

Telecommunications Industry Ombudsman Limited
ABN 46 057 634 787

Financial Report
For the year ended 30 June 2023

Level 14
717 Bourke Street
Docklands, Victoria 3008

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TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
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DIRECTORS' REPORT

The Directors of Telecommunications Industry Ombudsman Limited (**TIO**) present their report for the year ended 30 June 2023.

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.

Goals	Objectives
1 Work with members to reduce complaints and improve practices	> Drive industry improvement > Continuously improve our delivery
2 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
3 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
4 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
5 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.

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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 John Lindsay, Director with Industry Experience, retired from the Board and Catherine Wolthuizen, Director with Consumer Experience resigned from the Board.

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

Based on the Committee's recommendations, in December 2022, the Board appointed Gerard Brody as Director with Consumer Experience. In February 2023 the Board appointed Maha Krishnapillai as Director with Industry Experience. Both terms for three years.

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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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
Professor The Hon. Michael Lavarch AO, LLB	Michael 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. He is an Emeritus Professor of Law at the Queensland University of Technology and Chief Adjudicator on the Alcohol Beverages Advertising Code adjudication panel. Michael is Chair of Way Forward Debt Solutions and Australian Catholic Safeguarding Limited. He is also a Member of the Queensland Interim Truth and Treaty Body. In 2012, Michael was appointed an Officer of the Order of Australia for distinguished service to law, education, and human rights.	Independent Chair since 15 July 2019.
Geoff J Nicholson BEc, MBA, FCA, GAICD, CSEP	Geoff is a Trustee of the R E Ross Trust and Chair of its subsidiary, Hillview Quarries. He is a non-executive director of United Energy Distribution, a consultant to Endeavour Energy, as well as well as Chairing Endeavour Energy's Audit and Risk Committee. Geoff's former positions include Vice President of Athletics Australia, Chairman of Hanover Welfare Services; non-executive director of Launch Housing, 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.	Independent Director with Commercial Governance Experience since February 2016.
Gordon P Renouf BA, LLB	Gordon 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 co-founder 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. Gordon 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)	Andrew 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 the ACMA and the media. The group also develops	Director with Industry Experience since February 2018.

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Director	Experience	Responsibility
	Optus' position on industry structural issues, competition, and compliance policies.	
Julie Hamblin BA, LLB (Hons) (Syd), LLM (McGill), FAICD	Julie 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. 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 on projects relating to public health and HIV/AIDS across Asia, the Pacific, Africa, and Eastern Europe.	Independent Director with Not-for-Profit Governance Experience since November 2019.
Mira Bashi BBM (Marketing), GAICD	Mira 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)	Dana 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.
Gerard Brody BA (Hons), LLB (Hons), MPPM, GAICD	Gerard is a consumer advocate, having worked as a lawyer, policy officer, and advocate for 20 years. Gerard was the CEO of the Consumer Action Law Centre, a leading consumer advocacy organisation that provides legal assistance and financial counselling, for ten years until February 2023. Gerard was a board director of the Energy & Water Ombudsman Victoria from 2014 to June 2023, is also a director of the Australian Financial Complaints Authority as well as Community Legal Centres Australia, the peak body for community legal centres nationally. Gerard is also the Chair of Consumers' Federation of Australia, the peak body for consumer organisations in Australia, representing a diverse range of consumer groups, including most national consumer organisations.	Director with Consumer Experience since December 2022.

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Director	Experience	Responsibility
Mahendra (Maha) Krishnapillai BSc Mathematics, GAICD	Maha has had a career-long history promoting competition and the benefits of technology to deliver better results for all consumers in the telecommunications industry. This has been over 30 years, firstly as a government regulator, then via a new entrant (Macquarie Telecom) and then to drive competition through the NBN campaign at Optus.	Director with Industry Experience since February 2023.

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

Director	Experience	Responsibility
Catherine Wolthuizen BA (Hons), LLB	Catherine 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. 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.	Independent Director with Consumer Experience (from 18 February 2020 to 31 August 2022)
John Lindsay GAICD	John is a company director and consultant. He is a director of JTwo Solutions Pty Ltd, Ultra Commerce Ltd, and Redflow Ltd. 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.	Director with Industry Experience (From February 2017 to February 2023)

Information on Company Secretary

Company Secretary	Experience	Responsibility
Gerard Dell'Oste BBus, FCPA, FAICD, FGIA	Gerard 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.	Company Secretary from July 2019 to July 2023.

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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 is committed to transparency in assessing performance of Directors. The Board conducts regular evaluations of its performance, the performance of its Committees, the Chair, Directors and the governance process in accordance with the Board Charter. The evaluation considers balance of skills, experience, knowledge of the telecommunication sector, diversity and how it works together. An external evaluation of the Board, its Committees and Directors was conducted in November 2022. The Board maintains and regularly 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 FY2023 is set out in the table below.

Board and Board Committee attendance in FY2023

	Board	Audit, Finance, Risk & Compliance Committee	Nominations Committee	People Committee
Michael Lavarch ¹	9/10	4/4	2/2	3/3
John Lindsay ²	6/7	2/2		
Geoff Nicholson	8/10	4/4		
Gordon Renouf ³	10/10			
Andrew Sheridan	10/10	4/4		
Julie Hamblin	10/10			2/3
Catherine Wolthuisen ⁴	2/2	1/1		
Mira Bashi	9/10		2/2	2/3
Dana Beiglari ⁵	8/8	1/1	2/2	1/1
Gerard Brody ⁶	4/4	1/1		2/2
Mahendra Krishnapillai ⁷	3/3			

¹ Michael Lavarch recused himself from the Board meeting on 6 July 2022 for Appointment of the Independent Chair due to a conflict of interest with the agenda item.

² John Lindsay served as a Non-executive Director from 26 February 2017 until his retirement as a member of the Board and Audit Finance Risk Compliance Committee on 25 February 2023.

³ Gordon Renouf ceased to be a member of the Nominations Committee on 15 November 2022.

⁴ Catherine Wolthuisen served as a Non-executive Director from 18 February 2020 until her resignation as a member of the Board and Audit Finance Risk Compliance Committee on 31 August 2022.

⁵ Dana Beiglari ceased being a member of the People Committee on 16 December 2022. She was appointed a member of the Nominations Committee on 15 November 2022 and Audit Finance Risk Compliance Committee on 18 April 2023.

⁶ Gerard Brody became a member of the Board and People committee on 16 December 2022. He was appointed a member of the Audit Finance Risk Compliance Committee for the period 17 December 2022 to 17 April 2023.

⁷ Mahendra Krishnapillai became a member of the Board and Nominations Committee on 26 February 2023.

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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.

For Committee attendance and members during FY2023 refer to 'Board and Board Committee attendance in FY2023' table.

Audit, Finance, Risk and Compliance Committee

Members

Geoff Nicholson (Chair), Michael Lavarch, Andrew Sheridan, Dana Beiglari

Role and focus

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 2023.

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Nominations Committee

Members

Michael Lavarch (Chair), Dana Beiglari, Maha Krishnapillai

Role and focus

The Nominations Committee identifies and recommends to the Board persons to fill vacant Board positions.

It 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:

- (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.

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 2023. The Committee convened in late 2022 to consider applications for Board vacancies and recommend candidates for the positions of Director with Consumer Experience and Director with Industry Experience. The Board appointed Gerard Brody as Director with Consumer Experience and Maha Krishnapillai as Director with Industry Experience.

People Committee

Members

Michael Lavarch (Chair), Julie Hamblin, Mira Bashi, Gerard Brody

Role and focus

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.
- (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.

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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)
J Lindsay	Director (retired 25 February 2023)
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
G Brody	Director (effective 16 December 2022)
M Krishnapillai	Director (effective 26 February 2023)
*Declined to receive Directors' fees	
C Gebert	Ombudsman
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.

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

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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 biennially, 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 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.

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, hybrid work arrangements, Employee Resource Groups, a Reconciliation Action Plan, parental leave, recruitment practices, and remuneration. Policies directed at preventing sexual

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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.

OPERATING RESULTS

TIO recorded an operating deficit of \$1,098,900 for the year ended 30 June 2023.

The results for the year are as follows:

Year	Total Income \$	Total Expenditure \$	Deficit \$
FY 2023	29,812,434	30,911,334	(1,098,900)
FY 2022	31,095,631	31,714,361	(618,730)

REVIEW OF OPERATIONS

FY2023 delivered a deficit of \$1.099M which was \$0.480M (77.6%), higher than last year. The larger deficit reflects a portion of costs funded from reserves and lower income from cases fees due to a continued decline in complaints.

Revenue of \$29.812M was \$1.283M (4.1%) lower than the previous year mainly due to a lower funding sought from members and lower revenue from case fees. FY2022 was a significant year with a 33% drop in referrals. In response to the declining complaint environment, we assessed what the right size of the organisation needed to be to reflect the reduced case volume. Following this we reduced our overall headcount with the flow on impact of reducing our cost base. The lower cost base required a lower funding component from members in FY2023. Complaints continued to decline in FY2023 with a 17% fall in referrals. This resulted in lower case fee income across all fee categories for the year and contributed to the lower revenue total.

Expenditure for FY2023 of \$30.911M was \$0.803M (2.5%) lower than FY2022. Cost of service was aligned to the lower complaint environment with cost reductions mainly impacting employee costs which comprise 77% of total expenditure. The reductions were made in a challenging environment of high cost of living and wage increases but cognisant of ensuring effective and efficient delivery of services.

Expenditure included spend on the digital transformation project of \$1.479M (FY2022 \$1.441M) which commenced in FY2021 and is expected to go live by the close of FY2024. A new Microsoft Dynamics 365 Finance system was successfully implemented last year with the complaint management system, data warehouse and portals (member and consumer) implemented next year. The project is fully funded from reserves and expensed in accordance with accounting treatment for cloud computing services (Software as a Service).

Total Complaint Handling Transactions

Complaint handling transactions for FY2023 are presented below.

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Year	Enquiries	Referrals	Fast Track Resolution	Direct Resolution	Standard Resolution	Advanced Resolution	Complex Resolution	Land Access	Total Contacts
FY 2023	26,483	66,884	715	4,122	2,872	1,076	291	15	102,458
FY 2022	25,585	80,433	973	5,304	3,409	1,442	189	21	117,356
% Change	4%	-17%	-27%	-22%	-16%	-25%	54%	-29%	-13%

Overall consumer contacts continued to decline by 13% in FY2023 following the significant fall of 31% in FY2022. Total complaints (excluding Enquiries and Land Access) were 75,960 reflecting a 17% decline from the previous year. FY2023 represents the fourth consecutive year in which complaints have decreased and impacted by significant lower complaints received from larger members.

Employees

Employees at year end were 194 compared to 198 at the end of FY2022.

The continued 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.

We maintain a strong focus on the quality and fairness of our work while responding to fluctuations in demand.

Debt Recovery

Bad debts written-off during the financial year were \$48,784 (FY2022 \$98,439). Provision for bad debts at the end of the year was \$362,351 (FY2022 \$264,017). 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.

A carriage service intermediary who arranges the supply of the services referred to above qualifies as

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an eligible carriage service provider. At the end of year, TIO had 1,686 service providers as members. During the financial year, 165 members joined TIO and 69 members left the scheme.

TIO referred seven providers to the ACMA in FY2023 for failing to join TIO as required by the legislation. Since referral to ACMA, six of these entities have since joined and one was deemed not required to join.

Communication with Members

In FY2023 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 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 FY2023, members received 18 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

The release of our systemic investigation reports was the driver for hosting two interactive webinars, "A Conversation With the TIO: Investigating complaints about essential mobile services" and "A Conversation With the TIO: A time to change – Three years of systemic investigations in review". The sessions were well attended and prompted good conversations with members who shared experiences and insightful questions.

We continued to deliver our Let's Talk! webinar series. The 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 complaint handling procedures.

The Member Services team hosted two further webinars specific to complaint handling processes. The sessions "Let's Talk! Complaints about telco equipment" and "Let's Talk! Joinder, what you need to know" allowed members to learn about and discuss changes to our complaint handling procedures in an interactive format.

Our webinars continue to see 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. All webinar sessions are recorded and available in the member portal for members to watch when it suits them.

Member Forums

In financial year 2023, we hosted two National Member Forums by webinar in October 2022 and June 2023. 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.

DIRECTORS' REPORT

In the National Member Forum held in June 2023, we also held a panel discussion with experts from the telecommunications and energy industries and community sector. The panel discussion focused on what change is needed to meet the challenge of supporting vulnerable consumers. The panel facilitated by Ombudsman Cynthia Gebert, discussed topics around the current system of co-regulation and its effectiveness. The panel also talked about the challenges the telco industry face when meeting the needs of vulnerable customers and looked at what other industries have done to tackle these challenges.

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 2023 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 19th day of September 2023

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

19 September 2023

Dear Board Members,

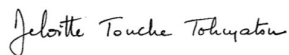
**Auditor's Independence Declaration to
Telecommunications Industry Ombudsman Limited**

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 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	Note	2023 \$	2022 \$
<u>Continuing operations</u>			
Revenue from members	5	29,410,013	31,016,767
Other income	5	402,421	78,864
Total income		29,812,434	31,095,631
Less: expenses			
Depreciation and amortisation expenses	6	(1,384,550)	(1,407,332)
Employee benefits expense		(23,844,890)	(24,672,344)
Occupancy expense		(637,329)	(614,846)
Marketing expense		(198,352)	(182,958)
Finance costs	6	(171,829)	(211,045)
Bad & doubtful debts expense	10	(147,118)	(48,046)
Information technology expense		(2,054,970)	(2,359,216)
Consultancy expense		(1,268,404)	(1,148,201)
Legal expense		(130,075)	(205,160)
Travel expense		(62,297)	(30,201)
Telephone and faxes		(218,958)	(250,177)
Other expenses		(792,562)	(584,835)
Total expenses		(30,911,334)	(31,714,361)
Deficit for the year		(1,098,900)	(618,730)
Total comprehensive deficit for the year		(1,098,900)	(618,730)

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	2023	2022
		\$	\$
Current assets			
Cash and cash equivalents	17	2,252,956	7,993,476
Other short-term investments	18	13,000,000	9,000,000
Trade and other receivables	10	1,743,927	794,383
Other assets	9	882,318	861,287
Total current assets		17,879,201	18,649,146
Non-current assets			
Property, plant and equipment	7	656,882	982,919
Right-of-Use Assets	8a	3,351,957	4,410,470
Total non-current assets		4,008,839	5,393,389
Total assets		21,888,040	24,042,535
Current liabilities			
Trade and other payables	13	1,446,267	1,005,702
Lease liabilities	8b	1,605,140	1,503,847
Provisions	11	2,486,452	2,472,553
Other liabilities	12	4,939	3,391
Total current liabilities		5,542,798	4,985,493
Non-current liabilities			
Lease liabilities	8b	3,844,419	5,449,559
Provisions	11	446,250	454,010
Total non-current liabilities		4,290,669	5,903,569
Total liabilities		9,833,467	10,889,062
Net assets		12,054,573	13,153,473
Accumulated Surplus			
Accumulated surplus		12,054,573	13,153,473
Total accumulated surplus		12,054,573	13,153,473

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**

	2023	2022
	\$	\$
Accumulated Surplus		
At beginning of the year	13,153,473	13,772,203
Movements in equity - deficit for the year	<u>(1,098,900)</u>	<u>(618,730)</u>
Balance at the end of the year	<u>12,054,573</u>	<u>13,153,473</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	2023 \$	2022 \$
Cash flow from operating activities			
Receipts from members		31,263,672	33,870,528
Payments to suppliers and employees		(31,584,346)	(33,958,574)
Interest component of lease liabilities		(168,634)	(208,671)
Interest received		255,830	39,072
Bank charges paid		(3,195)	(2,374)
Net cash used in operating activities	19	<u>(236,673)</u>	<u>(260,019)</u>
Cash flow from investing activities			
Payment for plant and equipment		-	(41,674)
Net cash used in investing activities		<u>-</u>	<u>(41,674)</u>
Cash flow from financing activities			
Maturity on Term Deposit		(4,000,000)	5,000,000
Payment of principal component of lease liabilities		(1,503,847)	(1,407,252)
Net cash provided by / (used in) financing activities		<u>(5,503,847)</u>	<u>3,592,748</u>
Reconciliation of cash			
Cash at beginning of financial year		7,993,476	4,702,421
Net increase / (decrease) in cash held		(5,740,520)	3,291,055
Cash at end of financial year	17	<u><u>2,252,956</u></u>	<u><u>7,993,476</u></u>

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

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 described in the accounting policies in Note 3.

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

Adoption of new and revised Accounting Standards

The Entity has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2022:

- AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use.
- AASB 116 Property, plant and equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Entity. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 to 75 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 to 75 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.

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.

(d) Property, plant and equipment

Property, plant 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.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	10%	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.

(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.

Right of use assets is amortised over the period of the lease term, using the straight line method.

(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.

(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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

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, cash equivalents, and short-term deposits

Cash, cash equivalents, and short-term deposits 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.

(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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

Note 5: REVENUE AND OTHER GAINS AND LOSSES

	2023	2022
	\$	\$
Revenue from members		
Membership Fees	23,245,715	24,870,097
Case Fees	6,164,298	6,146,670
	<u>29,410,013</u>	<u>31,016,767</u>
Other income		
Interest income	399,793	48,864
Other	2,628	30,000
	<u>402,421</u>	<u>78,864</u>
Total Income	<u>29,812,434</u>	<u>31,095,631</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:

	2023	2022
	\$	\$
Finance costs		
Bank charges	3,195	2,374
Interest on lease liabilities	168,634	208,671
	<u>171,829</u>	<u>211,045</u>
Depreciation and amortisation expenses		
Leasehold	150,095	150,095
Plant and equipment	130,532	154,991
Furniture and fittings	45,410	43,733
Right-of-use Assets	1,058,513	1,058,513
	<u>1,384,550</u>	<u>1,407,332</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

Note 7: PROPERTY, PLANT AND EQUIPMENT

	2023	2022
	\$	\$
Leasehold improvements		
Leasehold improvements at cost	1,475,932	1,475,932
Accumulated depreciation	(1,000,632)	(850,537)
	475,300	625,395
Plant and equipment		
Plant and equipment at cost	492,514	492,514
Accumulated depreciation	(445,037)	(314,505)
	47,477	178,009
Furniture, fixtures and fittings		
Furniture, fixtures and fittings at cost	317,501	317,501
Accumulated depreciation	(183,396)	(137,986)
	134,105	179,515
Total property, plant and equipment	656,882	982,919

(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	625,395	775,490
Additions	-	-
Impairment losses recognised in profit or loss	-	-
Retired Assets	-	-
Retired Assets Accumulated Depreciation	-	-
Depreciation expense	(150,095)	(150,095)
Closing carrying amount	475,300	625,395
Plant and equipment		
Opening carrying amount	178,009	327,990
Additions	-	5,010
Retired Assets	-	-
Retired Assets Accumulated Depreciation	-	-
Depreciation expense	(130,532)	(154,991)
Closing carrying amount	47,477	178,009
Furniture, fixtures and fittings		
Opening carrying amount	179,515	186,584
Additions	-	36,664
Depreciation expense	(45,410)	(43,733)
Closing carrying amount	134,105	179,515

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

	2023	2022
	\$	\$
Right-of-use Assets	7,586,008	7,586,008
Accumulated amortisation	<u>(4,234,051)</u>	<u>(3,175,538)</u>
Total Right-of-use Assets	<u>3,351,957</u>	<u>4,410,470</u>

Reconciliations

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

Right-of-use Assets

Opening balance	4,410,470	5,468,983
Amortisation expense	<u>(1,058,513)</u>	<u>(1,058,513)</u>
Closing carrying amount	<u>3,351,957</u>	<u>4,410,470</u>

(b) Lease Liabilities

	2023	2022
	\$	\$
Lease Liabilities		
Current	1,605,140	1,503,847
Non-current	<u>3,844,419</u>	<u>5,449,559</u>
	<u>5,449,559</u>	<u>6,953,406</u>

Lease Liabilities maturing :

Year 1	1,731,018	1,672,481
Year 2	1,791,603	1,731,018
Year 3	1,854,310	1,791,603
Year 4	310,803	1,854,310
Year 5	-	310,803
	<u>5,687,734</u>	<u>7,360,215</u>
Less: Unearned interest	<u>(238,175)</u>	<u>(406,809)</u>
	<u>5,449,559</u>	<u>6,953,406</u>

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

Note 9: OTHER ASSETS

	2023	2022
	\$	\$
Prepayments	711,530	833,211
Accrued Interest Revenue	170,788	28,076
	882,318	861,287

Note 10: TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade debtors	1,959,217	893,771
Provision for doubtful debts	(362,351)	(264,017)
	1,596,866	629,754
Other receivables	147,061	164,629
Total Trade and Other Receivables	1,743,927	794,383

Movement in the allowance for doubtful debts

Balance at the beginning of the year	264,017	314,410
Impairment losses recognised on receivables	147,118	48,046
Amounts written off during the year as uncollectable	(48,784)	(98,439)
Balance at the end of the year	362,351	264,017

Age of receivables that are past due but not impaired

60-90 days	1,056	3,310
91-120 days	2,460	28,786
121+ days	163,805	99,802
Total	167,321	131,898

Age of receivables that are past due and impaired

60-90 days	-	-
91-120 days	305	2,220
121+ days	32,169	75,223
Total	32,474	77,443

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

Note 11: PROVISIONS

	2023	2022
	\$	\$
CURRENT		
Provision for Annual Leave	1,567,233	1,737,440
Provision for Long Service Leave	919,219	735,113
	<u>2,486,452</u>	<u>2,472,553</u>
NON CURRENT		
Provision for Long Service Leave	446,250	454,010
	<u>446,250</u>	<u>454,010</u>
Total employee benefit liability	<u><u>2,932,702</u></u>	<u><u>2,926,563</u></u>
Number of employees at year end	194	198

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

Note 12: OTHER LIABILITIES

	2023	2022
	\$	\$
CURRENT		
Unidentified incoming payments	4,939	3,391
	<u>4,939</u>	<u>3,391</u>

Note 13: TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	702,199	675,254
Sundry creditors and accruals	744,068	330,448
	<u>1,446,267</u>	<u>1,005,702</u>

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED
ABN 46 057 634 787
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:

	2023	2022
	\$	\$
Financial assets		
Cash on deposit	395,654	394,462
Other short-term investments	13,000,000	9,000,000
Trade and other receivables	1,743,927	794,383
	<u>15,139,581</u>	<u>10,188,845</u>
Financial liabilities		
Payables	702,199	675,254
Lease liabilities	1,668,445	2,166,921
	<u>2,370,644</u>	<u>2,842,175</u>
	2023	2022
	\$	\$
Credit standby arrangements with banks		
Credit facility	150,000	150,000
Amount utilised	(38,000)	(44,000)
Unused credit facility	<u>112,000</u>	<u>106,000</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:

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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
	\$	\$	\$		
2023					
<i>Financial assets</i>					
Cash	-	1,856,802	1,856,802	0.000%	
Cash on deposit	395,654	-	395,654	0.031%	Floating
Other short-term investments	13,000,000	-	13,000,000	4.440%	Floating
Trade and other receivables	-	1,743,927	1,743,927	0.000%	
	13,395,654	3,600,729	16,996,383		
<i>Financial liabilities</i>					
Payables	-	702,199	702,199	0.00%	
Lease Liabilities	-	1,668,445	1,668,445	0.00%	
	-	2,370,644	2,370,644		
2022					
<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%	
	9,394,462	8,393,397	17,787,859		
<i>Financial liabilities</i>					
Payables	-	675,254	675,254	0.00%	
Lease Liabilities	-	2,166,921	2,166,921	0.00%	
	-	2,842,175	2,842,175		

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

	2023	2022
	\$	\$
Short-term employee benefits	1,303,243	1,273,637

The composition of key management personnel includes Board Directors, Ombudsman and Executive Directors, and Company Secretary.

The remuneration of the key management 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 FY2023 totalled \$15,880,309 (FY2022: \$17,950,029). Telstra Corporation invoiced TIO \$211,203 (FY2022: \$206,784) 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 FY2023 totalled \$5,754,643 (FY2022: \$5,310,400). Optus invoiced TIO \$11,419 (FY2022: \$11,444) 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

	2023	2022
	\$	\$
Deloitte Touche Tohmatsu		
Audit of the financial report	<u>69,530</u>	<u>65,650</u>

During the year ended 30 June 2023, 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

	2023	2022
	\$	\$
CURRENT		
Cash on hand	500	500
Cash at bank	1,856,802	7,598,514
Cash on deposit	395,654	394,462
	<u>2,252,956</u>	<u>7,993,476</u>

NOTE 18: OTHER SHORT-TERM INVESTMENTS

	2023	2022
	\$	\$
Term Deposit	<u>13,000,000</u>	<u>9,000,000</u>

Additional funds of \$4,000,000 was added to term deposit during the year.
They have been invested at a rate of 4.44% and matures on 11 September 2023.

NOTE 19: RECONCILIATION OF CASH FLOW

	2023	2022
	\$	\$
Cash flows from operating activities		
Deficit from ordinary activities	(1,098,900)	(618,730)
Adjustments and non-cash items		
Depreciation expenses	1,384,550	1,407,332
Movements in provision for doubtful debts	147,118	48,046
Changes in assets and liabilities		
(Increase) / decrease in receivables	(1,096,662)	215,683
(Increase) / decrease in other assets	(21,031)	26,472
Increase / (decrease) in payables	440,565	(1,210,884)
Increase / (decrease) in provisions	6,139	(128,447)
Increase / (decrease) in other liabilities	1,548	509
Cash flows from operating activities	<u>(236,673)</u>	<u>(260,019)</u>

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

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.

	2023	2022
	\$	\$
<u>Payments recognised as an expense</u>		
Minimum lease payments	498,476	483,942
<u>Non-cancellable operating lease commitments</u>		
- not later than one year	515,479	498,476
- later than one year and not later than five years	1,152,966	1,668,445
- later than 5 years	-	-
	<u>1,668,445</u>	<u>2,166,921</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 2023 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 19th day of September 2023

Independent Auditor's Report to the members of Telecommunications Industry Ombudsman Limited

Opinion

We have audited the financial report of Telecommunications Industry Ombudsman Limited (the "Entity") which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other 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 other explanatory information, 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 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards – Simplified Disclosures 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 & 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 Directors' Report for the year ended 30 June 2023, 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 – Simplified Disclosures 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 has no realistic alternative but to do so.

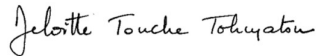
Auditor's Responsibilities for the Audit of the Financial Report

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



Isabelle Lefevre

Partner

Chartered Accountants

Melbourne, 19 September 2023