Minutes of the
ANNUAL GENERAL MEETING
Tuesday 25th September 2018
The Langham Hotel
Auckland City

The Annual General Meeting opened at 8.45 a.m.

1. Welcome by Comms Council Vice-President
   - Michael Redwood welcomed members to the AGM.

2. Attendance
   Board Attendees:
   Michael Redwood – Special Group (Vice-President); Bridgette Smith – Lassoo; Justin Mowday – DDB; Mike Higgins – Clemenger Group; Regan Grafton – Ogilvy; Robert Harvey – Dentsu Aegis

   Member Attendees:
   Angelina Farry – Eleven PR; John Baker – Lassoo; Mark Pickering – Brand Spanking; Natasha le Marinel – Mindshare; Niki Pettifer – FCB; Penny Harvie – PHD; Ruth Perry – Lassoo; Richard Schloeffel – Colenso BBDO

   Comms Council YLG Attendees:
   Harriette Hanson – J. Walter Thompson (Chair); Georgia Woodbridge – Saatchi & Saatchi

   Comms Council Attendees:
   Paul Head (CEO); Marlen Smith; Stephanie Bateman; Kate Cronin-Smith, Natasha Galloway; Katie Ward; Jo Cooper

   Board Apologies:
   Louise Bond (President) – PHD; Alistair Jamison – Starcom; David Thomason – FCB; Paul Wilson – Saatchi & Saatchi; Scott Coldham - ColensoBBDO

   Member Apologies:
3. **Minutes of 2017 Annual General Meeting**

   - The minutes of the 2017 AGM were approved by Bridgette and seconded by Robert.

4. **Financial Statements – Michael Redwood**

   - Two resolutions were moved.

   **Motion 1**

   That the financial statements of the Association for the period ending 31 March 2019, together with the auditor’s report and the annual report were received and adopted.

   - The motion to adopt the financial statements was moved by Robert Harvey, seconded by Mark Pickering, and was passed unanimously by those present.

   **Motion 2**

   That RSM Hayes Audit (formerly Hayes Knight) be reappointed as auditor for the Association for the year ending 31 March 2019 and the President be authorised to fix the auditor’s remuneration.

   - The motion to re-appoint the auditors was moved by Bridgette Smith, seconded by Robert Harvey, and was passed unanimously by those present.

5. **Election of Board Members – Michael Redwood**

   **Motion 3**

   That the Commercial Communications Council membership appoints the three new members to the Board following the recent Board election:

   - Alistair Jamison - Starcom
   - Bridgette Smith – Lassoo
   - David Thomason – FCB New Zealand

   - The motion was moved by Robert Harvey, seconded by Regan Grafton, and was passed unanimously by those present.

6. **Member Subscription Realignment**

   **Motion 4**

   To be resolved that:

   In the interests of member equity, the Commercial Communications Council moves to a single, flat-rate annual subscription levy for all members for the year commencing April 1 2020, with an interim step for the year commencing April 1 2019, and specifically that
- All members will move to a flat rate of 0.2950% for the year commencing April 2020
- There be an interim step for the year commencing April 1 2019 that will move all media agencies to 0.2550%
- There be an interim step for the year commencing April 1 2019 that will move creative agencies with Total Advertising Revenue less than $5m to 0.3218%
- There be an interim step for the year commencing April 1 2019 that will move creative agencies with Total Advertising Revenue between $5-10m to 0.3150%

The motion was moved by Bridgette Smith, seconded by Regan Grafton, and was passed unanimously by those present.


- Paul reported that the association has had a strong financial performance in the year to March 2018, with a normalised operating surplus of $103k. This compares to a budgeted surplus of $27k.
- However, over and above normal operating expenses the Board chose to invest a total of $84k in strategic projects of value to members. The net result is an audited surplus of $22k.
- Within the overall P&L mix, revenues from member subscriptions were on budget and revenues from awards and professional development were ahead of budget due to strong support from the industry, ongoing control of costs, and a successful professional development offering, including the IPA courses and the Strategic Planning Lab, which were all well supported by members.
- Within the mix the Axis Awards were ahead of target as a result of higher than expected entries and careful cost control of the event and also sponsorship rebounding somewhat as a result of two years hard work to build sponsor support for the event.
- The Beacon Awards performed well again this year with record attendance.
- The Effie Awards came in marginally ahead of budget. While this was a positive, the number of entries for Effie has been declining over the past couple of years, with a flow on affect to the gala dinner. This has been a concern given the effort given over the past 6 years to make the Effie Awards the preeminent marketing award in NZ.
- In a small organisation cost control is critical and we have managed to hold or reduce costs in most areas. Direct expenses were down $130k on the prior year, however this was largely due to a lower spend on strategic projects and not running the biennial salary survey. Otherwise costs were in line with the previous year.
- In the past three years, enabled by healthy members reserves, we have invested $339k in projects that either add value directly for members or help tell our story, such as client research, new business processes, the Deloitte Advertising Pays Report and the follow-on work, and the rebrand to Commercial Communications Council. These are all new initiatives that have been enabled by careful stewardship of reserves over the past few years. Historically they would have been outside the capability of the organisation to fund and deliver.
- Despite the significant investment in projects, reserves at the end of the period have risen to just over $429k. This number will erode to approximately $345k in...
the current financial year as we continue to invest in the broader Advertising Pays project.

- Looking forward to the current year, the Comms Council continues to carefully manage operating costs and invest in projects of value. We have set a budgeted normalised surplus this year of $23k and are currently forecasting this number to be closer to $60k. After allowing for strategic projects we expect to make a planned loss of $84k.

- For the eighth consecutive year, the organisation has had a clean audit report. Paul recognised Steph Bateman, Finance Manager for her diligence in ensuring the finances of the association are well managed.

9. CEO Report – Paul Head

- Paul thanked the entire membership for their continued support of the association and the willingness of the entire industry to commit time, people and financial resources to work collaboratively to solve common problems, protect the right to advertise and celebrate our collective successes.

- Paul also acknowledged the hard work of President, Louise Bond and Vice President, Michael Redwood along with the Media Committee, PREScom, Inclusiveness & Diversity Group, and the Young Leaders Group.

9.1 Strategic Initiatives and Projects

Advertising Pays

- The first manifestation of this initiative was the Deloitte Advertising Pays report into the contribution of advertising to the New Zealand economy. This was launched at the beginning of the reporting period and was designed to enable the organisation to prove the value of our industry to NZ business and society; to be used for discussion with government, clients and broader society.

- The report comprises three key components:
  1. Quantifying the impact of the industry on the broader economy, recognising the benefits generated by advertising for information provision, price competition and innovation
  2. Quantifying the impact of the advertising industry on employment, in terms of both direct employment in the sector and contribution to employment in other advertising-supported sectors
  3. Demonstrating the competitive advantages created for business through advertising using case study examples.

- The findings are significant including a $6bn economic impact and support for 44k jobs.

- The launch received significant coverage in the trade and business press, including a double page spread in the Business Herald.

- Paul reported that following on from that initial report the Comms Council has been working with Peter Field on a brief document to distill the work he’s done on brand into a single document. Titled, “Why aren’t we doing this: how long-term brand building drives profitability”, it will be launched in October and will be targeting C-suite and Board directors as well as the broader marketing community.

- The Comms Council is also working on a targeted advertising campaign, again focusing on CEO / CFO and C-suite to reinforce the fact that brands are critical assets and they need building. This will roll out over the next couple of months and be supported by key media partners.


**Diversifying Revenue Streams**
- Paul reported that the second area of focus is to diversify revenue streams for the association to ensure ongoing viability in the face of financial pressures on members and sponsors.
- A key focus over the past year was exploring the opportunity for an enhanced client training offer.
- To explore this, we undertook qualitative research with a range of senior marketers. In summary;
  - Most clients feel they do creative briefing and evaluation well. Consequently, there was little support for a Comms Council offering in this area. Any need in this area is likely to be met internally via coaching.
  - There is a clearer need for media training in a range of areas. We proposed 3 offerings; 101, 201 and 401. Clients felt that agencies should be providing 101, but there was value in 201 and 401 (although no agreement on what 401 might look like).
  - There was a degree of concern over whether the Comms Council could deliver “impartial” courses.
  - The ideal course duration is probably a day.
  - Various price points were tested and it’s apparent that our aspiration to charge $1500 per day is overly ambitious.
- Overall, the findings are disappointing and indicate that client training is not the opportunity for significant new revenue streams that we had hoped. However, there does appear to be an opportunity for a mid-level media course that we will focus on developing.

**Diversity & Inclusiveness Council**
- 18 months ago we established the Inclusiveness & Diversity Group to understand and help to address issues around diversity in the industry.
- The Group conducted research across employees of member agencies and found that most saw their agency as somewhat diverse, saw their agency’s leadership team as not being diverse, and didn’t see the industry as being diverse overall. The scores from women were meaningfully lower across all questions.
- The data backs up these observations. Agencies don’t look like the general population, and Maori and Pasifika communities are particularly under-represented.
- Also of interest was that most participants didn’t know if their agency had a policy around inclusion and diversity. This applied to those in management as well. So earlier this year, we developed a policy template and sent it to all members. We challenged all members to put a policy in place by the end of this year.
- Through this process we have partnered with Diversity Works NZ. They’ve helped us develop the survey and the draft policy and have provided invaluable guidance. We are very keen to continue leveraging their expertise.

**9.2 Professional Development**
- Paul reported that the core Professional Development programme has stabilized over the past few years, supported by a range of one-off offerings to reflect the changing nature and current needs of the industry.
- Professional Development has had another strong year, including the successful Strat Lab, IPA courses, Wayne Lotherington offerings, among others.

- The Graduate Programme continues to attract smart, creative young people to the industry and is well supported by members. This year member agencies took 17 graduates across account service and media and we had 45 participants in the Foundations of Advertising and Media course. Feedback from the industry continues to be positive and Marlen has established the programme as a central part of our training offering as we look to recruit and retain high calibre young people for the industry.

- Revenue from PD has grown from $41k in 2013 to $190k this year. It is a significant contributor to building reserves and funding projects.

9.3 Awards Programmes

Effie Awards
- Annual reviews of Effie indicate that the core elements are working well, however we do continue to focus on improving the quality of judging to further reduce the impact of variability. A lot of effort goes into this but it’s still a work in progress.

Axis Awards
- We continue to evolve Axis every year and the changes are aimed at reflecting the changing landscape or fixing the things we believed were broken, particularly in the areas of categories, judging and credibility of results.

- For 2019 we will make further changes, in recognition of the changing environment agencies now operate in.

Beacon Awards
- This year was the fifth year for the rebranded Beacon Awards as part of a broader strategy to build the eminence of media agencies and create greater understanding of the value they add to clients’ businesses. The brand now has strong recognition and credibility with agencies and clients alike.

Sponsorship
- A lot of effort has been put into retaining existing sponsors and acquiring new ones over the past 3 years. Overall sponsorship revenue for the 2018 FY was up marginally on last year. That’s 17% growth since 2016 in a tough market and a reflection of how hard Natasha has worked to lift our performance with sponsors.

- Notwithstanding that performance, the sponsorship market remains difficult and our traditional base of media owners are under significant bottom line pressure. As a result, the risk of losing a major sponsor poses a risk to the association.

10. A.O.B.
- Paul again expressed gratitude to members for their ongoing support of the organisation.
- Michael Redwood thanked Paul and opened the floor to questions from those present – no questions were raised.

Michael Redwood declared the Commercial Communications Council Annual General Meeting closed at 9.15 a.m.