relationship with the university sector is of great significance because this is where future generations of accounting graduates will come from. We must help ensure these graduates meet the needs of the profession and the workplace; and we must lead public policy debate on issues that affect accounting education.

We are a platinum sponsor of the Accounting and Finance Association of Australia and New Zealand (AFAANZ). This provides funds for the annual AFAANZ conference and supports PhD scholarship awards to give impetus to successful academic careers. We also held a forum on ‘Australian Accounting Education for the Future: Challenges and Possible Strategies’, involving senior academics, professional bodies and other key stakeholders.

**Our focus for 2010–2011 includes:**

> Expand training and development offerings in tax, audit and assurance, superannuation and financial planning.

> Improve *Succession Planning Toolkit* for members in practice.

> Build a strategy that delivers an integrated range of products and services via improved marketing and communication.

> Research to better understand the needs of members in different workplaces.

> Launch of new website to improve member and stakeholder experience, with more intuitive navigation, a powerful search engine and personalisation.

> Social media strategy to build engagement and support the Institute’s leadership position.

> Launch the two Chartered Accountants Benevolent Foundation trust funds.
In the next financial year...

Our new website will put members in the driving seat. An enormous range of resources will be presented in a simple, user-friendly way to suit the individual interests of each member. It will be like having your own personal Chartered Accountants website.

Graham Meyer, CEO
The Institute of Chartered Accountants in Australia
Efficiency

to ensure the Institute is fit for the future

Objectives

> Driving quality in all our activities
> A sound financial base to enable investment in key strategic issues
> Appropriate quality-driven infrastructure and processes to underpin organisational sustainability and development
> A nimble governance structure with relevant committees providing quality input
> Strategic thinking which identifies and responds to emerging trends and markets.

Measurement

Net profit

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<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
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<tbody>
<tr>
<td>$m</td>
<td>$6.7m</td>
<td>$5.1m</td>
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<table>
<thead>
<tr>
<th></th>
<th>2009 performance</th>
<th>2008 performance</th>
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<tbody>
<tr>
<td>$m</td>
<td>$4.6m</td>
<td>$4m</td>
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Ratio of staff: members/candidates

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<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
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<tbody>
<tr>
<td></td>
<td>1:202</td>
<td>1:200</td>
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<table>
<thead>
<tr>
<th></th>
<th>2009 performance</th>
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<tbody>
<tr>
<td></td>
<td>1:233</td>
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Revenue per member and candidate

<table>
<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
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<tbody>
<tr>
<td>$</td>
<td>$1,450</td>
<td>$1,450</td>
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<table>
<thead>
<tr>
<th></th>
<th>2009 performance</th>
<th>2009 target</th>
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<tbody>
<tr>
<td>$</td>
<td>$1,250</td>
<td>$1,500</td>
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Cost per member and candidate

<table>
<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
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<tbody>
<tr>
<td>$</td>
<td>$1,342</td>
<td>$1,367</td>
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<tr>
<th></th>
<th>2009 performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,174</td>
</tr>
</tbody>
</table>

* Based on forecast 2 figures not original budget

Greenhouse gas emissions (CO₂e emissions in tonnes)

<table>
<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,784</td>
<td>&lt; 2,886</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009 performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,886</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008 performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,784</td>
</tr>
</tbody>
</table>

Greenhouse gas emissions (CO₂e emissions in tonnes)

Purchased electricity NSW 1,685
Purchased electricity Vic 120
Purchased electricity Qld 82
Purchased electricity WA 37
Purchased electricity SA 32
Purchased electricity ACT 38
Travel – flights 567
Paper consumption 39
Water supply and discharge 4

Our 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 and World Business Council for Sustainable Development. The CO₂e calculations for 2008 and 2009 have been adjusted from those previously reported to reflect the 2010 emissions factors published by the Australian Greenhouse Office (July 2010). This ensures that year-on-year calculations are comparable.

Comments

The Institute achieved a surplus of $6.7 million for the year (in 2009 the surplus was $4.8 million). Revenue increased by 8.3% while expenses increased by 6.2%. The main drivers behind the increased revenue were strong membership growth of 5% and a 13.7% increase in revenue from our Learning & Business Solutions division (which includes training and development, member products and services, sponsorship and third party partnerships).

The Institute’s sound financial position and resulting surplus has enabled the Institute to embark on much-needed IT system investment over the next two years (see page 19). For further details on the financial results, see page 43.

Greenhouse gas emissions were first measured by an external consultancy in 2008. They are now measured annually. Emissions in 2010 decreased by 4% compared to the previous financial year. The main cause of this was a decrease in electricity usage in the Sydney head office. This is attributed to the decommissioning of physical computers, and consolidating them into virtual servers.
Transforming our IT systems
Our IT systems are not just an internal issue that is behind the scenes. They affect almost everything we do for members, from delivering events and education to e-commerce and accounts receivable.

Deloitte reviewed our technology and strongly recommended that we replace our existing core technology because the current systems are outdated, highly customised and difficult to upgrade.

While replacing this technology requires significant investment, it will allow us to deliver products and services in a far more flexible, convenient and relevant way for members. One of many notable improvements will be the Institute’s website which contains a wealth of information and resources for members. Replacing the technology that sits behind it will allow the Institute to tailor the website to individual member needs. This will also deliver savings in the long term, making the Institute more efficient.

We have started this journey by completing a foundation project which identified, tested and validated systems to increase our offering to members and candidates.

The new systems we looked at included content management (web), learning management, event management, e-commerce, customer relationship management and accounts receivable functionality.

The foundation project also delivered designs for a new website which addressed the needs of our members, candidates and students.

Renewing our website
After the foundation project, the next step is our ‘renewal program’. This will include replacing our existing website with one that puts members, candidates and students in the driving seat. They will be able to tailor the site to their personal preferences and easily locate information that is relevant to them.

The renewal program will also see us introduce a new system for our Chartered Accountants Program and Training & Development activities. This will allow candidates and members to work through learning material at their own pace. It will also allow us to combine our education services with third-party e-learning suppliers. Members and candidates will then be able to effectively manage their training, attainment and CPD hours online.

But we won’t stop there. The renewal program will also provide contemporary e-commerce and shopping cart facilities to increase the efficiency of our sales and delivery process and reduce barriers to purchase. And our financial processes that are currently managed in a custom-built (inflexible) system will be migrated to a fully supported finance system.

These new systems will be supported by infrastructure and a data network designed to be highly reliable with a comprehensive disaster recovery solution.

Our focus for 2010 – 2011 includes:
>
> Take a structured and strategic approach to renewing our IT systems between June 2010 and November 2011 with a five-year total cost of ownership of $8.5 million
>
> Refurbish an additional floor at Sydney head office to better accommodate staff and either refurbish or relocate the Adelaide office
>
> Install video conferencing capabilities at all our regional offices, reducing travel costs and greenhouse emissions
>
> An ongoing focus on cost control and productivity in what will be a challenging financial year.
Leadership

and competitive positioning

Objectives

- A focused leadership strategy which ensures influence nationally, regionally and internationally
- Effective, visionary and well-publicised thought leadership initiatives which profoundly and positively impact business and the accounting profession
- A well recognised and differentiated Chartered Accountants brand
- Continuing regard for the importance of discipline, ethics and conduct for the profession.

Measurement

<table>
<thead>
<tr>
<th>Overall performance (score out of 10)</th>
<th>Providing leadership (score out of 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 target: 7.00</td>
<td>2010 target: 7.00</td>
</tr>
</tbody>
</table>

Comments

Over the past three years, we have participated in the Annual Business and Professions Survey, conducted in November by Beaton Research & Consulting, which measures performance and provides a ranking against other professional bodies. The Institute’s overall performance score of 6.35 out of 10 decreased from 2009 and the Institute remained ranked sixteenth out of the 18 associations benchmarked. The median score for overall performance for all organisations was 6.72 out of 10. We will continue to focus on improving our overall performance, as described further in this section.

The Institute’s score of 6.73 out of 10 in providing leadership in the field was higher than the mean score of 6.67, ranking us ninth out of our benchmarking group of 18 professional bodies. An increased focus on thought leadership and government relations is intended to build on this score in the years ahead.

Brand positioning

We undertake independent tracking research to measure brand performance. The results are not being disclosed as this is commercially sensitive information.

Professional conduct tribunals

This year we began investigating 291 formal complaints (or other conduct issues involving members, such as regulator or court action). Our investigations led to 20 members being called to appear before a Professional Conduct Tribunal. The number of tribunal cases varies each year because of the timing of individual hearings, but has averaged around 20 cases annually over the past five years.

The incidence of conduct issues is very small, given the size of our membership and the huge number of engagements and tasks undertaken each year by Chartered Accountants on behalf of their clients and employers. Where the tribunal finds a case established against a member, a report is published on our website and in Charter, our monthly magazine. The member’s name is stated, regardless of the severity of the sanctions imposed.

As well as being a mark of the transparency of the Professional Conduct function, these reports serve as a warning to other members about the importance of complying with both the letter and spirit of the Institute’s standards, including our Code of Ethics.

We also work closely with other bodies, such as the Financial Reporting Council, the Australian Securities & Investments Commission and the Companies Auditors and Liquidators Disciplinary Board to regulate and govern the work of Chartered Accountants. For full details of our professional conduct findings and activities read the 2010 Professional Conduct Annual Report, available online at charteredaccountants.com.au/professional_conduct/annual_reports
Leadership: key activities

We grow our brand and profile by participating in Australia and overseas in a range of events, speeches and discussions covering a full range of topics that are relevant to members. We have also developed strong working relationships with journalists, so that our spokespeople can provide expert comment and insight on technical issues. This year we provided innovative ideas in the media discussion on audit quality; we contributed to the media’s analysis of the Henry review of tax; and we were a leading voice on accounting education and quality assurance.

Leading the way

Our leadership activities aim to stimulate discussion and increase influence with stakeholders such as government and regulators, and position Chartered Accountants as leaders in the profession and the wider business community. Often, we achieve this by partnering with key stakeholders in public practice, the corporate world and academia on joint activities.

We produced two economic papers in 2010. The first, Fit for the future, was produced in collaboration with leading economist Saul Eslake and discussed key challenges and issues impacting the future generation of leaders in Australia. The second paper Reforming international financial regulation was produced with Access Economics. It analysed and identified three ways that Australia could respond to the current international regulatory forums. Both these papers were shared with policy makers to inform their planning.

Elsewhere, we continued to have a strong voice on the business issues relating to sustainability. In March, we published a thought leadership paper titled 20 issues on the business implications of a carbon cost. We also provided guidance for our members on specific sustainability topics such as the proposed carbon pollution reduction scheme. These initiatives were helped in no small part by our newly recruited sustainability manager, Geraldine Magarey, who will continue to drive our sustainability thought leadership, advocacy and member guidance during 2010–2011.

As we mentioned on pages 4 and 5 of this report (‘It’s all here in black and white’), we have long advocated a wide-ranging and integrated approach to business reporting. Quite simply, it’s imperative to an organisation’s long-term growth. This year, we built on our previous work by publishing our Broad Based Business Reporting supplementary paper, which examines the industries that have adopted Broad Based Business Reporting principles along with national and international initiatives which encourage further widespread industry adoption.

Meanwhile, we are leading the global thinking on the relevance of audit. We continued our ‘benefit of audit’ campaign, by releasing The benefit of audit: a guide to audit quality. This paper enables audit committee and board members to assess the quality of the audit service being provided to them. It has been well-received in the business community.

This year we also worked alongside the Auditing and Assurance Standards Board and other professional accounting bodies to deliver member briefings on the new suite of auditing standards (aka ‘clarity standards’) in all capital cities as well as offering online sessions for those who could not attend in person.

Serving the public interest

As Australia’s leading professional accounting body, we have a duty to advocate public policy that is not only in the interests of members and the accounting profession, but also in the public interest.

We take that responsibility seriously. All year round, we closely monitor regulatory change that may affect the accounting profession and, through submissions, we formally advise regulators and standards setters on topics relating to tax, superannuation, reporting, audit, insolvency, executive remuneration and more.

When it came to Australia’s Future Tax System Review we left no stone unturned. We established strong working relationships with all the key stakeholders including the chair, Dr Ken Henry, and other panel members, technical advisors and media outlets.

This was also a momentous year for the financial services sector (with market volatility and government reviews). We made sure Chartered Accountants had a seat at the table during various consultations into the financial services sector, and frequently provided evidence to parliamentary committees. In our submissions to the Ripoll inquiry and the Cooper review of Australia’s superannuation system, we recommended that a new regulatory regime be developed. In particular, we argued that there was no need for further legislation to guarantee the independence of approved auditors of self-managed superannuation funds.
Most of our public policy activities are guided by a common theme: simplicity. We want to cut Australia’s regulatory red tape. This year we:

> Issued a substantial number of submissions to government and international standards setters
> Promoted the standard business reporting initiative which aims to streamline business-to-government reporting
> Increased member communication and assistance.

We also continued our dialogue with federal government regarding its proposed anti-money laundering legislation. As well as shaping the eventual legislation, we want to support our members with the resources to implement any of the legislation’s requirements.

As for the independent review of the insolvency profession, we appeared before the Senate Inquiry into Liquidators and Administrators to outline a number of measures to help make certain the insolvency profession is clearly accountable (including the recommendation that an inspection program be created for registered liquidators).

But our dialogue with government didn’t end there. We also delivered our second annual Risk Management Report on our liability capping schemes to the Professional Standards Council. This outlined the risk management strategies we have in place to check members are meeting high professional standards. By providing training and guidance for members, and monitoring their professional indemnity insurance arrangements, we are helping to reinforce consumer confidence in Chartered Accountants.

Our Quality Review Program assesses whether members in practice have the appropriate quality control policies and procedures in place to ensure that their work complies with professional standards and regulatory requirements.

This year we completed more than 450 quality reviews in practices up and down the country.

We were also pleased to read a Treasury discussion paper Audit Quality in Australia: A Strategic Review, which acknowledged that our Quality Review Program performed ‘a valuable role in promoting audit quality and ethical conduct within the audit profession as an important component of the co-regulatory framework in Australia’.

Meanwhile, our Quality Control Guide was updated to help members in practice meet quality control requirements; and we published guidance tackling the issues for members that require significant professional judgment ready for the financial year 2010–11.

You can read more about our quality review work at charteredaccountants.com.au/qualityreview

Spreading the word

Raising the profile of the brand, and positioning Chartered Accountants as leaders, is further reinforced through advertising. This year we built on our previous ‘Riddle’ campaign. Through television, print and online media, we spread the message that the Chartered Accountants Program is the ‘most challenging, most rewarding’ accounting program. The concept behind the campaign is to make the Chartered Accountants qualification stand out in the marketplace. We run Australia’s only postgraduate accounting qualification, so we really do set the profession’s benchmark for rigour and quality. Our campaign underlines that message.

The brand campaign advertisement can be viewed here: charteredaccountants.com.au/about_the_institute

Our focus for 2010 – 2011 includes:

> Communicate the benefit of audit
> Address the drivers and sustainability of audit quality
> Address the implementation of Standard Business Reporting and implications for the profession
> Position Chartered Accountants as leaders in the financial planning industry
> Play a leading role with government to help develop sound taxation policy via the tax summit
> Contribute to the Cooper review of superannuation and support members with guidance and analysis.
> Continue to be involved in other significant reviews by government and international standards setters
> Enhance reporting in the public and not-for-profit sectors
> Participate in public policy initiatives to ensure regulatory burden issues are addressed
> Explore initiatives to reduce the complexity of financial statements
> Implement our accounting education strategy
> Review the marketing strategy so that our brand remains competitively positioned to attract new Chartered Accountants and to support members’ marketing.
In the next financial year…

Our leadership initiatives will profoundly and positively impact business, our members and government. We will show courage and determination. We will bring fresh ideas to the table. And we will challenge and change the accepted way of doing things.

Lee White FCA, General Manager, Leadership & Quality
The Institute of Chartered Accountants in Australia
Growth
to ensure a sustainable future

Objectives

> An evolving Chartered Accountants Program to ensure relevance and pre-eminence
> Innovative, engaging and influential careers marketing to ensure the attractiveness of a professional career in Chartered Accounting
> Ensuring ongoing recruitment, development and retention of members.

Measurement

Candidate satisfaction

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>59%</td>
<td>70%</td>
</tr>
<tr>
<td>2009</td>
<td>71%</td>
<td></td>
</tr>
</tbody>
</table>

Employer satisfaction

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>85%</td>
<td>87%</td>
</tr>
<tr>
<td>2009</td>
<td>83%</td>
<td></td>
</tr>
</tbody>
</table>

Net member growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>4.8%</td>
<td></td>
</tr>
</tbody>
</table>

Candidates by gender 2010

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53%</td>
</tr>
<tr>
<td>Female</td>
<td>47%</td>
</tr>
</tbody>
</table>

Comments

This year we made alterations to the assessments in the Chartered Accountants Program. This helped us satisfy our mutual reciprocity requirements with other global Chartered Accountants bodies. A significant change like this was always likely to have a short-term impact on overall candidate satisfaction, and sure enough we witnessed a decrease from 71% to 59% (in candidate research conducted by The Leading Edge in December 2009). In the next financial year we are determined to make up this lost ground. Despite the overall reduction, candidates’ satisfaction with the Chartered Accountants Program’s relevance specifically to their careers continued to rise, peaking at a new high of 82%.

Employer satisfaction has increased from 2009. We believe there is still room for improvement and have made changes to provide greater choice and flexibility for employers.

An increase in enrolments in the Chartered Accountants Program over the past few years has led to a pleasing rise in net member growth. The number of young members we have (aged 21–30) has increased by more than 1,000 since 30 June 2008.

The Institute’s management measures and reports to the Board on initial and continuing enrolments in the Chartered Accountants Program and conversion to membership, but this is not disclosed in this report as it is commercially sensitive information.
Growth: key activities

We conduct a variety of marketing activities to promote careers in Chartered Accounting to school and university students. We call this ‘careers marketing’.

The number of students visiting the charteredaccountants.com.au/students webpage continued to grow following the redesign of the student homepage and our enhanced content. Social media has also become an important tool for our careers marketing and we are alone among our peers in establishing social media channels dedicated to students. Notably, our student Facebook and YouTube accounts are both growing in popularity.

Many of our careers marketing campaigns put employers in touch with students and graduates who are seeking employment. We hold career fairs, cadetship and work experience programs and employer events.

The results speak for themselves:

> More than 1,120 students applied for the prestigious Chartered Accountants Achiever work experience placements in August 2009 (an increase of 55% on the previous year)
> More than 100 students gained valuable hands-on experience and paid work experience within 74 Institute-accredited firms.

Securing quality recruits

We firmly believe that the Chartered Accountants qualification should be available to all high-achieving graduates who wish to qualify as accountants, and so we have continued to promote pathways into the profession to allow the best non-accounting graduates to qualify for the Chartered Accountants Program.

In partnership with Deakin University, a Graduate Certificate of Chartered Accounting Foundations (GCCAF) course is offered, which meets all of our academic entry requirements. Since its introduction in 2007 more than 1,300 students have enrolled, with 190 graduating students commencing the Chartered Accountants Program this year. The results from current GCCAF graduates match those of their accounting graduate peers.

The Institute and the other professional accounting bodies were commissioned by the federal government to design a training program to support international graduates in transitioning to the Australian workforce. Together, we have approved 17 training providers nationally to deliver the Skilled Migration Internship Program – Accounting (SMIPA) to international accounting graduates across all states. Since then, 2,321 graduates have commenced an approved SMIPA program with more than 500, so far, successfully completing it.

The three professional accounting bodies are gazetted by the federal government to assess qualifications for permanent residence applicants, and the assessment criteria for migrating accountants was strengthened during the year to stimulate the supply of quality accountants.

Strategic review of the Chartered Accountants Program

Our vision is to create a high quality 21st century Chartered Accountants Program that is rigorous, internationally recognised, and which effectively engages with candidates and members.

Following an external assessment of the Chartered Accountants Program, five strategic objectives were identified to make certain that we achieve our vision.

This year, we focused on the first of these: reforming the Program’s governance structure to give greater clarity to the roles and accountability of Institute staff and member committees.

This means that when we develop learning materials, we will have several things on our side:

> Respected and authoritative educational leadership
> An accepted entry level standard
> Appropriately sized modules (120–140 hours per module)
> Module leaders with responsibility to brief authors and examiners
> Member Advisory Panels actively managed, representative and informed of members’ needs
> A ‘fit for purpose’ Chartered Accountants Program with quality outcomes.

The strategic review also recommended changes to delivery methods and instructional design incorporating use of multimedia. Following a competitive tender, our Board approved the appointment of Catalyst Interactive and Synapsys NZ to provide instructional design services for the Program.

Providing greater flexibility

In order to provide greater choice and flexibility for employers and to assist candidates during the global economic...
downturn, we held a 12-month trial where our Program’s 26-week entry requirement (for candidates already in employment) was suspended.

A review in June 2010 indicated fewer than 13% of new enrollees commenced their studies with less than 26 weeks’ prior experience and there was no significant difference in the results of candidates. The trial will continue for another 12 months to allow for further analysis.

Before being admitted to membership of the Institute, candidates still need to:

> Meet the academic entry requirements of the Chartered Accountants Program
> Accrue three years of full-time mentored service
> Achieve all required practical experience competencies.

**Building relationships with candidates**

To build early affinity with the Institute, we introduced ‘candidate membership’ this year. This provides new benefits to candidates including:

> The ‘Candidate Society’: More than 750 people attended our six launch events across Australia. The society also offers networking, soft skill building and other benefits to candidates enrolled in the Chartered Accountants Program
> The CA Study Masterclass: This provides additional study support for candidates who prefer group-based learning, with expert advice from facilitators and tools such as checklists and exam-style questions.

**Assessment framework review**

Changes to assessment were made during the year in response to an exhaustive external review by the Canadian Institute of Chartered Accountants. These changes help reinforce the ongoing rigour and relevance of the Chartered Accountants Program while further strengthening mutual recognition of the Program’s high standards among the best international Chartered Accountants bodies.

As anticipated, changes to this core part of the Program met with mixed responses from candidates and focus session leaders. This impacted candidate satisfaction as outlined above.

Responding to this feedback, further modifications were made to make sure the assessment framework provided the appropriate mix of motivation, participation and standard setting. Synapsys NZ and Catalyst Interactive are investigating any further adjustments to ensure desired objectives are met.

**Online learning**

To provide even more flexibility, we commenced a trial of web-based delivery in the Management Accounting and Analysis module. Candidates could choose whether to attend face-to-face sessions or undertake selected learning activities via the web. This trial commenced at the very end of this financial year, and the results will be taken into account during the strategic review of the Program.

**Our focus for 2010 – 2011 includes:**

> Review the approach to youth marketing in terms of graduate acquisition, creating desire for the Chartered Accountants designation and conversion into enrolments
> Work with instructional design partners to ensure we have a framework of blended learning approaches for each module of the Program (‘blended learning’ refers to a mixture of traditional (e.g. face-to-face) and modern (e.g. online) methods of learning)
> This will allow us to launch a more collaborative and interactive learning experience in the Chartered Accountants Program in 2012
> Introduce a New Learning Management System as a platform for further learning support and reliability of service to candidates and contributors
> Leverage the combined strength of the education programs in Australia and New Zealand through closer collaboration between the two Chartered Accountants member bodies.
In the next financial year...

The Chartered Accountants Program is the heart of our brand, so we treat it with the utmost respect. As we continue our strategic review of the Program, we will ensure that quality and rigour is maintained.

Elaine McFadzean, Deputy CEO
The Institute of Chartered Accountants in Australia
Global positioning

Objectives
> Thinking globally and acting locally
> Influencing the initiatives of the Global Accounting Alliance
> Supporting the development of the profession globally
> Ensuring participation in international forums is relevant and targeted
> Broadening reach and influence in Asia to support development of the profession.

Measurement

<table>
<thead>
<tr>
<th>Australian Chartered Accountants in GAA countries outside Australia</th>
<th>4,778</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAA Country</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>174</td>
</tr>
<tr>
<td>England and Wales</td>
<td>2,758</td>
</tr>
<tr>
<td>Germany</td>
<td>35</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>786</td>
</tr>
<tr>
<td>Ireland</td>
<td>48</td>
</tr>
<tr>
<td>Japan</td>
<td>50</td>
</tr>
<tr>
<td>New Zealand</td>
<td>137</td>
</tr>
<tr>
<td>Scotland</td>
<td>38</td>
</tr>
<tr>
<td>South Africa</td>
<td>85</td>
</tr>
<tr>
<td>United States</td>
<td>657</td>
</tr>
</tbody>
</table>

Comments
Instead of measuring this strategic area quantitatively, the Board makes an annual qualitative appraisal of our progress. We are dedicated to supporting the profession and increasing benefits to our members in Australia and overseas. For example, the joint venture with the Malaysian Institute of Certified Public Accountants enables the Institute of Chartered Accountants in Australia to increase its profile and influence in the region while promoting high standards for education and continuous training across national borders.
Global: key activities

Our long-term vision is to create a global brand to broaden the reach and influence of Chartered Accountants. While this may take years to achieve, we took several steps in this direction during 2009 – 2010.

Reaching out across the Tasman
To help cement Chartered Accounting as the foremost professional accounting designation in the Asia – Pacific region, we have agreed with the New Zealand Institute of Chartered Accountants to explore collaboration.

This is particularly timely, given the recent announcement that the Australian and New Zealand governments are moving towards a ‘single economic market’. At the same time, accounting standards boards in the two countries are moving towards convergence of accounting standards.

Our growing influence in Asia
Since early 2009, we have pursued a strategic objective to increase our reach and influence in Asia. This year we concentrated on capacity building, leadership positioning and brand awareness, and education and training.

Capacity building
We have shared our expertise in economic governance, particularly audit quality, through presentations in Thailand and Vietnam and training (with the support of the government’s overseas aid program, AusAID) for the Indonesian capital markets regulator, Bapepam LK. Our work is designed to improve the integrity of regional capital markets thereby supporting economic growth and consequently improving living standards. It also assists in protecting the superannuation savings of many Australians as investment managers increase their exposure to growth markets in Asia.

Leadership positioning and brand awareness
We have been involved in a number of speaking engagements at high profile seminars in Malaysia, China, Indonesia and Singapore. In addition, the Institute’s thought leadership paper The benefit of audit: a guide to audit quality has been jointly published in Malaysia, Singapore and Hong Kong with the local professional accounting bodies.

Education and training
Our Chartered Accountants Program has been offered in Singapore and Malaysia (in association with The Malaysian Institute of Certified Public Accountants (MICPA)). The joint venture in Malaysia enables Malaysian university graduates to complete the same program in Malaysia as offered in Australia with the exception of the taxation module which is based on Malaysian rather than Australian tax. Students who successfully complete the program are eligible for membership of both MICPA and our own Institute.

In July 2009 we signed a memorandum of understanding with the Institute of Chartered Accountants in India enabling Indian Chartered Accountants to complete the Ethics and Business Application (EBA) module of the Chartered Accountants Program and qualify for membership of our Institute. This has led to over 200 additional enrolments in the EBA module during the past 12 months.

Global Accounting Alliance
As a founding member of the Global Accounting Alliance (GAA), we are working closely with other pre-eminent international professional accounting bodies to shape the profession globally. This year the Institute of Public Auditors in Germany signed up to the GAA, taking membership up to 11 bodies representing more than 800,000 professional accountants in more than 165 countries around the world.

The GAA promotes quality in the accounting profession – something that is very close to our hearts. We share ideas and collaborate on international issues facing our industry. This year strategic planning has focused on ways to expand the influence of the GAA, which increases value and recognition for each body and its members. The GAA board is currently developing a five-year strategic plan, to be presented at its Annual General Meeting in November 2010.

As part of an ongoing research project to improve the quality of financial reporting internationally, the GAA issued a report examining key themes such as the ‘principles versus rules’ debate and the growing complexity of company financial statements.

Thirteen per cent of the Institute’s members live overseas (spanning 109 countries, from Albania to Zimbabwe), and many of them can take advantage of the growing benefits that GAA membership offers. The GAA passport for member services enables most of our 4,778 members (residing in an overseas GAA jurisdiction) to gain access to many of the member services of the local institute.

Our focus for 2010 – 2011

> In Asia, expand capacity building activities in economic governance and offer training programs for accountants in financial reporting, risk management and audit

> Build on leadership and brand building activities in Asia through thought leadership activities and continued participation in high-level seminars and forums

> Participate in and influence outcomes of the GAA strategic planning process

> Close collaboration with the New Zealand Institute of Chartered Accountants in a number of areas.
Objectives

- A culture which is proactive, responsive and innovative, with strong leadership
- Best practice in recruitment, retention and rewards
- Rigorous succession planning, with high achievers identified and mentored for staff and committees
- Key people recognised as experts in their fields.

Measurement

Employee satisfaction

<table>
<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>76%</td>
<td>80%</td>
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</tr>
</tbody>
</table>

Regretted employee turnover

<table>
<thead>
<tr>
<th></th>
<th>2010 performance</th>
<th>2010 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.5%</td>
<td>&lt;20%</td>
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Employees by age and role

<table>
<thead>
<tr>
<th></th>
<th>20 – 30</th>
<th>31 – 40</th>
<th>41 – 50</th>
<th>50+</th>
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<td>Specialists</td>
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<td>57</td>
<td>29</td>
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<td>Managers</td>
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Employees by gender and role

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<th>Female</th>
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<tr>
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<tr>
<td>Specialists</td>
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<tr>
<td>Managers</td>
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<tr>
<td>Total</td>
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Comments

We employ independent agencies to conduct a biennial culture staff survey (Human Synergistics conducted a culture survey in February 2010) and a biennial staff satisfaction survey (The Voice Project team at Macquarie University conducted this in the previous financial year). Both surveys give us an indication of the level of employee satisfaction at the Institute. They suggest that employee satisfaction increased in the three years leading up to 2010, but this year we experienced a dip. Meanwhile, as the economy recovered from its downturn, we saw an increase in ‘regretted employee turnover’. In response to these results, we are placing a strong focus on further developing our culture and nurturing talented staff.
People: key activities

This year we continued to focus on developing a workplace environment in which people want to work; a place they would recommend to their friends. We aim to achieve a highly constructive culture which supports the delivery of strategic objectives and aligns with the PRIDE values (see page 12).

A 2010 survey revealed that the majority of staff clearly understand our vision and objectives. While 76% of staff indicated they are satisfied with working at the Institute, 85% say they positively like working here, and 69% intend to remain beyond two years. The results indicated that while some positive changes to aspects of the culture have been made, such as greater cooperation between business units, there are still challenges to address including job insecurity, perceptions of quality and encouraging a more constructive culture.

The survey results have helped inform organisational development activities for the coming year.

In March our senior management launched a new program to work towards a more constructive culture. This includes a structured approach to coaching, workshops and testing, which provides measurable improvements in leadership style, organisation culture and operational outcomes. This program will continue next year.

We have also made improvements to our talent management activities through initiatives such as helping staff to map their careers. And we helped staff adapt to any change they faced through activities such as workshops, consultation and coaching. These methods were also used as part of our ongoing focus on quality and customer service, both internally and externally.

To be certain that our current pay practices remain competitive, we reviewed our remuneration strategy this year. While we found the current strategy does meet our needs, a number of recommendations came out of the review. These are being implemented progressively, to support innovation and quality among our staff, while helping us attract and retain staff who are leaders in their field.

We have a well-established series of employment policies supporting equal employment opportunities, workplace flexibility, paid parental leave that exceeds legal obligations, and effective occupational health & safety policies and practices. A significant proportion of staff work part time or utilise other flexible workplace arrangements. In 2010 staff participated in a number of internal and external training programs, with an average spend per staff member of $1,300.

Our focus for 2010–2011 includes:

> Continue to build a constructive culture
> Roll out senior management team leadership program
> Implement remuneration review recommendations
> Focus on talent management.
Graham Meyer
BA LLB
CEO
Graham Meyer joined the Institute in January 2006 with more than 25 years of commercial acumen gained principally in legal practice and the financial services sector. He has a history of involvement with professional bodies and has worked in legal, banking and financial services, where he had experience in lobbying and working with government.
Each year the Board formally reviews the performance of the CEO, and measures achievements against a number of agreed key result areas.

Elaine McFadzean
LLB DipLegPrac
Deputy CEO
Elaine joined the Institute in March 2002 with 10 years’ general management experience across a range of sectors, including construction and commercial property; and eight years’ experience as a commercial lawyer in the UK and Australia.
The Deputy CEO’s performance is reviewed by the CEO after consultation with the Board. Performance reviews assess both what has been achieved and how it has been achieved.

Anne McCotter
Learning & Business Solutions
Tina Fisher
Sales & Marketing
Pat Reddy FCA
Corporate Services
Sheena Frenkel
Chartered Accountants Program & Admissions
Renee Le Grande
General Manager ACT
Gary Arcus
General Manager WA
Simon Grant FCA
General Manager Qld
Duncan Pittard
General Manager Vic/Tas
Mark Jones
General Manager SA/NT
Adelle Evans FCA
General Manager NSW

Bill Palmer FCA
Asia Region
Lee White FCA
Leadership & Quality
Helen Black
Corporate Communications
Marie Maky
Human Resources
Barbara Bell
Strategy & Business Excellence
Wendy Zammit
Board Secretariat
While not having the same level of structural complexity as listed companies, we still lead by example in corporate governance. Our administration is based on rigorous systems of control and accountability.

Corporate governance

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Corporate governance

Our Board

Michael Spinks FCA
Rachel Grimes FCA

Fiona Bennett FCA
Peter Green FCA
Mel Ashton FCA

Craig Farrow FCA
Andrea Waters FCA
Michael Watson FCA

Neil Wilson FCA
Tim Gullifer FCA
President
Michael Spinks FCA
BCom (Acc) GDipAppFin F Fin
Michael is a principal at Collins SBA, specialising in business structures, superannuation, wealth management and financial planning. He has more than 15 years' experience in financial services, previously being a director of the financial planning group Garrisons. He has also served with the Royal Australian Navy, receiving an Active Service Medal for deployment in the Persian Gulf.
Michael was appointed a director in 2006 and is currently a member of the Nominations Committee, Joint Accounting Bodies, Executive Review Committee and Chartered Accountants Program Review Subcommittee (chair). His portfolio is the Regional Australia Advisory Committee.

Fiona Bennett FCA
BA (Hons) FAICD FAIM MIIA
Fiona is a business consultant and a director of a number of boards, including Boom Logistics Limited, Alfred Health, V/Line Passenger Corporation and the Legal Services Board (Victoria). She has more than 30 years' experience in commercial and financial management, governance, risk management and audit. She has held senior executive positions at BHP Billiton Limited and Coles Group Limited, and was previously chief financial officer for several health sector organisations.
Fiona was appointed a director in 2007 and is chair of the Audit & Risk Committee.

Peter Green FCA PhD FACS
Peter is a professor at the University of Queensland (UQ) Business School. He has spent 18 years as an academic in the School of Accountancy at the Queensland University of Technology, the UQ Department of Commerce and now the UQ Business School. Prior to becoming an academic, he worked as the systems support manager for a major electricity board and as a management consultant.
Peter was chair of the Queensland Regional Council in 2006. He was appointed a director in January 2009. His portfolio is the Education Board and he is also a member of the Chartered Accountants Program Review Subcommittee.

Deputy President
Rachel Grimes FCA BBus (Acc)
Rachel is a director in the Mergers and Acquisition Team at Westpac. She has 21 years' experience across the financial services sector, working in commerce with Westpac/BT Financial Group for 12 years as well as in the Big 4 with Price Waterhouse.
Rachel was state chair of the NSW regional council in 2004, and was appointed a director in 2006. She is a member of the Audit & Risk Committee, the Nominations Committee, the Executive Review Committee and the ICT Steering Committee.

Mel Ashton FCA BCom FAICD
Mel is a business consultant and managing director of Mentoring Services for Business. He is chair or board member of a number of ASX-listed companies and large private companies. He also acts as a consultant to KPMG in Western Australia.
Mel was a member of the Western Australia Regional Council from 2001 to 2009, served as vice chair in 2005 and was elected chair in 2006. He was appointed a director in January 2009. His portfolio is the Corporate Advisory Committee.

Craig Farrow FCA
BEd DipFP CPMgr SA Fin FAICD
Craig is managing partner of Brentnalls SA, Chartered Accountants and former National Chairman of the Brentnalls National Affiliation of Accounting Firms. His focus is on business advisory and board services particularly in agribusiness and professional organisations.
Previously chair of the Institute's National Public Practice Committee, Craig is now a member of the ICT Steering Committee, the Chartered Accountants Program Review Subcommittee and the Executive Review Committee. He also chairs the Governance Committee and was appointed a director in 2008.

Andrea Waters FCA BCom
Andrea is a partner at KPMG Melbourne, with more than 25 years' experience in financial services audits. She has been involved as a director of two not-for-profit organisations.
Andrea is a member of the Governance Committee. She was appointed a director in January 2009 and her portfolio is the Audit Advisory Committee.

Michael Watson FCA
Michael jointly heads the audit and assurance area in the Australian National Audit Office. With more than 40 years' experience specialising in public sector auditing, he has direct audit responsibilities for government business entities and major public sector entities.
Michael was an ACT regional councillor for six years and chair for part of 2007. He was appointed a director in 2008 and is a member of the Audit & Risk Committee.

Tim Gullifer FCA
Grad Dip Bus Studies-Accounting
Tim is a partner and national growth leader for Deloitte Private, a specialist division within Deloitte Touche Tohmatsu that focuses on private companies, families, individuals and communities. He has spent 33 years providing tax and business advisory services to high-wealth families and private businesses on issues such as growth strategies, succession planning, wealth management, tax restructures and exit strategies.
Tim was appointed a director in January 2010 and his portfolio is the Public Practice Advisory Committee.

Neil Wilson FCA
Neil is a partner and Chief Operating Officer at PricewaterhouseCoopers in Sydney and a member of the firm's Leadership Executive. He has been in that role for two years. Prior to this he was a tax partner for 19 years, specialising in financial services and insurance.
Neil is a member of the Governance Committee and was appointed a director in January 2010.

© The Institute of Chartered Accountants in Australia
Our Board 2009  (Retired from the Board during this financial year)

Immediate Past President
Richard Deutsch FCA BEc
Richard is a partner of PricewaterhouseCoopers Australia and is the firm’s national assurance leader. An APRA-approved auditor, he has more than 15 years’ experience specialising in insurance and investment management.
Richard was appointed a director in 2004 and is currently chair of the Nominations Committee. He was Deputy President in 2008 and then President in 2009.

Corporate governance
Board and committee meetings

Director attendance for 1 July 2009 to 30 June 2010

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<tr>
<th>Board Meetings</th>
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<td>Michael Spinks</td>
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Corporate governance

Corporate governance statement

The Institute is a leading advocate of high standards of corporate governance. It is committed to best practice through its representation on the Australian Stock Exchange Corporate Governance Council and its efforts to adhere to the highest standards in regulating its own affairs and complying with relevant Commonwealth and state legislation.

The Institute occupies a unique position as a reporting entity. As a member-based organisation, it does not have the same level of structural complexity as listed companies. However, in line with its vision to lead the profession, the Institute has adopted rigorous systems of control and accountability as the basis of the administration of corporate governance.

These systems are clearly outlined in the Institute’s supplemental Royal Charter, by-laws, governance manual and code of conduct, which are available at charteredaccountants.com.au/about_the_institute/governance

The Institute is constituted by Royal Charter. It does not have securities (shares etc) and so does not report on share trading policies.

Board of directors
The Institute’s Board comprises entirely non-executive directors. Non-executive directors or past presidents chair all four committees of the Board.

The Board and its committees operate in accordance with charters, which are reviewed annually to ensure alignment with the Institute’s strategic objectives.

The Board meets at least seven times a year for scheduled meetings, and has the facility to meet without the CEO if required. The Board is committed to holding at least two of these meetings interstate, with the balance held at the Institute’s head office in Sydney. A register of disclosures for each director is tabled at every Board meeting. The Board and management have established a three-year strategic plan and corporate strategy which is reviewed and updated annually. Each year a detailed organisational business plan is established to set the priorities, direction and performance targets for the organisation.

Day-to-day management of the organisation’s affairs and implementation of corporate strategy and policy initiatives are the responsibility of the CEO and management.

Chief executive officer
The CEO is appointed by the Board. He is responsible for the management of the Institute in accordance with approved strategy, policies, his performance contract and delegated authority framework. The CEO’s responsibilities include advising the Board on strategic direction, ensuring business activities are in alignment with the Institute’s strategic plan, ensuring the organisation conducts its affairs within the law, and keeping the Board informed of all major business proposals and developments through regular reports. The CEO attends Board and Board committee meetings; however, he is not a director and is not entitled to vote. Senior executives including the CEO and the Board Secretary have formal job descriptions.

Board composition
The Board structure includes both member-elected and Board-elected directors. This balance ensures the Board comprises directors with appropriate skills, experience and attributes for the organisation and its business. The directors’ skills and expertise relevant to their positions and their terms of office are described on page 35.

The Board comprises seven members elected by Chartered Accountants on regional registers. Up to four additional members can be Board-appointed. Directors serve a maximum of two terms of three years each. Each year the Board elects a president and deputy president.

The Board assesses annually the independence of each director. Directors must disclose to the Institute any matter which may affect their independence as soon as they become aware of it.

All Board members are requested to disclose related party transactions on an annual basis and a summary of related party transactions for each director is disclosed in this annual report (see Notes to the Financial Statements on page 71).

The chair of the Board is an independent director (usually the president) and is not the CEO.

Directors are selected on the basis of their skills, experience and other relevant capabilities with due regard to the mix of skills recommended by the Board and to proper succession planning. All directors must comply with the Board’s code of conduct and accompanying guidelines. This code covers issues such as the requirement to act in good faith, duties of due care and diligence, conflict of interest, issues of improper use of power and information, independence, confidentiality and the obligation to uphold the law. Board meeting attendance is shown on page 36.

Board induction, education and access to information
New directors receive information outlining their duties and responsibilities and attend a formal induction meeting prior to commencing on the Board.
Senior executives supply the Board with information to enable it to make decisions on an informed basis, and regularly attend Board meetings. All directors have access to the Board Secretary who is appointed by the Board. The Board Secretary is accountable to the Board, through the president, on governance matters.

Board committees
There are four committees of the Board: Audit and Risk, Governance, Nominations, and Executive Review (for attendance of meetings see page 36). Membership of these committees comprises directors, the CEO and past presidents. There are a further five advisory committees – Corporate, Public Practice, Audit Advisory, Regional Australia, and the Education Board – along with seven regional councils and five overseas member groups. These committees report to the Board and meet regularly throughout the year (see page 36). Each committee has a charter (see charteredaccountants.com.au/about_the_institute/governance/charters). The charters are reviewed regularly to ensure that the role and responsibilities of each committee are consistent with the Institute’s strategic and operational objectives. The Institute has a number of committees and taskforces advising management on specific issues with around 500 members involved in the governance of the Institute through Board and management councils, committees and taskforces.

Adding value through Board structure and ethical and responsible decision making
The Board and its committees provide visionary leadership to the organisation and its global operations to ensure that the Institute sets and achieves strategic objectives and operates effectively and efficiently. Under the Institute’s by-laws, the Board is given power over:

> Maintaining and controlling the Institute’s affairs
> The appointment, removal and remuneration of the CEO
> The promotion of improvements in laws affecting the accounting profession
> The promulgation of regulations, including regulations that prescribe rulings
> Providing guidance on standards of practice and professional conduct, including technical standards.

The Board governs the Institute by:

> Setting strategic direction
> Approving and monitoring delivery of the strategic plan
> Liaising with stakeholders
> Ensuring compliance with statutory obligations

> Managing risk
> Monitoring organisational performance
> Monitoring the financial position.

Governance Committee
The Governance Committee assists the Board with the oversight of matters relating to the Royal Charter and by-laws and general corporate governance. The review of existing policy initiatives and the development of new policy initiatives and related issues, plus ethical guidelines and professional conduct for the Board and Board committees, are also the responsibility of this committee.

Nominations Committee
The Institute has a separate Nominations Committee. It assists the Board in identifying potential candidates for appointment and removal as members of committees and other appointments. While the Nominations Committee is not able to formally make appointments to the Board, it can identify skills gaps and work with the Board to address these gaps.

Audit & Risk Committee
The Audit & Risk Committee comprises three Board members. In accordance with its charter, the committee assists the Board in discharging its responsibility for financial reports, application of accounting policies, internal control systems and the operation of enterprise risk management processes. All members of the Audit & Risk Committee have financial qualifications.

Executive Review Committee
The Executive Review Committee comprises the President, Deputy President and Governance Committee Chair. In accordance with its charter, the committee assists in discharging its responsibility for oversight from the Board’s perspective of matters relating to remuneration costs, policy and strategies for the Institute’s employees.

Indemnification and insurance for directors and officers
The Institute’s by-laws provide for an indemnity to each person who is or has been a director, councillor or committee member or officer against any liability which results from any act or deed done in the discharge of the individual’s duties.

The Institute’s insurance policy serves to indemnify the directors, councillors, committee members and officers against liabilities for costs and expenses incurred by them.
in defending legal proceedings arising out of the performance of their normal duties for the Institute.

**External auditors**
Ernst & Young is the Institute’s external auditor. The external auditor’s performance is reviewed annually.

An analysis of fees paid to the external auditors, including a breakdown of any non-audit fees, is provided in Note 16 of the financial report. It is the policy of the external auditors to provide an annual declaration of independence to the Audit and Risk Committee (see page 40). All proposed non-audit work by the external auditor is required to be approved by the Audit and Risk Committee prior to being undertaken.

The Audit and Risk Committee undertakes a full review of the audit engagement before deciding to reappoint the existing audit firm or seek tenders on the open market. The Institute is not subject to mandatory rotation of audit partners.

**Internal auditors**
BDO has been engaged as the Institute’s internal auditors since July 2008. The internal auditors provide a report on a quarterly basis to the Audit and Risk Committee.

**Non-audit services**
The non-audit services provided by the auditor, Sean Van Gorp, or his firm, Ernst & Young, are set out in Note 16, Auditors’ Remuneration. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

**Risk management**
The Institute’s Executive Business Risk Management Committee is charged with identifying, assessing, monitoring and managing risk and compliance across the organisation.

The Institute’s approach to risk management is an integral part of the management processes and culture and underpins the success of business activities.

The Executive Business Risk Management Committee implements the framework to identify, assess, monitor and manage risk and compliance across the organisation. The committee is made up of the CEO, Deputy CEO and executive management team. The Executive Business Risk Management Committee reports to the Audit and Risk Committee on a quarterly basis.

The Institute has not complied with ASX Corporate Governance Principle recommendation 7.3 as the CEO and CFO are not required under section 295A of the Corporations Act to provide a declaration.

Members and staff are required to meet high standards of honesty and integrity, as outlined in the Institute’s code of conduct. New employees are provided with a comprehensive information kit and induction program which outline standards of behaviour expected of all employees. All staff also participate in the Institute’s two-day cultural program, PRIDE, and staff performance reviews; the development process includes behavioural expectations in alignment with PRIDE values (see page 12).

**Communication**
The Board presents to members a report, signed by the president and deputy president, that the financial statements of the Institute for the full financial year give a true and fair view of the organisation’s financial position and operational results, and comply with accounting standards in Australia. The Institute has not complied with Principle 5 of the ASX Corporate Governance Principles relating to continuous disclosure as it is not an entity listed on the Australian Securities Exchange.

**Monitoring performance**
**Board performance**
The Board must annually review its performance and that of each director. The Nominations Committee recommends to the Board the skills and competencies required on the Board and assesses the extent to which those skills are represented on the Board. At the Board’s request, the Nominations Committee facilitates the evaluation of the Board and the performance of individual directors. An evaluation was performed in line with this process in mid-2009 and a further external evaluation will be undertaken in 2010, prior to the appointment of new directors. The results are provided to the Governance and Nominations Committees for review and consideration with a recommendation being provided to the Board.

**Management performance**
All management including the senior executives of the Institute are subject to annual performance planning and reviews. The performance of each executive is assessed by the CEO and Deputy CEO, who are their immediate supervisors. Executives are assessed against achievement of their job specifications and goals, contribution towards specific business and strategic objectives, and adherence to the Institute’s values. A performance evaluation of senior executives took place during the year in accordance with this process.
Fair and responsible remuneration

Directors

The by-laws of the Institute state that the Board may approve recommendations to remunerate the president, deputy president and the non-executive directors based on percentages of the Auditor-General’s salary. These recommendations are then put forward to the members for approval.

Directors are considered to be independent insofar as membership does not imply or constitute a relationship that would lead to material interference with their ability to act objectively and in the best interests of the Institute.

Directors whose firms undertake work for the Institute do not participate in negotiations or discussions around such work at Institute Board meetings, and abstain from any decisions that relate to their organisation. No director or their organisation is a material supplier to the Institute, although their organisations may be customers in certain circumstances. In forming this view, the Board has presumed a relationship is immaterial when it generates less than 5% of group revenue, and presumed material when it generates more than 10% of group revenue during a 12-month period in the absence of evidence or convincing argument to the contrary. In considering such evidence or argument, the Board takes into account the strategic value and other material but non-quantitative aspect of the relationship in question.

No director of the Institute has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments disclosed in Note 21, director and executive disclosures, in the Notes to the Financial Statements) by reason of a contract made by the Institute with a director or with a firm of which the director is a member, or with any entity in which the director has a substantial financial interest except as set out in Note 20, related parties, in the Notes to the Financial Statements.

Institute directors may seek external professional advice at the expense of the Institute on matters relating to their role as directors of Institute. However, they must first request approval from the president or deputy president; this must not unreasonably be withheld. If permission is withheld, the matter may be referred to the whole Board.

Management

The Board has an Executive Remuneration Review Committee that monitors the terms and conditions of employment of staff and staff remuneration. The committee considers the remuneration of the chief executive officer and senior management, agrees the remuneration strategy and structure, and approves the annual remuneration budget. Under the terms of the Institute’s annual board evaluation, attainment of demanding performance targets can result in a performance bonus being approved by the Board and paid to staff. The Executive Review Committee approves the amount of bonus pool available under the annual performance contract. The salary range for the five highest paid executives is $252,300 to $548,800. (this includes base, superannuation and bonuses).

The Board has the responsibility to approve the terms of the CEO’s appointment. The CEO has personal performance indicators and is eligible for a bonus payment subject to the approval of the Board after its evaluation of the CEO’s performance. This evaluation involves an assessment of a range of factors including the overall performance of the Institute and the achievement of predetermined goals.

Auditor independence

The directors received a declaration from the auditor of the Institute, as printed below.

Declaration of independence by the Institute’s auditor

Sean Van Gorp FCA
C/- Level 49, 680 George Street
Sydney NSW 2000

Auditor’s independence declaration to the directors of the Institute of Chartered Accountants in Australia

In relation to my audit of the financial report of the Institute of Chartered Accountants in Australia for the year ended 30 June 2010, to the best of my knowledge and belief, there has been no contravention of the auditor independence requirements of any applicable code of professional conduct.

Sean Van Gorp FCA
Auditor
Sydney
Dated, 23 August 2010

Liability Limited by a scheme approved under Professional Standards Legislation.
Joint Accounting Bodies Committee
Institute members:
Michael Spinks FCA (joint chair)
Rachel Grimes FCA
Richard Deutsch FCA (joint chair 2009)
There are also three committee members from the other professional accounting bodies.

Audit & Risk Committee
Fiona Bennett FCA (chair)
Michael Watson FCA
Rachel Grimes FCA (chair 2009)
Mel Ashton FCA (retired)

Governance Committee
Craig Farrow FCA (chair)
Andrea Waters FCA
Neil Wilson FCA
Peter Green FCA (retired)

Executive Review Committee
Michael Spinks FCA (chair)
Rachel Grimes FCA
Craig Farrow FCA
Richard Deutsch FCA (chair 2009)

Nominations Committee
Richard Deutsch FCA (chair)
Michael Spinks FCA
Rachel Grimes FCA
Andrew Arkell (retired chair)

Education Board
Professor Stewart Leech FCA (chair)
Professor Chris Evans CA
Professor Allen Craswell CA
Professor Anne Lillis CA
Professor David Emanuel FCA (NZICA)
Jenny Parker FCA
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