

Annual General Meeting
PRESIDENT'S & CEO'S REPORT
For year ended 30 June 2018

2018 was a year of consolidation; a year of bedding down the new brand and our new strategic focus.

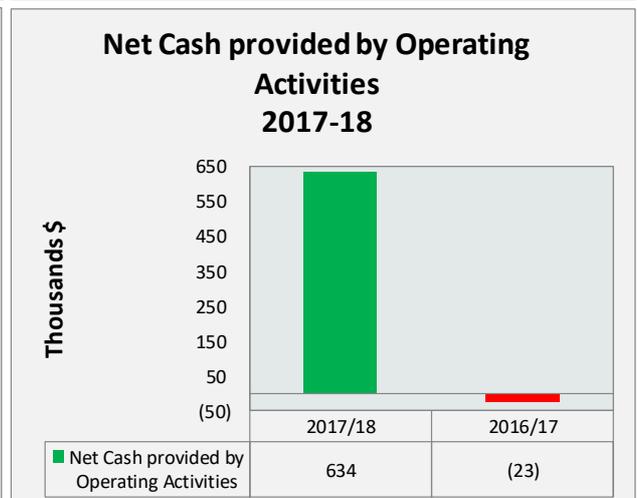
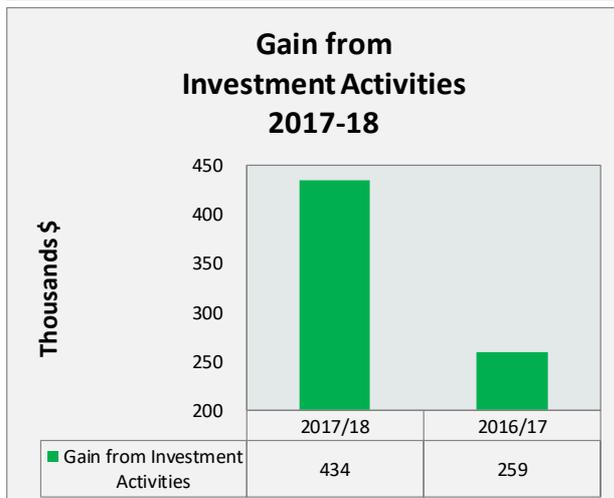
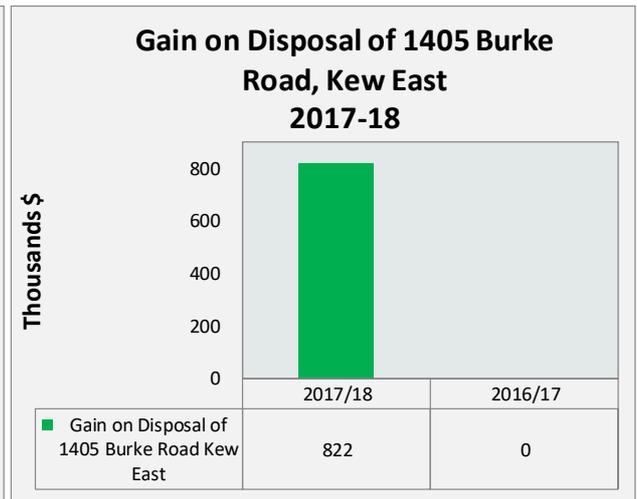
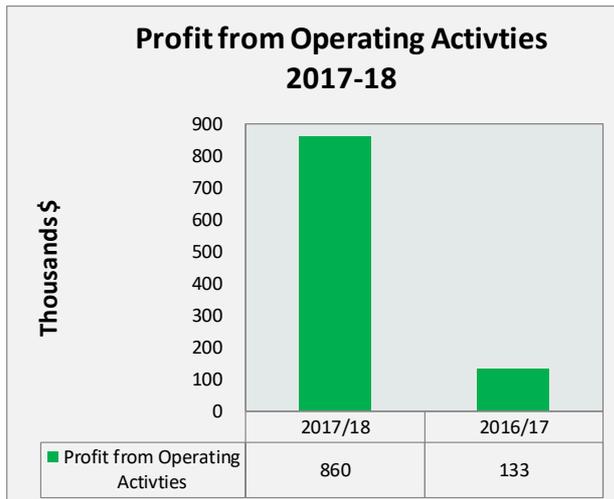
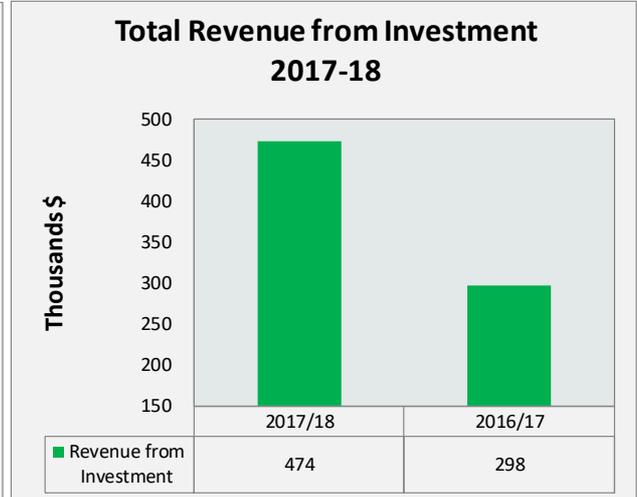
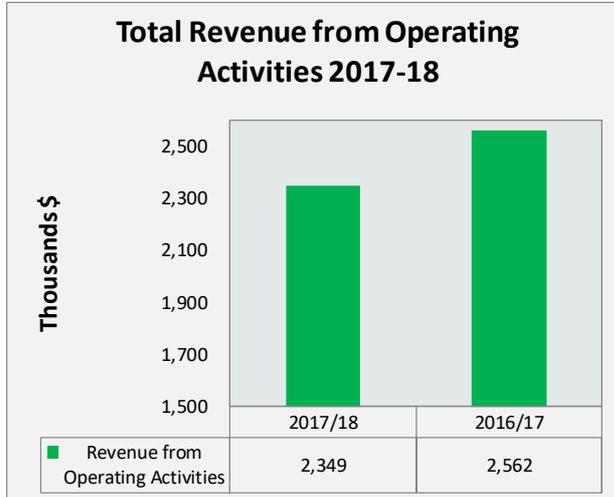
Advocacy and lobbying on behalf of our members and the profession continues to be one of our fundamental roles in ensuring a credible voice on policy and regulatory issues is heard by key stakeholders including the government and the regulators.

Various submissions made throughout the year as a part of our advocacy work provide feedback and insight into many key legislative and policy areas.

Soft market conditions prevalent in the marketplace resulted in lower consumer spending especially on discretionary items such as training. With continuing difficulties experienced domestically, driven largely by uncertainties in the financial markets, the consolidated financial report for 2017-18 highlights the organisation's and its subsidiaries' efforts in delivering a surplus for the year.

- Consolidated operating revenue for 2017-18 was \$2.349m down \$213k or 8.3% compared to the prior year result of \$2.562m for 2017-18. The result reflects continuing soft market conditions experienced in 2018 stemming mainly from:
 - (a) Decline in membership subscriptions of 11% mainly by way of natural attrition.
 - (b) The education and training sector continue to experience lower consumer spending.However, continued cost management initiatives in 2018 provided a cushioning effect to the revenue decline with the overall gross margin drop-thru from operations being down only \$83k or 5.6%. Amidst tough economic conditions experienced in 2018, we managed to achieve a modest operational surplus of \$38k excluding abnormal, one-off items.
- Consolidated investment revenue for 2017-18 was \$474k up \$176k or 59.1% compared to the prior year result of \$298k. The 2017-18 result includes an unrealised gain of \$151k.
- Consolidated profit from operating activities for 2017-18 was \$860k (including a gain of \$822k on disposal of 1405 Burke Road, Kew East) and up \$727k or 546.6% compared to prior year result of \$133k.
- Consolidated gain from investment activities 2017-18 was \$434k and up \$175k or 67.6% compared to prior year result of \$259k.

KEY FINANCIAL RESULTS



RELOCATION OF TAX & SUPER AUSTRALIA OFFICE TO CBD

Consistent with the recent rebranding of our organisation and the new strategic focus on strengthening our member offering and enhancing our brand image, we relocated to the Melbourne CBD in April 2018 with a view to being closer to our members.

NEW MEMBER ACQUISITION

Since the rebranding of our organisation in 2016, new member acquisition in 2017/18 has been at its best compared to the past two years. In 2017/18, new member acquisition increased by 72% or 147 new members compared to prior year and 12% compared to 2015/16.

MEMBER ENGAGEMENT

New marketing campaigns are being implemented to engage with new members and customers i.e.,

- 1-year anniversary campaign to retain and engage with new members.
- Cart abandonment campaign to increase the conversion rate.

CPD^{pro}

Since the introduction of CPD^{pro} in late 2017, this product has grown from strength to strength continuing to be very popular. Member feedback received to date indicates that CPD^{pro} is one of the most cost-effective products in the marketplace ensuring annual CPD compliance obligations of members. Further to recent media communications from the Tax Practitioners Board indicating its intent on increasing the audit activity for ensuring CPD compliance obligations of its members, CPD^{pro} should continue to remain a popular product for some years to come.

The new “Teachable” platform implemented recently facilitates the delivery of the CPD^{pro} webinars by offering a self-assessment tool for the provision of the end-of-year CPE participation certificates.

ADDITIONAL DISCUSSION GROUPS

The additional tax discussion group implemented in Melbourne in the second half of 2017 has continued its success into 2018 and is running well at full capacity. Both the tax and superannuation groups continue to be popular amongst our members.

With the success of the evening discussion groups, TSA will be trialling a breakfast series of tax discussion group sessions in Melbourne commencing in October 2018.

TAXWRAP PODCASTS

Our fortnightly Taxwrap products continues to grow at a rapid rate. By June 2018, we had over 9,000 active listeners, a remarkable growth in listenership compared to prior year. We now feature in the list of Great Australian Pods website as one of the best Australian podcasts.

The podcast discusses a broad range of taxation and superannuation issues featuring our technical team and industry experts as special guests from time to time. We strive on making the podcasts interesting as we focus on relevance, timeliness and brevity.

2018 FEDERAL BUDGET NIGHT COVERAGE

Consistent with previous years, our coverage of The Federal Budget went-off smoothly and to plan. We were one of the first organisations to update our website with key budget initiatives in easily digestible bite sized chunks of information and infographics.

Our special budget edition of the TaxWrap podcast proved to be very popular with over a thousand listeners tuning into our podcast. We had much better social media reach than the previous year.

- Enews reach was up 15%
- Facebook was up 27%
- Twitter was up 59%
- LinkedIn was up 500%

SOCIAL MEDIA

Our social media performance across all social media networks continue to improve. At June 2018 our social media reach was up 14% or approximately 9,300 visitors per month. Facebook, Twitter and LinkedIn activities all increased significantly compared to prior year.

WEBSITE ACTIVITIES

With concerted SEO and targeted google ad campaigns, the website organic traffic increased by over 10,200 or 244% to over 10,200 visitors per month in 2018.

NEWS ROOM

Our News Room provides the latest Tax and Superannuation news, tips, advice, tools and guides brought to you from our technical experts. The News Room also contains all our Press Releases and Submissions that can be accessed easily on our website. Tax & Super Australia have now been included in the list of top 10 best tax bloggers in Australia. The News Room is currently experiencing over 10,000 unique visitors to our website each month.

ENEWS

Featuring a combination of 4 to 5 original and curated articles each fortnight, the Enews has proven to be one of our best promotional channels, generating leads and follow-up automated campaigns. With a distribution list of around 12,200 emails, our click through rates have improved significantly by over 20% to 50% in 2018.

CONSULTATION, ADVOCACY & GOVERNMENT SUBMISSIONS

i. Consultation & Advocacy

Consultation and advocacy continue to be core to our stakeholder engagement strategy. 2017/18 saw the continuation of our advocacy and lobbying efforts on behalf of our members and the profession in general. We see this as an important element in ensuring our members' voice on policy and other regulatory matters is presented to key stakeholders including the government, regulators and standard setters. Our advocacy efforts included various submissions during the year as listed below.

We are grateful to our members who took the time to actively participate in these discussions and contribute their thoughts and ideas. All our submissions are representative of member views.

ii. Government Submissions

Tax & Super Australia has been actively involved in lodging submissions to the government and other bodies during the year. Major submissions made during the year include:

a) 2018-19 Pre-Budget Submission

Our proposals for individual taxation include a tax offset for older workers to encourage mature age participation in the workforce. We have also recommended a \$2,000 standard work-related expense deduction with no substantiation required, as well as a concessional tax rate for passive investments. On behalf of small businesses, we have asked for the \$20,000 instant asset write-off to be retained in addition to an amnesty for pre-1997 Division 7A loans. Regarding superannuation, we have asked for specific improvements to the new laws as well as online tools to help taxpayers understand and comply with the new super rules. There are many more recommendations in the Tax & Super Australia pre-budget submission, which is available on our website.

b) Review into the Australian Tax Office's fraud management control

This submission included our proposals regarding systems and operations at the ATO and community confidence in the ATO considering issues surrounding fraud management control at the ATO.

c) Review into the future of the tax profession

This submission was in response to the Inspector General of Taxation's review into the future of the tax profession. Our proposals included various opportunities, risks and challenges presented by new developments, strategies to assist the tax profession, opportunities available to both the Australian Taxation Office and the Tax Practitioners Board as well as various concerns we have in relation to the future of the tax profession.

d) Submission to the Treasury on Black Economy

This submission was in response to the consultation paper released by the Black Economy Taskforce. We have re-iterated our overarching position and specific recommendations to the Black Economy Taskforce.

e) [Submission to Royal Commission into Misconduct in the Banking Superannuation and Financial Services Industry](#)

This submission considers the unnecessary changes impacting the accounting profession are draconian and not based on sound analysis or facts; these regulations will result in substantially reduced competition in the provision of noncontroversial and generic advice on SMSFs and increased costs and fewer services; and there exist alternative means of regulation that will produce a better outcome at reduced costs without compromising the integrity of the service provided. More details regarding this submission can be found on our website.

f) [Submission to Treasury Discussion Paper on Three-yearly audit cycle for some self-managed superannuation funds](#)

Tax & Super Australia is highly concerned about the impact of this proposal on the integrity of the superannuation system in Australia. During a period of volatility where the financial services sector is facing the Royal Commission for inappropriate behaviour pertaining to self-managed superannuation funds, now is not the time to be moving away from annual, independent audits. For further information on this submission, please visit our website.

g) [Submission to the Treasury: legislation relating to Budget measures tackling the Black Economy](#)

This submission was in response to the draft legislation released by the Treasury. We reiterated our position as well as commenting on the legislation.

[TAI PRACTITIONERS & ADVISERS LTD \(TAI PAL\)](#)

The recently introduced voting membership category, CPD^{PRO} has seen significant growth in 2018. As a result, total TAI PAL membership grew by 17% compared to prior year. Member feedback received to date indicates that CPD^{PRO} is one of the most cost-effective products in the marketplace ensuring annual CPD compliance obligations of members.

[FUTURE DIRECTION](#)

With continuous changes taking place in the taxation and superannuation industry by way of shifting demographics, increased government regulations, digital disruption and increased competition, we are committed to:

- Remaining the voice of our members and be their trusted partner, guiding and empowering them to excel in their profession.
- Continuously improving and strengthening our member offering with a focus on retaining our existing and loyal members while attracting new younger members to our organisation.

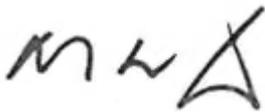
THANK YOU

We wish to express our sincere gratitude to our members and subscribers for their continued support and patronage.

We also take this opportunity to thank the Board for its ongoing help, support and guidance throughout the year.

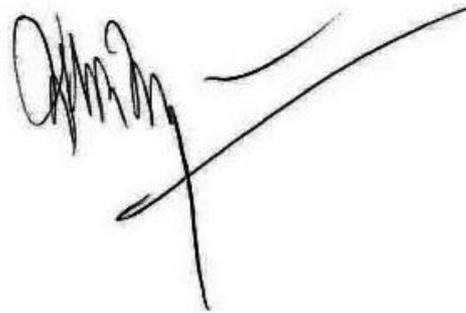
Also, our thanks and appreciation go to a highly professional and committed executive management team for their contribution over the year.

Finally, we would like to thank all the staff of Tax & Super Australia for their contribution during the year.



Mark Dodds
President

3 October 2018



Moti Kshirsagar
CEO