ON TARGET

e-Mag of the Institute of Certified Management Accountants May June 2017 Vol 21, No.3

CEO Message: Fudging the 'Skills Needed Numbers' to Milk the Accounting Migration Cash-Cow

ASIC Warns Consumers About Investment Scams

CMA AUSTRALIA CERTIFIED Management Accountant ®

Contents

CEO Message

Fudging the 'Skills Needed Numbers' to Milk the Accounting Migration Cash-Cow

Since my last CEO message in the March-April issue of On Target titled *"Who Governs the Governors? When Directors Become Dictators"* highlighting some very concerning issues (raised by the Australian Financial Review (AFR) and other media) about the behaviour of the CEO and Board of CPA Australia, a lot has happened.

My article was quoted in the AFR under the heading *"CMAs Janek Ratnatunga slams CPA".* This resulted in a number of phone calls to me from other media organisations for comments; and also from fellow academics and senior CPA members, some of who were on the CPA Australia's Regional Board. All were extremely supportive of my stance; but some cautioned that CPA was in the habit of threatening legal action to all perceived "un-friendlies"; much like that other self-proclaimed "tall-poppy' media celebrity leader in the 'Disunited States of America'. I explained to them that any civil action from CPA Australia would require them to open their books under a legal process called 'discovery'; and that was the last thing they would want to do; especially opening of their books on CEO and Directors' remunerations, and membership registers.

Despite all the threats of legal action, and CPA Australia calling disgruntled CPAs as "rouge members", the media attention spiked.

In fact, pursuant to *Section 173(3) of the Corporations Act 2001*, an electronic copy of the complete share register of CPA Australia was requested by Mr. Brett Stevenson, a dissident member (as was his right), in the form prescribed by *Regulation 2C.1.02 of the Corporations Regulations 2001*. CPA Australia were forced to provide this; but did not provide email addresses of the members. This prompted Independent *Senator Nick Xenophon* to give support to rebel CPA Australia members by stating that he will introduce a bill that closes a loophole that has allowed the accounting body's leadership to keep members' email contact details secret.

Mr. Brett Stevenson also sent a request to CPA Australia for a statement disclosing the remuneration paid to each of the directors of CPA Australia and its subsidiaries as per *Section 202B of the Corporations Act 2001*. After an exceptionally long delay, CPA Australia was forced to reveal the CEO Mr. Alex Malley was paid almost $1.8m last year. Chairman Professor Tyrone Carlin, a long-time associate of Mr. Malley, who has only been in the job since October, was paid more than $184,000 for his short stint as chairman, plus an additional $70,000 for acting as a director of CPA's fledgling financial advice subsidiary.

The hefty pay packets enjoyed by Mr Malley and other directors and executives of the accountancy body were revealed in a 32-page booklet sent to all CPA Australia members; sparking an angry reaction from dissident members. Media attention has been unrelenting since the disclosure of this excessive (and some claim scandalous) money paid to a few individuals using money earned from membership fees.

At this juncture, it is worth noting what the ICMA CEO and Executive Board get in terms of remuneration. The CEO's employer company received $30,000 last year as a stipend for the use of his time by ICMA. The rest of the Board; i.e the Chairman, President, Secretary, Treasurer etc. received no remuneration, as they provided their services on a voluntary basis. This was how CPA Australia operated in the past.

An interesting side-issue was then raised in an AFR article of May 17 2017, asking *"Is CPA Australia fudging its membership, growth numbers?*

The CPA Australia CEO and Board had defended their excessive remuneration packages, and spending on promoting *Mr. Alex Malley's* book and TV show by pointing to aggressive membership growth on his watch. CPA Australia in fact boasted in a recent memo of having grown its membership to "more than" 160,000; and stating that "more people are joining, joining from other bodies, and staying as members than ever before."

But just four weeks later, CPA's company secretary *Mr. Adam Awty* conceded in a written response to legal correspondence that, as of April 14, CPA had just 155,116 financial members. Either 3 per cent of CPAs resigned in under a month or the organisation had been overstating its numbers.

Whilst AFR's May 17 exposé that CPA Australia may be fudging its membership growth numbers was well researched; it is not the only organisation using creative numbers, when it comes to accountants. Government Agencies and Universities appear to be also fudging the numbers for their own vested interests.

For example, in 2014, Mr Robin Shreeve, CEO of the *Australian Workforce and Productivity Agency* in a Report of the *Skilled Occupation List Search Conference*, noted that Accountants are currently in surplus, and will remain so in the medium term as (1) shortages have not been apparent since 2008; (2) vacancy levels are at their lowest levels since the Internet Vacancy Index began in 2006, and there is no sign of an upturn; (3) employment growth has been subdued over the five years to October 2013; and (4) employers across all three ANZSCO accounting occupations are recruiting without difficulty and have large fields of qualified candidates to choose from (see attached power-point presentation).

On the release of this report, it dawned on professional accounting bodies, universities and employment agencies that accountants could potentially be struck-off the SOL; resulting in a flurry of activity. Two of the professional accounting bodies suddenly realised that their pipeline of overseas accountants wishing to be their members in order to apply for migration could potentially dry up. The Australian universities that offered 'accounting' undergraduate and graduate conversion degrees foresaw the end of being able to milk their cash-cow. Employment agencies fretted about the loss of clients.

The result was that significant political pressure was exerted (even at Vice-Chancellor levels) to keep accounting on the SOL, and the numbers were worked with to show that there was indeed a 'skill shortage' of accountants! The result is that 'Accountants' remains on the SOL, even in 2017. This is despite strong evidence that those trained in accounting are simply not getting jobs in their chosen profession, especially if you are a migrant without the pre-requisite 'Australian experience'. It can be argued that the professional accounting bodies and universities are being unethical when they are painting a rosy picture that there is a great need for accountants in this country. *It simply is not so*.

Returning to the issue that CPA Australia fudging its membership growth numbers; this is what you get when 'Membership Growth' is a KPI of the CEO. Also, membership growth is easy when you lower standards. Just imagine the CEO of a medical profession having such a KPI and then lowering the standards of doctors to meet it!

Many overseas qualified accountants, especially large numbers of such in Hong Kong and China, have been given automatic membership of CPA Australia, having been enticed to join by the possibility of migration into Australia.

Since being authorised as Migrant Assessment Authorities, CPA and IPA (but thankfully not the CA ANZ) have significantly increased their overseas membership numbers by opening marketing offices in many countries in Asia and the Middle-East; and via signing *Mutual Recognition Agreements (MRAs)* with overseas professional bodies (most with less rigorous assessment standards); and giving the members of those bodies an Australian professional accountancy qualification without any further assessments (not even in Australian Law and Taxation)! Some of these CPAs have opened back office accounting operations in their own countries; especially India and China, and taking business away from home-grown accountants. That too, having never been assessed in Australian Law and Taxation, but hanging out a shingle that they are Australian CPAs!

It is time that professional bodies stop having membership growth as a KPI for their CEO and senior executives to receive performance bonuses on; and start ensuring that quality is maintained in the training and assessment of their members, so that public confidence in the profession is maintained.

Professor Janek Ratnatunga, CMA, CGBA

CEO, ICMA Australia

The opinions in this article reflect those of the author and not necessarily that of the organisation or its executive.

KPMG's 2017 Global CEO Outlook Suggest that Our Companies Will Grow

KPMG International released its 2017 Global CEO Outlook based on indepth interviews with nearly 1300 CEOs of some of the world's largest companies. The report provides insights of CEOs' expectations for business growth, the challenges they face and their strategies to chart organisational success over the next 3 years.

65 percent of CEOs see disruptive forces as an opportunity, not a threat, for their business. By investing more in cognitive technologies and skilled labour CEOs are aiming to lead the market with the development of innovative products and new ways of doing business. Three in four (74 percent) say their business is aiming to be the disruptor in their sector.

The evolution of the CEO

"This year we see the CEO looking to be a disruptor, not the disrupted, harnessing uncertainty by challenging their own role to better lead their business to success," said KPMG Australia CEO, Gary Wingrove. "CEOs are focusing on core strengths, but at the same time innovation and disruption remain key priorities for the future."

KPMG's study found that CEOs are disrupting or challenging their own role in order to better lead their business, with 70 percent of respondents taking steps to disrupt their role in the last 12 months.

CEOs are evolving their skills and personal qualities to better lead their businesses. 91 percent of Australian CEOs (compared to 70 percent globally) say they are more open to new influences and collaborations than at any other point in their career. 61 percent of Australian CEOs (compared to 45 percent globally) believe their emotional intelligence is as important as their technical skills.

Business growth amid heightened uncertainty

Mr Wingrove added: "It's an opportune time for CEOs to rethink what they stand for. In the space of a year, the world has become a far more complicated place – economically, geopolitically and technologically. This complexity and uncertainty breeds opportunity, to which leaders must respond."

70 percent of Australian CEOs and 41 percent of global CEOs said they were confident they would achieve 2-5 percent top line growth in their own organisations over next 3 years. "This is a big shift in mood from last year's report which showed 43 percent in Australia, and 48 percent globally believed they would achieve this growth," said Mr Wingrove.

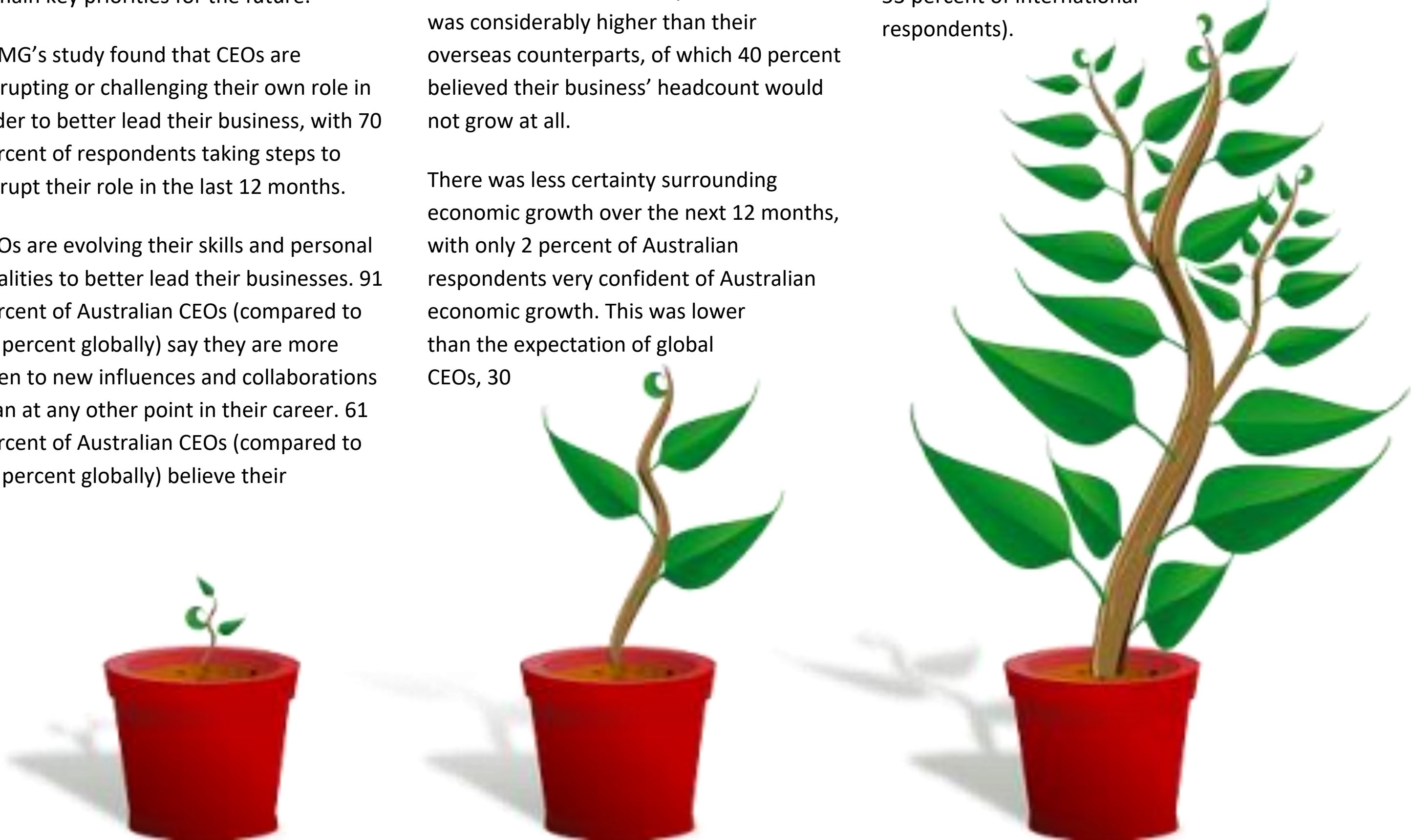
Two-thirds of Australian CEOs believed their company would increase headcount by up to 5 percent over the next 12 months, while almost a quarter said it would be between a 6-10 percent rise. This was considerably higher than their overseas counterparts, of which 40 percent believed their business' headcount would not grow at all.

There was less certainty surrounding economic growth over the next 12 months, with only 2 percent of Australian respondents very confident of Australian economic growth. This was lower than the expectation of global CEOs, 30 percent of which were very confident of their own country's growth.

Overseas CEOs were also more confident about the next 3 years of global economic growth. In total, 65 percent of global CEOs were confident of growth, compared to 43 percent of Australian CEOs.

"With 91 percent of Australian CEOs expecting their company to grow and a majority expecting an increase in headcount and recruitment investment, it seems possible that Australia's stagnant wage growth may regain some momentum if these outlooks translate into a drop in unemployment," commented KPMG Australia Chief Economist, Brendan Rynne.

CEOs expect to primarily focus investment in existing markets for the next 3 years, with less attention given to new international markets. These new geographic markets were only a high priority for 17 percent of Australian respondents and 21 percent of overseas CEOs. By comparison 67 percent of Australian CEOs saw home-market penetration as a high priority (compared to 53 percent of international respondents).



Mr Rynne also noted: “To the extent that Australia has ‘desynchronised’ from the global growth uplift, as recently suggested by an international investment bank, then adopting a largely domestic focused market strategy will limit business growth, and ultimately economic growth.”

The main geographical markets Australian CEOs are anticipating growth for their companies are Australia, Central Asia, Asia Pacific and then the UK.
Notably, more than 70 percent of Australian CEOs intend to use joint ventures and collaborative partnerships to execute their growth plans in new and local markets. This is in stark contrast to their global counterparts, at just 31 percent.

“This finding rings very true with me. We’ve adopted a deliberate, longer-term strategic approach for our own business, with a renewed focus on alliances as part of our growth strategy. Traditional acquisitions take a long time to identify, finalise and embed. Alliances with the right partners can provide quick access to new capability and new markets,” commented Mr Wingrove.

Reputational risk climbs the agenda, while geopolitical risk number one for Australia

One of the most striking changes in this year’s study is the rise in the number of global CEOs citing reputational and brand risk as a current concern. This has become one of the top three most important risks they face today (out of 16 in total), after not featuring in the top 10 in 2016.

Reputational risk was perceived to have the greatest impact on business growth by 11 percent of global CEOs, surpassed only by global economic factors. This shrank to just 7 percent for Australian CEOs, with geopolitical and regulatory risks among the five more impactful threats.

Geopolitical uncertainty and regulatory changes are cited as the biggest threats to company growth, while half of all CEOs here and overseas expected protectionist policies in their country will increase. A majority said political uncertainty has had greater impact on their company in the past year than for many years – and a big majority of Australian CEOs (76 percent) are spending more time on ‘scenario planning’ as a result.

Nearly half of Australian CEOs believe the election of President Trump will have a negative effect on the global economy, a

view shared by only 24 percent globally. The impact of Brexit had largely neutral responses.

On tax rates, most CEOs (54 percent Australia, 67 percent global) expected these to increase, while 41 percent of Australia CEOs thought they would remain roughly the same, and only 6 percent expected them to decrease.

Mr Rynne said: “The study reveals a heightened perception of geopolitical risk in Australia in 2017. To date, the market has had trouble pricing geopolitical disruptions. Binary outcomes such as a won or lost elections, the start or cessation of international conflict or success or failure of terrorist attacks have seen higher volatility in the market. Understanding the social implication of political and military events has proven too difficult to accurately predict how they translate into changes of economic behaviour.”

“On the effect of regulation, it is clear that most Australian CEOs are pessimistic on the chances of tax reductions. Given that our corporate tax rate is uncompetitive, it is a major concern that there seems little confidence of downward movement.”

Technology disruption

52 percent of Australian CEOs said they were struggling to keep up with the pace of technological innovation in their sector, compared with 37 percent of global CEOs. Australian CEOs also had significantly greater expectation of a major disruption because of technology innovation (74 percent), compared to their global counterparts (48 percent).

In terms of investment aimed at boosting innovation over the past 12 months, 56 percent of Australian CEOs said they undertook either substantial or incremental investment in new products, services or ways of doing business, while 44 percent maintained current business needs.

Overall, the biggest areas of Australian investment were digital infrastructure (83 percent), cyber security (80 percent), followed by physical infrastructure (78 percent). Australian firms investing in technological innovation were most highly focused on Internet of things (IoT). 94 percent of Australian CEOs had a high level of IoT investment in the past 12 months, compared to 77 percent of global CEOs.

Battle for talent in cognitive revolution

Contrary to the popular view, CEOs actually expect cognitive technologies to increase their business’ headcount in the immediate future. Attracting highly skilled talent is seen by CEOs as the top challenge in implementing cognitive technologies.

More generally, Australian CEOs expect headcount to continue growing, but to grow in lower numbers than in 2016. Last year 73 percent expected their number of employees to increase by more than 6 percent in the next 3 years. In 2017, 69 percent expect this level of growth.

67 percent of Australian CEOs believed their company would increase headcount by up to 5 percent over the next 12 months – compared with 39 percent globally. 24 percent of Australian CEOs said staffing

levels would rise between 6-10 percent. This compared with 19 percent overseas.

Mr Wingrove commented: “It is very significant that most CEOs do not believe their high investment in tech solutions such as robotic process automation and cognitive technologies will lead to job cuts, as is often supposed. On the contrary, the majority of CEOs expected headcount growth into the future. Australia needs to grow the pie, not slice it in different portions.”

A focus on trust

Around three quarters of global CEOs (74 percent) say their organisation is placing greater importance on trust, values and culture in order to sustain their long-term future.

More than 7 in 10 (72 percent) global CEOs correlate being a more empathetic organisation with higher earnings – this rises to 83 percent agreement for Australian CEOs.

Despite its perceived importance, two in three (65 percent) Australian and global CEOs believe that levels of trust in business will stay the same or decline, rather than improve in the next 3 years.

“There has been significant investment in regulatory compliance, risk and governance capacity, with more expected. While Australian CEOs are focusing on growth in the next 3 years, they are doing so with appropriate caution. This may help in boosting public trust in business,” concluded Mr Wingrove.

About KPMG’s 2017 Global CEO Outlook survey

The survey covers 1,261 CEOs in 10 key markets (Australia, China, France, Germany, India, Italy, Japan, Spain, UK and US) and 11 key industry sectors (automotive, banking, infrastructure, insurance, investment management, life sciences, manufacturing, retail/consumer markets, technology, energy/utilities and telecom). A third of the companies surveyed have more than US$10 billion in annual revenue, with no responses from companies under US$500 million. The survey was conducted between 21 February and 11 April 2017.

Australia Signs New Multilateral Convention to Prevent Tax Avoidance

Australia has signed the *Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting* (the Convention).

The Minister for Trade, Tourism and Investment, the Hon Steven Ciobo MP, signed the Convention for Australia at a ceremony hosted by the Organisation for Economic Cooperation and Development (OECD) in Paris on 7 June 2017. 67 other jurisdictions also signed the Convention, including 35 of Australia's bilateral tax treaty partners.

The Convention is a key outcome of the OECD/G20 Base Erosion and Profit Shifting (BEPS) project, which aims to ensure that multinationals pay tax in the jurisdiction where economic value is created or added.

The Convention complements the Government's Multinational Anti-avoidance Law, the Diverted Profits Tax and the Tax Avoidance Taskforce, and reinforces our efforts to level the playing field for Australian businesses.

Once in force, the Convention will modify most of Australia's bilateral tax treaties to implement new integrity rules that will help prevent exploitation for tax avoidance purposes and improve tax treaty-based dispute resolution mechanisms.

In the absence of the Convention, Australia would have to introduce the new rules treaty by treaty, a process that could take decades.

Based on countries' known adoption positions, the Convention will modify 30 of Australia's bilateral tax treaties, those with Argentina, Belgium, Canada, Chile, China, the Czech Republic, Denmark, Fiji, Finland, France, Hungary, India, Indonesia, Ireland, Italy, Japan, Malta, Mexico, the Netherlands, New Zealand, Norway, Poland, Romania, Russia, Singapore, the Slovak Republic, South Africa, Spain, Turkey and the United Kingdom.

The extent to which the Convention will modify these treaties will depend on the final adoption positions taken by each country. Australia notified its adoption positions on a provisional basis, to be confirmed upon ratification of the Convention.

The Convention will enter into force after signatories have completed their domestic requirements and deposited their instruments of ratification with the OECD. Legislation will be introduced into the Australian Parliament as soon as practicable to give the Convention the force of law in Australia.

A copy of the text of the Convention and information on jurisdictions' adoption of it is available on the **OECD website**. Information on the main features of the Convention and Australia's provisional adoption provisions is available on the **Treasury website**.

Don't Wait: Aussie Job Seekers Jump Ship During Slow Hiring Process

- During a lengthy recruitment process, 39% of Australian jobseekers become disheartened, 33% lose interest and pursue other roles and 30% question the company's ability to make other decisions.
- 63% are willing to wait either less than one week (25%) or one to two weeks (38%) for a prospective employer to inform them about their status before they lose interest in the role.
- 30% say a hiring process that takes 15-21 days is too long, while 28% say 7-14 days is too long.

Slow recruitment times are causing Australian companies to lose out on top candidates. An independent survey of more than 2000 Australian workers, commissioned by specialised recruiter Robert Half, gives a detailed insight into what jobseekers are thinking during the hiring process and what they believe is the ideal waiting period before they decide to move on to other opportunities.

Hiring managers who fail to make timely decisions are confronted with a number of consequences, most notably losing candidates. More than one third (39%) of Australians become disheartened during a lengthy recruitment process. A further 33% lose interest and actively pursue other roles, while 30% question the company's ability to make decisions.

David Jones, Senior Managing Director at Robert Half Asia Pacific said: *"Because companies want to be sure they hire the best candidate for the role, they often unnecessarily draw out the hiring process, adding days or even weeks to the recruitment process. But this often results in companies losing top candidates."*

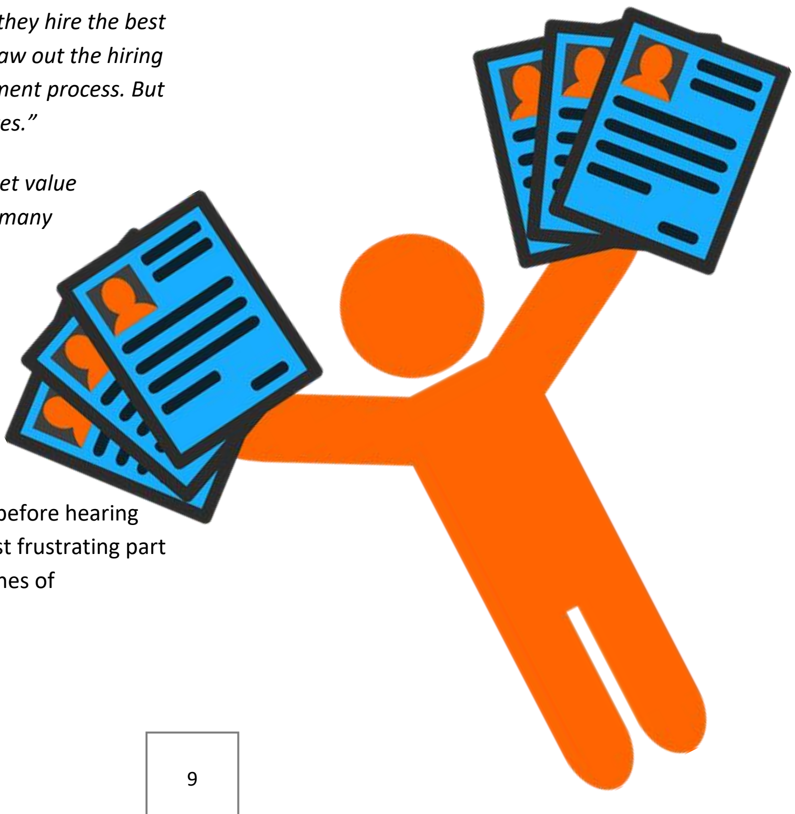
"Many jobseekers are acutely aware of their market value and are often in contention for several roles, with many top candidates not willing to wait too long during the hiring process, thereby highlighting the importance of an efficient – and timely – recruitment process as the best way for companies to secure the right candidate (and not lose their preferred candidates to the competition)."

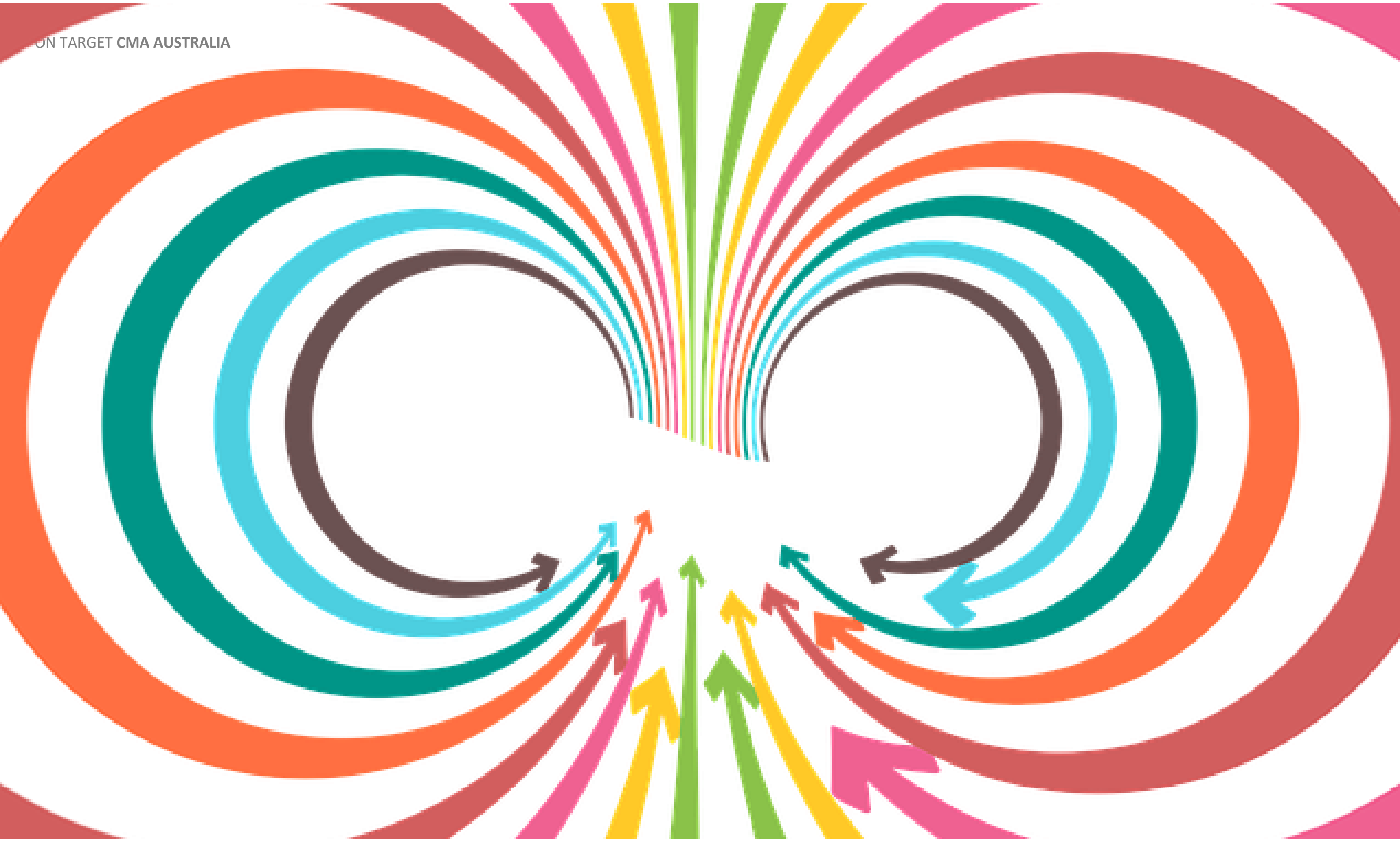
With 32% of Australians identifying the long wait before hearing back from an employer after an interview the most frustrating part of the job search, hiring managers need to keep lines of communication open during the recruitment process. Almost four in 10 (38%) Australians are only willing to wait one to two weeks for an employer to inform them of their status before they lose interest in a role, and one in four (25%) even lose interest within the first week.

"The importance of proper communication during the hiring process cannot be underestimated, as waiting to hear back from a prospective employer can be one of the most anxious parts of the process for jobseekers. Timely communication – both for successful and unsuccessful candidates – at every stage of the hiring process also holds advantages for the organisation itself as it can cement a company's reputation for being professional and fair," added **David Jones.**

When asked how long is too long of a hiring process – that is, from the day they initially interviewed for a job to the day a job offer is extended – one in three (30%) Australians say 15-21 days is too long and 28% even felt a timeframe of 7-14 days is too lengthy.

"By streamlining the hiring process, limiting the number of internal stakeholders, and distinguishing 'must-have' and 'nice-to-have' skills, businesses are able to optimise the hiring process, while not losing top candidates in the process," concluded **David Jones.**





Trust Starts From Within But Australia's Top Businesses Need to do More

In Deloitte's third annual assessment of the privacy practices of the top 100 brands both listed on the ASX 100 as well as non-listed, there is some disconnect between what organisations do and what their employees want them to do.

Deloitte Cyber Risk Services Partner Tommy Viljoen said: "In this index we wanted to see if there was any difference between what organisations and what staff members believe is occurring when it comes to protecting data and honouring customer privacy.

"We surveyed more than 1000 employees of these top organisations, asking for their opinions of their organisation's privacy practices, in particular their expectations of trust, complaints and information handling.

"One of our key findings was that 91% of organisations believe their organisation could be more transparent with consumers about how their information is used. And almost 60% of organisations believe they should do more to build trust with their employees."

Viljoen explained that the focus on employees as the consumers this year was because most organisations in Australia have reached a level of maturity in their website privacy and security controls and policies.

He said: "The reality is that mobile apps are now more open and transparent to consumers, so we wanted to discover if there was any dichotomy between organisational governance practices and actual operations. And we found that there was.

"An organisation may feel for example, it has all the requisite boxes ticked and all its policies and procedures in place. Yet it appears that many staff members may circumvent these processes, and find what they consider to be easier ways of doing things, even if 'adequate' monitoring processes are in place.

"To preserve and indeed build trust, organisations need to be authentic. This requires transparency of how customer data is being managed and staff members who are fully aligned to managing the information safely and securely and so act accordingly."

Deloitte Cyber Risk Advisory Director Marta Ganko, who co-authored the Privacy Index said: "We wanted to explore whether training and policies translate into compliant behaviours; and if not, what to do about it. We found that the organisations that ranked the best in terms of risk awareness and privacy protection had a privacy officer, regular training programs, and ensured their third parties notified them in the event of a breach.

Deloitte Australia Privacy Index 2017 most trusted industries

Sector	Ranking 2017	Ranking 2016
Financial services	1	1
Government	2	2
Telecommunications & media	3	5
Energy & utilities	4	3
Industrials	5	N/A
Health care	6	4
Consumer/retail	7	10
Real estate	8	13
Information technology operations	9	7
Materials	10	N/A
Education	11	6

"Also the survey revealed that bundled consent, Terms & Conditions, or privacy policies cannot be relied on to manage information. And that 40% of the consumer/employee respondents said they only received privacy training at induction or on an ad hoc basis.

"Given this current situation of 'could do better', plus the future direction for organisations both here and around the world, for individuals to have greater controls over the collection and sharing of their data, our organisations have a big challenge ahead to maintain and/or build trust, develop resilience and create an environment of real consumer and business confidence.

"In Australia the Productivity Commission has called for greater controls for consumers to both manage access to and the sharing of their data.

"Such provisions already are enacted in other parts of the world, including the European Union. The two salient directives are the Revised Payment Services Directive (PSD2)[1] and the General Data Protection Regulations (GDPR)[2]."

Viljoen said: "We believe one of the reasons the financial sector ranked at the top of the index again this year, followed by Government and, for the first time in the top three, telecommunications and media, is because all three sectors are highly regulated.

"Financial services conduct frequent privacy training. Their employees can correctly identify a privacy impact assessment, and they know the process to follow in the event of a data breach.

"Each of the top three sectors in this year's Deloitte Privacy Index have employees who said they would be comfortable being consumers of their own employer's brand," **Viljoen** concluded.

As the **Australian Privacy Commissioner Timothy Pilgrim** said[3]: "Simply put, a successful data-driven economy needs a strong foundation in privacy …When there is transparency in how personal information is used, it gives individuals clarity, choice and confidence that their privacy rights are being respected."

[1] PSD2 – Retail banking will be disrupted from 2018 as consumers take control of their data, choosing where they make payments from, and instructing their bank to provide access to third parties to make this happen.

[2] GDPR – Individuals can request their data be provided in machine readable to other organisations even if a competitor.

[3] Speech delivered at Crowne Plaza, Canberra, 16 November 2016

ASIC Warns Consumers About Investment Scams

During Consumer Fraud Week 2017, ASIC is reminding consumers to protect themselves against investment scams.

ASIC Deputy Chairman Peter Kell said, 'The ***Targeting Scams* report** published today by the Australian Competition and Consumer Commission (ACCC) shows reports to Scamwatch on investment scams increased in 2016. ASIC is alerting the public to ways to stay informed and protect themselves from scams.

'The data published by the ACCC indicates that Australians continue to be vulnerable to scams, including investment scams. It also shows that scammers are increasingly using online methods to reach and take advantage of Australian investors.

'More and more, we are seeing social media platforms being used to lure victims into investment scams. According to the most recent *Targeting Scams* report, online scams have increased by 130% over the previous year, and this reflects an increase in both email and social media-based scams.

'The scams reported to ASIC generally involve unsolicited phone calls or emails offering investment opportunities with attractive returns. These investment scams can come across as very professional and are often supported by sophisticated and genuine looking websites and social media advertising. If you receive an unsolicited investment offer, the best way to avoid being a victim of a scam is to hang up the phone and don't respond to the emails.

'We want to encourage people to take basic steps to protect themselves and ASIC's **MoneySmart website** has information about **safe investing'**, Mr Kell said.

There are a number of ways for consumers to check the legitimacy of a company, it is important to check the list of **companies you should not deal with** and the person offering the investment should be able to answer a series of questions, such as:

- What is your name and what company do you represent?
- Who owns your company?
- Does your company or scheme have an Australian financial services licence (AFSL) or an Australian credit licence (ACL) and what is the licence number? Check this number on ASIC's **Professional Registers**.
- What is your address?

If they can't answer these questions, hang up the phone, delete the email or stop dealing with the person. Make sure you block them on social media platforms so they cannot contact you or your social communities and delete or remove ads for financial products from your social feed.

'It's important not to let anyone pressure you into making decisions about your money or investments and to not invest in something you don't understand. Get a second opinion from licensed financial advisers' Mr Kell said. 'And if you think you've been scammed, contact your financial institution immediately'.

You can report investment scams to **ASIC online** or by calling 1300 300 630.

Visit ASIC's MoneySmart website for more tips on **avoiding investment scams**.

If you have concerns about other types of scams visit the **Scamwatch website**.

.

Almost Two-Thirds of Australian Businesses are Not Prepared for Disruption

A new report released by RMIT Activator reveals the majority of Australian businesses are vulnerable when it comes to responding to disruption in their industry.

The results from the RMIT Activator survey *Disruption - Ignore or Embrace?* show 73% of businesses recognise they are operating in a disruptive environment, but one-third of those are choosing to ignore the trend, and only 30% are just starting to explore options of how to adapt.

Smaller enterprises consider themselves less susceptible to disruption and are, therefore, the least prepared for change if it occurs.

"One key to being a successful entrepreneur is to recognise where a market can be disrupted and build a sustainable business around such an opportunity," RMIT Director Renzo Scacco said.

"Knowing how to embrace disruption and navigate the range of opportunities is what we seek to teach our community at the Activator as each individual builds their entrepreneurial mindset."

Papercloud co-founder and RMIT advisory board member Simon Holland was surprised at how many businesses were choosing to ignore disruptive change in their industries.

"If they are not being affected today, they will notice it tomorrow," he said.

"Businesses need to adopt, embrace and nurture disruption and see how they can be a part of it. It's about supporting change and getting excited about it rather than being scared."

Disruption - Ignore or Embrace? is the first survey in the RMIT Activator Enterprise Insights series, which examines key topics related to enterprise and entrepreneurship as seen by the broader business community.

A cross-section of Australian businesses from the primary production, manufacturing, sales and service, and knowledge-based industries were asked about the level of disruption they were seeing in their sector and the economy as a whole. The survey revealed that many businesses recognised the need to actively address the challenge of new technology, innovation and new entrants, but lacked the motivation to invest time and money into it.

The Insights aim to support and inform the RMIT Activator community as its members work towards launching their start-ups. Upcoming surveys will address mergers and acquisitions of the future, employability, the resilience and wellbeing of entrepreneurs, social enterprise and future jobs.

RMIT Activator is a dynamic new platform developed to empower the RMIT community to create ideas, bring them to life and innovate existing start-ups through collaboration, advice and knowledge. To read the full report: http://bit.ly/2r0akhd

Robert Half Survey Finds Social Media Profiles The Least Influential Element

- Social media profiles are not the most crucial factor that impacts hiring decisions for HR managers.
- 40% of Australian hiring managers say a candidate's CV is the most important factor influencing hiring decisions for management-level positions, slightly dropping to 37% for staff-level positions.
- 37% point to a candidate's interview performance as the most crucial factor for management-level positions, dropping to 25% for staff-level positions.

While we are increasingly living in a digital world, social media profiles are not perceived as the most important factor impacting hiring decisions. Instead, jobseekers in 2017 aiming to give their career a fresh beginning should start by polishing up their resume and job interview skills, as independent research commissioned by specialised recruitment company Robert Half reveals the key factors which influence the success of a job interview.

Only 1% of hiring managers say social media profiles are the most important factor when hiring staff-level candidates. Fundamental elements of the job search, such as CVs and interviews, still determine if a candidate gets the job.

Two in five (40%) HR mangers identify the candidate's CV as the most important factor when recruiting for management-level roles, a figure that drops to 37% for staff-level positions. A candidate's performance during the interview is seen as almost just as important, as more than one in three (37%) HR managers say it has the most impact for management-level roles, followed by one in four (25%) for staff-level positions.

Andrew Morris, Director at Robert Half Australia said: *"2017 is shaping up to be a competitive employment market. Candidates applying for jobs are likely to face tough competition, and knowing what influences the hiring decision can mean the difference between being offered the role and being passed over."*

"The traditional elements in the hiring process, being the CV and the interview, are still considered to be the most important. It's therefore crucial that job seekers stand out from the crowd by not only having a stellar CV, in print and online, but also excelling during their interview(s)."

"While social media profiles might not be considered to be the most important element in the hiring process, recruiters and hiring managers generally check online profiles before extending an offer, so job seekers should not underestimate the importance of having a professional online profile. In the digital age, it is imperative that jobseekers maintain their professional persona through their social media accounts – whether it's Facebook, Instagram or Twitter. While it's good to showcase some personality, job seekers should always maintain good conduct on social media, even when profiling and discussing their private lives."

*"Businesses need to take on an encompassing approach during the hiring process, which not only includes checking resumes and doing job interviews. Other elements such as checking references and social media profiles can reveal significant information about the candidate which can in turn influence the hiring decision,"*concluded Andrew Morris.

HR managers were asked: **"What are the most important factors impacting your hiring decision?"**

	Management-level positions	Staff-level positions
CV	40%	37%
Job interview performance	37%	25%
Candidate testing	11%	18%
Reference checks	6%	15%
Recommendation from network/staffing agency	6%	4%
Social media profile	0%	1%

Source: Independent survey commissioned by Robert Half among 100 HR Managers.

Regional Office and Branch News

Dubai

Opening of Regional Office

The *Smart Education Group* was appointed as the new Regional Office for U.A.E. & GCC Countries with Mr. Shakeeb Ahmed, CMA as the Regional Director and Mr. Jayafar Madhukkal Vayalil, CMA as the Deputy Regional Director. The new office is located in *Dubai World Trade Centre District*, at Sheikh Zayed Road in Dubai, United Arab Emirates.

From Left to Right: Mr. Shakeeb Ahmed, Regional Director; Prof Janek Ratnatunga, ICMA CEO; Mr. M.V. Jayafar, Deputy Regional Director; and Mr Ahmed's Uncle, who formally inaugurated the office.

Prof. Ratnatunga making a presentation in the Smart Education Group Boardroom. On his left is Mr. Shakeeb Ahmed and on his right is Mr. M.V. Jayafar.

Professor Ratnatunga with the participants of the 21st CMA program in the UAE.

The 21st CMA Program in Dubai

The 21st CMA program was conducted by the SMART Education Centre in Dubai, UAE in April 2017. The program was again facilitated by Professor Janek Ratnatunga, the CEO of ICMA Australia.

It was a lively 7-days of intensive leaning on the strategic issues of management accounting. Once again, the participants were extremely senior professionals from leading companies in the Gulf region. The countries from which the participants came from included Saudi Arabia; Egypt; Sudan; India; Jordan: Lebanon and the U.A.E.

Certificate of Proficiency in VAT Law and Practice

The Part 1 of the *Certificate of Proficiency in VAT Law and Practice* was conducted on May 20 as part of member CPD. The program was facilitated by *Mr. Manu Nair, FCA. CMA*; the Group CEO of *Emirates Chartered Accountants Group.* There was lively and active discussion by the participants as Dubai is introducing VAT for the first time in the Region.

Mr. Manu Nair with the participants of Part 1 of the Certificate of Proficiency in VAT Law and Practice program in the UAE.

Cambodia

The first annual ICMA Australia *CFO Forum* in Cambodia with the theme "*Toward Improved Strategy and Performance*" was conducted on May 6, 2017, from 3-8pm at the Intercontinental Hotel.

The forum had around 120 attendees from a broad range of companies and 7 highly experience speakers/panellists, including the keynote speaker Dr. Leon Duval, ICMA Emeritus President, who spoke on "ambidextrous organisations".

Topics covered during the forum included Fair Value Accounting, Balanced Scorecard Performance Measurement, Incorporating Innovation into Existing Corporate Structures, Human Resources, Marketing, Planning, Cost Management, and other issues.

The forum demonstrated ICMA Australia's *thought leadership* on the broad range of challenges faced by CFOs and organisations, and was well received by the audience.

The discussion was lively and participants enjoyed the fellowship through the dinner that followed.

The participants of the first annual ICMA Australia CFO Forum in Cambodia with the theme "Toward Improved Strategy and Performance". In the centre is Dr. Leon Duval. Also in the picture is Dr. Ruwan Hulugalle, Regional Director for Mekong.

Prof Janek Ratnatunga, CEO, ICMA, being given the thumbs-up after the Strategic Business Analysis Course by some of the participants.

The CFO forum was run simultaneously with the 3rd Intensive CMA program conducted at the Intercontinental Hotel, Phnom Penh. Dr Leon Duval facilitated the *Strategic Cost Management* course from May 6-8, 2017; and Prof Janek Ratnatunga facilitated the *Strategic Business Analysis* course from May 13-16, 2017.

Figure 1 Dr. Ruwan Hulugalle, Regional Director for Mekong and Prof Janek Ratnatunga, CEO, ICMA, being hosted by the students at the end of their intensive CMA seminar program.

Indonesia

Jakarta

The ICMA Indonesian Branch organised a *Certified Business Valuer (CBV)* program for the *Academy of Finance and Management (AFMA)* as part to CPD for CMA members on May 20, 2017 in Jakarta. Over 35 CMAs attended the program.

Prof Janek Ratnatunga, CEO, ICMA, conducting a Certified Business Valuer (CBV) program in Jakarta for the Academy of Finance and Management (AFMA).

Solo & Jogjakarta

The *Centre for SMART*, under Dr. Intiyas Utami, CMA, the Regional Director - Central Java, Special Region (Yogyakarta) & Sulawesi, organised a 'Road Show" for Prof Janek Ratnatunga, CEO, ICMA Australia at Solo and Jogjakarta. This included a *Certified International Business Analyst (CIBA)* program for the *Academy of Finance and Management (AFMA)* as part to CPD for CMA members on May 22; and the signing of mutual co-operation MOUs with the Faculty of Economics and Business at *Sebelas Maret University (UNS)* and the Indonesian Institute of accountants (IAI), Solo Chapter.

Below: ICMA Indonesian Branch President Mr Joni Pathiban and Prof Janek Ratnatunga, CEO, ICMA, with the participants of the Certified Business Valuer (CBV) program.

Also, part of the Road Show was Prof Janek Ratnatunga presenting two guest symposiums at *Sebelas Maret University* (UNS) and *YKPN School of Economics Yogyakarta* (STIE YKPN) on the topic, "*Applying Disruptive Technologies to Audited Financial Statements".*

Professor Janek Ratnatunga signing mutual co-operation MOUs with Sebelas Maret University (UNS) and the Indonesian Institute of accountants (IAI), Solo Chapter.

Prof Janek Ratnatunga presenting a guest symposium at Sebelas Maret University (UNS) on the topic, "Applying Disruptive Technologies to Audited Financial Statements".

What's On in the World of the CMA?

- May 6 2017, First Cambodian CFO Forum, Phnom Penh, Cambodia.
- May 6-16, 2017: 3rd CMA Preparatory Program, Ruwan Hulugalle and Company, Phnom Penh, Cambodia.
- May 23-24, 2017: Seminar Presentations by Prof Janek Ratnatunga on the topic "Applying Disruptive Technologies to Audited Financial Statements", at Sebelas Maret University (UNS) in Solo, Indonesia; and YKPN School of Economics Yogyakarta (STIE YKPN), Jogjakarta, Indonesia.
- June 1-10: Intensive marketing program by Prof Brendan O'Connell, ICMA President and Prof Janek Ratnatunga, ICMA CEO in Malaysia, Singapore and Thailand.
- July 15-23, 2017: CMA Preparatory Program, Academy of Finance, Colombo, Sri Lanka
- August 20-26, 2017: CMA Preparatory Program, Centre for SMART, Solo, Indonesia.
- October 14-16, and 20-23, 2017: 4th CMA Preparatory Program, Ruwan Hulugalle and Company, Phnom Penh, Cambodia.
- October 19th, 2017: Accounting Hall of Fame & Management Accounting Hall of Fame Awards 2017, Cambodia.
- November 11-18, 2017: 22nd CMA Preparatory Program, SMART Education Group, Dubai, UAE.
- November 19, 2017: Accounting Hall of Fame & Management Accounting Hall of Fame Awards 2017, Sri Lanka.

AUSTRALIA

Global Head Office

ICMA Australia

CMA House
Monash Corporate Centre
Unit 5, 20 Duerdin Street
Clayton North, Victoria 3168
Australia
Tel: 61 3 85550358
Fax: 61 3 85550387
Email: info@cmawebline.org
Web: www.cmawebline.org

Australian Contacts

New South Wales
Professor Chris Patel , PhD, CMA
Branch President
Macquarie University

Northern Territory
Professor Lisa McManus, PhD, CMA
Branch President
Charles Darwin University

South Australia
Prof Carol Tilt, PhD, CMA
Branch President
University of South Australia

Western Australia
Dr. Vincent Ken Keang Chong
Branch President
UWA Business School

Queensland
Dr. Gregory Laing, PhD CMA
Branch President
University of the Sunshine Coast

OVERSEAS REGIONAL OFFICES

CHINA (including Hong Kong and Macau)
Prof. Allen Wong, FCMA
Regional Director and Chief Executive - Greater China
12/F, Tai Yip Building, 141 Thomson Road,
Wanchai, Hong Kong Tel: (852) 2574 1555
Fax: (852) 2574 1455
Cell: (852) 9156 7561
Email: info@cmaaustralia.org
allen.wong@cmaaustralia.org

INDIA (Including India, Pakistan, Bangladesh, Nepal and African subcontinent)
Main Regional Office (Mumbai)
Dr. Chintan Bharwada, FCMA
Regional Director - India
Juhu, Mumbai 4000049, MAH, India
Tel +91 8108440817
Website: icmaindia.org
Email: info@cmaindia.co.in

INDONESIA
Special Capital Region (Jakarta) Regional Office
Ms. Arum Indriasari – Jakarta Centre

IPMI Business School
Jl. Rawajati Timur I/1
Kalibata, Jakarta, Indonesia
Tel +62 21 7970419
E-mail : arum.indriasari@ipmi.ac.id

West Java Regional Office
Ms. Paulina Permatasari, FCMA
Regional Director - West Java
Jl. Pagarsih # 156
Bandung, West Java, Indonesia
Email: paulinapssj@gmail.com

East Java Regional Office
Dr. Ana Sopanah, CMA
Regional Director - East Java
GRAHA Inspire
Jalan Cakalang Kavling AURI No 16
Malang, Indonesia
Email: anasopanah@gmail.com

Central Java Regional Office
Dr. Intiyas Utami, CMA
Regional Director - Central Java
Jl. Sinoman Tempel No. 256
Salatiga, Central Java, Indonesia
Email: intiyas@staff.uksw.edu

LEBANON
Mr. Fawaz Hamidi, CMA
Regional Director - Lebanon
Boulevard Centre-136
PO Box 171, Tripoli, Lebanon
Tel: 06-433761
Email: hbs@cmamena.com
www.cmamena.com

MALAYSIA
Mr Raja Hisham, MBA
Deputy Regional Director - East Malaysia
No. 24-2 Jalan BK 5A/2C
47180 Puchong
Selangor, Malaysia
Email: rajahisham@top-academy.com.my

PAPUA NEW GUINEA
Dr Thaddeus Kambanei, CMA
Regional Director - PNG
Malagan Haus, Suite 02, Level 2
Section 15, Lot 8, Reke street, Boroko
P.O.Box 1581, Vision City, Waigani
National Capital District, Papua New Guinea
Email: Thaddeus.Kambanei@yahoo.com
http://www.cmapng.com

PHILIPPINES
Mr. Henry Ong, FCMA
Regional Director - Philippines
2502B East Tower Tektite Building
Philippine Stock Exchange Center,
Exchange Road
Ortigas, Pasig City 1600, Philippines
Tel: (+63) 631-6241 or 634-6476
Email: hong@businesssense.com.ph
http://www.cmaphilippines.com

SRI LANKA
Mr Kapila Dodamgoda, CMA
Regional Director - Sri Lanka
No. 3, St Kilda's Lane, Colombo 3, Sri Lanka
Tel: +94 114 515253 or +94 112590113
Email: kapiladodamgoda@yahoo.com
http://www.cmasrilanka.com

UNITED ARAB EMIRATES
Mr. Shakeeb Ahmed, CMA
Regional Director - U.A.E. & GCC Countries
#101, First Floor, Al Shamookh Building
P.O. Box: 7073, UAQFTZ
Dubai, United Arab Emirates
Email: shakeeb@smarteducationgroup.org
Mobile: +971-55-1062083
Website: www.cmadubai.org

CYPRUS
Mr. Christos Ioannou BA (Hons), MBA , CMA
Regional Director-Cyprus
11A Dafnidos 6041, Larnaca, Cyprus
Email: chioanou@cytanet.com.cy

VIETNAM
Mr. Long Phan MBusAcc, CPA, CMA
Regional Director- Vietnam
Level 3, GP Invest Building, 170 La Thanh Street
Dong Da District, Hanoi, Vietnam
Email: longplt@afa.edu.vn

IRAN
Mr. Alireza Sarraf, CMA
Regional Director- Iran
Unit.4, No.3 Koozegar Alley (after Beheshti Str);
Vali-e-asar Str,
Tehran, Iran
Email: sarraf@experform.com

CAMBODIA
Dr Ruwan Hulugalle, CMA
Regional Director - Cambodia
18/F, Canadia Bank Tower
No. 315 Ang Duong Street
Phnom Penh, Cambodia
Email: ruwan.hulugalle@gmail.com
Website: www.cmacambodia.org