



Draft Minutes for adoption at the next AGM

**Minutes of the 58th Annual General Meeting
of the Australian Consumers' Association**

**Thursday 24 November 2016 at 6pm
Cook Room, Pullman Sydney Hyde Park
36 College Street, Sydney NSW 2000**

Present:

Board members

Nicole Rich (Chair), Allan Asher, Sandra Davey, Bill Davidson, Fiona Guthrie, Frank Muller, Robert Southerton, Helen Wiseman, Jennifer Zanich

Voting members (excluding Board members)

See Attachment 1.

Staff

Alan Kirkland (CEO), Matt Levey (Director, Campaigns & Communications), Linda Magee (Company Secretary), Alana O'Sullivan (EA and Minute-taker), Stella Ogunleye (Manager, Business & Finance), George Perry (Director, Commercial & Finance), Michelle Rappaport (Director, Marketing and Customer Experience), Matt Steen (Director, Product Content & Testing), Viveka Weiley (Head of New Things)

Audit Partners

Melissa Alexander and Joe Camilleri, Pitcher Partners

1. Welcome to members

The Chair, Nicole Rich, opened the meeting at 6.00pm and noted apologies and proxies received. The Chair noted that the meeting included members from around the country participating via a live webcast, who were able to observe the meeting proceedings and ask questions via a moderator.

2. Apologies

The Chair advised that 100 apologies had been received (see Attachment 2 for details).

3. Proxies

The Chair advised that 21 proxies were held; all but one being directed to the Chair. See Attachment 3 for full details.

4. Minutes of the 57th AGM

Resolution 1 AGM 57: *That the minutes of the 2015 Annual General Meeting be accepted as a true and accurate record of that meeting.*

Moved and carried

5. Chair's Report

The Chair delivered her report to the meeting (*see Attachment 4*).

6. Annual Financial Report

The Chair referred members to the circulated Annual Financial Report and invited questions on the report.

The Chair was asked whether CHOICE had considered investing in sustainable energy instead of term deposits. The Chair responded that this was consistent with feedback received from other members on the need to consider CHOICE's values, as well as potential returns, in any investment decisions.

7. Election of Directors

The Chair called on the Company Secretary and Returning Officer, Linda Magee, to announce the results of the 2016 Board elections.

Linda Magee reported that under the Constitution, three Directors must retire at each AGM. Two of the retiring Directors – Bill Davidson and Robert Southerton – nominated for re-election and one did not re-stand. As there were only two nominations received for three vacant positions, they were elected unopposed. This left one casual vacancy which can be filled by the Board. As noted in the Chair's report, Frank Muller reached the end of his term and stepped down from the Board at the end of the AGM.

8. CEO report

The Chair invited CHOICE CEO, Alan Kirkland, to give his report (*see Attachment 5*).

9. Official business completed

There being no other matters of official business, the Chair closed the meeting and opened the floor for questions.

The meeting concluded at 6.45pm.

Attachment 1.

Voting Members Attendance (in person):

John Armstrong
Richard Banner
George Bennett
Paul Bodie
Kathryn Dalton
Judy Embrey
Jennifer Gilmore
Tariq Hassanen
Douglas Irvin
Gordon Kearley
Terry Kirkpatrick
Alan Kuipers-Chan
Audrey Lee
Richard Lorraine
Daniel McGoldrick
Adam Niedzwiedz
Corinna Orscheg
Sandy Robinson
Philip Sacks
Charles Samra
David Sketch
Steven Smith
Owen Sperling
Darron Swan
Merlyne Thompson
Stephen Towers
Ilia Vasiliev
Steven Walker
Anne-Marie Whelan
Malcolm Wilson
Kim Woo

Attachment 2.

Member Apologies Received:

Bryan Archer	Barry Ellims	Rod Lindroth	Danny Ronis
Leanore Aro	James Elsbury	Narelle Lovell	Hemali Seneviratne
Jad Bajjali	Lyn Emanuel	Robert Ian MacElroy	Raphael Sinicola
France Bernier	Andrew Faith	Chris Mangin	Haran Sivakumaran
Bob Biady	Mark Ferguson	Mark Masini	Mark Slade
Rosemary Bierton	Nancy Freethy	Peter Massey	David Slade
Frances Birrell	Stephen Richard Fuller	Tanya Matthey	Murray Slavin
Karen Gail Bracher	Ian Gibbs	Noel Mavric	Jack Stansfield
Gerard Brody	Kelly Gough	Frances Mavropoulos	Sharon Staude
Linda Buckingham	Simon Greaves	Kim McDonald	Tim Stawell
Robert Burn	Linda Green	Michael McGuinness	Liz Stoker
Andrew Butterworth	John Hagan	Anne McKay	John Szybowski
Herma Buttner	Bob Heggie	Paul William Melbourne	Peter Terry
Gary Byron	Stephen Hockey	Osman Mewett	Steven Vas
Andrew Cheetham	Robert Howie	Bruce Middleton	Serge Voloschenko
June Chubb	Ralph Hunt	Kenneth Miller	Paul Walker
Stephen B Cohen	Lynette Irvine	Dianne Miller-Grinter	Ian Wallace
Julie Ann Cox	Robert Jansen	John Neilson	Ray Warry
Owen Crawford	Ian Jarratt	Ben Parker	Nigel Waters
Adam Creed	Peter Kaye	Peter Parle	Harry Waterworth
John Cullen	Shaun Keating	Chris Parry	Bronwyn White
Dirk Dijkstra	John Kindler	Sue Pascoe	Ajith Wickramasinghe
Diana Droog	Natalie King	Maris Priede	David Williams
Tony Drynan	Geoffrey Kloot	Stephen Ridgway	Dean Young
Paul Dunford	Colin Langham	Heather Robb	Andre Zonn

Attachment 3.

Proxies Received:

Member	Proxy
1 Rosemary Britto	Chair
2 Herma Buttner	Gordon Kearley
3 Gary Byron	Chair
4 James Joseph Cane	Chair
5 Barry Malcolm Cooper	Chair
6 John Cullen	Chair
7 Rodney Gorey	Chair
8 Joan Hine	Chair
9 Stephen Frank Howie	Chair
10 John Kindler	Chair
11 Robert Klaver	Chair
12 Joy Lowen	Chair
13 Paul William Melbourne	Chair
14 Bob Penfold	Chair
15 Lynn Ralph	Chair
16 Janet Russell	Chair
17 Stephen Sant	Chair
18 Johannes C Schulte	Chair
19 Gennie Sheer	Chair
20 Haran Sivakumaran	Chair
21 Bronwyn White	Chair

Attachment 4.

Chair's Report to ACA's 58th AGM – 24 November 2016

Last year I spoke to members who attended the AGM about our new strategy, which had just been adopted by the Board. In speaking to CHOICE's results from 2015-16, I would like to outline some of our key achievements from the first year of this strategy.

The strategy is built around four goals that are intended to help us meet the challenges facing CHOICE, as well as ensure that we evolve in order to remain relevant to Australian consumers.

DRIVE

The first of these goals is to drive change in areas where we can have a significant impact for consumers.

While it has always been part of the role of our organisation to achieve change, in setting this goal, the Board had an ambition to see CHOICE become more effective at achieving change, and to be widely recognised for doing so.

To support this work, we've invested in increasing the size of our campaigns team, allowing us to move into areas like superannuation and health insurance, areas from which CHOICE has been largely absent in recent years.

We have also encouraged our staff to be bolder in speaking out on issues that affect consumers.

While we have further work to do, 2015-16 was a very successful year in achieving change.

Some of our success was in areas that have been long-running priorities, like improving country-of-origin labels on food products, and ending excessive credit card surcharges.

CHOICE genuinely deserves a significant amount of the credit for these reforms, because there is no other organisation that has persistently pursued the case for change in either of these areas.

We also continued to advance our agenda for a fairer financial services system.

Our ongoing spotlight on sales incentives that distort the consumer interest saw the government's focus expand from financial advice to life insurance through reforms to cap commissions, and to mortgage broking, where ASIC launched an investigation into the impact of remuneration structures on consumer outcomes.

Our campaigns team also worked hard to grow our community of CHOICE campaign supporters. These are people who are willing to help us to take action, for example by signing petitions or emailing politicians.

By June 2016, CHOICE had just over 100,000 campaign supporters, which puts us in a great position to have an even greater impact on government and industry.

EXPAND

The second goal of our strategy commits us to expand through innovation to assist consumers and grow revenue outside our existing model.

The wording of this goal reflects two important and related needs: to help consumers in more ways than we currently do, and through some of these to grow new sources of revenue that will support CHOICE to remain effective into the future.

The Board has been very clear that the first of these is the most important: that to deliver on our mission, we need to be expanding into areas where we don't currently do enough to help consumers, like superannuation and insurance.

We also need to expand the ways that we help consumers beyond simply publishing magazines and providing a website.

The key way in which we have pursued this goal is by establishing a new team, tasked with experimenting with new ways of helping consumers. It's called 'New Things', and it currently consists of six staff.

This team is working on a range of new tools and services to help consumers. You won't have heard of some of them—either because we decided not to pursue them further after some initial testing or because we're still experimenting with them.

But two have been launched to CHOICE members with great success.

The first is our CluckAR app, which helps consumers to identify real free-range eggs, by pointing a smartphone at an egg carton at the point of sale.

This was an exciting development for us because it supported an important campaign goal in an area in which we have been trying to drive change for consumers. We know that, currently, consumers can't rely on free-range labels on cartons and this is unacceptable – consumers should be able to choose the eggs they want based on truth in labelling.

This app put the power into consumers' hands—and they responded, with over 30,000 consumers installing the app in the first six weeks, and using it to scan a carton about half a million times a week.

We were also excited because this involved a step change in our technical capability. This was our first mobile app, and it used augmented reality technology to illustrate the conditions of egg production. We believe that this was one of the reasons that consumers embraced it in such numbers.

Our other exciting development was CHOICE community – a new online discussion forum about consumer issues. All members who receive our regular email newsletters should now have received an invitation to join this community.

The community now has over 12,000 members, who have participated in over 550 discussions about topics. What is particular exciting is that we see members helping each other with tips and advice, which shows the potential of this initiative as a new way to assist large numbers of Australian consumers.

The New Things team has a number of other ideas in the pipeline. Some will no doubt be abandoned; some simply may not work; but we're excited at the opportunity to recapture some of the spirit of innovation that inspired the creation of the Australian Consumers' Association in 1959.

IMPROVE

The third goal of our strategy is to improve and grow our existing business, to improve our long-term sustainability.

While there are many broader trends that may make it difficult to continue to grow our membership base into the future, there is also much that we can do to improve membership, so that it remains at the core of CHOICE.

This is a large program of work, with many different strands, but the most important in the past year was probably the work to improve our website.

Most new members join us through our website, and the information on products and services provided through our website is the core benefit that we provide to most CHOICE members.

The website that was launched in March 2015 was developed by an external agency, at a time when we had very few digital skills in-house.

After we launched the website, we quickly identified the need for significant improvements. In particular, we had to improve the way in which the website presented the results of our product testing and service reviews and compared different items.

We also identified the need to build our internal capabilities in developing digital tools and services, so that we could reduce our dependence on external agencies. During the year, we invested significantly in new digital product development and delivery staff.

The key output that would be visible to members is the new product selection tool that allows members to filter test results and select a short list of products that can be compared side-by-side.

This was an important change because it goes to the core of what we offer to people looking for help in selecting products and services.

It was also just the first step in a new approach to continuously improving all of the things we do, including the website. We made other improvements including to the way we present the organisation to potential members, and the ways in which we communicate with our members.

The combination of these and other changes helped us achieve a small but welcome growth in membership. As at 30 June, we had 175,433 memberships—the highest end of year figure since 2011. Membership has continued to grow incrementally throughout the rest of 2016.

LIVE

The final goal of our strategy is to live up to the standards that we expect of others.

This requires us to apply a critical lens to everything we do, to ensure that it is consistent with our values and adheres to the standards that our members and the Australian community expect of an organisation with the reputation and history of CHOICE.

One priority within this area is to improve our social impact, and the staff of CHOICE have led our thinking about how to do this through a new social impact strategy.

As part of that strategy, staff recommended that we increase our impact by focusing fundraising and assistance on a small number of beneficiaries. The Women's and Girls' Emergency Centre in Surry Hills – a homelessness and transitional accommodation service for women and families in inner Sydney—was selected as an initial partner. CHOICE is assisting the organisation and its clients through staff fundraising and donation of test goods.

Another key priority is to reduce our environmental impact, with the aim of being carbon neutral by June 2018. We have installed LED lighting through the building and replaced ageing air conditioning with a more efficient system. The next step will be to install solar panels on our building in Marrickville. As well as reducing our carbon emissions, these initiatives make economic sense, by reducing our energy bills.

We also reviewed and improved our privacy policies and have introduced a Diversity and Inclusion Action Plan. This focus on diversity extends to the Board.

GOVERNANCE

To governance matters– The Board is committed to strong and effective governance, and during 2015-16 we continued our focus on continuous improvement through revising key policies, including our Board charter, which is publicly available on the CHOICE website.

We also continued to focus on ensuring that the Board has the right skills to guide the organisation.

In terms of Board membership, Ian Spight stepped down from the Board at the 2015 AGM. Ian had played a very important role in overseeing improvements in our financial position, as I noted at last year's AGM.

In the 2015 Board elections, voting members re-elected Ben Slade and Jennifer Zanich, and elected new Board member Fiona Guthrie. Fiona is a longstanding consumer advocate and CEO of Financial Counselling Australia, so she has added to our collective skills in understanding consumer policy issues, especially for disadvantaged consumers.

Two directors are stepping down at this AGM.

Allan Asher has been a Board member since 2013 but his involvement with CHOICE stretches back to over 30 years ago, when he was a senior executive of the organisation. We have appreciated Allan's deep experience of consumer issues and public policy, and he has played a key role in encouraging us to think about how we can increase our impact internationally, particularly within the Asia-Pacific region.

Frank Muller has been on the Board since 2007 and has chaired the Campaigns and Advocacy Committee for much of that time. Frank is highly respected for his experience in environmental policy in Australia and internationally, and he has helped us to understand how we can better assist consumers who want to make environmentally sustainable choices. He has also helped us to pursue reductions in the environmental impact of our own operations.

The Company Secretary, Linda Magee, will explain the outcome of the 2016 election process later in the agenda but I can note that there is one casual vacancy to be filled by the Board, and we are currently in the process of interviewing and shortlisting candidates.

FINANCIAL

In the final part of my report, I would like to present the financial statements.

Helen Wiseman, the Chair of the Finance, Risk and Audit Committee, as well as Melissa Alexander and Joe Camilleri from the audit firm Pitcher Partners, are also present and able to assist with any questions.

Referring to the Statement of Comprehensive Income (or our “Profit and Loss” statement) on page 6 of the audited financial statements, our revenue from ordinary activities increased from \$16.85 million to \$17.9 million in 2015-16. This was driven by growth in both membership revenue and income from our CHOICE Recommended scheme.

Other income declined this year, but this was mainly due to the effect of an extraordinary grant of \$2.8 million that we received in the previous year. This grant is to assist consumers in the travel market and will be spent over approximately five years, but as we noted at last year's AGM, in accordance with accounting standards the entire income was required to be recognised last year.

Our cost of sales – which refers to expenses incurred in direct connection to generating income – remained stable.

Our gross profit declined but this was mainly due to the impact of the travel grant.

Operating expenses increased significantly, from \$14.65 million to \$16 million. This reflects our decision to invest in our new strategy, with a view to ensuring that we deliver on our purpose and improve our long-term financial sustainability.

We ended the year with a surplus of \$810,000.

Referring to the Statement of Financial Position (or our “Balance Sheet”) on the next page, our accumulated surplus increased accordingly, from \$16.58 million to \$17.39 million.

As shown in the Statement of Cash Flows on page 9, we had a positive net cash flow from operating activities of over \$900,000, helping us to improve the balance of cash and cash equivalents held at the end of the financial year to \$11.94 million.

The Board feels confident that we have a prudent level of cash reserves, so in the current financial year we have budgeted to again invest further in our strategy, with our expenditure to more closely match our income.

As noted in my recent email to voting members, the Board is conscious of the need to ensure that the cash held by the organisation is invested in a manner that reflects our members’ best interests. Currently most of our cash is held in term deposits but we are considering whether it would be prudent to diversify our investments, so that some proportion of our cash is invested in other ways. We also have the option of investing even more heavily in our own operations.

This would be a significant change, so the Board would welcome any comments from voting members, either in the time for general discussion at the end of the meeting, or by email.

In conclusion, I would summarise the last year by saying that we have taken some encouraging first steps under a new strategy that should ensure we remain a relevant and sustainable voice – and force – for Australian consumers into the future.

I am pleased to present the directors’ report to you. Before I invite you to consider a motion to accept the financial statements, I would now like to invite any questions.

Ends

Attachment 5.

CEO's Report to ACA's 58th AGM – 24 November 2016

I'm conscious that much of the focus at this meeting has been on the past year—as is inevitably the case at an AGM. I'd now like to talk about three themes that will help to shape our work over the next year—the themes of Impact, Diversity and Courage.

Impact

The biggest area of impact for CHOICE is obviously achieving change for the benefit of consumers—and that will continue to be our greatest priority. But over the past year and a bit, we have been thinking about our impact in other ways.

One important area of this work is our Social Impact Strategy. Nicole referred to this in her report, mentioning our partnership with the Women's and Girls' Emergency Centre – or WAGEC.

In this area, we are setting a higher bar than some businesses set when they talk about corporate social responsibility.

Of course we want to be responsible. But we want to go further than that, to maximise our positive social impact.

The partnership with WAGEC is a great example of that. We already had a range of staff fundraising initiatives but they weren't targeted. They were spread across a range of charities, some of them quite large, so our donations probably had little discernible impact.

To increase our impact, we wanted to select one cause—and through staff consultation, the related issues of domestic violence and homelessness were chosen.

We then wanted to focus our efforts on a small number of organisations – so we shortlisted a range of organisations, spoke to them and again talked to staff about which organisations they would feel most motivated to support – and that's how we settled on WAGEC.

In this partnership, we're not just directing staff donations; we're also making donations of test goods, at little cost to us but with big impact to the service and its clients.

One client had a son with severe asthma—so receiving a vacuum cleaner, which she would otherwise not have been able to purchase, made a huge difference.

Another client spoke about how having a TV would make the transitional accommodation where she and her kids were staying feel more like a normal home.

These are just some first steps in the area of social impact, and over the next year we plan to go further.

Another area of impact that we are exploring is at the international level, particularly within the Pacific region.

We see an opportunity to help governments and civil society organisations to improve consumer protection in the Pacific, where it is relatively weak.

We are working with the Fiji Consumer Council to find funding from international donors to establish a Pacific consumer protection network, to bring together people interested in assisting consumers and advocating for better consumer protection laws. This will be slow work, and is likely to progress over many years—but we know it's got a much better chance of success with our support.

We also think this work can have real benefits for CHOICE. We believe that there are real opportunities to engage Australian consumers who care about corporate conduct and the way that Australian businesses treat consumers.

Pacific countries are important markets for some Australian businesses: ANZ and Westpac are two of the largest banks in the region.

From talking to our colleagues at the Fiji Consumer Council, we suspect that consumers in Fiji are getting a raw deal compared to Australian consumers, so we are working with them where we can campaign together, to engage both Fijian and Australian consumers in driving change.

What is common about the examples I have given is that the return on investment should be high: we should be able to have a substantial impact in return for a relatively small investment by CHOICE. These activities should also help to build our reputation in the Australian community as an organisation that can be trusted to do the right thing.

Diversity

The second theme that I want to talk about is diversity.

In our strategy, we committed to ensure that our workforce has the diversity necessary to deliver the changes we need to make. This reflects our view that if we want to be relevant to Australian consumers, we need to reflect the diversity of the Australian community.

This should mean that we are selecting issues that are relevant to Australian consumers, and talking about them in ways that resonate.

We started our work in this area by trying to understand where we are now—gathering data to benchmark our workforce diversity against the Australian community.

I am pleased to say that we measure up pretty well in terms of cultural diversity and gender.

We are higher than the national average in terms of the number of people who were born outside Australia or speak a language other than English at home.

60% of our workforce are women, and women are well represented in management roles.

But the challenge is to make sure that this diversity is reflected from every angle.

People from culturally diverse backgrounds tend to be more concentrated in technical areas – in our digital delivery team and in our labs. There is less diversity among our journalists and campaigners—the roles that have the greatest contact with the outside world.

Women are still under-represented at our most senior levels.

And while we want to do more to help Indigenous consumers, this will be hard while we have few Indigenous employees.

We'll be working on some of these more challenging aspects of diversity over the next year.

This will include reviewing some of our workplace entitlements, to see where we can provide more of a leadership role, and developing partnerships with organisations that can help us to draw on a broader range of candidates when recruiting to fill vacancies.

As with our work on impact, our motivation is not altruistic—it's ultimately about ensuring that we can deliver on our purpose as an organisation, by ensuring that we understand and respond to the needs of Australian consumers.

Courage

The final theme that I wanted to touch on is courage.

We are all acutely conscious of our responsibility to guard CHOICE's reputation as a trusted source of information and advice. But we need to make sure that this does not lead us to be so cautious that we fail to deliver on our mission.

In Nicole's presentation, she mentioned our work on free-range eggs. As well as the new technology that we used to help consumers find genuine free-range eggs, this work was characterised by a braver, perhaps cheekier approach.

The very title of the campaign 'Give a Cluck' and the tone of voice and forms of words used within the app – like 'For Cluck's Sake' – were a significant shift for us and, we would say, essential to our success in engaging consumers.

We feel that we need to do more of this – to talk to different groups of consumers—especially younger consumers—in the way that they want to hear us speak.

This is intended to help us to reach more consumers in a way that makes them like us and want to become more involved in our work.

Another aspect of courage is in an increased willingness to take on big, powerful, established interests.

Members who were able to attend our consumer forum earlier this afternoon saw a presentation on our work on health insurance. In this area, we're not just trying to take on big health insurers like Medibank Private; we're also taking on comparison sites like iSelect – as well as the many other powerful interests that swirl around health care – like big private hospital groups.

Any statement or action that challenges the economic interests of any of these groups is likely to provoke a fierce response.

We face similar forces in another new area - superannuation.

In super, we can find ourselves arguing with everyone from financial advisers, to large insurers to the big four banks and super funds.

In our work so far, we have started to ask questions like

- whether consumers should be paying so much for life insurance within super when the benefits for some are questionable, and
- whether super funds should be doing more to reduce the number of consumers who have multiple accounts, meaning that their super is being eroded by fees and multiple insurance premiums.

As you might expect, this has already encountered some resistance.

The common theme across these areas is that we are taking on interests that don't like to be challenged.

You should expect to see some of these groups attack our credibility, challenge our expertise, and say that we don't know what we are talking about.

There is a risk that we'll make some errors, given that we are stepping into big, complex areas where we haven't been so active in recent years.

But we're convinced that we need to do it – because if we don't, consumers will continue to suffer from the lack of a powerful voice to advocate for their interests.

These are all big challenges—but they are also exciting challenges. I think they reflect the fact that we're not content to just keep doing the same things—that we want to make sure we are constantly asking how we can do more.

But while these challenges are exciting, they aren't a substitute for the bread and butter work that keeps CHOICE going—comparing and testing products, investigating scams and campaigning on a broad range of issues.

We've got a strong commitment to continuous improvement in everything we do, and over the next year we'll be:

- Introducing new online tools to help consumers compare financial products
- Testing a new energy switching service, to help consumers to stay on the best deal without having to navigate through shonky comparison sites
- Increasing the amount of information we produce to help consumers considering solar technology.
- Testing the appetite for a new app to help parents to gather information and make decisions about products and services when having a child; and
- Working to grow our community of online campaign supporters so that we can increase our ability to drive change.

We've got a busy dance card for the next year but the Board has been willing to invest in growing our workforce, which has allowed us to bring in new experts from a range of professional backgrounds, and this has given us a new burst of energy and optimism within the organisation.

As I enter my fifth year in the CEO role, I'm probably more excited than ever before about the opportunities for CHOICE—so I'd like to thank all of our members for making it possible for me--and all of the staff at CHOICE—to have such amazing jobs.

Ends