

**Telecommunications Industry  
Ombudsman Limited  
ABN 46 057 634 787**

**Financial Report  
For the year ended 30 June 2022**

Level 14  
717 Bourke Street  
Docklands, Victoria 3008

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**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**

**DIRECTORS' REPORT**

The Directors of Telecommunications Industry Ombudsman Limited (**TIO**) present their report for the year ended 30 June 2022.

TIO is a company limited by guarantee and funded by its members. It was incorporated in Australia in 1993 under the *Corporations Act 2001* to investigate, resolve, make determinations and give directions relating to complaints by residential and small business consumers of telecommunications services.

The principal place of business is Level 14, 717 Bourke Street, Docklands, Victoria 3008.

### **OBJECTIVES, STRATEGY AND PRINCIPAL ACTIVITIES**

TIO is a company limited by guarantee whose objects, briefly stated, are

- (a) to operate the TIO scheme; and
- (b) to appoint an Ombudsman with power to receive, investigate, make decisions relating to and facilitate the resolution of complaints by residential and small business consumers of telecommunications services.

TIO's purpose is to provide a fair, independent, and accessible external dispute resolution service and to improve outcomes for consumers and members. This service is free for consumers and complies with the Government Benchmarks for Industry-Based Customer Dispute Resolution.

TIO fulfils its statutory obligation to resolve objections to land access activities proposed by telecommunications carriers.

The company adopted a new three-year strategy in FY2021 with five key goals. The goals and objectives are shown in the table below. Progress continues to be made on delivering the outcomes despite the continued impact of COVID-19 on operations and our people.

<b>Goals</b>	<b>Objectives</b>
<b>1</b> Work with members to reduce complaints and improve practices	> Drive industry improvement > Continuously improve our delivery
<b>2</b> Leverage the power of our people to strengthen our capability and performance	> Be recognised as an Employer of Choice > Deliver world class external dispute resolution services > Improve accessibility and awareness of our services
<b>3</b> Create a great consumer and member experience	> Improve consumer satisfaction and demonstrate fairness in our services > Improve member satisfaction and demonstrate fairness in our services
<b>4</b> Expand services with innovative solutions and technology	> Ensure the sustainability of the organisation > Refresh our technology for the 21st century > Expand our dispute resolution services
<b>5</b> Use data and insights to influence policy and shape public debate	> Identify emerging trends and build our reputation > Maximise our profile

### **Role of the Board**

The Board of Directors oversees the management of the business, affairs, and property of TIO in accordance with the Company Constitution and the Terms of Reference.

The Board preserves the independence of the Ombudsman, who has day to day responsibility for the management and operation of the TIO scheme.

## DIRECTORS' REPORT

### Responsibilities of the Board

The Board's responsibilities are set out in the Terms of Reference.

Key functions of the Board include:

- (a) overseeing the management of the business, affairs and property of TIO;
- (b) monitoring the overall performance and results of TIO and TIO scheme;
- (c) setting goals and the overall strategy for TIO and TIO scheme;
- (d) in relation to TIO's finances:
  - (i) overseeing the establishment of a budget that allows for the achievement of the functions above.
  - (ii) overseeing the Ombudsman's management of spending;
  - (iii) overseeing TIO's capital management, funding and cash flows, including ensuring sufficient funding for the TIO scheme; and
  - (iv) setting financial delegations;
- (e) overseeing TIO's systems for risk management, auditing and legal compliance;
- (f) appointing and terminating the appointment of the Ombudsman;
- (g) making certain policies and procedures for TIO and the TIO scheme; and
- (h) maintaining the Ombudsman's independence.

The Board has a charter to assist in the exercise of its functions and responsibilities. A copy of the Board Charter is published on TIO's website.

The Board also has committees to assist in discharging its functions. Details of the committees appear later in this report.

### Appointment of Directors

The Company Constitution provides for a Board of nine Directors. The terms of Directors are staggered so that there is an orderly expiry of terms.

During the year Paul Harrison, Director with Consumer Experience, retired from the Board. And Geoff Nicholson, Independent Director with Commercial Governance Experience, completed his second three-year term on the Board.

In accordance with clause 12.2 of the Company Constitution, the Nominations Committee undertook a recruitment process for the two vacancies.

Based on the Committee's recommendations, in February 2022, the Board reappointed Mr Nicholson as Independent Director with Commercial Governance Experience for a further three-year term. The Board also appointed Ms Dana Beiglari as a Director with Consumer Experience.

Newly appointed Directors receive an induction pack which includes the Company Constitution and Terms of Reference, Board and Committee Charters and other information to assist Directors in carrying out their duties.

New Directors are also provided with an induction consisting of one-on-one meetings with the Independent Chair, Ombudsman, Executive Director Shared Services, CFO and Company Secretary, and the Senior Leadership Team.

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**DIRECTORS' REPORT**

**Board Composition**

The composition of TIO's Board is set out in the Company Constitution and comprises: three Independent Directors, one of whom is also the Independent Chair, three Directors with Consumer Experience and three Directors with Industry Experience.

Director	Experience	Responsibility
<p>Professor The Hon. Michael Lavarch AO, LLB</p>	<p>Mr Lavarch has held senior roles in government, including serving as Australia's Attorney-General (1993-1996). He has also held the roles of Secretary-General of the Law Council of Australia and Commissioner for the Australian Skills Quality Authority.</p> <p>He is an Emeritus Professor of Law at the Queensland University of Technology and Chief Adjudicator on the Alcohol Beverages Advertising Code adjudication panel.</p> <p>Mr Lavarch is Chair of Way Forward Debt Solutions and Australian Catholic Safeguarding Limited. He is also a Member of the Queensland Treaty Advancement Committee.</p> <p>In 2012, Mr Lavarch was appointed an Officer of the Order of Australia for distinguished service to law, education and human rights.</p>	<p>Independent Chair since 15 July 2019.</p>
<p>John Lindsay GAICD</p>	<p>Mr Lindsay is a company director and consultant. He is a director of JTwo Solutions Pty Ltd, Ultra Commerce Ltd, and Redflow Ltd.</p> <p>Mr Lindsay has over 25 years' experience building and managing ISPs including Chariot, Internode and iiNet Ltd. He is a graduate member of the Australian Institute of Company Directors.</p>	<p>Director with Industry Experience since February 2017.</p>
<p>Geoff J Nicholson BEc, MBA, FCA, GAICD, CSEP</p>	<p>Mr Nicholson is a Director of United Energy Distribution Holdings Limited and Athletics Australia Limited. He is Trustee of the R E Ross Trust and Chair of its fully owned subsidiary Hillview Quarries Pty Ltd. He is a consultant to Endeavour Energy, New South Wales, as well as being a member of Endeavour Energy's Audit and Risk Committee.</p> <p>Mr Nicholson's former positions include the Chairman of Hanover Welfare Services, non-executive director of Sensis, the KAZ Computing Group and Marchmont Hill Consulting Pty Ltd, Chief Financial Officer at AusNet Services and Executive Director, Finance at Telstra Corporation Limited. He was also Foxtel's first Chief Financial Officer.</p>	<p>Independent Director with Commercial Governance Experience since February 2016.</p>

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**DIRECTORS' REPORT**

<b>Director</b>	<b>Experience</b>	<b>Responsibility</b>
Gordon P Renouf BA, LLB	Mr Renouf is Deputy Chair of the Consumers' Federation of Australia and Chair of the Australian Securities and Investments Commission's Consumer Consultative Panel. He is CEO and cofounder of Good On You Pty Ltd. He has been a consumer advocate for more than 30 years in roles at CHOICE, the North Australian Aboriginal Legal Service and as Deputy Chair of Justice Connect.  Mr Renouf recently completed nine years as a member of the Banking Code Compliance Committee.	Director with Consumer Experience since February 2015.
Andrew Sheridan CA, MA (Hons)	Mr Sheridan is the Vice President of Regulatory and Public Affairs for Optus with responsibility for managing Optus' relationship with key external stakeholders from the Government, Regulatory bodies such as the ACCC and ACMA and the media. The group also develops Optus' position on industry structural issues, competition and compliance policies.	Director with Industry Experience since February 2018.
Julie Hamblin BA, LLB (Hons) (Syd), LLM (McGill), FAICD	Ms Hamblin has more than 25 years' experience as a lawyer and policy consultant in the health, disability and not-for-profit sectors, specialising in governance and risk. She currently chairs the Boards of AVI and Maluk Timor Australia and is an independent Board member of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists. She is also Deputy Chair of the Australian Research Integrity Committee. Previous Board roles have included Chair of Autism Spectrum Australia and Deputy Chair of Plan International Australia.  She has a particular interest in global health and governance having worked with the United Nations Development Programme and other organisations on projects relating to public health and HIV/AIDS in more than 20 countries in Asia, the Pacific, Africa and Eastern Europe.	Independent Director with Not-for-Profit Governance Experience since November 2019.
Mira Bashi BBM (Marketing), GAICD	Ms Bashi is the Customer Experience Executive for Telstra Corporation Limited. Mira has worked in the Telecommunications industry for over 25 years, across several major international brands, with experience in product management, development, designing and improving end to end customer experiences.	Director with Industry Experience since February 2021.
Dana Beiglari BInSt, LLB (Hons I)	Ms Beiglari is the manager of Legal Aid NSW's Consumer Law practice group. As a social justice lawyer, she helps the most vulnerable people in NSW access their consumer protection rights in credit, insurance and general consumer protection matters. Dana currently represents Legal Aid NSW on forums including the Australian Securities & Investments Commission's Consumer Advisory Panel and the Australian Law Council's Consumer Law Committee.	Director with Consumer Experience since February 2022.

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**DIRECTORS' REPORT**

**Directors who retired, resigned or otherwise ceased to hold office during the year (Information current as at date of departure)**

<b>Director</b>	<b>Experience</b>	<b>Responsibility</b>
Paul J Harrison PhD, GAICD, MAM	<p>Dr Harrison is the Unit Chair and Senior Lecturer of Marketing and Consumer Behaviour (MBA), Deakin University, and Deputy Director of Deakin Business School's MBA Program. He is also Adjunct Professor of HR and Governance at Università Cattolica del Sacro Cuore, Milan. He is also a member of the Consumer Advisory Committee of Consumer Affairs Victoria and an Advisory Board Member for The Nourish Network.</p> <p>Dr Harrison researches and writes in the fields of consumer behaviour, behavioural economics, and consumer policy, and his work is published widely, both nationally and internationally.</p>	Director with Consumer Experience (from 26 February 2014 to 25 February 2022 )
Catherine Wolthuizen BA (Hons), LLB	<p>Ms Wolthuizen is Board Director for the Legal Services Board and Chair of that organisation's Consumer Advisory Panel. Until recently, she was Chair of the Consumer Policy Research Centre, a member of the Economic Abuse Reference Group of the ASIC Consultative Panel, and an AFCA Panel Member. She was also the NAB Customer Advocate.</p> <p>Ms Wolthuizen was previously an Ombudsman and Head of Market Affairs at the UK's Financial Ombudsman Service, CEO of human rights NGO Fair Trials and helped establish the UK's consumer financial capability service.</p>	Independent Director with Consumer Experience (from 18 February 2020 to 31 August 2022)

**Information on Company Secretary**

<b>Company Secretary</b>	<b>Experience</b>	<b>Responsibility</b>
Gerard Dell'Oste BBus, FCPA, FAICD, FGIA	<p>Mr Dell'Oste was permanently appointed Company Secretary effective July 2019. He previously assumed the role for a 14-month period from August 2017. Prior to joining TIO, he was Company Secretary for Plan International Australia. Earlier in his career he held senior finance roles at National Trust of Australia (Vic), Broken Hill Proprietary Company and the ANZ Bank. He has served as a Director and Chair of a not-for-profit organisation.</p>	Company Secretary since July 2019.

**DIRECTORS' REPORT**

**Access to Independent Professional Advice and Company Information**

In connection with their duties and responsibilities, all Directors and Officers of TIO have the right to seek independent professional advice at the company's expense and have the right to access company information.

**Board Evaluation**

The Board regularly evaluates its performance in accordance with the Board Charter. Review includes periodically engaging in an external evaluation exercise. The Board also maintains and reviews a skills matrix to ensure an appropriate balance of experience and skills and to provide guidance for recruitment of future Directors.

**Meetings of Directors**

The Board meets as often as necessary to fulfil its role. Directors are required to allocate sufficient time to TIO to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met ten times.

The Executive Director Shared Services, Chief Financial Officer and Company Secretary and the Ombudsman generally attend all Board meetings. Members of the Senior Leadership Team attend meetings of the Board by invitation.

Attendance at Board and standing Board committee meetings during FY2022 is set out in the table on the following page.

**Board and Standing Board Committee Attendance in FY2022**

	Board		Audit, Finance, Risk & Compliance		Nominations		People	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
M Lavarch (Chair)	10	10	4	4	2	2	3	3
P Harrison*	7	7					2	2
J Lindsay	10	10	4	4				
G Nicholson	10	10	4	4				
G Renouf	10	10			2	2		
A Sheridan	10	9	4	4				
J Hamblin	10	10					3	3
C Wolthuizen	10	9	4	4				
M Bashi	10	10			2	2	3	3
D Beiglari	3	3					1	1

\*Retired from the Board 25 February 2022

## DIRECTORS' REPORT

### Board Committees

The Board has three committees to assist it perform its duties and allow detailed consideration of complex issues. Each committee has a charter setting out its roles and responsibilities, composition, structure, membership requirements and the way the committee operates. The charters of all committees are regularly reviewed, with changes approved by the Board.

All Board committees have authority, as delegated by the Board and within the scope of their responsibilities, to seek any information they require from any employee or external party. They may also undertake any other activities consistent with their charters.

The Board's committees at the date of this report are detailed below.

### Audit, Finance, Risk and Compliance Committee

The role of the Audit, Finance, Risk and Compliance Committee is to assist and advise the Board on the company's audit, finance, risk and compliance management frameworks.

The Audit, Finance, Risk and Compliance Committee:

- (a) reviews and recommends to the Board the annual financial statements and Directors' report;
- (b) reviews monthly management accounting reports;
- (c) reviews the company's annual budgets and makes recommendations to the Board;
- (d) reviews business cases as required for endorsement to the Board;
- (e) monitors and reviews the external audit process, including the effectiveness of the external auditors;
- (f) reviews, recommends to the Board, and monitors progress against an internal audit plan;
- (g) monitors management of risk, including through the regular review of the company risk register; and
- (h) monitors management of compliance with relevant legislative and regulatory obligations, including breach reporting and compliance assurance.

The Audit, Finance, Risk and Compliance Committee, at its discretion, invites the auditors, Ombudsman, Chief Financial Officer, and other parties to attend its meetings. The Committee also meets annually with the auditors without management being present.

There were four meetings of the Committee held during the year ended 30 June 2022.

### Audit, Finance, Risk and Compliance Committee Members

Name	Category	Status
G Nicholson (Chair)	Independent	Member for Whole Period
M Lavarch	Independent	Member for Whole Period
J Lindsay	Industry Experience	Member for Whole Period
A Sheridan	Industry Experience	Member for Whole Period
C Wolthuizen	Consumer Experience	Member for Whole Period

**DIRECTORS' REPORT**

### **Nominations Committee**

The Nominations Committee is established under clause 12.2 of TIO's Constitution. Its role is to identify and recommend to the Board persons to fill vacant Board positions.

The Nominations Committee is the only Board Committee to have external representation, with its composition set out in its Charter: the Independent Chair is the Chair of the Committee, and its members comprise the following Board appointees:

- (a) one Director with Consumer Experience;
- (b) one Director with Industry Experience;
- (c) one person nominated by a peak group representing users of telecommunications services or public interest issues relevant to telecommunications services; and
- (d) one person nominated by a peak group representing the telecommunications industry.

### **Nominations Committee Members**

<b>Name</b>	<b>Category</b>	<b>Status</b>
M Lavarch	Independent	Member for Whole Period
G Renouf	Consumer Experience	Member for Whole Period
M Bashi	Industry Experience	Member for Whole Period
J Stanton (Nominee of Communications Alliance)	External	Member for Whole Period
V Rubensohn (Nominee of ACCAN)	External	Member for Whole Period

The Nominations Committee:

- (a) determines the process for recruiting Directors; and
- (b) interviews and recommends to the Board suitable candidates for any vacant Board positions.

The Nominations Committee undertook the recruitment process for Board vacancies arising in 2022. The Committee convened in late 2021 to consider applications for Board vacancies and recommend candidates for the positions of Independent Director with Commercial Governance Experience and Director with Consumer Experience. The Board reappointed Mr Geoff Nicholson as Independent Director with Commercial Governance Experience and Ms Dana Beiglari was appointed as Director With Consumer Experience.

### **People Committee**

The People Committee assists the Board in fulfilling its governance and oversight responsibilities relating to the people, remuneration, and culture of TIO.

The key responsibilities of the People Committee include:

- (a) Reviewing and recommending remuneration of Directors.
- (b) Monitoring the skills and capability of Board members and advising the Board on tenure and succession planning.
- (c) Recommending to the Board a performance evaluation methodology or form of assessment of the Board including the involvement of external assistance if desired.
- (d) Oversight of the Director induction program.

## DIRECTORS' REPORT

- (e) Oversight of the overall People and Culture strategy.
- (f) Oversight of remuneration and incentive policies.
- (g) Recommending to the Board the terms and conditions of the Ombudsman's employment contract.
- (h) Making recommendations to the Board on the Enterprise Agreement strategy.
- (i) Oversight of workplace health and safety policies and programs.

### People Committee Members

Name	Category	Status
M Lavarch (Chair)	Independent	Member for Whole Period
P Harrison	Consumer Experience	Member up to 25 February 2022
J Hamblin	Independent	Member for Whole Period
M Bashi	Industry Experience	Member for Whole Period
D Beiglari	Consumer Experience	Member from 22 March 2022

### Key Management Personnel

The Directors and other key management personnel of TIO during or since the end of the financial year were:

Name	Position
M Lavarch	Independent Chair (from 15 July 2019)
P Harrison	Director (retired 25 February 2022)
J Lindsay	Director
G Nicholson	Director
G Renouf	Director
A Sheridan*	Director
J Hamblin	Director
C Wolthuizen	Director (resigned effective 31 August 2022)
M Bashi	Director
D Beiglari	Director (effective 26 February 2022)
*Declined to receive Directors' fees	
J Jones	Ombudsman (resigned effective 29 April 2022)
C Gebert	Ombudsman (effective 2 May 2022)
G Dell'Oste	Executive Director Shared Services, Chief Financial Officer and Company Secretary

### ETHICAL AND RESPONSIBLE DECISION MAKING

TIO is committed to operating ethically and with integrity.

## DIRECTORS' REPORT

### Conflicts of Interests and Disclosure of Personal Interests

The Board maintains a register of personal interests which is reviewed at every Board meeting. Any Director with a material personal interest in a matter being considered by the Board must declare their interest and may not vote on any matter in which they have declared a personal interest. Related party transactions are reported within the financial statements.

The Board requires Directors to declare the offer and acceptance of any gifts, benefits or hospitality where a potential conflict may arise. A register of gifts and hospitality offered or accepted is also maintained and presented to Directors at every Board meeting.

TIO has a Conflict of Interests Policy that sets out TIO's commitment to undertaking its functions according to the highest ethical, legal and professional standards and outlines processes for employees to deal with conflict of interest issues. Under the Policy, employees are expected to behave with honesty, transparency, integrity and fairness in dealing with TIO stakeholders, other TIO employees and the general community.

### Confidentiality and Privacy

TIO maintains and respects the confidentiality and privacy of personal and financial information. Employees must not use or disclose confidential information, complaint information or personal information of any person, for any unauthorised purpose.

TIO has a TIO Privacy Policy and privacy compliance program. TIO holds formal recognition under Commonwealth privacy laws as an external dispute resolution scheme for privacy complaints.

### Feedback About the Delivery of TIO Scheme Services

As an external dispute resolution scheme, TIO recognises the right of stakeholders to complain about the services it provides under the TIO scheme and that there is a responsibility to address those complaints. Consumers and service providers may make formal compliments or complaints about the service they receive. There are mechanisms by which compliments and complaints are recorded and notes made, indicating any actions taken and outcomes achieved.

The Board receives regular reports about compliments and complaints about services provided by the TIO scheme. TIO's Compliments and Complaints Policy is available on TIO's website.

### Whistleblower Protection

TIO does not tolerate employees at any level acting improperly and supports TIO employees reporting in good faith a matter they believe constitutes reportable conduct without fear of reprisal, dismissal or discriminatory treatment.

TIO's Board reviews the Whistleblowing Policy on a regular basis, which is regarded as an important element in combatting any corrupt, illegal and other reportable conduct that might arise within TIO, and as a necessary step to achieving good corporate governance.

The Board adopted a revised Whistleblowing Policy in September 2019 to comply with the Treasury Laws Amendment (Enhancing Whistleblower Protections) Bill 2019 (Cth) which came into effect on 1 January 2020. In February 2020, the Board ratified a further updated Whistleblowing Policy to comply with the ASIC Regulatory Guide 270 released in November 2019.

The Board and Senior Leadership Team are trained on the requirements of the Whistleblower legislation and their specific obligations as Eligible Recipients. All employees are kept up to date with the policy through participation in an annual compliance training program.

**DIRECTORS' REPORT**

**INTEGRITY IN REPORTING**

The Board is committed to ensuring that the external auditor is independent. TIO's external auditor is Deloitte Touche Tohmatsu, appointed by members at the November 2014 Annual General Meeting. The present Deloitte Touche Tohmatsu lead audit partner for TIO audit is Ms Isabelle Lefevre. The Auditor's Independence Declaration follows the Directors' report.

**RISK MANAGEMENT FRAMEWORK**

The Board is committed to managing risk to protect TIO's quality of service, to satisfy TIO's legislative requirements, and to safeguard TIO's image and reputation, employees, members, stakeholders and assets. The Audit, Finance, Risk and Compliance Committee monitors the risk management framework, receiving reports from TIO's Senior Leadership Team on the risk register as a standing agenda item at Committee meetings. The Board receives a risk dashboard from management at every meeting on the status of strategic risks identified.

**INSURANCE OF OFFICERS**

During the financial year, TIO insured officers of the company. The officers of the company covered by the insurance policy included all Directors as listed in this report, former Board and Council members and TIO's Executives.

**ENVIRONMENTAL ISSUES**

TIO Facilities and Administration team provides a conduit to TIO's Senior Leadership Team on environmental matters. Apart from statutory provisions of general applicability, TIO is not subject to any specific environmental regulation.

**EQUALITY, DIVERSITY & INCLUSION**

The Board values and is committed to equality, diversity and inclusion (EDI) at TIO. The TIO respects all kinds of diversities and is absolutely committed to being inclusive. TIO recruits, develops, compensates, and promotes people regardless of ethnicity, religion, national origin, gender, sex, sexuality, intersex variation, disability, age, and life experience.

TIO has in place strategies and policies to support EDI in relation to workplace conduct, flexible working hours, parental leave, recruitment practices, and remuneration. Policies directed at preventing sexual harassment, discrimination, bullying and victimisation in the workplace are also embedded. Processes, set out in the policies, assist and proactively support the prevention of conscious and unconscious bias within the organisation.

TIO reports annually to the Workplace Gender Equity Agency. TIO's remuneration gap analysis has not identified any significant gender pay gaps.

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**DIRECTORS' REPORT**

**OPERATING RESULTS**

TIO recorded an operating deficit of \$618,730 for the year ended 30 June 2022.

The results for the year are as follows:

<b>Year</b>	<b>Total Income</b> \$	<b>Total Expenditure</b> \$	<b>(Deficit) / Surplus</b> \$
<b>FY 2022</b>	<b>31,095,631</b>	<b>31,714,361</b>	<b>(618,730)</b>
<b>FY 2021</b>	<b>30,388,529</b>	<b>35,045,467</b>	<b>(4,656,938)</b>

**REVIEW OF OPERATIONS**

The deficit of \$0.619M was a significant reduction to the FY2021 deficit of \$4.656M.

Revenue of \$31.096M was \$0.707M (2.3%) higher than the previous year but expenditure of \$31.714M fell by \$3.331M (9.5%) from \$35.045M (2021).

The higher revenue compared to FY2021 was mainly due to lower funding sought from members in FY2021 to provide financial support during the COVID crisis. FY2021 revenue from members of \$30.277M comprised lower membership fee recovery of \$0.920M due to a reduced rate of 67.4% (normally 70%) and a one-off reduction in membership fees of \$2.500M.

Lower expenditure in FY2022 was driven mainly by a decreased spend on the digital transformation project due to delays requiring a pause and reset (\$1.441M Vs. \$2.270M in FY2021) and lower operational expenditure mainly in labour costs (reduction of \$1.481M).

FY2022 was an extraordinary year for the company with total complaints (contacts less enquiries) falling by 33%. This was the largest annual decrease on record and followed declines in complaints over the last three years.

The magnitude of the decline had a significant impact on income with a shortfall in expected case fee revenue of \$3.6M. To avoid a large deficit, cost reductions were undertaken with an emphasis on labour costs which is the largest expense item. Headcount was reduced by 44 employees to align to lower complaints. Non-critical operational activities were also reduced, deferred, or cancelled to allow cost management.

The digital transformation project continued to be delivered during the year but at a reduced pace due to a pause and reset. A new Microsoft Dynamics 365 Finance system was successfully implemented at the start of the year. The remainder of the project will be delivered in subsequent years and remains funded via reserves. The expenditure of \$1.441M was expensed in accordance with accounting treatment for cloud computing services (Software as a Service). Other important events during the year included:

- Our legislation requires an independent review of the scheme to be conducted every five years. In April 2022, Queen Margaret University commenced the second such review and we look forward to recommendations that will support continued improvements and compliance with the Benchmarks.
- In September 2020, NBN announced an upgrade to FTTN connections for consumers expressing an interest to upgrade in certain locations.
- The Government has decided to extend the Consumer Data Right rules to the telecommunications sector.
- Due to the Federal election the Government is yet to release the last part of the Consumer Safeguards Review and the standards, rules and benchmarks for the Statutory Infrastructure Provider (SIP) rules.
- The Government continues to work through the regulatory approach to digital platforms. The TIO has been suggested by some as a possible avenue for complaint handling in this area, and we would be open to exploring this role further.

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### **Total Complaint Handling Transactions**

Complaint handling transactions for FY2022 are presented below.

<b>Year</b>	<b>Enquiries</b>	<b>Referrals</b>	<b>Fast Track Resolution</b>	<b>Direct Resolution</b>	<b>Standard Resolution</b>	<b>Advanced Resolution</b>	<b>Complex Resolution</b>	<b>Land Access</b>	<b>Total Contacts</b>
<b>FY 2022</b>	25,585	80,433	973	5,304	3,409	1,442	189	21	117,356
<b>FY 2021</b>	32,532	120,035	2,812	6,793	4,733	1,939	394	26	169,264
<b>% Change</b>	-21%	-33%	-65%	-22%	-28%	-26%	-52%	-19%	-31%

Overall contacts declined significantly in FY2022 and resulted in lower case fee income of \$2.7M compared to FY2021.

### **Employees**

Employees at year end were 198 compared to 242 at the end of FY2021.

The significant decline in complaints throughout the year required careful management of our workforce to align to the new activity levels and ensure the appropriate cost of service to members.

TIO manages fluctuations in demand for services by maintaining an agile workforce and adopting several strategies which include:

- (a) using agency, casual and part time employees to increase resourcing in times of high demand;
- (b) using robotic process automation to assist in complaint handling work that involves many repetitive and straight forward activities; and
- (c) using a range of strategies, including overtime, to manage queues.

### **Debt Recovery**

Bad debts written-off during the financial year were \$98,439 (FY2021 \$220,898). Provision for bad debts at the end of the year was \$264,017 (FY2021 \$314,410). Doubtful debt provisioning is based on Accounting Standard AASB 9 *Financial Instruments – Simplified Approach* that requires TIO to recognise the expected credit loss of the receivables based on TIO's historical experience in the past 36 months. Additional details of receivables are reported in Notes to Financial Statement 3(h).

With the oversight of the Board, TIO takes a proactive approach to debt recovery, with a cross-functional group used to identify and work with members at risk. The company also works closely with the Australian Communications and Media Authority (ACMA), to manage members who fail to comply with their responsibilities under the TIO Scheme.

### **Membership**

The Telecommunications (Consumer Protection and Services Standard) Act 1999 requires all carriers and eligible carriage service providers to be members of TIO. Eligible carriage service providers are those which supply:

- (a) a standard telephone service where some of the customers are residential or small business customers; or
- (b) a public mobile telecommunications service; or
- (c) a carriage service which enables end users to access the Internet.

**DIRECTORS' REPORT**

A carriage service intermediary who arranges the supply of the services referred to above qualifies as an eligible carriage service provider.

At the end of year, TIO had 1,577 service providers as members. During the financial year, 143 members joined TIO and 76 members left the scheme.

TIO referred nine providers to the ACMA in FY2022 for failing to join TIO as required by the legislation. Since referral to ACMA, two of these entities have since joined, one was deemed not required to join, and the status of six entities is under investigation.

### **Communication with Members**

In FY2022 we continued working collaboratively with members to help reduce complaints, provide updates on our work or processes, and give insights into emerging trends. In turn, members kept us up to date on changes in their processes, complaint handling timelines and on COVID-19 or natural disaster impacts. This meant our people could share this information when consumers contacted us with a query or issue. Our Member and Community Services team works to build and maintain relationships with members so the benefits can be passed onto consumers. The team provides members an access point to learn about our services and processes and to raise issues or concerns. The Policy and Systemics team works with providers to improve services and reduce complaints.

The publication for members, MNews, continues at least monthly, highlighting membership information and any changes to the complaint handling processes. During FY2022, members received 22 MNews editions.

The Member Portal provides members with access to online training resources, complaint handling guides, information on membership fees and complaint charges, and access to reports and invoices. Other functions include an Event Calendar, Training and Webinars, TIO processes and FAQs.

### **Webinars and Training**

With the release of our systemic investigation reports we hosted two interactive webinars, "A Conversation With the TIO: Responding to consumers in financial hardship" and "A Conversation With the TIO: Defending phone and internet accounts from fraudsters". These well attended sessions were conversational and many members shared their experiences and insightful questions.

Our webinars have seen a steady growth in attendance and engagement by members. Each webinar series: "Let's Talk!", "Conversations With the TIO" and the Member Forums, deliver a wide range of information and ways to connect with us and our expert people. We leverage member engagement and feedback to improve member experiences. Webinars are recorded and available in the member portal for members to watch when it suits them.

### **Member Forums**

We hosted two National Member Forums by webinar in October 2021 and June 2022. At these forums, we updated members on our work, governance, insights into complaints and trends, and looked at the year ahead. Presenters at these webinars included the Chair of TIO's Board, the Ombudsman, and Assistant Ombudsmen.

We continued to deliver our Let's Talk! webinar series. Our Ombudsman along with Assistant Ombudsmen and subject matter experts, presented updates and focused on topics such as handling complaints about common issues, the updated Terms of Reference, and the updated Guidelines on Land Access.

**DIRECTORS' REPORT**

**Member Liability**

TIO is a company limited by guarantee. Every member undertakes that if the company is wound up during the currency of the member's membership or within one year of the member ceasing membership, it will contribute to the property of TIO for:

- (a) payment of the debts and liabilities of TIO incurred before it ceased to be a member;
  - (b) the costs, charges and expenses of winding up; and
  - (c) an adjustment of the rights of the contributories among themselves,
- such amount as may be required, provided such amount shall not exceed one hundred dollars (\$100).

**Dividends**

Under the terms of its Constitution, TIO is not permitted to pay dividends to members.

**Significant Changes in the State of Affairs**

There have been no significant changes in the state of affairs of the company.

**Matters Subsequent to the end of the Financial Year**

At the date of this report, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- (a) the operations of TIO in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the state of affairs of TIO in future financial years.

Signed in accordance with a resolution of the Board of Directors

Director: \_\_\_\_\_



Director: \_\_\_\_\_



Dated this 13<sup>th</sup> day of September 2022

Board of Directors  
Telecommunications Industry Ombudsman Limited  
Level 14, 717 Bourke Street  
Docklands, VIC 3008

13 September 2022

Dear Members of the Board,

## **Auditor's Independence Declaration – Telecommunications Industry Ombudsman Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Telecommunications Industry Ombudsman Limited.

As lead audit partner for the audit of the financial report of Telecommunications Industry Ombudsman Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



**Isabelle Lefevre**  
Partner  
Chartered Accountants

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE**

	Note	2022 \$	2021 \$
<b><u>Continuing operations</u></b>			
Revenue from members	5	31,016,767	30,276,858
Other income	5	78,864	111,671
<b>Total income</b>		<b>31,095,631</b>	<b>30,388,529</b>
<b>Less: expenses</b>			
Depreciation expense	6	(1,407,332)	(1,380,697)
Employee benefits expense		(24,672,344)	(26,153,162)
Occupancy expense		(614,846)	(671,199)
Marketing expense		(182,958)	(200,194)
Finance costs	6	(211,045)	(249,865)
Bad & doubtful debts expense	10	(48,046)	(128,078)
Information technology expense		(2,359,216)	(2,029,168)
Consultancy expense		(1,148,201)	(3,203,017)
Legal expense		(205,160)	(203,114)
Travel expense		(30,201)	(15,824)
Telephone and faxes		(250,177)	(227,247)
Other expenses		(584,835)	(583,902)
<b>Total expenses</b>		<b>(31,714,361)</b>	<b>(35,045,467)</b>
<b>Deficit for the year from continuing operations</b>		<b>(618,730)</b>	<b>(4,656,938)</b>
<b>Total comprehensive deficit for the year</b>		<b>(618,730)</b>	<b>(4,656,938)</b>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE**

	Note	2022 \$	2021 \$
<b>Current assets</b>			
Cash and cash equivalents	17	7,993,476	4,702,421
Other short-term investments	18	9,000,000	14,000,000
Receivables	10	794,383	1,058,112
Other assets	9	861,287	887,759
<b>Total current assets</b>		<b><u>18,649,146</u></b>	<b><u>20,648,292</u></b>
<b>Non-current assets</b>			
Plant and equipment	7	982,919	1,290,064
Right-of-Use Assets	8	4,410,470	5,468,983
<b>Total non-current assets</b>		<b><u>5,393,389</u></b>	<b><u>6,759,047</u></b>
<b>Total assets</b>		<b><u>24,042,535</u></b>	<b><u>27,407,339</u></b>
<b>Current liabilities</b>			
Payables	13	1,005,702	2,216,586
Lease liabilities	8	1,503,847	1,407,253
Provisions	11	2,472,553	2,553,608
Other liabilities	12	3,391	2,882
<b>Total current liabilities</b>		<b><u>4,985,493</u></b>	<b><u>6,180,329</u></b>
<b>Non-current liabilities</b>			
Lease liabilities	8	5,449,559	6,953,405
Provisions	11	454,010	501,402
<b>Total non-current liabilities</b>		<b><u>5,903,569</u></b>	<b><u>7,454,807</u></b>
<b>Total liabilities</b>		<b><u>10,889,062</u></b>	<b><u>13,635,136</u></b>
<b>Net assets</b>		<b><u>13,153,473</u></b>	<b><u>13,772,203</u></b>
<b>Accumulated Surplus</b>			
Accumulated surplus		<u>13,153,473</u>	<u>13,722,203</u>
<b>Total accumulated surplus</b>		<b><u>13,153,473</u></b>	<b><u>13,722,203</u></b>

The Statements above should be read in conjunction with the accompanying notes.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Accumulated Surplus</b>		
At beginning of the year	13,772,203	18,429,141
Movements in equity - deficit for the year	<u>(618,730)</u>	<u>(4,656,938)</u>
<b>Balance at the end of the year</b>	<u><b>13,153,473</b></u>	<u><b>13,772,203</b></u>

The Statements above should be read in conjunction with the accompanying notes.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE**

	Note	2022 \$	2021 \$
<b>Cash flow from operating activities</b>			
Receipts from members		33,870,528	34,116,637
Cash Grant from Federal Government		-	50,000
Payments to suppliers and employees		(33,958,574)	(35,514,308)
Interest component of lease liabilities		(208,671)	(246,115)
Interest received		39,072	46,777
Bank charges paid		(2,374)	(3,750)
<b>Net cash used in operating activities</b>	19	<u><b>(260,019)</b></u>	<u><b>(1,550,759)</b></u>
<b>Cash flow from investing activities</b>			
Payment for plant and equipment		(41,674)	(406,552)
<b>Net cash used in investing activities</b>		<u><b>(41,674)</b></u>	<u><b>(406,552)</b></u>
<b>Cash flow from financing activities</b>			
Maturity on Term Deposit		5,000,000	-
Payment of principal component of lease liabilities		(1,407,252)	(1,315,164)
<b>Net cash provided by / (used in) financing activities</b>		<u><b>3,592,748</b></u>	<u><b>(1,315,164)</b></u>
<b>Reconciliation of cash</b>			
Cash at beginning of financial year		4,702,421	7,974,896
Net increase / (decrease) in cash held		3,291,055	(3,272,475)
<b>Cash at end of financial year</b>	17	<u><u><b>7,993,476</b></u></u>	<u><u><b>4,702,421</b></u></u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1: GENERAL INFORMATION**

The financial report is for the Telecommunications Industry Ombudsman Limited (TIO) as an individual entity. Telecommunications Industry Ombudsman Limited is a company limited by guarantee, incorporated and domiciled in Australia. Telecommunications Industry Ombudsman Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The registered office of TIO is:

Telecommunications Industry Ombudsman  
Level 14  
717 Bourke Street  
Docklands VIC 3008

*Basis of Preparation*

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of TIO comply with International Financial Reporting Standards (IFRS), except for the requirements applicable to not-for-profit organisations.

*Historical Cost Convention*

The financial statements have been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies in Note 3.

**NOTE 2: APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS (AASB)**

**New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these financial statements, TIO has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant body.

Amendments to IAS 1	<i>Classification of Liabilities as Current and Non-current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual improvements to IFRS Standards 2018-2020 Cycle	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS Instruments, IFRS 16 Leases, and IAS 41 Agriculture</i>
Amendments to IAS 1 and IFRS Practices Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of TIO in future periods.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the material accounting policies adopted by TIO in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Revenue**

Membership fees are charged to members to fund 70 percent of the operating budget for the provision of TIO's independent dispute resolution services to residential consumers and small business who have unresolved complaints about their telecommunication services in Australia. The 70 percent funding requirement is allocated to members based on the percentage of the number of complaints (referrals) the member had in the previous calendar year compared to the total complaints (referrals) received in that year. A minimum annual fee of \$400 (before GST) is charged and pro-rated for new members. The Board retains discretion under the Constitution to amend the percentage applied.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

Case fees for handling of consumer complaints are charged to members at varying prices relative to the complexity of the case at its conclusion when the performance obligation is satisfied.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

TIO recognises income from legal proceedings when the outcome of the proceedings is virtually certain and can be measured with reliability.

**(b) Employee benefits**

*Short-term and other long-term employee benefits*

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by TIO in respect of services provided by employees up to the reporting date.

**(c) Taxation**

TIO is exempt from income tax under item 2.1 of section 50-10 of the *Income Tax Assessment Act 1997*.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

**(d) Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Leasehold improvements at cost	14%	Straight line
Plant and equipment at cost	33%	Straight line
Furniture, fixtures and fittings at cost	14%	Straight line
Software (excluding SaaS)	20%	Straight Line

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale's proceeds and the carrying amount of the asset and is recognised in profit or loss.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Right-of-use assets**

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever TIO incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the condition required by the terms and conditions of the lease, a provision is recognised and measured under *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

TIO continues to adopt AASB 16 *Leases* ("AASB 16") which became effective from 1 July 2019. This is applicable to the operating lease for Level 14, 717 Bourke Street, Docklands which expires on 31 August 2026.

**(f) Provisions**

Provisions are recognised when TIO has a present obligation (legal or constructive) as a result of a past event, it is probable that TIO will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

**(g) Financial instruments**

Financial assets and financial liabilities are recognised when TIO becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Subsequent to initial recognition, all financial assets are measured at amortised cost and all financial liabilities are measured at fair value through profit or loss.

**(h) Financial assets**

Financial assets are held till contractual maturity and not for sale before maturity and are measured at amortised cost.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, short-term and highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position.

*Trade receivables*

Receivables are carried at nominal amounts due, less any provision for impairment.

Amounts due from all members are recognised as trade receivables.

Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established using the impairment provisions of AASB 9 *Financial Instruments – Simplified Approach* that recognised lifetime expected credit losses for amounts due from members.

**(i) Financial liabilities**

Financial liabilities, measured at fair value, are classified as current liabilities unless TIO has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

*Trade and other payables*

Liabilities are recognised for amounts to be paid in future for goods and services received. These amounts represent liabilities for goods and services provided to TIO prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

*Interest bearing loans and borrowings*

Finance leases are accounted for at their principal amounts, with the lease payments discounted to present value using the interest rate implicit in the lease. Interest is accrued over the period it becomes due and recognised as part of payables.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

**(j) Cloud computing arrangements (Software as a Service (SaaS))**

The IFRS Interpretations Committee (IFRIC) published two agenda items in March 2019 and April 2021 clarifying how cloud computing (Software as a Service) arrangements should be accounted for. The first decision concluded that SaaS arrangements are likely to be service arrangements because the customer does not have possession (ownership) of the underlying software. The second decision was regarding how an entity should account for configuration and customisation costs incurred in implementing the software.

TIO commenced a large digital transformation project in FY2021 to replace its current complaint management and finance systems with Microsoft Dynamics 365 (cloud based). We have carefully considered the IFRIC agenda decisions and concluded that the utilisation of Microsoft Dynamics 365 effectively results in a service arrangement and does not create an asset applicable to Lease or Intangible Assets accounting standards. Subsequently, all costs associated with this project will be expensed as incurred including implementation costs.

**NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of TIO's accounting policies, which are described in note 3, the Directors of TIO are required to make judgements, estimates and assumptions about the amortised cost of assets and fair value of liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

Key estimates include:

- The assessment of the lease accounting for Level 14, 717 Bourke Street, Docklands, VIC 3008
- The timing of future cash flows within the provisions for Long Service Leave.
- The assessment for the provision for doubtful debts.
- The assessment of the useful life of fixed assets.

**Note 5: REVENUE AND OTHER GAINS AND LOSSES**

	2022	2021
	\$	\$
<b>Revenue from members</b>	<u>31,016,767</u>	<u>30,276,858</u>
	<b>31,016,767</b>	<b>30,276,858</b>
<b>Other income</b>		
Interest income	48,864	56,199
Government COVID-19 cash boost grant	-	50,000
Other	<u>30,000</u>	<u>5,472</u>
	<b>78,864</b>	<b>111,671</b>
<b>Total Income</b>	<u><b>31,095,631</b></u>	<u><b>30,388,529</b></u>

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 6: DEFICIT FOR THE YEAR FROM CONTINUING OPERATIONS**

Deficit before income tax has been determined after:

	2022	2021
	\$	\$
<b>Finance costs</b>		
- Bank charges	2,374	3,750
- Interest on lease liabilities	208,671	246,115
	<u>211,045</u>	<u>249,865</u>
 <b>Depreciation expenses</b>		
- Plant and equipment	154,991	139,854
- Furniture and fittings	43,733	32,235
- Leasehold	150,095	150,095
- Right-of-use Assets	1,058,513	1,058,513
	<u>1,407,332</u>	<u>1,380,697</u>

## TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

## NOTES TO THE FINANCIAL STATEMENTS

**Note 7: PROPERTY, PLANT AND EQUIPMENT**

	2022	2021
	\$	\$
<b>Leasehold improvements</b>		
Leasehold improvements at cost	1,475,932	1,475,932
Accumulated depreciation	<u>(850,537)</u>	<u>(700,442)</u>
	<b>625,395</b>	<b>775,490</b>
<b>Plant and equipment</b>		
Plant and equipment at cost	492,514	487,504
Accumulated depreciation	<u>(314,505)</u>	<u>(159,514)</u>
	<b>178,009</b>	<b>327,990</b>
<b>Furniture, fixtures and fittings</b>		
Furniture, fixtures and fittings at cost	317,501	280,837
Accumulated depreciation	<u>(137,986)</u>	<u>(94,253)</u>
	<b>179,515</b>	<b>186,584</b>
<b>Total property, plant and equipment</b>	<u><b>982,919</b></u>	<u><b>1,290,064</b></u>

**(a) Reconciliations**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

***Leasehold improvements***

Opening carrying amount	775,490	925,585
Additions		
Impairment losses recognised in profit or loss	-	-
Retired Assets	-	-
Retired Assets Accumulated Depreciation	-	-
Depreciation expense	<u>(150,095)</u>	<u>(150,095)</u>
Closing carrying amount	<u><b>625,395</b></u>	<u><b>775,490</b></u>

***Plant and equipment***

Opening carrying amount	327,990	143,927
Additions	5,010	323,917
Retired Assets	-	(348,908)
Retired Assets Accumulated Depreciation	-	348,908
Depreciation expense	<u>(154,991)</u>	<u>(139,854)</u>
Closing carrying amount	<u><b>178,009</b></u>	<u><b>327,990</b></u>

***Furniture, fixtures and fittings***

Opening carrying amount	186,584	136,184
Additions	36,664	82,635
Depreciation expense	<u>(43,733)</u>	<u>(32,235)</u>
Closing carrying amount	<u><b>179,515</b></u>	<u><b>186,584</b></u>

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 8: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**(a) Right-of-use Assets**

	2022	2021
	\$	\$
Right-of-use Assets	7,586,008	7,586,008
Accumulated amortisation	<u>(3,175,538)</u>	<u>(2,117,025)</u>
<b>Total Right-of-use Assets</b>	<b><u>4,410,470</u></b>	<b><u>5,468,983</u></b>

**Reconciliations**

Reconciliation of the carrying amounts of Right-of-Use assets at the beginning and end of the current financial year.

	2022	2021
	\$	\$
<i>Right-of-use Assets</i>		
Opening balance	5,468,983	6,527,496
Amortisation expense	<u>(1,058,513)</u>	<u>(1,058,513)</u>
Closing balance	<b><u>4,410,470</u></b>	<b><u>5,468,983</u></b>

**(b) Lease Liabilities**

	2022	2021
	\$	\$
Lease Liabilities		
Current	1,503,847	1,407,253
Non-current	<u>5,449,559</u>	<u>6,953,405</u>
	<b><u>6,953,406</u></b>	<b><u>8,360,658</u></b>

**Lease Liabilities maturing :**

	2022	2021
	\$	\$
Year 1	1,672,481	1,615,923
Year 2	1,731,018	1,672,481
Year 3	1,791,603	1,731,018
Year 4	1,854,310	1,791,603
Year 5	310,803	1,854,310
Onwards	<u>-</u>	<u>310,803</u>
	<b><u>7,360,215</u></b>	<b><u>8,976,138</u></b>
Less: Unearned interest	<u>(406,809)</u>	<u>(615,480)</u>
	<b><u>6,953,406</u></b>	<b><u>8,360,658</u></b>

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
**ABN 46 057 634 787**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 9: OTHER ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Prepayments	833,211	869,439
Accrued Interest Revenue	28,076	18,320
	<u><b>861,287</b></u>	<u><b>887,759</b></u>

**Note 10: TRADE AND OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade debtors	893,771	1,312,048
Provision for doubtful debts	(264,017)	(314,410)
	<u><b>629,754</b></u>	<u><b>997,638</b></u>
Other receivables	164,629	60,474
Total Trade and Other Receivables	<u><u><b>794,383</b></u></u>	<u><u><b>1,058,112</b></u></u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<u>Movement in the allowance for doubtful debts</u>		
Balance at the beginning of the year	314,410	407,230
Impairment losses recognised on receivables	48,046	128,078
Amounts written off during the year as uncollectable	(98,439)	(220,898)
Balance at the end of the year	<u><u><b>264,017</b></u></u>	<u><u><b>314,410</b></u></u>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<u>Age of receivables that are past due but not impaired</u>		
60-90 days	3,310	1,559
91-120 days	28,786	5,212
121+ days	99,802	149,410
Total	<u><u><b>131,898</b></u></u>	<u><u><b>156,181</b></u></u>

<u>Age of receivables that are past due and impaired</u>		
60-90 days	-	96
91-120 days	2,220	96
121+ days	75,223	104,401
Total	<u><u><b>77,443</b></u></u>	<u><u><b>104,593</b></u></u>

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Provision for Annual Leave	1,737,440	1,795,508
Provision for Long Service Leave	735,113	758,100
	<u><b>2,472,553</b></u>	<u><b>2,553,608</b></u>
<b>NON CURRENT</b>		
Provision for Long Service Leave	454,010	501,402
	<u><b>454,010</b></u>	<u><b>501,402</b></u>
Total employee benefit liability	<u><u><b>2,926,563</b></u></u>	<u><u><b>3,055,010</b></u></u>
Number of employees at year end	198	242

Accounting policy for employee provisions are provided in Note 3 (b).

**Note 12: OTHER LIABILITIES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Unidentified incoming payments	3,391	2,882
	<u><b>3,391</b></u>	<u><b>2,882</b></u>

**Note 13: TRADE AND OTHER PAYABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade creditors	675,254	860,492
Sundry creditors and accruals	330,448	1,356,094
	<u><b>1,005,702</b></u>	<u><b>2,216,586</b></u>

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**Note 14: FINANCIAL RISK MANAGEMENT**

The company is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk
- (d) Fair values

The Board of Directors has overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	7,993,476	4,702,421
Other short-term investments	9,000,000	14,000,000
Receivables	794,383	1,058,112
	<u><b>17,787,859</b></u>	<u><b>19,760,533</b></u>
<b>Financial liabilities</b>		
Payables	675,254	860,492
Other payables	330,448	1,356,094
	<u><b>1,005,702</b></u>	<u><b>2,216,586</b></u>
	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Credit standby arrangements with banks</b>		
Credit facility	150,000	150,000
Amount utilised	(44,000)	(32,000)
Unused credit facility	<u><b>106,000</b></u>	<u><b>118,000</b></u>

**(a) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: FINANCIAL RISK MANAGEMENT (continued)

Financial instruments	Interest bearing	Non interest bearing	Total carrying amount	Weighted average effective interest rate	Interest rate type
	\$	\$	\$		
<b>2022</b>					
<i>Financial assets</i>					
Cash	-	7,599,014	7,599,014	0.000%	
Cash on deposit	394,462	-	394,462	0.001%	Floating
Other short-term investments	9,000,000	-	9,000,000	0.426%	Floating
Trade and other receivables	-	794,383	794,383	0.000%	
	<b>9,394,462</b>	<b>8,393,397</b>	<b>17,787,859</b>		
<i>Financial liabilities</i>					
Payables	-	675,254	675,254	0.00%	
Other payables	-	330,448	330,448	0.00%	
	-	<b>1,005,702</b>	<b>1,005,702</b>		

Financial instruments	Interest bearing	Non interest bearing	Total carrying amount	Weighted average effective interest rate	Interest rate type
	\$	\$	\$		
<b>2021</b>					
<i>Financial assets</i>					
Cash	4,307,582	500	4,308,082	0.88%	Floating
Cash on deposit	394,339	-	394,339	1.00%	Floating
Other short-term investments	14,000,000	-	14,000,000	0.40%	Floating
Trade and other receivables	-	1,058,112	1,058,112	0.00%	
	<b>18,701,921</b>	<b>1,058,612</b>	<b>19,760,533</b>		
<i>Financial liabilities</i>					
Trade creditors	-	860,492	860,492	0.00%	
Other payables	-	1,356,094	1,356,084	0.00%	
	-	<b>2,216,586</b>	<b>2,216,586</b>		

**Sensitivity**

The main risk arises from cash and cash equivalents, and the interest income they derive.

The aggregate net fair value and amortised cost of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14: FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit risk**

Credit risk is the risk that a debtor will not repay all or a portion of an amount outstanding in a timely manner and therefore will cause a loss to TIO.

Debtors are actively monitored and follow up actions are taken as required.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the balance date of recognised financial assets is the amortised cost of those assets, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

The company's debtors are concentrated in one industry.

*(i) Cash deposits*

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

*(ii) Trade receivables*

The ageing analysis of trade and other receivables is provided in Note 10. As the company undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

**(c) Liquidity risk**

Liquidity risk is the risk that the company may not have or may not be able to raise funds when needed and therefore encounter difficulty in meeting obligations associated with financial liabilities.

TIO maintains a cash reserve and actively monitors its cash flow position to ensure its ability to meet its debts as and when they fall due. In addition, TIO's Constitution provides that it can impose a special levy on TIO members or a particular class of member.

**(d) Fair values**

The fair value of financial assets and financial liabilities approximates their amortised cost as disclosed in statement of financial position and notes to financial statements.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15: RELATED PARTY TRANSACTIONS**

Compensation of key management personnel

Compensation received by key management personnel of the company

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>	<b>1,273,637</b>	<b>1,255,021</b>

The composition of key management personnel includes only Executive level comprising the Ombudsman and the Executive Director Shared Services, CFO and Company Secretary.

The remuneration of the Directors was determined by the Board having regards to the performance of individuals and market trends.

Other related party transactions

Transactions with key management personnel of the entity or its parent and their personally related entities:

- (i) M Bashi, a TIO director, is the Customer Experience Executive for Telstra Corporation Limited. TIO membership and complaint handling fees for FY2022 totalled \$17,950,029 (FY2021: \$16,336,749). Telstra Corporation invoiced TIO \$206,784 (FY2021: \$184,695) for the provision for telecommunication services.
- (ii) A Sheridan, a TIO director, is the Vice President of Regulatory and Public Affairs of Optus. TIO membership and complaint handling fees for FY2022 totalled \$5,310,400 (FY2021: \$6,067,471). Optus invoiced TIO \$11,444, (FY2021: \$13,504) for the provision for telecommunication services.

All of the above transactions with Directors and Director related entities were based on normal commercial terms and conditions.

**NOTE 16: REMUNERATION OF THE AUDITORS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Deloitte Touche Tohmatsu</b>		
<b>Audit of the financial report</b>	<u>65,650</u>	<u>63,745</u>

During the year ended 30 June 2022, TIO engaged Deloitte Touche Tohmatsu to perform the statutory audit. No other assurance or non-assurance services were provided by Deloitte Touche Tohmatsu or other auditor professionals.

**TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

**Note 17: CASH AND CASH EQUIVALENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Cash on hand	500	500
Cash at bank	7,598,514	4,307,582
Cash on deposit	394,462	394,339
	<u>7,993,476</u>	<u>4,702,421</u>

**NOTE 18: OTHER SHORT-TERM INVESTMENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Term Deposit	<u>9,000,000</u>	<u>14,000,000</u>

A term deposit of \$5,000,000 was converted to cash during the year.  
The remaining \$9,000,000 has been invested at a rate of 2.53% and matures on 13 March 2023.

**NOTE 19: RECONCILIATION OF CASH FLOW**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Deficit from ordinary activities	(618,730)	(4,656,938)
<b>Adjustments and non-cash items</b>		
Depreciation expenses	1,407,332	1,380,697
Movements in provision for doubtful debts	48,046	128,078
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	215,683	234,906
(Increase) / decrease in other assets	26,472	(448,404)
Increase / (decrease) in payables	(1,210,884)	1,205,761
Increase / (decrease) in provisions	(128,447)	602,259
Increase / (decrease) in other liabilities	509	2,882
<b>Cash flows from operating activities</b>	<u>(260,019)</u>	<u>(1,550,759)</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

**NOTE 20: COMMITMENTS**

Operating leases relate to floor space for Level 14 and car parks in 717 Bourke Street, Docklands and are accounted under AASB 16 as lease liabilities and therefore not reported as commitments. Commitments for non-lease components, including cleaning and outgoings, short-term leases and leases for low value assets for other office space, IT equipment and services, are expensed when incurred and their future instalments are reported as commitments.

	2022	2021
	\$	\$
<u>Payments recognised as an expense</u>		
Minimum lease payments	483,942	611,617
<u>Non-cancellable operating lease commitments</u>		
- not later than one year	498,476	488,742
- later than one year and not later than five years	1,668,445	2,516,951
- later than 5 years	-	92,910
	<u>2,166,921</u>	<u>3,098,603</u>

**NOTE 21: CONTINGENT LIABILITIES**

TIO has no contingent liabilities.

**NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE**

At the date of this report, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect:

- (a) the operations of TIO in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the state of affairs of TIO in future financial years.

**DIRECTORS' DECLARATION**

The Directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the Directors' opinion, the attached financial statements are in compliance with Australian Accounting Standards, as stated in Note 1 to the financial report;
- (c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

Director:  \_\_\_\_\_

Director:  \_\_\_\_\_

Dated this 13<sup>th</sup> day of September 2022

## Independent Auditor's Report to the Members of Telecommunication Industry Ombudsman Limited

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of Telecommunication Industry Ombudsman Limited (the "Entity"), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Entity, is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



**Isabelle Lefevre**  
Partner  
Chartered Accountants  
Melbourne, 13 September 2022