

CHOICE

ANNUAL REVIEW

2019–20

Year in review

Our Chair and CEO report on an extraordinary year

We entered 2019–20 thinking that it would be dominated by celebrations of CHOICE's 60th anniversary. Instead, the COVID-19 pandemic made this year one of the most challenging that CHOICE has ever faced. More importantly, this had a deep impact on the lives of our members. We were, however, ultimately inspired by the way in which members rallied around the organisation and the way our staff responded to the challenge.

Strengthening your rights

Consistent with our history, advancing consumer rights was an important



Sandra Davey, Chair.

theme. In the first part of the year, we focused on securing important reforms recommended by the financial services royal commission and these helped us achieve two long-term priorities: an obligation for mortgage brokers to act in their clients' best interests, and protection from unfair contract terms in insurance. In other areas, we saw improvements to the Health Star Rating scheme, a ban on unfair late payment fees in energy and, following our investigation into the funeral industry, a requirement for funeral directors in NSW to provide prices in advance.

Our partnership with Super Consumers Australia, a specialist superannuation team based at CHOICE, helped secure reforms in the super sector. These included reforms to default insurance within super to better protect younger workers, people with multiple funds and people with low balances.



Alan Kirkland, CEO.

When large parts of Australia were affected by a devastating bushfire season, we investigated how insurance companies defined fire and launched a campaign for a fair, common definition.

When the COVID-19 pandemic hit, we rapidly assessed the key risks to consumers, producing a broad range of information to help consumers with new decisions. We campaigned successfully for health funds to delay price increases and for super funds to drop pandemic exclusion clauses from their insurance. We also ranked the performance of banks through the crisis, putting pressure on them to treat customers fairly. Our investment in online campaigning enabled us to work alongside our supporters on many of these issues.

Changing how we work

The COVID-19 situation forced a rapid change in the way that our people work.

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This started in late March when, with just a few days' notice, we made the decision to close the CHOICE building and our entire organisation moved to working from home. Thankfully, the significant investments in modernising CHOICE's technology over the past few years meant that all staff had access to laptops, supported by secure technology that enabled them to work remotely.

Some of our testers' homes became temporary labs and, like other Australians, many staff juggled work and home-schooling responsibilities. By late May the situation was safe enough for us to allow a small number of staff back into the office, starting with testers who had found it challenging to work from home for a prolonged period. By June, more staff had returned but most were still working from home.

Through this period, we regularly measured staff engagement and wellbeing, and were heartened to see that despite extremely challenging circumstances our people remained highly productive and motivated. As a result of this, we expect increased flexibility around when and where people work to become a permanent feature of our organisation. This will also mean that living in Sydney no longer needs to be a requirement for working at CHOICE.

Growing membership

Even before COVID-19, improving membership was an important focus for the year. We conducted extensive research to understand the different types of people who are members of CHOICE and what attracts them. Building upon this, we improved the home page of choice.com.au and the way that we describe the organisation to people considering membership. We invited members to help us with a new advertising campaign and a number accepted



our challenge, helping to create a series of powerful videos that explain the value of CHOICE in their words. And when bushfires and then COVID-19 hit, we focused on keeping members, offering fee relief to those in financial hardship.

These changes, along with our efforts to focus on information and assistance that people needed in the context of COVID-19, helped us to grow memberships from 174,906 to 180,667 (a 3% increase), with most of this growth occurring between January and June. This would not have been possible without our investment in improving the value we provide to members through choice.com.au.

Modernising technology

Behind the scenes, we continued to invest in modernising CHOICE's technology, improving the way we help members by dramatically improving the way our staff work. An important part of this work was an upgrade to our

When is a fire not a fire?

Insurance companies can define 'fire' however they like. These are the worst examples CHOICE experts found:

- AAMI** ← AAMI, APIA and GIO all have confusing exclusions. If heat from a passing bushfire affects parts of your building or contents but doesn't ignite a burning building within 10 metres you won't be covered.
- Apia** ←
- GIO** ←
- coles** ← Flames have to be present for your cover to kick in.
- youi** ← Youi doesn't cover scorching, melting or smouldering unless there are flames. Cover is confusingly different for buildings and contents.
- Budget Direct** ← Budget Direct, Virgin Money and ING won't cover you for "smoke or soot when no damage from fire has occurred".
- Virgin money** ←
- ING** ←
- QBE** ← QBE "won't cover damage caused by charring, melting or scorching as a result of fire without the presence of flames".

CHOICE

customer service and payments technology, which provided more payment options for members, along with improved protection of credit card details. Importantly, our technology environment is now cloud-based, allowing our customer service team to help members regardless of whether they are working from home or the office.

Raising funds in new ways

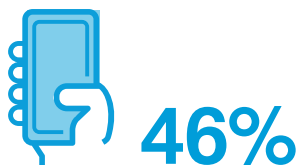
While we are grateful for the support we receive from members, research conducted in 2019 told us that some members would be willing to donate more, so we began offering more ways for members to do this. In some early tests of online fundraising to support our purpose, over 1000 people gave us a total of over \$20,000. This included \$14,000 towards a series of advertisements calling for banks to treat customers in financial hardship more fairly. We will continue to offer more ways for members to support our independent testing, investigations and advocacy through donations and bequests in 2020–21.

Impact of our investment strategy

Our achievements over the past four years of investment include:



increase in
revenue



growth in traffic to
choice.com.au



increase in campaign
supporters



launch of 9 new online tools
to help consumers make
better choices



improved staff engagement
through a time of
enormous change



important reforms in banking,
insurance and energy supported
by digital campaigns

Finances

2019–20 was the final year of a four-year program of strategic investment in the organisation through planned deficit budgets. This has involved using some of the \$6.31m in above-budget surpluses that had accumulated in the five years to 2015–16 to build capabilities that we need. The non-financial benefits of this investment are evident through this report – such as our ability to win campaigns on behalf of consumers, to build digital tools that consumers value, to support our work with modern technology and, through doing so, to attract and retain more members. The impact of these investments across the four years can also be measured quantitatively, with strong increases in revenue, the number of ways we help consumers, and the numbers of people engaged in our work. It has been a calculated and necessary investment which is paying off.

Our deficit of \$0.44m (excluding the impact of a grant for travel-related work received in an earlier year) was a significant reduction on the \$1.53m reported last year and in line with our plan to move the budget back towards surplus. While the ongoing COVID-19 situation creates a lot of uncertainty,

the capabilities that we have created through this period of investment put us in a much stronger position to adapt to changes in consumers' needs in increasingly volatile market conditions.

Governance

As part of our commitment to good practice in governance, in late 2019 the Board commissioned an external review of our approach to governance. This found that we are doing well against external benchmarks but identified some improvements to the way we design and run meetings, and we began implementing these in 2020.

The makeup of the Board also continued to evolve. Nic Cola joined in November 2019, bringing a wealth of relevant experience, especially from his time at Fairfax. We were sad to bid farewell to our Deputy Chair, Bill Davidson, who stepped down in November 2019. Over his 13 years with CHOICE, including a period as interim CEO, Bill made an enormous contribution to our thinking about the

strategic challenges and opportunities facing CHOICE. His sound judgement and wisdom were highly valued within the Board and we are glad that we can continue to draw upon his advice. Jennifer Zanich resigned in December 2019 as she was relocating to London. In her four years on the Board, Jennifer encouraged us to be ambitious about what the organisation could achieve.

We are very grateful for her passion and commitment. Ben Heuston resigned in March 2020.

We also began preparing for a change of Chair, as Sandra will complete her final term at the 2020 AGM. This represents a major change for the two of us, as we each joined CHOICE in late 2012 and have worked together as Chair and CEO since 2017. While we're sad to see this period come to an end, we're really proud of the work that we have been able to achieve together.

In particular, we're proud to share the leadership of an organisation that can claim 60 years of representing the rights of Australian consumers.





L-R: Karen Cox and Drew MacRae (Financial Rights Legal Centre), Xavier O'Halloran (Super Consumers Australia) and Sarah Agar (CHOICE) at Parliament House, July 2019.

unfair to customers but this unfairness ends on 1 April 2021.

We see unfair contract terms all the time in our reviews. Unfair terms are particularly common in travel insurance, where insurers often deny cover to people who have ever sought help for any type of mental health condition. These broad and tricky exclusions mean many pay for insurance cover they can't use, or are left with large bills when something goes wrong.

We worked alongside many other advocates to close the loophole that allowed insurers to rely on unfair terms. Partnering with Consumer Action Law Centre, we delivered a petition signed by over 20,000 Australians to the Treasurer in November 2019. As part of this, our supporters sent in thousands of photos of much-loved pets – the family members who are affected by common unfair pet insurance contracts. Parliament agreed with us and the new law takes effect in April 2021, finally making insurance fairer.

Advocating for change

Making a difference for all Australians

CHOICE continues to champion and deliver change that benefits all Australians.

We've made substantial progress for consumers this year, with major reform in banking, insurance, data, superannuation and the funeral industry.

Reforming our banks

Last year, the banking royal commission exposed the deep harm that the banking system was causing its customers. This year we helped to shape reforms to fix the problems the commission identified.

Mortgage brokers now have to act in the best interests of their clients. CHOICE has been calling for stronger standards in the mortgage sector for many years, conducting shadow shops and research to show that brokers too often recommend something that's great for a bank or that boosts their commission.

We've also seen changes to how financial advisers are paid, with an end to "grandfathered commissions" – a cuddly term for fees that many advisers were receiving for leaving their clients in long-standing investments.

We're only at the beginning of this process, with further reform expected in the coming year. CHOICE will continue to make sure the banking system treats everyone fairly and that the causes of customer harm are fully dealt with.



3000
The number of consumer stories CHOICE presented to the banking royal commission to make the case to fix the banks

A new super advocate

CHOICE – particularly through our former Chair, Jenni Mack – has long campaigned for a dedicated consumer advocacy organisation for the superannuation system.

Superannuation is complex and, if we get it wrong, people lose thousands across their lifetime to high fees and poor performing products.

Making insurance contracts fair

Insurance contracts have been allowed to include terms that are blatantly



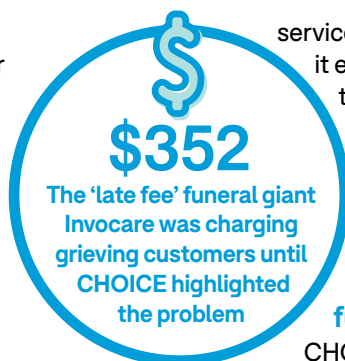
L-R: Xavier O'Halloran (SCA), Jenni Mack (former CHOICE Chair), Delia Rickard (ACCC), Alan Kirkland (CHOICE) and Gerard Brody (Consumer Action) at the SCA launch.

In September 2019 we officially launched our partnership with Super Consumers Australia (SCA), allowing us to establish a specialist superannuation team within CHOICE.

SCA has already helped make the case for significant change, supporting the Putting Members Interests First legislation that passed in September 2019. This will see a reduction in the number of people paying twice for insurance within their super fund or paying for insurance they don't need. SCA has also successfully pressured large super funds to remove unfair exclusions in insurance that harm people who are unemployed or who work casual hours.

The new Consumer Data Right is here

One change that we hope will benefit consumers for many years to come is the Consumer Data Right. We worked with the Federal Government to shape this new right for you to gain access to the data that companies hold about you. This new regime is currently being rolled out, with initial banking data available from 1 July 2020. We hope this will mean you can make your data work in your interests. Over time, we expect this to result in better comparison



services that make it easier for you to see where you are paying more than you should.

Fairer funerals

CHOICE's multi-part investigation into the failings of the funeral industry showed that many people were paying too much for the basics. Funeral companies could charge outrageously high fees because most refused to give details about the costs. Many had no pricing information on their website and a lot of quotes included vague charges for "professional services".

On the back of CHOICE's work, the NSW Government announced new rules for the industry, which will make it easier for people to access pricing information when planning a funeral. The new rules force funeral providers to list the costs of services at their place of



GOAL: Increase the power of consumers

CHOICE members, staff and partner organisations speak to the media about product safety outside Parliament House, September 2019.

business and on their website, and to provide price details before entering into an agreement. These set an important precedent for other jurisdictions. We were also pleased to see the ACCC set the funeral industry as one of its priorities for 2020.

\$2 billion

The estimated annual amount that was going to financial advisers through 'grandfathered commissions' that will instead go to customers

Keeping consumer issues on the agenda

Over the next year we will focus on reforms that Australians need the most and continue to call out companies taking advantage of people in national crises. We want governments to make sure that:

- Australians have the cover they need from insurance during bushfires
- businesses don't take advantage of people during a pandemic by selling fake or unsafe products
- our banking system protects people, especially those who may be struggling with high-cost debt
- no business can profit from unfair business practices.

We can only make changes for consumers with your help. If you haven't already, you can sign up to hear more about CHOICE campaigns at choice.com.au/campaigns.



The CHOICE campaigns team working with a media crew to explain the pitfalls of pet insurance.

Investigation highlights

We shifted the focus of our investigations mid-year in response to the bushfire crisis and COVID-19 pandemic

GOAL: Increase the power of consumers

For most Australians, the second half of the 2019/20 financial year felt very different to the first. For the CHOICE Investigations team, it was no different.

From June to December 2019, we focused on the issues that have always been at the core of what we do: product safety and unfair business practices and the real harm these cause Australians.

We wrapped up our series on the funeral industry, publishing our investigation into pricing. In the unique research we conducted we asked 36 funeral homes across the country about the price details for different funerals. We found that the information we were given was often unclear, with poor cost breakdowns and outright misinformation. One of the biggest issues we uncovered was the difficulty getting a detailed cost breakdown.

In response to our story, the law was changed in NSW, so now funeral providers must provide the price of each of their goods and services and they must also display the cost of their least expensive package. They will also have to provide a cost-itemised quote, in writing, before entering an agreement to provide funeral services. We hope that other states and territories will follow.

This result was due to the close collaboration between our investigative journalist and campaigns team, something that's extended to other areas of our work. It's a development that's allowing us to combine the power of storytelling with the targeted campaigning that leads to real results.

In a further win, we exposed misleading billing practices by funeral giant Invocare. Our investigation showed that an administration fee that appeared on their invoices was actually a late payment fee, billed in advance. Three months later the company announced this unfair fee would no longer be included in their invoices.

As 2019 ticked over to 2020, the world shifted in many ways. Bushfires in the early weeks of the year prompted us to produce work on fire definitions in home



and contents insurance, air quality and other issues. As the year progressed and COVID-19 entered our world, a whole new slew of consumer issues emerged.

We examined price gouging and supply chain issues, called out businesses for panic marketing to vulnerable consumers, and

Close collaboration between our journalists and campaigners increased the impact of our investigations

We looked at what the pandemic meant for refunds on everything from events to gym memberships and travel.

undertook a number of investigations into the sale, use and regulation of hand sanitiser, a subject we never could have anticipated would occupy so much of our time when the year began. More work continues here.

In the midst of all the upheaval wrought by COVID-19, CHOICE celebrated a significant milestone – our 60th anniversary. The April issue of *CHOICE* magazine included 20 pages highlighting some of the key events and wins from the last six decades. While the world suddenly seemed much different, there were connections between the past and what we see now. CHOICE started with a strong desire to fight for fairness, and as the pandemic has unfolded, our resolve to protect consumers from businesses that fail to act fairly is stronger than ever. Our investigations continue to be a vital part of that work.



Growing campaign supporter actions

GOAL: Engage more people

In 2019–20, CHOICE members and supporters banded together in big and small ways to win campaigns and strengthen our consumer rights

In September, we went to Parliament House with Allison Rees and Andrea Shoesmith, two mothers who both tragically lost their daughters after they swallowed button batteries. Allison and Andrea delivered CHOICE's petition representing more than 25,000 people calling for product safety laws. Because of this petition, we've forged relationships with MPs across parliament, and can continue our calls for safer products.

When bushfires devastated so much of Australia over spring and summer, CHOICE insurance experts exposed a major loophole: there is no standard definition of 'fire' in insurance, meaning insurance companies can define 'fire' however they like, in some cases excluded damage caused by bushfires. Our social media post exposing the worst examples was shared by over 14,000 people and reached 1.59 million people. More than 35,000 CHOICE supporters signed our petition, and in March we delivered it to Treasurer Josh Frydenberg.

Adapting to COVID-19

We adapted quickly to get ahead of emerging consumer issues caused by COVID-19, surveying supporters and launching campaigns to respond



Allison Rees and Andrea Shoesmith with photos of their daughters, outside Parliament House.

31,190

signed a petition for better protections against price gouging

25,147

called on banks to do more to help consumers through the pandemic

897

nominated a business or organisation for a SHINY award to recognise those helping consumers during tough times

Hundreds shared our scorecard showing the poor efforts of private health funds to help consumers during COVID-19

to emerging issues. The graphic above illustrates how CHOICE members and supporters got involved.

Working deeper

Many CHOICE members also committed time, energy and support to deeper action as part of our campaigns. Here are three highlights:

- **Investigating claims:** CHOICE supporters researched and identified over 40 examples of mortgage brokers misleading consumers. This evidence formed the basis of our complaint to the ACCC, and media heat helped put it on the political agenda. In December, we won our campaign for a law requiring brokers to act in the best interests of their customers.
- **Writing personal submissions:** More than 600 passionate advocates wrote thoughtful and personal submissions to ASIC, calling for an end to corporate influence in schools via programs such as Commonwealth Bank's Dollarmites scheme. Supporters drew on their experience as teachers, school principals, concerned parents and grandparents, and even former CBA staff, to send a clear message that consumers want banks out of schools.



Delivering CHOICE's petition for standard definition of natural disasters in insurance.

The report of ASIC's review of these schemes is due later in 2020.

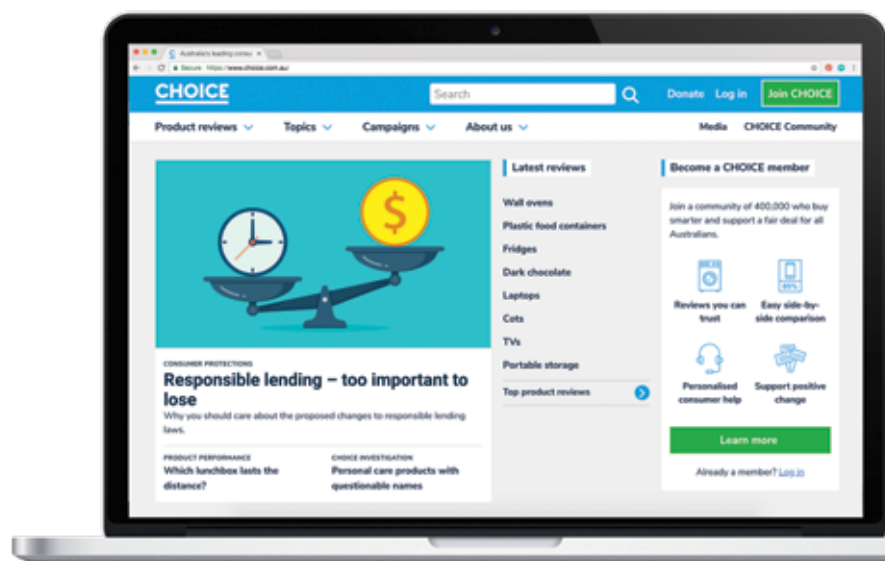
- **Funding impact:** In June, 450 supporters and members chipped in to fund a full-page ad in *The Australian Financial Review* calling on the big four banks to do more to support consumers during COVID-19. Our fairness scorecard struck a nerve with banking executives, who met with CHOICE to discuss what they could do to improve their score.

On each of these campaigns, it is the persistence and passion of our members that will help us secure changes for all consumers. Let's keep up the fight.

Membership matters

Helping members through a challenging year

GOAL: Grow our revenue



We added a new payment system that allows us to offer new members more choice of payment methods (including Apple and Google Pay). It also improves our ability to identify when a credit card is out of date

or if someone is using a fraudulent card.

To improve the way we protect members' information, we implemented new, secure technology to support credit card transactions

over the phone.

We started work that will make it easier for members to manage their CHOICE subscriptions, email preferences and contact details, and personalised information on choice.com.au so that members can easily see when their subscription has lapsed and how to renew it.

Through the year, we continued to improve member emails, enhancing both the technology that delivers them and the content, which means we can:

- make it easier for members to stay up to date and get email updates on the topics and content they want to hear about
- connect members with the full breadth of CHOICE's work, including our campaigns, forums, consumer research and services.

These changes, along with the loyal support of our many long-term members, helped us to grow total memberships to 180,667 by 30 June, a 3% increase over last year. We were particularly heartened by the strong growth in membership in the second half of the year, as many people turned to CHOICE in tough times. We look forward to continuing to help members in the year ahead.

23.6m

visits to choice.com.au
– a 7.9% increase

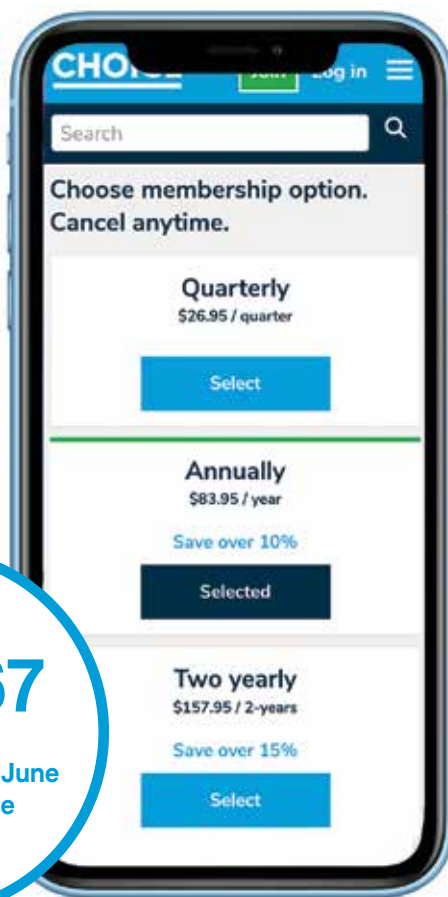
This year more than ever demonstrated the importance of CHOICE to its members and members to CHOICE.

When large parts of Australia were affected by a long and devastating bushfire season, we offered membership fee relief to people who had been directly affected. As the bushfire season drew to a close, it was starting to become clear how the COVID-19 pandemic might affect Australia. We quickly focused our efforts on providing helpful information through our magazine and regular member emails, answering questions on a range of health issues and highlighting price gouging and inappropriate practices.

Like many people across Australia, our Member Support team was required to work from home from late March 2020.

Our investment in improving the technology that allows them to handle member queries meant that we were able to continue helping members through this period of enormous change.

Behind the scenes, we invested in a range of other technical improvements that we hope will make the experience of being a member of CHOICE simpler and more enjoyable.



180,667

members as at 30 June
– a 3% increase

Growing our online audiences

GOAL: Grow our revenue

We worked to attract more people to choice.com.au through improvements to online content, social media and member emails

Growing the number of people who visit CHOICE online is an important foundation of our future sustainability, so we have invested carefully in growing our capabilities as a digital organisation. When the COVID-19 pandemic struck, this meant that we were ideally placed to help people looking for trusted sources of information.

From late February, we focused on answering the questions on consumers' minds, like whether to make your own hand sanitiser, how best to clean household surfaces and whether air purifiers kill viruses. We also provided important advice on the value of health insurance through the pandemic and the implications of early access to superannuation.

This helped to make 2019–20 a record-breaking year for visits to our website, with 23.6 million visits, up 7.9% on the previous year. This was also driven by:

- new and updated content on topics of interest to consumers
- more people finding us via search engines
- a growth in the number of people visiting us after reading our member emails
- more visits from social media such as Facebook.



CHOICE member Surenden explaining why he supports CHOICE, as part of our new campaign.

A new advertising campaign also helped to raise awareness of our work. Featuring members from a range of backgrounds speaking about why they support CHOICE, this highlighted our for-purpose work, helping people understand that a subscription to CHOICE does far more than just deliver product reviews.

This resulted in a measurable increase in people searching for CHOICE on Google, and an increase

in new membership in regions where the advertisements were broadcast. More importantly, it reinforced the value of CHOICE at a time when Australian consumers were in need of trusted sources of advice and information.

60th anniversary

To celebrate our 60th anniversary, we produced videos, a special magazine supplement and an interactive web page that tells the CHOICE story over 60 years.

We interviewed former staff and Board members from across the six decades, trawled our archives for our biggest wins and found examples of some of the most absurd products we've seen in our many years of reviews.

We shared this story with members and supporters, highlighting how they have helped us make big changes for consumers. It also showed us that despite what we have been able to achieve, there's still more work to do; work that we're keen to continue with your support.



Reviews and testing

GOAL: Grow our revenue

Our testers overcame significant challenges to keep helping consumers in new and creative ways

While we kept testing the products that many members know us for, the extraordinary events of 2019–20 created new demands for information that people could trust.

An early bushfire season saw a surge of interest in air purifiers, and we produced our first ever test results in December 2019, followed by another round in 2020. Knowing that many people who had suffered damage would be relying on their home and contents insurance, we investigated the way that fire is defined, finding wide variation across policies. Many insurers applied a definition that would allow them to deny claims caused by smoke, ash or embers. This inspired CHOICE's campaign for a standard definition of fire in policies.

When the gravity of the COVID-19 pandemic became clear, we made the difficult decision to close our labs.



All of our testers worked from home for over two months, from late March to late May 2020. Some turned their homes into temporary testing facilities, while others focused on projects

that didn't require a lab. Through this period we continued to publish information to help consumers with day-to-day decisions.

While we had to cancel some product tests due to ongoing COVID-19 restrictions, we still managed to test or review over 3679 products across the year. Many of our traditional areas of testing, such as kitchen

appliances, proved extremely popular as sales of these items rose while people spent more time at home.

We also continued our work to help consumers make decisions about services. This included testing a new partnership with Bill Hero, to help consumers find a better energy deal, and the continuation

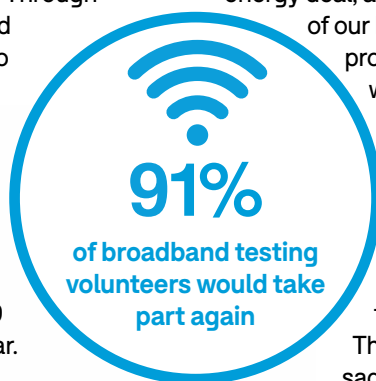
of our broadband testing program in partnership with Honesty Box.

This program allowed us to publish data on actual broadband performance from devices in the homes of more than 2500 volunteers.

This partnership sadly came to an end

in June 2020 due to a lack of ongoing funding. When we surveyed participants, most told us that they enjoyed being part of a program that helped other consumers and would do the same thing again. We're now looking for other ways to keep providing information on broadband performance and good value plans to consumers.

The flexibility that we were able to demonstrate in 2019–20 will help us to help consumers through whatever challenges the next year presents.



CHOICE Recommended

Unlocking the power of CHOICE's intellectual property

While members enjoy the detailed product tests and reviews published in our magazines and on choice.com.au, we are constantly exploring other ways to help even more consumers with their day-to-day purchasing decisions.

One way we do this is by allowing manufacturers of products that perform above our benchmarks for recommendation to use the CHOICE logo in advertising, packaging or at point of sale. This gives CHOICE control over the way that manufacturers refer to our test results, while ensuring fair compensation for use of our intellectual property. Most importantly, it creates a powerful incentive for businesses to do the right thing by their customers by creating products that are good enough to earn a CHOICE recommendation.

Our Best Brand recommendations are an important part of this approach. These draw on our test results over time as well as members' experiences reported through our product reliability surveys, to identify brands whose products perform consistently well over time.

In 2019–20, demand for CHOICE Recommended licences reduced due in particular to economic uncertainty in the context of the COVID-19 pandemic. Despite this, licensing revenue grew by 6%, continuing to provide an important additional source of revenue to support our independent testing and reviews.



Australia's "Best Brand"
by CHOICE® for barrel
vacuum cleaners for 2020



Social and environmental impact

GOAL: Impact and sustainability

We demonstrated our ongoing commitment to inclusion and diversity, and social and environmental responsibility



Rainbow morning tea in March 2020.

The staff-led social impact committee continued to work in the community, facilitating workplace giving to support our charity partners WAGEC (the Women's and Girls' Emergency Centre) and the Fred Hollows Foundation. They helped to organise donations of almost \$20,000 worth of test goods to WAGEC clients, in addition to hundreds of much-appreciated rolls of toilet paper and groceries from tests conducted just before the COVID-19 lockdown. These small donations from CHOICE can make a big difference to WAGEC's clients, who are often escaping domestic violence.

To help staff to contribute to their communities, we extended our volunteering leave policies to include more opportunities for staff where there is a clear link to CHOICE values. We now have staff volunteering with organisations who help achieve access to clean drinking water across the globe, help marginalised children learn how to use creative writing to tell their story, and deliver Primary Ethics lessons to school children. A team of fit and healthy CHOICE staffers also roll up their sleeves to regularly donate blood, saving almost 100 lives in the last six months.


\$20,000
 worth of test goods
 donated to support
 women and children
 in need

Our much loved, all-staff Christmas lunch, cooked and catered by our wonderful test kitchen staff is our biggest internal fundraiser of the year, helping homelessness services the Wayside Chapel and Loaves and Fishes restaurant run by the Exodus Foundation. We also hosted the inaugural CHOICE Talent Show at our Christmas Party where



Our MC Guy Bennett and performers Soraya Asmar, Emily Williams and Jonathan Brown, helping raise money for Red Cross.



The CHOICE garden flourishing, even during COVID.



staff shared their hidden talents, raising \$2500 for a special contribution to the Red Cross Bushfire Appeal, as well as our regular charities.

Environmental impact

We achieved our 2018–19 carbon neutral certification in the latter part of 2019, as we continue to meet the Climate Active standard – the only government ratified process for carbon neutral certification.

While our 2019–20 performance is yet to be audited, we expect it to show a further reduction in direct carbon emissions due to a reduction in electricity usage, mostly as a result of the majority of office staff working from home due to COVID-19.

Diversity and inclusion

CHOICE is committed to ensuring our workforce reflects the diversity of the Australian population, and to ensuring all staff feel they belong and have equal access to opportunities and benefits.

In late 2019, we participated in the Diversity Council Australia (DCA) Inclusion@Work survey, achieving 'Inclusive Employer' status, exceeding DCA's national benchmark in five out of six key measures, such as Inclusive Leadership, Inclusive Organisational Climate and Awareness.



Diversity at CHOICE

How our workforce compares to the Australian community

November 2019



54%

Women at CHOICE
N = 47%



46%

Caring responsibilities
N = 36%



34%

Born outside Australia
N = 26%



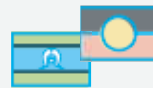
22%

LGBTIQ+ workplace
N = 11%



16%

Identify as having a disability
N = 9%



2%

Identify as Aboriginal or Torres Strait Islander
N = 2%

CHOICE results are from CHOICE payroll records and the Diversity Council Australia Inclusion@Work survey; national index data provided by Diversity Council Australia from a survey of 3000 Australian workers.

CHOICE again achieved compliance with the Workplace Gender Equality Agency requirements, following submission of our report that focused on strategies and policies relating to gender, along with our staff profile. As at the reporting date:

- 62.5% of the CHOICE Board was female
- 51.9% of our workforce was female
- 37.5% of our key management personnel were female

- 60% of all manager promotions had gone to women
- 50% of all non-manager promotions had gone to women.

In response to the COVID-19 pandemic, all CHOICE staff began working from home in late March and we quickly saw the opportunity this presented in terms of flexibility. With many staff continuing to work from home, we will now focus on how to embed flexibility, making our roles more accessible and open to a more diverse workforce.

Investing in our capabilities

We improved our financial performance despite a challenging environment

GOAL: Grow our revenue

2 019–20 represented the final year of a four-year investment strategy that has involved planned deficit budgets to build the organisation's capabilities in innovation, digital product development, technology and digital campaigning.

This strategy needs to be understood in the context of our long-term financial performance. In the five years to 2015–16, we reported above-budget surpluses with a total value of \$6.31 million. As the organisation was then in a strong financial position, with its cash reserves supplemented by ownership of CHOICE's building in Marrickville, the Board decided to reinvest some of the cash that had been accumulated to grow the organisation's capabilities in areas that were critical to its future sustainability.

Over the four years from 2016–17 these strategic investments have translated into deficits with a total value of \$3.7m (excluding expenditure related to a special grant provided to help consumers in the travel market).

Our revenue increased by 5.1% to \$22.02m

It was always the Board's intention that as the organisation's capabilities matured, revenue growth would bring the budget back towards surplus and this is evident in the 2019–20 results.

Our revenue increased by 5.1% to \$22.02m, fuelled by a 1.8% increase in membership revenue and a 17.2% increase in revenue from other sources, including the CHOICE Recommended licensing scheme. Consistent with our multi-year investment strategy, annual revenue has now grown by \$3.66m or 19.9% over the past four years.

Operating expenditure (excluding cost of sales and travel grant expenses) increased by \$0.26M (1.24%) to \$21.03m. This small increase was due to expenses against funding provided under our partnership with Super Consumers Australia. Our innovation expenses decreased, as we replaced our innovation team with a smaller

prototyping team. At the same time, we increased expenditure in the strategically important areas of consumer research, digital product development, data and technology. These investments helped us to achieve the other results reported in this annual review.

We ended the year with a deficit of \$0.89m, of which \$0.45m was due to expenditure funded by the travel grant and \$0.44m was from operating activities. While this deficit was higher than we had budgeted, we were pleased with this result given the challenging economic conditions created by the COVID-19 pandemic.

Importantly, the deficit was a significant reduction from \$1.78m (or \$1.53m excluding expenditure against the travel grant) reported in 2018–19, demonstrating the Board's



strategy of moving the budget back towards a surplus after several years of deep investment.

As our expenses included non-cash items – in particular, over \$1m in depreciation expenses – our financial assets improved slightly despite the deficit. Our cash and investments balance increased by \$0.41m (excluding cash used from the travel grant). We ended the year with \$9.85m in cash and term deposits, putting CHOICE in a sound position to face the uncertain economic conditions of 2020–21.

	YEAR ENDED 30 JUNE 2020	YEAR ENDED 30 JUNE 2019
Revenue	\$21,549,338	\$20,593,333
Other income	\$468,605	\$359,411
Less: Direct costs	(\$1,431,531)	(\$1,715,512)
Less: Operating costs	(\$21,480,816)	(\$21,020,815)
Net surplus/(deficit)	(\$894,404)	(\$1,783,583)
Current assets	\$11,343,965	\$11,043,957
Non-current assets	\$9,440,345	\$10,192,344
Current liabilities	(\$8,622,577)	(\$8,190,753)
Non-current liabilities	(\$371,485)	(\$360,895)
Net equity	\$11,790,248	\$12,684,653

Meet our Board

CHOICE's Board brings a broad range of skills to guide our strategy



Sandra Davey (Chair)

Sandra is an experienced digital and internet executive and founder of Product Space. Her love is coaching and helping organisations streamline their digital product practices to improve agility, innovation and product success.

Increasingly she works with organisations to unpack the cultural and structural issues that impact their ability to create value. Her industry experience crosses telco/broadband, digital media, interactive TV, sport, libraries, industry associations and consumer

advocacy. Sandra served as a director and chair of the Australian Interactive Media Industry Association (AIMIA) during the 2000s and was one of the co-founders and inaugural directors of the Australian Domain Name Authority (auDA). For her contribution to the digital media industry, Sandra was inducted into AIMIA's Hall of Fame in 2015. She joined the Board of CHOICE in 2012 and was elected Chair in 2017. She chairs the Commercial Sustainability Committee and Investment Committee, and is a member of the Governance and Culture Committee and Technology and Data Committee. She also serves on the Board of auDA Pty Ltd and with the Editorial Board of the Business Agility Institute.



Robert Southerton (Deputy Chair)

Robert is an experienced professional in marketing, digital, analytics and statistics. He has a broad range of experience across IT, telecommunications, finance and biotechnology industries, having worked for

companies including BT Financial Group, ING Direct and Unwired.

He has a strong interest in data-driven decision making and holds qualifications in statistics and operations research. He also holds a Foundations of Directorship qualification from the AICD. Robert is currently the Managing Director and co-founder of Gondwana Genomics, an Australian biotechnology start-up exporting genetic technology developed in Eucalyptus. Robert joined the CHOICE Board in 2014, and is a member of the Finance, Risk and Audit Committee and the Governance and Culture Committee.



Nic Cola

Nic is a director at Satinay Partners, a consulting and advisory firm focused on media, market places, education and digital businesses. He is also Advisory Chair at recruitment company Ford Peterson, and at Picaluna, a disruptor in

the funeral industry. He has over 22 years of general management and CEO experience in high growth, sales and marketing-led organisations, with expertise in delivering revenue and share growth across a diverse range of business models in traditional

and digital media, education, and e-commerce. His key strengths are strategy, mergers and acquisitions, operations, digital transformation and change management. Nic was CEO of Open Colleges and of Marketplaces at Fairfax Media, and a founding executive of Fairfax Digital. Active in building the digital industry in Australia, he has been on the board of the Australian Interactive Multimedia Industry association (AIMIA) and Chairman of the Australian Internet Advertising Bureau. He has a Bachelor of Business from UTS and is a graduate of the Australian Institute of Company Directors course. He joined the CHOICE Board in 2019 and is a member of the Commercial Sustainability Committee.



William Davidson (until November 2019)

Bill is CEO of the Worklink Group in Far North Queensland. Bill is committed to making a difference to people's lives by creating an environment that fosters positive impact at all times, and is passionate about finding ways to provide fair competition and deliver a better deal

for the Australian consumer. Bill served on the CHOICE Board from November 2006 until August 2008, and was interim CEO of CHOICE from September 2008 until February 2009. Bill was co-opted back onto the Board in November 2009, and retired in November 2019. He was Deputy Chair of the Board and member of the Finance, Risk and Audit Committee, Commercial Sustainability Committee, and Impact and Engagement Committee.



Fiona Guthrie AM

Fiona has over 30 years' experience in consumer advocacy, including on the executive of the Consumers Federation of Australia. Her main interest has been in advocating for people on low incomes or in vulnerable circumstances to get

a fair go, particularly in the financial services marketplace. Fiona has been the CEO of Financial Counselling Australia, the peak body for financial counsellors, for over a decade. She has held

directorships on Energex Retail Pty Ltd, the Insurance Ombudsman Service and the Financial Ombudsman Service, and was previously chair of ASIC's Consumer Advisory Panel. She is a member of the ACCC's Consumer Consultative Committee and a board member of Way Forward Debt Solutions and the Queensland Competition Authority. She holds a BA, LLB and MBA and received an Order of Australia in 2017 for her work in social welfare and financial counselling. She joined the Board in 2015 and is a member of the Finance, Risk and Audit Committee and Investment Committee.



Ben Heuston (until March 2020)

Ben has almost two decades' experience growing new businesses, brands and service lines inside organisations that want to innovate. Ben has headed up digital, innovation and product teams

in Media at Telstra, with Australia's largest magazine company and at the 30,000 member Copyright Agency where he stood up for creators. He is a former innovation consultant. Ben was appointed to the CHOICE Board in 2018 and resigned in March 2020.



Alexandra Kelly

Alexandra is Director of Casework at the Financial Rights Legal Centre, which operates the National Debt Helpline in NSW, Mob Strong Debt Help and the Insurance Law Service. She is a member of the Law Council's Australian Consumer

Law Committee and is the consumer representative on the Life Insurance Code Compliance Committee. She served on the Board of the Financial Counsellors of NSW from 2009 to 2012.

Alexandra has considerable experience developing consumer rights in the financial services sector through lobbying, working with regulators and government, and raising public awareness of issues in the media and through online financial literacy campaigns. She brings to the CHOICE Board high-level legal expertise, extensive sectoral knowledge, and understanding of social enterprises. Alexandra holds a Bachelor of Laws (Hons)/ Bachelor of Psychology and Master of Laws. She was appointed to the Board in 2017 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.



Ben Naparstek

Ben has a decade's experience managing cross-functional teams across content, marketing and emerging technologies. He's headed up online at SBS and served as the digital director of communications firm Edelman, leading the video, design,

UX, social, paid media, programming and production teams in the

Australian office. Ben has served as editor-in-chief of Fairfax Media's *Good Weekend* magazine and national current affairs magazine *The Monthly*. Currently, Ben is Director of Audible Originals, overseeing original documentaries, dramas and series for Audible, the Australian arm of the world's largest seller and producer of spoken word entertainment. Ben was appointed to the CHOICE Board in 2018 and is a member of the Governance and Culture Committee and Impact and Engagement Committee.



Anita Tang

Anita has a strong background in public policy reform and community organising, having spent 12 years with the Cancer Council where she led the transformation of its advocacy work. She is now Community Organising Director at Centre for Australian Progress, building capacity

of civil society, following five years running her own advocacy and campaigning consultancy working with a range of NGOs to bring about social change. Anita has also held senior roles in policy and advocacy at the Community Services Commissions and the Social

Issues Committee of the NSW Legislative Council. She has completed the Leadership, Organizing and Action: Leading Change program through Harvard University, and the Stanford Executive Program for Non-Profit Leaders. Anita has served on the Boards of the Council for Intellectual Disability NSW, the Intellectual Disability Rights Service and the Centre for Australian Progress. She is currently Chair of the Board of Democracy in Colour, a racial justice campaigning organisation. She is a long-standing member of CHOICE and while at the Cancer Council led a number of collaborative projects with CHOICE. Anita joined the Board in 2017 and is a member of the Commercial Sustainability Committee and Impact and Engagement Committee.



Helen Wiseman

Helen is a non-executive director, professional mentor and philanthropist with over 30 years business experience across a range of sectors including technology, food, pharmaceutical, insurance, energy and nonprofits.

A former KPMG partner, Helen is a highly experienced audit committee chair having held this role for a number of boards. Helen is currently a non-executive director and audit committee

chair for the South African holding company of the global Bidfood food service business. She is also a director of Elixinol Global Limited and AIME, and completed the 2018 INSEAD International Directors Program. Helen has a deep interest in supporting children of prisoners through her role as a Vice-Patron of SHINE for Kids. She also established the By My Side sub-fund of the Sydney Community Foundation to further her philanthropic support in this area. Helen joined the CHOICE Board in 2014 and is Chair of the Finance, Risk and Audit Committee and a member of the Investment Committee.



Jennifer Zanich (until December 2019)

Jennifer is a senior corporate executive and start-up CEO with a strong entrepreneurial background. She is also experienced in corporate operations, strategy and marketing. Jennifer has more than 18 years'

experience as a non-executive director and is a Graduate of the Australian Institute of Company Directors. She is sought after as a speaker on entrepreneurship and females in innovation. Jennifer was appointed to the Board of CHOICE in 2015 and resigned in December 2019.