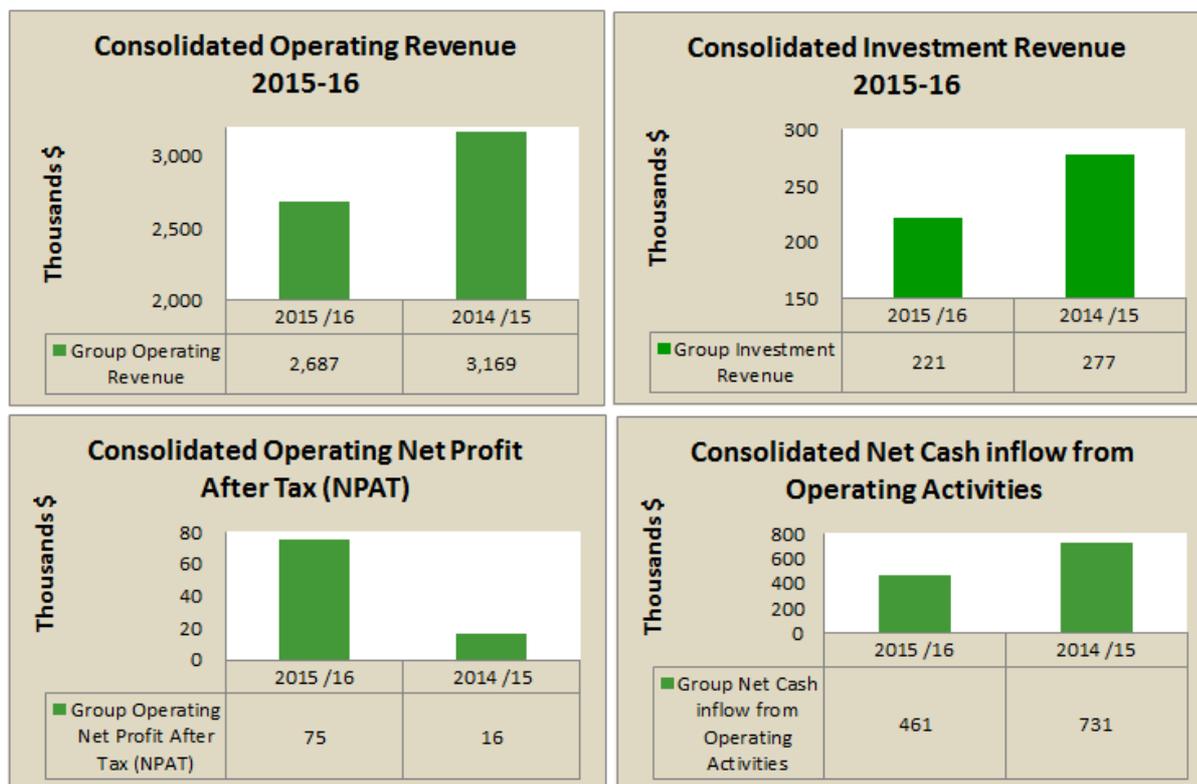


Annual General Meeting
PRESIDENT'S & CEO'S REPORT
For year ended 30 June 2016

The consolidated report for 2015-16 reflects the association delivering its strategic imperatives through initiatives that it believes will secure its long term future as a dominant voice in the Australian Taxation and Superannuation landscape. Strengthening of our membership offering has been core to our strategy for future growth and success. We have continued to invest in technology and the value of our brand.

However, the continuing difficulties prevailing in the domestic economy and financial markets has put a damper on our revenue results for the year. Both business and consumer confidence have remained flat over the course of the year resulting in overall soft market conditions.

1. KEY FINANCIAL RESULTS



- Group operating revenue for 2015-16 was \$2.687m down \$482k or 15.2% compared to the prior year result of \$3.169m.
- Group investment revenue for 2015-16 was \$221k down \$56k or 20.2% compared to the prior year result of \$277k
- Net profit after income tax (NPAT) from operating activities for 2015-16 was \$75k up \$59k compared to the prior year result of \$16k
- Net Cash flow inflow from Operating activities for 2016-17 was \$461k down \$270k compared to the prior year result of \$731k.

The operating result for 2015-16 displays a decline over prior year as a result of continuing soft market conditions stemming mainly from the educational training segment combined with a net marginal decline in membership numbers of 5.3% resulting mainly from natural attrition.

Cost management initiatives continued during the year and provided a cushioning effect partly offsetting the revenue decline.

2. REINVIGORATED PUBLICATIONS

We are continuously striving to improve the quality of our publications aimed at benefiting our constituency.

- a. ***The Tax Summary 2017***, as usual, was first to market and contains three additional chapters as well as rewritten chapters which will provide further clarity and value to users.
- b. ***The Taxpayer***, our monthly journal, continues to be a practical source of information for members – offering a mix of tax policy and technical insights and continues to explore and examine the ongoing changes to the profession. Guest contributions to the publication from tax practitioners in their specialty fields have been well received by our members as they relate to issues faced at the coal face.
- c. ***The Contributor*** journal's frequency increased, in July 2016, from quarterly to bi-monthly (every two months) in order to facilitate the timely communication of contemporaneous changes in the superannuation regime to our constituency.

3. ENHANCEMENTS TO DISCUSSION GROUPS

The Tax and Superannuation Discussion Groups in Melbourne and Sydney continue to educate, inform and empower participants. During the year, a lacklustre and shrinking Kew Discussion Group was dissolved and replaced with an additional tax discussion group in Melbourne. Both the tax and superannuation discussion groups have been very popular and continue to attract interest and are running at full capacity.

4. 2016 FEDERAL BUDGET NIGHT COVERAGE

The Federal Budget coverage was further enhanced this year through our participation at the budget lock-up in Canberra. This opportunity provided us with exclusive access to embargoed Budget Papers beforehand thereby allowing us adequate time to prepare and carry-out in-depth analysis before communicating this to our members in a series of bite-sized, succinct information that was delivered in a timely manner.

Additionally, as a point of difference, we produced a series of videos on various key measures the morning after. These videos provided expert analysis and commentary from our in-house tax and superannuation specialists and included guest comments from industry experts.

As a part of our member engagement strategy, our activities during the night included live tweets and followings on our LinkedIn and Facebook pages with significant improvements to 'click through' and 'page view' rates resulting in improved social media performance across all channels.

Our comprehensive Budget e-News coverage proved to be popular with over 5,800 views, an improvement of 20% over last year.

5. TAXWRAP PODCASTS

The following of our weekly *TaxWrap* podcast has gone from strength to strength with over 1,300 listeners per week compared to 400 listeners in 2015, an increase of 225%. The podcasts cover a broad range of taxation issues and as experts in the field we strive for timeliness, relevance and brevity.

6. SOCIAL MEDIA PERFORMANCE

TAL has been working on a process of continuous improvement to our social media presence. During the course of the year, we have been able to achieve significant improvements to our social media presence across all channels. Facebook saw increases in new likes, post reach and page views. Our reach on LinkedIn increased over 65%. Twitter saw a greater level of reach of over 50%.

7. CONSULTATION AND ADVOCACY

With consultation and advocacy being core to our engagement strategy, our engagement with the Australian Taxation Office and other government agencies, including the Tax Practitioners Board, Inspector-General of Taxation, Office of the Small Business Commissioner and the Board of Taxation, increased in the year.

Our increased involvement has resulted in more consultation requests and access to senior public servants at the highest legislative platforms. During the year we conducted several member round-table discussions involving the office of the Inspector-General of Taxation and Small Business Commissioner.

We are grateful to those Members who took the time to actively participate in these discussions and contribute their thoughts and ideas. Our response is representative of member views.

8. GOVERNMENT SUBMISSIONS

TSA has been actively lodging submissions to government and other bodies during the course of the year. Major submissions made during the year include:

a. *Pre-Budget Submission*

A highlight for the year includes our pre-Budget submission where we advocated for the \$20,000 instant asset write-off to be made permanent and for the small business threshold to be increased from \$2 million to \$5 million – issues which are close to the heart of our members.

b. *Superannuation Reform Package*

This submission was in response to the exposure draft legislation released by the Treasury. The exposure drafts were in relation to the following measures: the objective of superannuation, tax deductions for personal superannuation contributions, improve superannuation balances of low income spouses, introduce a Low Income Superannuation Tax Offset (LISTO), and harmonizing contribution rules for those aged 65-74.

c. *Objectives of Superannuation Submission*

This submission was in response to a request from the Federal Government for feedback on the objective of the superannuation system.

d. *IGT External scrutiny of the ATO submission*

This submission was in response to the inquiry into the external scrutiny of the ATO conducted by the Tax and Revenue Committee, House of Representatives.

9. MAJOR ALLIANCE IN THE PIPELINE FOR 2016-17

Xero Software Alliance

TSA has been in discussions with the accounting software provider Xero for our tax content contributions to be embedded into the Xero Tax application. A letter of intent to allow feasibility and prototype development was signed between the two parties with the view to enter into a formal agreement to have content ready for consumption by Tax Time in 2017. The current prototype is currently being tested. Xero has provided TSA access to their marketplace by allowing participation in their Xero Now broadcast and national partnership focus sessions. We participated and promoted our suite of products and services at the Xero-con annual conference attended by over 2,000 Xero users.

10. TAI PRACTITIONERS & ADVISERS LTD. (TAI PAL)

Notwithstanding a backdrop of continuing difficulties prevailing in the domestic economy and financial markets, TAI PAL has seen a growth in membership numbers of 4.4% during the course of the year. Bolstering our membership offering has been our strategic imperative for sustainable organic growth. Initiatives implemented during the year included: (i) an enhanced Continuing Professional Development program for our members that satisfies the triennial requirements of the TPB, and (ii) a complimentary Code of Conduct webinar that satisfies the adherence requirements of the TPB. These were well received in the marketplace.

11. NEW DEVELOPMENTS POST 2015-16

a. **Rebranding and New Visual Identity**

The tax and super landscape in Australia is rapidly changing by way of increased government regulations, increased competition, changing client loyalties, technological changes, and shifting demographics. In order to stay ahead of the pack and continue to be relevant, TAL successfully launched its new visual identity on 1 July 2016. With a new business name, Taxpayers Australia became known as Tax & Super Australia. This extensive rebranding exercise has helped us to clearly articulate our mission to our constituency and anchor our value proposition in a practical framework.

b. **New Member Engagement Platform**

With a gradual decrease in membership over many years through natural attrition, it became imperative to address this issue by not only retaining existing members but attracting the new generation X and Y members to our organisation. The new member engagement platform came into being on 1 July 2016. The new platform is expected to provide a unique member benefit and also help members every day in their businesses or professions.

Its unique online community platform that combines tools like digital products and services offering, online groups, event management, email communication, and other social technology is aimed at maintaining high levels of engagement with a view to attracting and retaining members.

c. **New Membership Model**

In line with the new member engagement platform, a new membership model came into effect on 1 July 2016. While we are fully aware of our current member needs and realise that there is a strong demand in the marketplace for paper products, there has been an emerging demand for digital products. The new member engagement platform has enabled us to offer our constituency a new online digital platform. This will enable our members to find instantly the information and answers they need and on any device thus making the entire experience smooth and seamless. We have retained all our paper products as a part-and-parcel of our offering for members that rely more on paper products than digital products.

d. **New SMSF Manual**

Following a review of the SMSF product portfolio, it was decided that the DIY Manual required a complete rewrite as the current DIY Manual was no longer fit for purpose. So, the DIY manual underwent a transformation resulting in the new *SMSF Manual*. The *SMSF Manual* is expected to gain popularity as the SMSF practitioners' trusted guide akin to our annual Tax Summary which has been proven to be the tax practitioners trusted tax guide.

The digital version is expected to go online on our website by the end of October 2016 and the paper version is expected to be made available for distribution towards December 2016. This publication will be well supported by an online toolkit within our member portal.

e. **Reinvigorated Ultimate Trustee Guide**

A reinvigorated digital version of the *Ultimate Trustee Guide* is expected to be made available on our website for download by the end of October 2016.

12. FUTURE DIRECTION

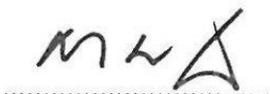
Rapid changes are occurring in the taxation and superannuation landscape by way of increased government regulations, increased competition, changing client loyalties, technological changes, and shifting demographics. It is imperative that we be at the forefront of these changes and as an ambitious consultant, be the trusted partners of our members, and guide and lead our constituency in successfully managing in their business practices. To this end, the future strategic direction will include a consideration of a plan to position the organisation as a dominant voice in the areas of practice management.

THANK YOU

On behalf of Taxpayers Australia, we would like to express our sincerest thanks to our members and subscribers for their patience and understanding as we go through major transformational changes. We greatly appreciate your continued support and patronage.

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

Our thanks go to the highly professional and committed executive management team for all their contribution. Last but not least, our thanks to all the staff for their hard work, dedication and commitment shown during the course of the year.



Mark Dodds
President



Moti Kshirsagar
CEO

October 2016