



Minutes for adoption at the next AGM

## **Minutes of the 52nd Annual General Meeting of the Australian Consumers' Association**

**Friday 26 November 2010 at 5pm  
Powerhouse Museum,  
500 Harris Street  
Ultimo NSW 2007**

### **Present**

#### **Board members**

Jenni Mack (Chair), Ian Spight, Nicole Rich, Peter Bray, Sandra Milligan, Bill Davidson, Frank Muller, Charles Berger

#### **Voting members (excluding Board members)**

Scott O'Keefe (also a staff member), Gabriel Donleavy, Dianne Hill, Ian Jarratt, Michael Guffond, Richard Banner, Winsome Hazel Hall, George Bennett and Joe Alvaro.

#### **Staff**

Nick Stace (CEO), Natalie O'Toole (Chief of Staff and Company Secretary), Kim Hogan (Digital Director), Kate Lalak (Marketing and Membership Director) and Christopher Zinn (Campaigns and Communications Director).

### **1. Opening and welcome**

The Chair, Jenni Mack, opened the meeting by saying that this was not an ordinary AGM for Choice but a special AGM to mark both ACA's 50<sup>th</sup> anniversary and a display at the Powerhouse to mark 50 years of Choice and consumer power.

She welcomed the following to the meeting: voting members, CHOICE Plus members, founding members (Judy Bourke, Roy and Juliann Mayhew, John Carlick and Peter Croft) CHOICE staff, CHOICE Consumer Action Award recipient, Ian Jarratt, and Noel Gray, the grandson of CHOICE founder, Ruby Hutchison.

57 Carrington Road Marrickville NSW 2204

Phone 02 9577 3333 Fax 02 9577 3377 Email [ausconsumer@choice.com.au](mailto:ausconsumer@choice.com.au) [www.choice.com.au](http://www.choice.com.au)  
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## **2. Apologies**

Rachel Dixon (Deputy Chair), George Perry (Commercial and Finance Director), Andrew Boatman, Owen Sperling, Karen Ramage and Anne Conway.

## **3. Proxies**

The Chair said 12 proxies were held, 10 to the Chair/Chair of the meeting, 1 to John D Wood and 1 to Frank Muller. See attachment 1 for full details.

## **4. Minutes of the 51<sup>st</sup> AGM**

**Resolution 1 AGM 52: That the minutes of the 51st Annual General Meeting be adopted.**

The motion was carried.

## **5. Chairperson's Report**

The Chair delivered her report to the meeting (see attachment). There were no questions.

**Resolution 2 AGM 52: That the Chairperson's Report be received and adopted.**

The motion was carried.

## **6. Financial Accounts**

The Chair referred members to the circulated Annual Financial Report. There were no questions.

**Resolution 3 AGM 52: That the financial report and accounts for the year ending 30 June 2010 be received and adopted.**

The motion was carried.



## **7.Election Results**

The Chair called on Company Secretary and Returning Officer, Natalie O'Toole, to declare the results of the 2010 ACA Council elections.

Natalie O'Toole reported that in accordance with the ACA's Constitution, three Councillors had retired this year: Peter Bray, Bill Davidson and Frank Muller. This left three vacancies on the Council to be filled by election. At close of nominations, four valid nominations had been received, from Peter Bray, Bill Davidson, David Marcus and Frank Muller. Given that there were four nominations for three vacancies, a postal ballot had been held to determine the outcome of the election.

The results of the election were as follows: Bill Davidson, David Marcus and Frank Muller were elected to Council. All three would take up their positions from the close of this AGM.

The Chair congratulated the Council members on their election and thanked Peter Bray for his very significant contribution to the ACA Board, citing in particular his work on the steering committee for the organisation's new Customer Relationship Management system and for his oversight of CHOICE's marketing activities. She added that the Board would want to consider how best to retain his marketing expertise going forward given that we have only just recruited a marketing team and were developing a new marketing strategy.

## **8. CEO address**

The Chair invited CHOICE CEO, Nick Stace, to give his address, the main points of which are attached. There were no questions.

## **9. Any other business**

There being no matters of Any Other Business, the Chair closed the meeting.

**Ends**



## **Chair's Report to ACA's 52<sup>nd</sup> AGM**

Choice is fit and fabulous at 50. But that is no accident. We have worked hard to keep it fit and fabulous. Every day we are reminded that past performance is not a predictor of future success.

Our strategy has been focused on renewal and relevance. We have had a three year program of investment in the organization and this year we went live with a number of new services to members.

Our bottom line was impacted by the GFC, resulting in a small operating loss.

The cost of our renewal programs combined with static income, mean our reserves are lower than last year.

The Board has a clear reserves policy, including minimum levels, and is working with Nick and the team to ensure reserves are rebuilt.

In the course of the year we stepped up our public communications, hosted the National Consumer Congress, and had a number of significant wins for consumers.

First to strategy.

At the beginning of the financial year the Board approved a new three year strategic plan – A Future Built on 50 Years of Success.

It renews our purpose – to unlock consumer power - and sets a new vision: for Australians to be the most active and savvy consumers in the world.

The plan continues our strategy of renovation and innovation, but the pace of change has stepped up a notch under our CEO Nick Stace.

We are improving our existing services and extending the services we offer, not only to members, but to widen our reach into the broader community.

We have employed a commercial director – the very capable George Perry - to oversee new product and service development.

The Board is very aware that innovation involves risks and we have developed a rigorous four stage business case and risk assessment process to scrutinize each new proposal.



All initiatives go to market for a trial period and have a clear exit strategy.

Some initiatives will serve members well, others we may not be able to deliver cost effectively, and we have experienced both this year.

Our energy switching service Choice Switch was too investment hungry and uptake was hampered by the lack of progress nationally on energy deregulation.

On the other hand our “Choice Recommended” label that you may have seen in retail outlets– an idea which began as a way to limit manufacturers misusing our endorsements – has been a success.

And in our core business – Choice On-Line and the magazine - we upped output – testing over 1000 products in our sharp new labs.

We increased the number of items under our First Look program – responding to consumers demand to have product reviews - in some cases **before** a product hits the market.

We have a new marketing team and are developing and implementing a new brand and marketing strategy.

## **50<sup>th</sup> year**

April 2010 was the 50<sup>th</sup> anniversary year of the publication of Choice magazine. Yet this financial year held a number of firsts for us.

In March we hosted the National Consumer Congress for the first time.

Our CEO Nick Stace offered you his direct line and met many members in their communities and heard concerns first hand.

We launched the Choice Awards for high achieving products and companies.

We launched the Choice Recommended in store label to help **all** consumers make good choices.

We are introduced a “price and buy” button on our website to provide a more holistic service to members.

More initiatives are in the pipeline. Watch out for Choice Legal in the New Year.

And here we are at the Sydney Powerhouse Museum for the opening of the first Consumer Power display: 50 Years of Choice.

## **Bottom line**



The GFC may be behind us, but like many organizations its impact is revealed in our financial statements this year.

Revenue was lower – although we have closed the year with the same number of members as last year - about 180,000.

Our revenue hit came from changes to the way financial institutions processed credit card payments and the ensuing higher charges as they sought to limit their own liabilities.

This resulted in a small loss \$8,514.

Our reserves are also lower than the past few years, but just as the early 2000s marked a period of significant investment in our organization, ten years on that has again been necessary.

We plan to rebuild our reserves by 2012 and early numbers for this year indicate we are on track.

The main investment item this year was the customer management system which integrated our numerous back office systems and will significantly improve communication with our members.

The customer management system complements two other big investments over the past couple of years – the renovation of our labs and offices at Marrickville and our 2.0 website.

The website now allows two way communication between us and our members. Members can talk directly to our testers and journalists and can upload **their** views on our content – both test reports and campaigns.

Two significant events impacted on our finances this year although happily they had an almost neutral impact on the bottom line.

A tight contract with the Government in relation to GroceryChoice left us with net revenue of nearly \$700,000.

But suspension of operations in ChoiceSwitch, our energy switching service, resulted in an \$800,000 investment write off.

ChoiceSwitch is not dead –it was just too investment hungry in a difficult economic environment and the slow pace of energy market deregulation impacted on its viability.

Set backs like Choice Switch wont deter us from trying new services for consumers. Some will work, some wont. We must remain prepared to try.

This also means the Board needs broad skills, skills beyond those of consumer advocates who have historically made up our Board.

It needs business development and strategy skills, it needs skills in on-line development and digital marketing.



At the Board level we have worked to bring in skilled directors in addition to our directors with advocacy backgrounds.

And to advocacy.

Unfair fees, supermarkets, sustainability and dangerous chemicals formed the focus of our advocacy.

2009 saw the near demise of bank penalty fees. Telstra dropped its \$2.20 charge for paper bills and NAB abolished account keeping fees.

Following the demise of Grocerychoice we launched CheckoutChoice with news about our campaigns, how get good deals and a noticeboard for consumer experiences.

Food labelling topped consumers concerns in a poll of over a 1000 of our members and we continue to advocate for front of pack labelling to help us choose healthier products.

Our campaign to improve chemical regulation had a number of wins, with manufacturers agreeing to phase out BPA in baby bottles and a commitment by Government to review pesticides against modern science every ten years.

## **Thanks**

I want to thank all the staff at CHOICE for their professionalism and substantial achievements over the year.

I particularly want to thank our CEO Nick Stace. Nick has proved a very competent and inspirational leader.

The impact of his leadership is evident, not only inside the organization and in the quality of candidates he has attracted to fill positions, but in our external presence and profile.

I also want to thank my colleagues on the Board. Boards have a responsibility to guide organizations.

They are increasingly being held accountable for an organization's success.

More than ever Choice has needed and benefited from a Board with a spread and depth of skills and capabilities.

Our stewardship of the organization has always had the next 50 years in mind.

We look forward to another fabulous fifty.

## **Ends**



## **CHOICE CEO's Address to the ACA's 52<sup>nd</sup> AGM**

**26 November 2010**

### **Main points:**

- This year, our 50<sup>th</sup> anniversary year, has been as much about looking forward as looking back
- Some tough decisions have had to be made and the Board, together with the Senior Team, had backed the CEO on some difficult issues
- My thanks go to them and also to staff for rising to the challenge of change during the year
- Success takes time, focus and faith. We have achieved all three this year but it has not been easy
- But the news is good so far for this financial year; four months in we are ahead on budget and ahead on finances
- Three things in particular to mention about this year:
  - We reached out more to you, our members: through lab tours, regular calls with members, visits to you in your communities
  - We have sought to become more relevant to consumers, through initiatives like our redesign of CHOICE Computer magazine and revamped website; we have also invested in a new marketing and membership operation and a new role of Members' Champion
  - We have rediscovered our place as The People's Watchdog. We have always fulfilled this role but now we are articulating this more prominently in our communications. And through initiatives like our Supermarket and Better Banking campaigns, we are becoming more public-facing in our campaigns work. As a result, the number of people who are joining us because of our campaigns activity has increased. In addition we have held the inaugural CHOICE Awards and the annual Shonkys.



- What has not gone so well?
  - Grocery CHOICE; we went ahead with this because we thought it would make a real difference and it would have done. But four days before the launch, a meeting between the then Consumer Affairs Minister, Craig Emerson, and the supermarkets stopped us.
  - CHOICE Switch – this was probably an idea ahead of its time, given that switching is not possible across the entire country.
  - Changes to the way that banks processed credit card payments meant that we lost 15,000 members overnight; this has had a huge impact on not for profits across Australia. We are working on improvements to the system which we may have a story to tell in the New Year. Two important things came from this: we – staff and Board – picked ourselves up after having to make cuts – and that took guts. And we redoubled our efforts to invest in the organisation’s future
  - We’ve done a lot but there’s a lot still to do. We will never be happy and nor should we be, because if we are to make Australians the most savvy and active consumers in the world, we cannot afford to be.

**Ends**