



AFA & FPA proposed merger

Member update webinar

Tuesday 24 January 2023 | 1.00pm





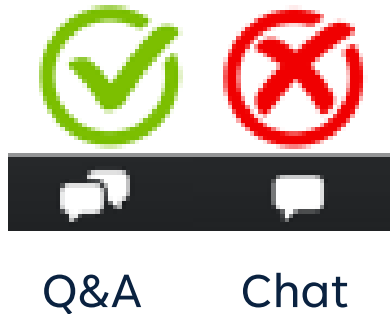
Sam Perera
AFA National President



Phil Anderson
AFA Chief Executive Officer

Housekeeping

- As a webinar attendee you will remain on 'mute' throughout the session
- Questions will be answered throughout the session and at the end of the presentation - please use the Zoom Q&A function (not the chat function)



Key recent developments

- On 13 December 2022, both associations released to members a Merger Summary and Update document and a draft Constitution for the New Entity
- An application has been submitted to the ACCC
- Work is well progressed on a new name
- A Merger Agreement is being finalised
- The timeline and key mechanics have been agreed
- Member consultation is ongoing

We will address much of the above in more detail in this meeting

Agenda

- The Reasons for a Merger
- Governance and Leadership Arrangements
- Commitment to Community and Culture
- Update on the Process to Select a New Name
- Merger Timeline
- Member Categories and Transition Arrangements
- Resolutions for AFA Members
- Implications for the AFA IF and AFA Foundation
- Consultation on Draft Constitution

The reasons for a Merger

- Advocacy - A stronger and unified voice for the profession
- Economics - Addressing sustainability challenges
- Member servicing - More scale and resources to deliver more service
- Community - More ways for members to engage and feel supported
- Events - Increase in scale, frequency and resourcing

Governance and leadership arrangements

- The key governance arrangements are defined in the draft constitution, and include:
 - The appointment of 4 AFA Directors to the Board of the Merged Entity for a period of three years effective from legal completion (expected to be early April 2023)
 - The retention of the existing 8 FPA Directors on the Merged Entity Board
 - The Chair of the Merged Entity Board will be appointed by the FPA and the Deputy Chair will be appointed by the former AFA Directors
 - After three years, the Board will go back to 9 directors
 - The AFA Board will continue until it is wound up, which is expected to be approximately July 2023
- The CEO of the merged entity will be the FPA CEO – Sarah Abood
- AFA employees will be transferred to the merged entity on the date of legal completion, but continue to service AFA members

Commitment to community and culture

The AFA has a strong heritage with building our volunteer communities and a bottom-up culture. The AFA Board are committed to the preservation of this and both Boards have agreed to the establishment of a “Community and Culture Committee” that will be structured and focussed as following:

- have equal representation from existing AFA and FPA Directors and Members (supported by the Merged Entity management team);
- review the existing chapters, communities, awards, member events and initiatives offered by FPA and AFA, and make recommendations regarding how these initiatives should be carried forward in the Merged Entity; and
- until these recommendations are implemented, use its best endeavours to ensure that the existing initiatives, communities and committees of each current association continue

The Community and Culture Committee has already commenced this work. The Committee’s AFA representatives include Mike Nowak, Patricia Garcia, Stephen Knight, Dave Slovinc and Matthew Wallis

Update on the process to select a new name

- Both boards agreed from the outset that a new name, logo and branding, reflecting the new entity, would be appropriate
- A branding Agency was selected to undertake the work to consult with key stakeholders and identify the most appropriate name for the merged entity
- The process, including a survey of members and various stakeholder discussions took place in November/December 2022
- The selection of a new name is well progressed, and will be announced shortly
- After the name has been selected, the agency will also work on the logo and branding

Merger timeline

The key dates in the merger timeline (assuming member approval), are as follows:

- 24/25 January 2023 – AFA/FPA Member Consultation Webinars
- 6 February 2023 - Distribution of EGM Notice of Meeting and Merger Documentation
- 28 February 2023 – Extraordinary General Meeting in Sydney
- 3 April 2023 – Expected Legal Completion Date. New Name, new Constitution, AFA Directors join the Board and the AFA staff move over to the Merged Entity
- Mid April 2023 – Issue of Invitation for Membership of the Merged Entity to AFA Members
- 15 June 2023 – Invitation Closing Date
- 1 July 2023 – Transition of AFA Members to the Merged Entity
- Post 1 July 2023 – Another EGM to windup the AFA and appointment of liquidator

Member categories and transition arrangements

The Merger Summary and Update document released on 13 December 2022 included a schedule on the member categories in the merged association and addressed transition arrangements:

- AFA members will largely fit into the practitioner, affiliate, retired and student categories
- Practitioner, Affiliate, Associate and retired members will receive a fee reduction
- AFA members will receive an invitation to join the Merged Entity, most probably in April, and will have the opportunity up to 15 June 2023 to confirm this
- Member renewal will continue through the AFA as normal until the vote, after which renewals will be on a pro-rata basis through until 30 June 2023
- Members who have paid for a period beyond 30 June will get a fee credit in the new association
- Members who choose not to move across, will get a refund of fees for the period beyond 30 June

Resolutions for AFA Members

- a) That the AFA is approved to complete the Proposed Merger, the material terms of which are set out in the Merger Summary and Update.
- b) That, subject to Legal Completion occurring, the AFA in its capacity as the beneficiary of the AFA Investment Fund approves amendments to the trust deed establishing the AFA Investment Fund to make the Merged Entity the sole beneficiary of the AFA Investment Fund.
- c) That, following the termination of the AFA Investment Fund, the surplus funds of the AFA Investment Fund be paid or distributed to the Merged Entity.
- d) That the constitution of the AFA be amended so that:
 - (a) the AFA Board may in its absolute discretion terminate the membership of an AFA Member and remove the AFA Member's name from the AFA's register of members; and
 - (b) the quorum for a general meeting of voting AFA Members is changed to 5 members present and entitled to vote.
- e) That the directors of the AFA are authorised to do all such things as reasonably necessary or desirable to give effect to the foregoing.

Implications for the AFA Investment Fund

The AFA holds its surplus investable funds in a separate entity known as the AFA Investment Fund (AFA IF), which has been set up as a trust. The AFA IF has a separate trustee company, with the directors (other than an AFA appointed director) elected by members and representing each state. The AFA is the sole beneficiary of the AFA IF. The implications are:

- The FPA holds its surplus assets within the association and the Merged Entity will do the same
- The Merged Entity would prefer that the AFAIF was wound up with the assets transferred
- As an interim measure, it is proposed that the beneficiary be changed to the Merged Entity

For this reason, we have two specific resolutions (as addressed in the previous slide) on the AFA IF and how the funds would be treated

Implications for the AFA Foundation

The AFA Foundation (for whom the trustee is the AFA) will be wound up and the surplus assets paid out. We anticipate that this will happen by 30 June 2023

The FPA has the Future2 Foundation

Discussions with Future2 are at a preliminary stage, however we expect that the AFA members involved in the AFA Foundation will be invited to work with Future2, and we can retain some of the activity that we have previously done

Consultation on Draft Constitution

On 13 December 2022, a draft constitution for the merged entity was released for consultation. Whilst, it is the FPA members who will vote to accept the new constitution at the upcoming EGMs, AFA members have the opportunity to provide feedback:

- The draft constitution is reasonably standard, addressing the things that you would expect to see in a professional association constitution, such as the objects, membership, disciplinary regime, directors, director meetings, general meetings, voting, and setting regulations
- The constitution also addresses the transitional arrangements that apply with respect to the appointment of four AFA nominated directors for a three year period
- It has been prepared as a relatively high level document rather than excessively prescriptive

Please ask questions, or provide comments through Q&A or via email to merger@afa.asn.au

Professional Designations

The FChFP and ChLP designations will continue to be recognised and supported and both will continue to be registered with APFinSA. However, neither will be open to new applicants

The CFP designation will be the primary designation for new applicants

It will be possible to transition from the FChFP to a CFP via a pathway. Each situation will need to be individually assessed, however there will be exemptions granted depending on what qualifications have been completed

For questions relating to your personal situation, please email merger@afa.asn.au



Q&A

