

Telecommunications Industry Ombudsman Limited
ABN 46 057 634 787

Financial Report
For the year ended 30 June 2024

Level 14
717 Bourke Street
Docklands, Victoria 3008

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DIRECTORS' REPORT

The Directors of Telecommunications Industry Ombudsman Limited (**TIO**) present their report for the year ended 30 June 2024.

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 resolve complaints fairly and drive improvement in a dynamic communications environment. 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 FY2024 with six key goals. The goals and objectives are shown in the table below.

Goals	Objectives
1 A flexible, high-performance culture in which we thrive.	<ul style="list-style-type: none"> • Energised, trusting and courageous team. • We are supported to grow, develop and perform in a changing environment.
2 An operating model that is dynamic and fit for purpose.	<ul style="list-style-type: none"> • Accessible and adaptive processes that respond to fluctuations in demand and industry change. • Transform our service delivery to meet stakeholder needs and expectations (accessibility, independence, fairness, efficiency, value).
3 Deliver a valued and valuable service to consumers and community.	<ul style="list-style-type: none"> • Accessible and fair service. • Collaborative working relationships that support accessible service and fair resolution of complaints.
4 Deliver a valued and valuable service to industry.	<ul style="list-style-type: none"> • Collaborative working relationships that support efficient and fair resolution of complaints. • Demonstrated value in the TIO's service.
5 Influential and trusted voice shaping the dispute resolution environment in a changing communications market.	<ul style="list-style-type: none"> • Our data, knowledge and experience influences policy debate and drives market and regulatory responses. • Strategic engagement that delivers improved outcomes for consumers and industry.
6 Future ready systems and processes to ensure we remain relevant, accessible and effective.	<ul style="list-style-type: none"> • Robust, secure, innovative and scalable information technology and data solutions now and into the future. • Robust and mature internal governance and compliance models.

DIRECTORS' REPORT

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.

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 Gordon Renouf, Director with Consumer Experience, retired from the Board after completing a third, three-year term. Mira Bashi, Director with Industry Experience completed her first three-year term and Andrew Sheridan, Director with Industry Experience completed his second three-year term.

In accordance with the Company Constitution and the Board Charter, the Board reappointed Ms Bashi as Director with Industry Experience for a second three-year term.

The Nominations Committee undertook a recruitment process for the remaining vacancies of Director with Industry Experience and Director with Consumer Experience.

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Based on the Committee's recommendations, in February 2024, the Board reappointed Andrew Sheridan as Director with Industry Experience and appointed Thu-Trang Tran as Director with Consumer Experience. Both were appointed for terms of 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 General Manager Legal, Policy and Regulatory Affairs and Company Secretary, and a meeting with the Executive Leadership Team.

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, Commissioner for the Australian Skills Quality Authority and Chair of Australian Catholic Safeguarding Limited. 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 is also a Member of the Queensland Treaty Independent Interim 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 consultant to Endeavour Energy, as well as Chairing Endeavour Energy's Audit, Finance and Risk Committee. Geoff's former positions include Vice President of Athletics Australia, Chairman of Hanover Welfare Services; non-executive director of United Energy, 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.

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Director	Experience	Responsibility
<p>Andrew Sheridan CA, MA (Hons)</p>	<p>Andrew is the Vice President of Government and Regulatory 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. The group also develops Optus' position on industry structural issues, competition, and compliance policies.</p>	<p>Director with Industry Experience since February 2018.</p>
<p>Julie Hamblin BA, LLB (Hons) (Syd), LLM (McGill), FAICD</p>	<p>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, Deputy Chair of Plan International Australia and Deputy Chair of the Australian Research Integrity Committee. 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.</p>	<p>Independent Director with Not-for-Profit Governance Experience since November 2019.</p>
<p>Mira Bashi BBM (Marketing), GAICD</p>	<p>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.</p>	<p>Director with Industry Experience since February 2021.</p>
<p>Dana Beiglari BInSt, LLB (Hons)</p>	<p>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 is a non-executive director of the Ecstra Foundation and is a Consumer Panel Member for the Australian Financial Complaints Authority. Dana is a member of the Law Council of Australia's Consumer Law Committee and represents Legal Aid NSW on the Australian Securities & Investments Commission's Consumer Consultative Panel.</p>	<p>Director with Consumer Experience since February 2022.</p>

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Director	Experience	Responsibility
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 is also a board director of the Australian Financial Complaints Authority, Fitzroy Legal Service, and Mortgage Stress Victoria, and was a board director of the Energy & Water Ombudsman Victoria from 2014 to 2023. Gerard is chair of Community Legal Centres Australia, the peak body for community legal centres nationally and 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.
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.
Thi Thu Trang Tran (Thu-Trang) LLM (Intl. Law), GradDipLP, LLB, B.Comm (Info. Sys.)	Thu-Trang began her career as a commercial and information technology lawyer. She has since combined her social justice values, strategic leadership, and regulatory expertise in private and public sector organisations in Australia and overseas over the past two decades. Thu-Trang also serves as a Commissioner on the Victorian Liquor Commission, and serves as a Board Director with auDA, Good Shepherd Australia New Zealand, and the Victorian Interpreting and Translating Service Language Loop. She has also held executive roles in regional and state peak NFP organisations and was previously a Commissioner on the Victorian Building Authority Board.	Director with Consumer Experience since February 2024.

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

Director	Experience	Responsibility
Gordon P Renouf BA, LLB	Gordon is Chair of the Australian Securities and Investments Commission's Consumer Advisory Panel and a member of the of the Consumers' Federation of Australia Executive Committee. He is founder and CEO of Good On You Pty Ltd and a Board Member of Textile Exchange. 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 also served nine years as a member of the Banking Code Compliance Committee.	Director with Consumer Experience (From February 2015 to February 2024)

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 28 July 2023.
Freyja McCarthy BA, LLB	Freyja was appointed Company Secretary effective August 2023. Freyja is an experienced lawyer, having specialised in telecommunications regulatory advice, competition and consumer law, intellectual property, and administrative law prior to joining the TIO legal team in 2017.	Company Secretary from August 2023.

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.

DIRECTORS' REPORT

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 the balance of skills, experience, knowledge of the telecommunication sector, diversity and how it works together. Following an external performance evaluation of the Board in late 2022, the Board undertook an internal assessment of its performance, skills, experience and diversity in late 2023.

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 six times. The Executive General Manager Legal, Policy and Regulatory Affairs and Company Secretary and the Ombudsman generally attend all Board meetings. Members of the Executive Leadership Team attend meetings of the Board by invitation.

Attendance at Board and standing Board committee meetings during FY2024 is set out in the table below.

Board and Board Committee attendance in FY2024

	Board	Audit, Finance, Risk & Compliance Committee	Nominations Committee	People Committee
M Lavarch	6 / 6	5 / 5	2 / 2	4 / 4
G Nicholson	5 / 6	4 / 5		
G Renouf ¹	4 / 4			
A Sheridan ²	5 / 6	3 / 3		
J Hamblin	6 / 6			4 / 4
M Bashi ³	6 / 6	2 / 2	2 / 2	3 / 3
D Beiglari ⁴	6 / 6	5 / 5	2 / 2	
G Brody	6 / 6			4 / 4
M Krishnapillai ⁵	6 / 6			1 / 1
T Tran ⁶	2 / 2			

¹Gordon Renouf served as Non-Executive Director from 26 February 2015 until his retirement as a member of the Board on 25 February 2024.

²Andrew Sheridan ceased being a member of the Audit, Finance, Risk and Compliance Committee on 16 April 2024 and was appointed to the Nominations Committee on that date.

³Mira Bashi ceased being a member of the People Committee and Nominations Committee on 16 April 2024 and was appointed to the Audit, Finance, Risk and Compliance Committee on that date.

⁴Dana Beiglari ceased being a member of the Nominations Committee on 16 April 2024.

⁵Maha Krishnapillai was appointed to the People Committee on 16 April 2024.

⁶Thu-Trang Tran was appointed to the Board effective 26 February 2024 and the Nominations Committee on 16 April 2024.

DIRECTORS' REPORT

Board Committees

The Board has three committees to assist it to 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 FY2024 refer to 'Board and Board Committee attendance in FY2024' table.

Audit, Finance, Risk and Compliance Committee

Members

Geoff Nicholson (Chair), Michael Lavarch, Mira Bashi, 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 five meetings of the Committee held during the year ended 30 June 2024.

DIRECTORS' REPORT

Nominations Committee

Members

Michael Lavarch (Chair), Andrew Sheridan, Thu-Trang Tran, John Stanton (Communications Alliance), Andrew Williams (Australian Communications Consumer Action Network)

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 2024. The Committee convened in late 2023 to consider applications for Board vacancies and recommended candidates for the positions of Director with Industry Experience and Director with Consumer Experience. The Board reappointed Andrew Sheridan as Director with Industry Experience and appointed Thu-Trang Tran as Director with Consumer Experience.

People Committee

Members

Julie Hamblin (Chair), Michael Lavarch, Gerard Brody, Maha Krishnapillai

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.

DIRECTORS' REPORT

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)
G Nicholson	Director
G Renouf	Director (retired effective 25 February 2024)
A Sheridan*	Director
J Hamblin	Director
M Bashi	Director
D Beiglari	Director
G Brody	Director
M Krishnapillai	Director
T Tran	Director (effective 26 February 2024)
C Gebert	Ombudsman
G Dell'Oste	Executive Director Shared Services, Chief Financial Officer and Company Secretary (resigned effective 28 July 2023)
F McCarthy	Executive General Manager Legal, Policy and Regulatory Affairs and Company Secretary (appointed Company Secretary effective 3 August 2023)
M Stewart	Chief Financial Officer (effective 7 September 2023)
B Wise	Executive General Manager Operational Excellence
C Thomas	Executive General Manager Technology, Analytics and Business Improvement (effective 17 July 2023)
A Armstrong	Executive General Manager Culture, Capability and Communications (effective 7 August 2023)

*Declined to receive Directors' fees

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.

DIRECTORS' REPORT

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 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. TIO Board receives regular reports on disclosures made in accordance with the Whistleblowing Policy.

The Board and Executive 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 Executive 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.

DIRECTORS' REPORT

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 Executive 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 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 \$2,250,503 for the year ended 30 June 2024.

The results for the year are as follows:

Year	Total Income \$	Total Expenditure \$	(Deficit) / Surplus \$
FY 2024	30,807,628	33,058,131	(2,250,503)
FY 2023	29,812,434	30,911,334	(1,098,900)

REVIEW OF OPERATIONS

FY2024 delivered a deficit of \$2.251m which was \$1.152m (105%), higher than last year. The larger deficit reflects project costs funded from reserves which were partially offset by a 19% increase in case fees.

DIRECTORS' REPORT

Revenue of \$30.808m was \$0.996m (3%) higher than the previous year mainly due to stronger volume in high value cases despite overall complaint declines. While referrals fell by 14%, advanced and complex cases experienced growth of 15% and 82% respectively. The organisation continued to maintain a lower cost base and reduced headcount which in turn resulted in a reduced funding component sought from members in FY2024.

Expenditure for FY2024 \$33.058m was \$2.147m (7%) higher than FY2023. Overall costs continued to reflect the subdued complaint environment while increases in employee costs of 4% were consistent with the final year of the 2022 Enterprise Agreement. Expenditure included spend on digital transformation of \$3.146m (FY2023 \$1.479m). Commencing in FY2021, this project successfully delivered the new Microsoft Dynamics 365 complaint management system in November 2023 with member and consumer portals yet to be implemented. The project was 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 FY2024 are presented below.

Year	Enquiries	Referrals	Fast Track Resolution	Direct Resolution	Standard Resolution	Advanced Resolution	Complex Resolution	Land Access	Total Contacts
FY 2024	23,552	57,628	115	3,863	2,731	1,241	531	6	89,667
FY 2023	26,483	66,884	715	4,122	2,872	1,076	291	15	102,458
% Change	-11%	-14%	-84%	-6%	-5%	15%	82%	-60%	-12%

Overall consumer contacts continued to decline by 12% in FY2024 following a fall of 13% in FY2023. Total complaints (excluding Enquiries and Land Access) were 66,109 reflecting a 13% decline from the previous year. During the year the TIO removed the Fast Track Resolution process from case handling procedures as part of a response to recommendations out of the Five-Year Independent Review. FY2024 represents the fifth consecutive year in which complaints have decreased and impacted by significant lower complaints received from larger members.

Employees

Employees at year end were 193 compared to 194 at the end of FY2023.

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 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.

DIRECTORS' REPORT

Debt Recovery

Bad debts written-off during the financial year were \$20,150 (FY2023 \$48,784). Provision for bad debts at the end of the year was \$294,088 (FY2023 \$362,351). 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 standard telephone service where some of the customers are residential or small business customers; or
- a public mobile telecommunications service; or
- 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 an eligible carriage service provider. At the end of year, TIO had 1,713 service providers as members. During the financial year, 133 members joined TIO and 54 members left the scheme.

TIO referred four providers to the ACMA in FY2024 for failing to join TIO as required by the legislation. Since referral to ACMA, one of these entities has since joined TIO with the remaining providers under investigation.

Communication with Members

In FY2024 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 FY2024, members received 17 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.

DIRECTORS' REPORT

Webinars and Training

We hosted two National Member Forums by webinar in November 2023 and June 2024. The forums were well attended by a wide range of our membership, where we updated members on our work, governance, insights into complaints and trends, and looked at the year ahead.

In the November 2023 National Forum, we also held a panel discussion with guests from the telco. industry and community sector. Ombudsman Cynthia Gebert facilitated the discussion that looked at the barriers consumers face when bringing a complaint to an organisation.

In June 2024, Forum attendees heard from TIO Board Chair Professor the Hon. Michael Lavarch AO, Ombudsman Cynthia Gebert, Executive General Manager Operational Excellence, Bernie Wise and Executive General Manager, Technology, Analytics and Business Improvement, Cathy Thomas.

We continued our series of webinars, keeping members informed of changes to the way we report our data in the "Technology transformation and Reporting changes" webinar and hosted a member consultation on the proposed changes to our reclassification process.

The webinar "Let's Talk! Difficult and challenging contact" proved a popular topic and was well attended. Members learnt about effective techniques for managing challenging behaviour and shared their experiences and insightful questions.

The webinars we host continue to see steady growth in attendance and member engagement. 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 accessible from the member portal for members to watch at a time that suits their schedule.

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.

DIRECTORS' REPORT

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 2024 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 17th day of September 2024

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

17 September 2024

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 2024, 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 2024

	Note	2024 \$	2023 \$
<u>Continuing operations</u>			
Revenue from members	5	30,048,707	29,410,013
Other income	5	758,921	402,421
Total income		30,807,628	29,812,434
Less: expenses			
Depreciation and amortisation expenses	6	(1,328,401)	(1,384,550)
Employee benefits expense		(24,862,315)	(23,844,890)
Occupancy expense		(756,093)	(637,329)
Marketing expense		(270,528)	(198,352)
Finance costs	6	(128,702)	(171,829)
Bad & doubtful debts expense	10	48,113	(147,118)
Information technology expense		(2,135,074)	(2,054,970)
Consultancy expense		(2,801,154)	(1,268,404)
Legal expense		(121,651)	(130,075)
Travel expense		(80,475)	(62,297)
Telephone and faxes		(188,874)	(218,958)
Other expenses		(432,977)	(792,562)
Total expenses		(33,058,131)	(30,911,334)
Deficit for the year		(2,250,503)	(1,098,900)
Total comprehensive deficit for the year		(2,250,503)	(1,098,900)

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
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	17	6,796,524	2,252,956
Other short-term investments	18	6,500,000	13,000,000
Trade and other receivables	10	960,397	1,743,927
Other assets	9	831,064	882,318
Total current assets		<u>15,087,985</u>	<u>17,879,201</u>
Non-current assets			
Property, plant and equipment	7	595,897	656,882
Right-of-Use Assets	8a	2,293,444	3,351,957
Total non-current assets		<u>2,889,341</u>	<u>4,008,839</u>
Total assets		<u>17,977,326</u>	<u>21,888,040</u>
Current liabilities			
Trade and other payables	13	789,612	1,446,267
Lease liabilities	8b	1,711,334	1,605,140
Provisions	11	3,197,550	2,486,452
Other liabilities	12	4,632	4,939
Total current liabilities		<u>5,703,128</u>	<u>5,542,798</u>
Non-current liabilities			
Lease liabilities	8b	2,133,085	3,844,419
Provisions	11	337,043	446,250
Total non-current liabilities		<u>2,470,128</u>	<u>4,290,669</u>
Total liabilities		<u>8,173,256</u>	<u>9,833,467</u>
Net assets		<u>9,804,070</u>	<u>12,054,573</u>
Accumulated Surplus			
Accumulated surplus		9,804,070	12,054,573
Total accumulated surplus		<u>9,804,070</u>	<u>12,054,573</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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023
	\$	\$
Accumulated Surplus		
At beginning of the year	12,054,573	13,153,473
Movements in equity - deficit for the year	(2,250,503)	(1,098,900)
Balance at the end of the year	<u><u>9,804,070</u></u>	<u><u>12,054,573</u></u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		\$	\$
Cash flow from operating activities			
Receipts from members		33,837,220	31,263,672
Payments to suppliers and employees		(34,511,616)	(31,584,346)
Interest component of lease liabilities		(125,878)	(168,634)
Interest received		660,709	255,830
Bank charges paid		(2,824)	(3,195)
Net cash used in operating activities	19	<u><u>(142,389)</u></u>	<u><u>(236,673)</u></u>
Cash flow from investing activities			
Payment for plant and equipment		(208,903)	-
Net cash used in investing activities		<u><u>(208,903)</u></u>	<u><u>-</u></u>
Cash flow from financing activities			
Maturity on Term Deposit		6,500,000	(4,000,000)
Payment of principal component of lease liabilities		(1,605,140)	(1,503,847)
Net cash provided by / (used in) financing activities		<u><u>4,894,860</u></u>	<u><u>(5,503,847)</u></u>
Reconciliation of cash			
Cash at beginning of financial year		2,252,956	7,993,476
Net increase / (decrease) in cash held		4,543,568	(5,740,520)
Cash at end of financial year	17	<u><u>6,796,524</u></u>	<u><u>2,252,956</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 described in the accounting policies in Note 3.

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

Adoption of new and revised Accounting Standards

The entity has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2023.

NOTE 3: SUMMARY OF MATERIAL 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.

TELECOMMUNICATIONS INDUSTRY OMBUDSMAN LIMITED

ABN 46 057 634 787

NOTES TO THE FINANCIAL STATEMENTS

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.

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

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.

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

NOTE 3: MATERIAL 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.

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.

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.

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

NOTE 3: MATERIAL ACCOUNTING POLICIES (continued)

(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.

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

NOTE 3: MATERIAL ACCOUNTING POLICIES (continued)

(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.

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

NOTE 5: REVENUE AND OTHER GAINS AND LOSSES

	2024	2023
	\$	\$
Revenue from members		
Membership Fees	22,701,857	23,245,715
Case Fees	7,346,850	6,164,298
	<u>30,048,707</u>	<u>29,410,013</u>
Other income		
Interest income	577,190	399,793
Other	181,731	2,628
	<u>758,921</u>	<u>402,421</u>
Total Income	<u><u>30,807,628</u></u>	<u><u>29,812,434</u></u>

NOTE 6: DEFICIT FOR THE YEAR FROM CONTINUING OPERATIONS

Deficit before income tax has been determined after:

	2024	2023
	\$	\$
Depreciation and amortisation expenses		
Leasehold	150,095	150,095
Plant and equipment	74,843	130,532
Furniture and fittings	44,950	45,410
Right-of-use Assets	1,058,513	1,058,513
	<u>1,328,401</u>	<u>1,384,550</u>
Finance costs		
Bank charges	2,824	3,195
Interest on lease liabilities	125,878	168,634
	<u>128,702</u>	<u>171,829</u>

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

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	\$	\$
Leasehold improvements		
Leasehold improvements at cost	1,475,932	1,475,932
Accumulated depreciation	<u>(1,150,727)</u>	<u>(1,000,632)</u>
	325,205	475,300
Plant and equipment		
Plant and equipment at cost	696,981	492,514
Accumulated depreciation	<u>(519,880)</u>	<u>(445,037)</u>
	177,101	47,477
Furniture, fixtures and fittings		
Furniture, fixtures and fittings at cost	321,938	317,501
Accumulated depreciation	<u>(228,347)</u>	<u>(183,396)</u>
	93,591	134,105
Total property, plant and equipment	<u>595,897</u>	<u>656,882</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	475,300	625,395
Additions	-	-
Depreciation expense	<u>(150,095)</u>	<u>(150,095)</u>
Closing carrying amount	<u>325,205</u>	<u>475,300</u>
Plant and equipment		
Opening carrying amount	47,477	178,009
Additions	204,467	-
Depreciation expense	<u>(74,843)</u>	<u>(130,532)</u>
Closing carrying amount	<u>177,101</u>	<u>47,477</u>
Furniture, fixtures and fittings		
Opening carrying amount	134,105	179,515
Additions	4,436	-
Depreciation expense	<u>(44,950)</u>	<u>(45,410)</u>
Closing carrying amount	<u>93,591</u>	<u>134,105</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

	2024	2023
	\$	\$
Right-of-use Assets	7,586,008	7,586,008
Accumulated amortisation	<u>(5,292,564)</u>	<u>(4,234,051)</u>
Total Right-of-use Assets	<u>2,293,444</u>	<u>3,351,957</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	3,351,957	4,410,470
Amortisation expense	<u>(1,058,513)</u>	<u>(1,058,513)</u>
Closing carrying amount	<u>2,293,444</u>	<u>3,351,957</u>

(b) Lease Liabilities

	2024	2023
	\$	\$
Lease Liabilities		
Current	1,711,334	1,605,140
Non-current	<u>2,133,085</u>	<u>3,844,419</u>
	<u>3,844,419</u>	<u>5,449,559</u>

Lease Liabilities maturing :

Year 1	1,791,603	1,731,018
Year 2	1,854,310	1,791,603
Year 3	310,803	1,854,310
Year 4	<u>-</u>	<u>310,803</u>
	<u>3,956,716</u>	<u>5,687,734</u>
Less: Unearned interest	<u>(112,297)</u>	<u>(238,175)</u>
	<u>3,844,419</u>	<u>5,449,559</u>

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

NOTE 9: OTHER ASSETS

	2024	2023
	\$	\$
Prepayments	749,780	711,530
Accrued Interest Revenue	81,284	170,788
	831,064	882,318

NOTE 10: TRADE AND OTHER RECEIVABLES

	2024	2023
	\$	\$
Trade debtors	596,310	1,446,910
Provision for doubtful debts	(294,088)	(362,351)
	302,222	1,084,559
Accrued revenue	569,941	512,307
Other receivables	88,234	147,061
Total Trade and Other Receivables	960,397	1,743,927

Movement in the allowance for doubtful debts

Balance at the beginning of the year	362,351	264,017
Impairment losses recognised on receivables	(48,113)	147,118
Amounts credited during the year as uncollectable	(20,150)	(48,784)
Balance at the end of the year	294,088	362,351

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	\$	\$	\$	\$
Not Due	10.0%	10.0%	196,374	356,057	17,852	32,077
0-30 days past due	20.0%	20.0%	10,594	890,908	1,926	160,524
31-60 days past due	40.0%	40.0%	118,950	150	43,254	54
61-90 days past due	50.0%	50.0%	2,996	1,056	1,362	476
91-120 days past due	60.0%	60.0%	3,895	2,765	2,125	1,495
More than 120 days past due	95.0%	95.0%	263,501	195,974	227,569	167,725
			596,310	1,446,910	294,088	362,351

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

NOTE 11: PROVISIONS

	2024	2023
	\$	\$
CURRENT		
Provision for Annual Leave	1,983,926	1,567,233
Provision for Long Service Leave	1,213,624	919,219
	<u>3,197,550</u>	<u>2,486,452</u>
NON CURRENT		
Provision for Long Service Leave	287,043	446,250
Provision for Make Good	50,000	-
	<u>337,043</u>	<u>446,250</u>
Total employee benefit liability	<u><u>3,534,593</u></u>	<u><u>2,932,702</u></u>
Number of employees at year end	193	194

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

NOTE 12: OTHER LIABILITIES

	2024	2023
	\$	\$
CURRENT		
Other payables	4,632	4,939
	<u>4,632</u>	<u>4,939</u>

NOTE 13: TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	435,698	702,199
Sundry creditors and accruals	353,914	744,068
	<u>789,612</u>	<u>1,446,267</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 have overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	2024	2023
	\$	\$
Financial assets		
Cash and cash equivalents	6,796,524	2,252,956
Other short-term investments	6,500,000	13,000,000
Trade and other receivables	960,397	1,743,927
	<u>14,256,921</u>	<u>16,996,883</u>
Financial liabilities		
Payables	789,612	1,446,267
Lease liabilities	3,844,419	5,449,559
	<u>4,634,031</u>	<u>6,895,826</u>
	2024	2023
	\$	\$
Credit standby arrangements with banks		
Credit facility	150,000	150,000
Amount utilised	(59,000)	(38,000)
Unused credit facility	<u>91,000</u>	<u>112,000</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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NOTE 14: FINANCIAL RISK MANAGEMENT (continued)

Financial instruments	Interest bearing	Non interest bearing	Total carrying amount	Weighted average effective interest rate	Interest rate type
	\$	\$	\$		
2024					
Financial assets					
Cash	-	500	500	0.00%	
Cash at bank - interest bearing account	3,249,633	-	3,249,633	3.250%	Floating
Cash at bank - call account	46,391	-	46,391	0.135%	Floating
Term Deposit Investment (less than 3 months)	3,500,000	-	3,500,000	4.340%	Floating
Term Deposit Investment (3 to 12 months)	6,500,000	-	6,500,000	4.770%	Floating
Trade and other receivables	-	960,397	960,397	0.000%	
	13,296,024	960,897	14,256,921		
Financial liabilities					
Payables	-	789,612	789,612	0.00%	
Lease Liabilities	-	3,844,419	3,844,419	0.00%	
	-	4,634,031	4,634,031		
2023					
Financial assets					
Cash	-	500	500	0.00%	
Cash at bank - interest bearing account	-	1,856,802	1,856,802	0.000%	
Cash at bank - call account	395,654	-	395,654	0.001%	Floating
Other short-term investments	13,000,000	-	13,000,000	0.426%	Floating
Trade and other receivables	-	1,743,927	1,743,927	0.000%	
	13,395,654	3,601,229	16,996,883		
Financial liabilities					
Payables	-	1,446,267	1,446,267	0.00%	
Lease Liabilities	-	5,449,559	5,449,559	0.00%	
	-	6,895,826	6,895,826		

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.

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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.

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NOTE 15: RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Compensation received by key management personnel of the company

	2024	2023
	\$	\$
Employee benefits	2,806,592	1,426,418

In 2024 the composition of key management personnel includes the Board of Directors, Ombudsman, Executive General Managers and Company Secretary. In 2023 the composition of key management personnel included the Board of Directors, Ombudsman and the Executive Director Shared Services 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 FY24 totalled \$13,542,579 (FY23: 15,880,309). Telstra Corporation invoiced the TIO for \$130,553 in FY24.

(ii) A Sheridan, a TIO director, is the Vice President of Government and Regulatory Affairs of Optus. TIO membership and complaint handling fees for FY24 totalled \$7,682,315 (FY23: 5,754,643). Optus invoiced the TIO for \$11,577 in FY24.

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

During the year ended 30 June 2024, 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.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
CURRENT		
Cash on hand	500	500
Cash at bank	3,249,633	1,856,802
Cash on deposit	46,391	395,654
Term Deposit	3,500,000	-
	<u>6,796,524</u>	<u>2,252,956</u>

The maturity date of the term deposit of \$3,500,000 is 8 July 2024, and the rate is 4.34%.

NOTE 18: OTHER SHORT-TERM INVESTMENTS

	2024	2023
	\$	\$
Term Deposit	6,500,000	13,000,000

The maturity date of the term deposit of \$3,500,000 is 6 August 2024, and the rate is 4.72%.

The maturity date of the term deposit of \$3,000,000 is 8 October 2024, and the rate is 4.82%.

NOTE 19: RECONCILIATION OF CASH FLOW

	2024	2023
	\$	\$
Cash flows from operating activities		
Deficit from ordinary activities	(2,250,503)	(1,098,900)
Adjustments and non-cash items	-	-
Depreciation expenses	1,328,401	1,384,550
Movements in provision for doubtful debts	(48,113)	147,118
Changes in assets and liabilities	-	-
(Increase) / decrease in receivables	831,643	(1,096,662)
(Increase) / decrease in other assets	51,254	(21,031)
Increase / (decrease) in payables	(656,655)	440,565
Increase / (decrease) in provisions	601,891	6,139
Increase / (decrease) in other liabilities	(307)	1,548
Cash flows from operating activities	<u>(142,389)</u>	<u>(236,673)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: COMMITMENTS

Operating leases related 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.

	2024	2023
	\$	\$
<u>Payments recognised as an expense</u>		
Minimum lease payments	515,479	498,476
<u>Non-cancellable operating lease commitments</u>		
- not later than one year	521,450	515,479
- later than one year and not later than five years	631,516	1,152,966
	<u>1,152,966</u>	<u>1,668,445</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 2024 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 17th day of September 2024

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

Opinion

We have audited the financial report of Telecommunications Industry Ombudsman (the "Entity") which comprises the statement of financial position as at 30 June 2024, 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 material accounting policy information 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 2024 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 & 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 Company, 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 2024, 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 Company are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Entity in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Entity, 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
DELOITTE TOUCHE TOHMATSU



Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 17 September 2024